

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Belmont Sports Complex, 550 Island Parkway, Belmont, CA

October 16, 2003 – 7:00 p.m.

1. Call to Order/Pledge of Allegiance/Roll Call – 7: 00 p.m.

Ira Ruskin, Chair, called the meeting to order and led the flag salute. Acting Secretary Art Jensen called the roll. Sixteen (16) members were present, constituting a quorum. Additional members arrived after roll call. A list of directors present and absent is attached.

2. Public Comments: None.

3. Reports

a. Start-up Committee: Committee Chair Aldyth Parle reported that the Committee is on schedule in its review of administrative issues for BAWSCA, including staffing and compensation plans and the General Manager's contract. She also noted that progress is underway on the list of objectives the Acting General Manager established for completion by December 31.

b. Status of Actions Authorized at September 24 BAWSCA Meeting: Acting General Manager/CEO Art Jensen reported that the contract with Kelling, Northcross & Nobriga (KNN) had been executed and work is underway. The adopted rules of the Board have been nearly finalized, with one item on this agenda that would amend them, after which a final copy will be distributed to all members. Requested changes to the Personnel Handbook have been made, with more changes being considered by the Start-up Advisory Committee for presentation at the November meeting.

Mr. Jensen submitted written comments on the SFPUC's Revised Capital Improvement Program, which the SFPUC was scheduled to adopt on September 23. In the absence of staff review and comment on BAWSCA's comments, the SFPUC decided to proceed with adopting the CIP as revised. Art informed the Commission that we would review the SFPUC responses to our comments and address any remaining concerns with the staff or Commission, as appropriate. Meetings with Harlan Kelly, the lead person responsible for the CIP, are being held on a regular basis. Mr. Kelley is supportive of BAWSCA's involvement in the process.

c. Progress Report on BAWSCA Goals for December 31, 2003: Mr. Jensen reported the City of San Francisco has fulfilled its obligations under AB 1823 to-date, and a full assessment will be provided at the January board meeting. The contract with KNN will be a resource for assisting BAWSCA in forming the future business relationship with San Francisco, specifically, those items of a financial nature and the agreements or contractual provisions that may be needed. A written report on this issue will be provided in January.

Also in January, staff will provide an evaluation of water conservation opportunities, as well as a review of San Francisco's revised plan for financing the Capital Improvement Program and their potential use of the Regional Financing Authority. Work with Bud Wendell, strategic counsel, continues on developing strategies to create a positive public identity for BAWSCA and to maintain the support of the allies the organization has had to-date and those it might have in the future.

4. Consent Items

Chair Ruskin stated that staff requested a correction to the Minutes on page 4, item 7-D. The revised wording would be "...adopt the Employee Handbook and recommend that the Start-up Advisory Committee consider the addition of a dispute resolution provision."

M/S/C (Seidel/O'Mahony) that the Minutes of the September 24 meeting be approved as amended.

5. Action Items:

- a. Confirm that FY 2003-04 Conservation Activities Conform to AB 2058:** Water Resources Analyst Nicole Sandkulla stated that BAWSCA's role as described in the enabling legislation is to coordinate planning and implementation of strategies for water supply and conservation. Director Cooper inquired whether the legislation made a distinction between "encouraging" and "implementing" conservation. Mr. Jensen responded that the legislation does contain the words "encouraging water conservation" and also authorized BAWSCA to do studies and create plans and implement those plans for water conservation, water supply planning and other activities, all of which go beyond "encouraging."

Among the major issues BAWSCA members must address are dry year reliability and planned growth within the existing system. Current water conservation programs being administered by BAWUA help agencies achieve water savings at reasonable costs. These include the Washing Machine Rebate Program, Large Landscape Audit Program, and "Our Water" conservation education program for elementary students. Chair Ruskin requested that, in the future, staff direct requests for participation in water conservation programs to BAWSCA board members as well as to agency staff.

Member agencies have also expressed interest in a commercial/industrial and institutional (CII) audit program. This would involve targeting a certain type of user, like hotels, and sending an expert to evaluate how individual hotels can save water. The savings that can be achieved from a program of this kind are significant. The program may be relatively costly and difficult to implement for an individual agency. Hiring a consultant to do a group of agencies creates an economy of scale that makes the program more cost effective. Ms. Sandkulla noted that BAWSCA's existing conservation activities can be implemented by agencies at one half the administrative cost of doing so on their own. Director Auer stated that she would like to see some emphasis on institutional audits, and also to have the issue of irrigation by

institutional users addressed. Ms. Sandkulla noted that three cities have signed up for the large landscape audits so far, and another is in the process of doing so.

The three recommendations for the Board's consideration are to 1) implement BAWSCA's legislative purpose through its existing water conservation plan; 2) establish an identity as a regional leader in water management in pursuing regionally or locally cost-effective water conservation and other water supply and demand management alternatives; and 3) foster a united, cooperative approach to regional water conservation with and on behalf of BAWSCA members.

In response to questions, Mr. Jensen confirmed that costs for administration of the water conservation programs would be incorporated in the annual budget, to the extent that they are not pass-through costs paid by participating agencies. When asked if BAWSCA could adopt water pricing structures that would encourage conservation, Mr. Jensen said that authority for wholesale water rates rests with San Francisco under the terms of the Master Contract. Each agency has jurisdiction for setting its own pricing structure and any pricing incentives for its retail customers. However, BAWSCA could, if the Board wished, consider conducting a study to examine what pricing incentives exist locally and their relative effectiveness.

Director Gage suggested that BAWSCA develop some way to determine what it costs to reduce a unit of demand of water via different conservation programs and then compare the results with results from other agencies throughout the state. Then, based on the results of the analysis, decide where efforts should be focused. Director Nelson agreed, and added that the cost of a unit of water saved could also be compared to the cost of supplying that unit.

M/S/C (O'Mahoney/O'Connell) that: 1) BAWSCA implement its legislated purpose through its existing water conservation plan in FY 2003-04; 2) BAWSCA establish an identity as a regional leader in water management in pursuing regionally or locally cost-effective water conservation and other water supply and demand management alternatives; and 3) BAWSCA foster a united, cooperative approach to regional water conservation with and on behalf of its members.

- b. Approve Partial Staffing Plan:** Mr. Jensen presented the recommendation of the Start-up Advisory Committee to approve four positions for now, while the Advisory Committee continues its deliberation on two other proposed positions.

M/S/C (Craig/Cooper; unanimous) that the following four full-time staff positions be created for BAWSCA: Water Resources Analyst/Planner, Staff Analyst; Office Manager, and Office Assistant.

- c. Delegate Authority to the Acting General Manager/CEO to Fill Approved Staff Positions:** Mr. Jensen explained that the enabling legislation gives the Board the authority to hire positions and also to delegate that authority to its General Manager/CEO. The board is being requested to delegate to Mr. Jensen the authority to fill the four positions just approved. Regarding the other two positions, Mr. Jensen said he hoped to have a recommendation brought to the board at the November meeting. In response to a question by Mr. Weed regarding the Acting General Manager/CEO's authority to fill positions, Mr. Jensen clarified that the authority requested in the recommended action was limited to the four positions just approved. He would request authorization to fill subsequent positions as the Board creates them.

M/S/C (Wykoff/Craig; unanimous) that the Acting General Manager/CEO be authorized to the fill the four staff positions approved by the Board.

- d. Approve Amendment to Rules of the Board Regarding Weighted Voting:** Chair Ruskin stated that the recommended change in weighted voting procedures was developed by the Start-up Advisory Committee in an effort to minimize the potential for members to call for weighted voting before very vote. The change in the rules itself will require an affirmative vote by both 2/3 of the membership, or 19 members, and 51 weighted votes.

Mr. Jensen presented the recommended amendment to the Rules, noting that only the timing for the request for weighted voting would differ, changing from "before the vote on the motion is taken" to "before the next item on the agenda is introduced for consideration." Some members expressed concern that the amended Rules would increase, rather than diminish, the tendency of larger agencies to request weighted voting. A motion to amend the Rules as proposed (Cooper/Wykoff; 14 ayes; 6 noes) failed because it did not achieve the requisite 19 votes representing 2/3 of the membership. The board then discussed whether to bring the item forward at a future meeting when more directors might be present.

M/S/C (Cooper/Gage; amended by Wykoff; 15 ayes; 5 noes) that weighted voting procedures be agendized for the January Board meeting.

Chair Ruskin said he would refer this item to the Advisory Committee for review prior to the January board meeting in case the committee has any additional recommendations to make.

6. Information Items

- a. BAWSCA Membership in the Bay Area Regional Water Recycling Program (BARWRP):** Ms. Sandkulla presented background on how BARWRP evolved and its purpose of building consensus regarding the feasible development and implementation of recycling in the Bay Area. Past partners have been the cities, water

districts, sewer agencies, and state and federal agencies. The group succeeded in developing a regional water master plan for recycled water in 2000. The master plan identified the potential for regional and statewide benefits and also identified implementation hurdles. A new MOU for BARWRP is currently under review. BAWUA has historically been involved in BARWRP, and Mr. Jensen has been approached to represent the BAWSCA members on the new executive board of BARWRP. BAWSCA's participation in BARWRP will benefit member agencies in a number of ways: 1) represent members' collective interest in recycling; 2) work with the group to remove obstacles for implementation to recycling and to increase opportunities to seek outside funding. The state is looking at regional partnerships to fund rather than funding multiple projects by different agencies in the same region. Once the MOU has been fully developed, the BAWSCA board will be asked to make a decision regarding formal participation. Funds for BAWSCA's participation in BARWRP were included in BAWUA's FY 2003-04 budget.

Ms. Sandkulla stated that the SFPUC is a member of BARWRP, and Mr. Jensen clarified that BAWSCA's participation would not limit the participation of individual agency members in BARWRP in any way.

b. BAWSCA Participation in the Bay Area Water Agencies Coalition (BAWAC):

Ms. Sandkulla explained that BAWAC is another regional forum in which BAWUA has participated. The group was formed in February of 2002 with the intent to provide a unified voice for Bay Area regional water suppliers to increase the coordination among members and promote mutual water planning efforts. Members include Alameda County Water District, Santa Clara Valley Water District, East Bay Municipal Improvement District, Contra Costa Water District, Zone 7, SFPUC, and, to-date, BAWUA. Among BAWAC's accomplishments are the development of some measurable regional objectives that are being used by CalFed, documentation of water conservation achievements of its member agencies; and support for development of new system inter-connections such as the Hayward intertie.

This year BAWAC is involved in an effort called the Integrated Regional Water Management Plan. This is larger Bay Area effort that is stemming from CalFed's and ABAG's funding mandates. Under state law, some state funds can only go to projects that are part of an integrated plan. The exact fiscal impact of BAWSCA's participation in BAWAC is not yet known. There are no dues, but BAWAC funds itself through assessments based on specific studies that it decides it wants to undertake. Some funds for BAWAC participation have already been identified in the BAWUA budget. Mr. Jensen stated that he and staff will continue to participate in BAWAC on behalf of BAWSCA and that any BAWAC activities requiring cost sharing by BAWSCA would be brought to the Board.

c. Overview of BAWSCA's Employee Compensation Program and Items

Scheduled for Action in November: The legislation requires that BAWSCA provide compensation to employees on a basis that's comparable to compensation provided to the BAWUA employees. However, the measure of comparability is

for the board to decide. Much of the recommended compensation program is incorporated in the Personnel Handbook that the board adopted in September. The initial salaries being recommended for action in November were derived from the total compensation survey that was done in 2002. The fiscal impact of these actions is consistent with historical costs and the current budget. The specific actions to be brought forward in November include adoption of a 457-B program for deferred compensation; contracting with specific insurance providers or vendors for health, dental, vision, and employee assistance program benefits; authorizing a contract for payroll services, and amendments to the Personnel Handbook.

Director Craig asked where funding would come from for next fiscal year's budget. Mr. Jensen responded that in January the Start-up Advisory Committee would begin developing the FY 2004-04 budget, to be funded by member assessments provided for in the enabling legislation.

7. **Directors' Discussion:** Director Cooper requested that the board be given a list of the survey cities or counties and results of the compensation survey when it reviews the recommendation for staff salary schedules.

Chair Ruskin read the elements of a letter that he planned to send to the President of the SFPUC, presenting a list of BAWSCA's current interests to San Francisco and demonstrating the Agency's purposefulness in going about its legislatively authorized role. Directors noted their interest in pursuing the subjects Ruskin had mentioned and offered suggestions on how the tone and content or approach might be used to maximize the effectiveness of the correspondence.

8. **Date, Time and Location of Next Meeting:** The next meeting will be on November 20, location to be announced.
9. **Adjournment:** There being no further business, it was

M/S/C (Cooper/Wykoff) that the meeting be adjourned at 8:50 p.m.

Respectfully submitted,

Arthur R. Jensen, Acting General Manager/CEO
and Acting Secretary

ARJ/GE

Attachments: 1) Attendance Roster

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
Board of Directors Meeting
October 16, 2003**

Attendance Roster

Present:

Bern Beecham	City of Palo Alto
Randy Breault	Guadalupe Valley Water District
Roberta Cooper	City of Hayward
Robert Craig	Westborough Water District
Stan Gage	Los Trancos County Water District
Mike Goff	Stanford University
Marc Hershman	City of Millbrae
Chuck Kinney	City of Menlo Park
Peter Nelson	California Water Service Company
Irene O'Connell	City of San Bruno
Rosalie O'Mahony	City of Burlingame
Lee Panza	City of Brisbane
Aldyth Parle	City of Santa Clara
Tom Piccolotti	North Coast County Water District
Chuck Reed	City of San Jose
Chris Reynolds	Skyline County Water District
Ira Ruskin	City of Redwood City
Dan Seidel	Purissima Hills Water District
Adrienne Tissier	City of Daly City
John Weed	Alameda County Water District
Rick Wykoff	City of Foster City

Absent:

Jean Auer	Town of Hillsborough
Mike Kasperzak	City of Mountain View
Robert Livengood	City of Milpitas
Chris Mickelsen	Coastside County Water District
Tim Risch	City of Sunnyvale
Adrienne Tissier	City of Daly City
David Woods	City of East Palo Alto