

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Foster City Community Building, 1000 E. Hillsdale Ave., Foster City, CA

July 23, 2003 – 7:30 p.m.

1. Call to Order/Pledge of Allegiance/Roll Call – 7: 30 p.m.

Ira Ruskin, Chair, called the meeting to order. Acting Secretary Art Jensen called the roll. Eighteen (18) members were present, constituting a quorum. Additional members arrived after roll call. A list of all attendees is attached.

2. Salute to Flag: Led by Mr. Ruskin

3. Public Comments:

Mr. Paul Shepherd of Los Gatos addressed the Board, congratulating them on the formation of the new agency, and expressing concern that statistics on water demand projections be coordinated among the various regional agencies collecting and utilizing this data.

4. Reports

- a. Appointment of Start-up Committee Members and Chair:** Mr. Ruskin announced that Aldyth Parle will be Chair of the Start-up Advisory Committee, with Jean Auer, Roberta Cooper, Pete Nelson, Dan Seidel, Adrienne Tissier, and John Weed as committee members. Ira Ruskin and Bern Beecham will serve as ex officio members. The committee's first meeting will be August 13.
- b. SFPUC Draft Emergency Response and Recovery Plan (ERRP):** Acting General Manager/CEO Art Jensen noted that the ERRP is mandated by AB 1823, passed last year. As required, San Francisco developed this plan in conjunction with the BAWSCA members through BAWUA and in conjunction with the Office of Emergency Services in each of the three affected counties. The plan prescribes how San Francisco would go about repairing the system after an earthquake or man-made event. However, at this time they do not have all the resources required to execute the plan. There are personnel, equipment, and agreements with other agencies that would need to be put into place before the plan could actually be fully implemented. Tracking the San Francisco budget to ensure that the money needed to fully implement this plan will be an important part of BAWSCA's work.
- c. Status of Actions Authorized at BAWSCA Meeting on June 19:** Mr. Jensen reported that the application for BAWSCA's membership in ACWA and the California Special Districts Association had been submitted and accepted. The initial questionnaire to CalPERS for an actuarial valuation has also been submitted.

5. Action Items:

- a. Authorize Posting of Notice of Intention to Adopt a Conflict of Interest Code:** Ray McDevitt, legal counsel for the Bay Area Water Users Association (BAWUA), reviewed the requirements and timeline for public agencies to adopt a Conflict of Interest Code, noting that the first step is to post a notice of intent to adopt a code and provide a 45-day comment period during which prospective employees, members of the public, and residents of the area can submit comments or request a public hearing. Following the close of the comment period, the proposed Code would be brought back to the Board for consideration and possible action at the September meeting. Even after the Board adopts the Code, it does not become effective until the Fair Political Practices Commission (FPPC) approves it.

M/S/C (Cooper/Parle; passed unanimously) that the Acting Secretary be directed to post the Notice of Intent to adopt a Conflict of Interest Code and to file a copy of the Notice with the Fair Political Practices Commission.

- b. Authorize Establishment of BAWSCA Bank Account:** Mr. McDevitt noted that the proposed resolution would authorize the establishment of a bank account and authorize the Chair, Vice-Chair, and Acting General Manager/CEO as signatories, and establish the amount above which two signatures would be required. Mr. Jensen recommended that the requirement for two signatures be set for amounts over \$2,500.

M/S/C (Cooper/Parle; passed unanimously by roll call vote) that the Board adopt the resolution authorizing establishment of bank accounts in the name of the Bay Area Water Supply and Conservation Agency at Borel Bank and Trust Company, with two signatures required for amounts over \$2,500.

- c. Authorize Preparations for Securing Staff:** Mr. McDevitt explained that a number of actions were required to prepare BAWSCA for hiring employees, including establishment of retirement and deferred compensation plans, health benefits, life and disability insurance, and workers compensation coverage. Authorization was requested for the Acting General Manager/CEO to sign CalPERS' standard "pre-valuation contract" for an actuarial study of the cost of BAWSCA participation in CalPERS' retirement plan and to obtain plan descriptions and cost proposals from ACWA, CSDA, Lincoln Life Insurance Company, and others for health, life, workers compensation insurance and deferred compensation plans.

M/S/C (O'Mahony/Vella; unanimously approved) that the Acting General Manager/CEO be authorized to proceed in obtaining information on benefits costs and providers as proposed--plus the CalPERS 457 plan--and to report back to the Board on progress at its next meeting.

- d. Appoint General Manager/CEO:** Mr. McDevitt presented a resolution to establish that it is “the sense of the Board” to appoint Art Jensen as General Manager/CEO on a permanent basis as soon as practicable. The goal would be to present a proposed employment agreement for consideration by the Board no later than its October meeting. During discussion, concern was raised that the proposed action was premature and there was objection to the phrase “permanent basis.”

M/S/C (O’Connell/Beecham; Cooper and Wykoff dissenting) that it is the sense of the Board to appoint Art Jensen as General Manager/CEO on a regular, full-time basis as soon as practicable. In order to implement this expression of intent, the Acting General Manager is directed to promptly provide the Start-up Advisory Committee with information on his current salary and benefits, a copy of his current employment contract with BAWUA, and such other information as he or the members of the committee consider relevant, toward the goal of presenting a proposed employment agreement for consideration by this Board no later than its October meeting.

- e. Concur with Contract with Kelling, Northcross & Nobriga:** Mr. McDevitt explained that the Board was being asked to concur with the BAWUA board’s approval of a \$150,000 proposed contract with financial consultant firm Kelling, Northcross and Nobriga. The BAWUA Board deferred the final decision to the BAWSCA board because it recognized that the contract amount is significant and the results of the consultant’s work will be reported to the BAWSCA Board. Mr. Ruskin recommended that this item be referred to the Start-up Advisory Committee for evaluation.

M/S/C (Nelson/O’Mahony; passed unanimously) that the contract with Kelling, Northcross and Nobriga be referred to the Start-up Advisory Committee for review and a recommendation to be provided to the Board in September.

6. Presentations:

- a. Results Planned for Fiscal Year 2003-04 and Board Milestones:** Mr. Jensen cited key intermediate goals associated with the five challenges the Board adopted at the June 19 meeting: 1) By December 31, determine whether there is persuasive evidence that San Francisco can rebuild the regional system cost-effectively and promptly with the City’s present management, engineering processes, and internal political support. 2) By December 31, determine whether and how the status of agreements for allocation of costs might affect the bond market for financing the improvements; 3) By January 31, present the Board with principles for cost allocation and a schedule for reaching agreement; 4) In December, present the Board with a list of financial issues, rate and capital funding alternatives, financial risk

management information, related contractual and legal issues, and anticipated Board decisions and timelines; 5) By February 28, provide a report to the board on supply reliability and how to meet future water needs; 6) By April 30, 2004, be implementing five cost-effective water conservation programs; 7) By December 30, launch an effort to have the three counties, state and federal agencies and BAWSCA members prepare a plan to help cope with the human and economic impacts of a long-term water outage. 8) By October 31, develop a public positioning or communications plan to maintain the support of your allies. When asked whether existing budget resources were sufficient to achieve these results, Mr. Jensen said they were.

Mr. Ruskin asked that an electronic copy of the overheads for Item 60a be provided to directors.

- b. Briefing on the Master Water Sales Contract and Wholesale Water Rates:** Mr. McDevitt began an introduction to the Settlement Agreement and Master Water Sales Contract” that established the relationships, rights and duties that each of the BAWSCA agencies have with San Francisco. The Agreement was signed in 1984 following a lengthy lawsuit prompted by a disparate increase in wholesale customers’ rates versus In-City customers’ rates.

Due to lack of time, it was agreed to continue Mr. McDevitt’s presentation at the September meeting.

- 7. Directors’ Discussion:** None.

- 8. Selection of Next Meeting Date, Time and Location:**

Mr. Ruskin announced that the next meeting would be on September 24 at 7 p.m., location to be determined by staff.

- 9. Adjournment: M/S/C (Vella/Parle) that the meeting be adjourned at 9:07 p.m.**

Respectfully submitted,

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

ARJ/GE

Attachments: Attendance Roster

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
Board of Directors Meeting
July 23, 2003**

Attendance Roster

Jean Auer	Town of Hillsborough
Bern Beecham	City of Palo Alto
Randy Breault	Guadalupe Valley Municipal Improvement District
Roberta Cooper	City of Hayward
Robert Craig	Westborough Water District
Stan Gage	Los Trancos Water District
Mike Goff	Stanford University
Marc Hershman	City of Millbrae
Mike Kasperzak	City of Mountain View
Chuck Kinney	City of Menlo Park
Chris Michelson	Coastside County Water District
Pete Nelson	California Water Service Company
Irene O'Connell	City of San Bruno
Rosalie O'Mahony	City of Burlingame
Aldyth Parle	City of Santa Clara
Lee Panza	City of Brisbane
Tom Piccolotti	North Coast County Water District
Chuck Reed	City of San Jose
Chris Reynolds	Skyline County Water District
Tim Risch	City of Sunnyvale
Ira Ruskin	City of Redwood City
Dan Seidel	Purissima Hills Water District
Louis Vella	Mid-Peninsula Water District
John Weed	Alameda County Water District
Rick Wykoff	City of Foster City

APPROVED