

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
BOARD OF DIRECTORS MEETING
January 15, 2004 – 7 p.m.
Foster City Community Building, Foster City, CA**

MINUTES

1. Call to Order/Pledge of Allegiance/Roll Call – 7: 10 p.m.

Ira Ruskin, Chair, called the meeting to order and led the flag salute. Acting Secretary Art Jensen called the roll. Twenty (20) members were initially present, constituting a quorum. Additional members arrived after roll call. A list of directors present (24) and absent (4) is attached.

2. Comments by the Chair: Mr. Ruskin noted that most of the necessary steps to organize BAWSCA had been accomplished; in addition the agency had adopted statements to define its objectives and established a direct relationship between the BAWSCA Board and the SFPUC. Among the challenges ahead are the negotiations for a new Master Contract, fostering water conservation, and continuing to protect the health, safety and wellbeing of the member agencies' customers.

3. Special Order of Business: General Manager Art Jensen introduced Jenna Olsen, Executive Director of the Tuolumne River Preservation Trust, who would be speaking on behalf of a group of 16 environmental agencies collectively known as the Bay Area Stewards (BAWS).

Ms. Olsen stated that the members of BAWS are a diverse group of organizations interested in following the SFPUC's CIP as an opportunity to promote more sustainable water use in the entire Bay Area. Among the primary goals of the group are: 1) establishment of strong restoration goals in the CIP; 2) a full study of the potential for restoring the Hetch Hetchy Valley, 3) helping the SFPUC and BAWSCA be statewide leaders in water use efficiency and conservation; 4) ensuring that improved supplies do not promote sprawl; 5) ensuring that the PUC provides low impact recreational and educational uses on the Tuolumne River; 6) ensuring that the PUC Clean Water Program is planned and implemented in coordination with the CIP; and 7) ensuring that clean and reliable drinking water is available to all communities. Their primary concerns with the CIP include the level of transparency in its implementation, along with the pace, time-frame, and proper environmental review.

BAWS representatives have been meeting with SFPUC staff on a monthly basis and would also like to set up a routine schedule for meeting with BAWSCA staff.

4. Public Comments: Pat Martel, General Manager of the SFPUC, announced that the annual Suburban Advisory Group (SAG) meeting had been held earlier that day. This meeting, at which SFPUC staff review progress over the past year and previews activities and water rates for the coming year, is a requirement of the Master Contract.

She announced that the chloramines conversion would proceed on schedule on February 2. She cautioned that in the first couple of weeks there might be customer complaints

regarding taste and odors, but there is no health hazard associated with these changes. A hotline is being set up to respond to public questions during the changeover, and a series of public service announcements will also be released through the electronic media.

Construction of the Priest Reservoir Bypass was completed on time and within budget, so water from Hetch Hetchy will be delivered again within a week or so. The construction at O'Shaughnessy Dam is also proceeding on time and within budget and is expected to be completed next month. Asked about the schedule for fluoridation, Ms. Martel said it would be next year.

Asked by Director Weed to summarize her announcements at the SAG Meeting on emergency response training opportunities, Ms. Martel said that, as a result of information shared by George Kanakaris of North Coast County Water District, she had learned of emergency response training opportunities offered by the Federal Emergency Management Agency (FEMA). At the end of January she and Andy Stark, Fire Chief of Pacifica and a representative to FEMA, plan to go to FEMA and talk with representatives there about getting a schedule for groups of agency representatives to participate in training at FEMA headquarters in Emmetsburg, Maryland. FEMA provides much of the cost associated with this training except for the travel cost to Emmetsburg.

5. **Consent Calendar:** Chair Ruskin announced that the General Manager had requested that the Minutes be pulled in order to revise the discussion of item 6-B. In response to an inquiry regarding the revised Minutes for the November 20 meeting, Mr. Jensen said they would be e-mailed to directors.

6. **Action Calendar:**

- A. **Election of Officers for Calendar Year 2004:** Chair Ruskin turned the meeting over to Vice-Chair Beecham, who then asked for nominations for the position of Chair of the Board.

M/S/C (Nelson/Parle) that Ira Ruskin be elected Chair of the Bay Area Water Supply and Conservation Agency for calendar year 2004 by acclamation.

Mr. Ruskin thanked board members for their confidence in his leadership and resumed as Chair, asking for nominations for the position of Vice-Chair of the Board.

M/S/C (Weed/Kinney & Parle) that Bern Beecham be elected Vice-Chair of the Bay Area Water Supply & Conservation Agency for calendar year 2004 by acclamation.

Director Panza suggested that prior to next year's elections, information on persons who are interested in serving as Chair or Vice-Chair be provided to directors prior to the meeting at which elections will be held. Chair Ruskin said he would bring this suggestion to the Start-up Advisory Committee.

- B. CalPERS Retirement Plan:** Acting legal counsel Ray McDevitt reviewed the Board's prior actions toward BAWSCA's participation in the CalPERS Retirement System and the subsequent employee elections to participate in CalPERS. The resolution before the Board is the final step in becoming a CalPERS member agency. He stated that adoption requires a majority of a roll call vote. Vice-Chair Bern Beecham stated that the Start-up Advisory Committee recommends approval.

Asked about the 1959 Survivor Benefit, Mr. McDevitt explained that it is an enhanced benefit to survivors of an employee who dies in service. It is in addition to basic death benefits and requires an additional contribution by both employee and employer. The employer cost has already been factored into the budgeted costs.

M/S/C (Cooper/O'Mahony; unanimous roll call vote) that the Board adopt the Resolution authorizing the contract with CalPERS, authorize the Chair to execute the Contract, and authorize the General Manager to submit all other required forms to CalPERS to complete the contract.

7. Reports

- A. Start-up Advisory Committee:** Committee Chair Aldyth Parle reported that the Committee was working well together and making progress on schedule.

B. General Manager's Report:

1. Policy Calendar: Mr. Jensen noted that there were several items added to or rescheduled on the Calendar at the Board's request or because of additional work that has been done. In February the Board will be given an item on participating in an integrated regional water management plan MOU. A detailed report on evaluation of fixing the regional water system will also be on the February agenda. Other items for February include reports on SFPUC's budget for FY 2004-05 and the proposal to restore Hetch Hetchy Valley. He is considering whether a "retreat" to provide the board with background information would be desirable and feasible and how to spread out some of the weightier items.

Among upcoming administrative matters are purchasing procedures, public records retention policy, and an investment policy. Also, clean-up legislation is being added, as requested by Director Weed.

2. Report on Suburban Advisory Meeting: Mr. Jensen said this was the best meeting since 1984, the year the meetings began, and he would distribute copies of the handouts to the board. He commended the SFPUC for the professional quality of the presentations and the amount of detail provided. Among the updates were organizational changes, planned changes in hiring, coordination with departments, and the successful negotiation of an MOU with the San Francisco Engineers' Union. Still underway are the organizational assessment and the beginning of a strategic planning effort in which BAWSCA and member agency staff may be

asked to participate. He cited the opportunity for FEMA training as a very important program that he hoped each of the member agencies would participate in. He said the SFPUC also provided an estimate of next year's water rates as being 6.27% higher than this year's. This is a preliminary number, and the PUC hopes that it is the upper boundary. Updates will be provided as information becomes available.

- C. Presentation on Results Achieved by December 31, 2003:** Mr. Jensen reported that San Francisco has completed the required reports for compliance with AB 1823. The question, "Can San Francisco get the job done?" is difficult to assess because of timing and San Francisco's inability to control key factors such as the bond funding. He said the PUC is working extremely hard to succeed. BAWSCA's consultant assigned to monitor CIP progress has developed an assessment of a great many different factors, including contract procedures, the way they are adding and selecting staff, and progress on specific projects. A detailed report of the assessment findings will be presented at the February meeting. Asked about the sequencing and interdependencies of CIP projects, Mr. Jensen said that is one of the issues BAWSCA is tracking in monthly meetings with Harlan Kelley, the head of the CIP. The SFPUC's scheduling is sophisticated enough they can look at the interactions and interdependencies so they can speed up projects if they're independent of others and keep track of all the interconnections. Another helpful result from the report to be given in February is a simplified view of the CIP in the form of a map that shows where all the projects are, including their scheduled dates for completion.

SFPUC General Manager Pat Martel spoke about San Francisco's commitment to bond funding for the CIP, noting that the Board of Supervisors have a mandate from the citizens to implement the bond measure. The SFPUC has a project control program to ensure that timelines can be met, and she is committed to removing people who can't deliver.

Director Kinney asked why member agencies were being asked to submit concurrence with demand projections if the CIP is intended to be a seismic upgrade. Mr. Jensen responded that some of the CIP projects, such as the restoration or rebuilding of Calaveras Reservoir, do deal with capacity issues, so the demand projections are a necessary component of the environmental review process.

Another of the results to be achieved by the end of 2003 was to identify when agreements must be reached with San Francisco on specific items. Mr. Jensen said that if the wholesale customers are to fund capital improvement projects through issuing bonds, some agreements between the member agencies and the financing authorities in San Francisco would be needed by 2005, the date by which San Francisco indicated it would probably consider issuing bonds. A critical date for the Agency is 2009, when the current Master Contract will expire.

The objective to develop strategies to create a positive public identity for BAWSCA and maintain the support of its allies is being carried out as planned.

- D. Presentation on Opportunities for Water Conservation:** Water Resources Analyst Nicole Sandkulla reported that the Water Resources Committee had evaluated three conservation measures—ultra-low-flush toilet rebates, residential water audits, and commercial and industrial water audits. The criteria used to evaluate the programs were 1) member agency needs; 2) creating benefits for end users; and 3) complementing other efforts that agencies may have underway. The evaluation showed that commercial and industrial (CII) audits appear to be an opportunity to add value, and many agencies expressed an interest in having this program. If a single consultant is used, there can be an economy of scale for participating agencies. A determination whether to proceed with this program or not would be made as part of the FY 2004-05 budget development process.

Director Breault asked whether more water savings might be obtained if staff focused on agencies whose water use is more than one standard deviation beyond the mean and determine what particular factors cause those agencies to have such high water usage. Ms. Sandkulla responded that as a result of the demand projections study, they had found that indoor winter use is fairly constant throughout the service area. High usage patterns show up with outdoor use in the non-winter months. That is why the landscape audits have been valuable. The CII audits would focus on customers like hotels, restaurants, manufacturers, laundromats, and other businesses that routinely use a high volume of water. Director Beecham encouraged members to consider recycling. Acknowledging that it requires substantial planning and is not a cheap solution, he said it could nonetheless result in significant savings over time and had proven effective for Palo Alto. Ms. Sandkulla responded that recycling will be evaluated and it will be part of the programmatic EIR that the PUC is initiating.

- E. Presentation of FY 2003-04 Budget and Status:** Mr. Jensen reviewed the FY 2003-04 budget, noting that the total is \$1.821 million, of which \$1.643 million comes from assessments and \$163,000 comes from BAWUA's General Reserve and miscellaneous income. As of December 31, 2003, approximately 42% of the budget had been expended. In addition to the General Reserve of \$385,000, there is an Operating Reserve of \$95,600 established to fund the first month of operations in a new fiscal year before assessments are collected. Comparing budget and staffing levels from 1997 to the present, he noted that there were only 3 staff in 1997 versus 5 today, and the budget dollars have increased from \$600,000 to \$1.8 million in that same period. However, during those years there were extraordinary expenses for successful arbitration and most recently, for the legislative campaign and implementation of AB 2058, AB 1823, and SB 1870.

Comparing assessment methodologies, he stated that under BAWUA's methodology, most agencies paid in proportion to water purchased from the SFPUC, but large agencies paid proportionally less as a concession for their being given only one vote. Under the BAWSCA assessment methodology, all agencies will pay in proportion to the water they purchased from the SFPUC in FY 2000-01. One director has suggested that BAWSCA look at different ways of collecting revenues. That issue will be reviewed by the Start-up Advisory Committee in February.

Director Panza asked whether FY 2003-04 use of the General Reserve was extraordinary, and would the remaining reserve be adequate for coming years. Mr. Jensen responded that the funding from the General Reserve was intentionally high this year as a first step toward drawing down BAWUA's reserves and paving the way for BAWUA eventually to be dissolved. Asked whether BAWSCA could create its own reserve from the BAWUA reserve, Mr. Jensen responded that the BAWUA reserve could be used to pay BAWSCA costs of operation, but not to fund a reserve.

Asked about the Operating Reserve, Mr. Jensen stated he would recommend that the board consider maintaining its own unrestricted reserve to solve beginning of the fiscal year cash flow issues. This would have to be incorporated in the budget development for FY 2004-05.

8. **Directors' Discussion, Comments, Agenda Requests:** Director Goff asked when the board could expect a recommendation from the Start-up Advisory Committee on what types of committees the organization needs. Mr. Jensen responded that the Committee would be addressing this issue in March.
9. **Date/Time/Location of Next Meeting:** Thursday, February 19, 7 p.m., Wind Room, Foster City Community Building, 1000 E. Hillsdale Blvd., Foster City, CA
10. **Adjournment:** M/S/C (Cooper/Kasperzak) that the meeting be adjourned at 9:00 p.m.

Respectfully submitted.

Arthur R. Jensen, General Manager
and Acting Secretary

ARJ/GE

Attachments: 1) Attendance Roster

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
Board of Directors Meeting
January 15, 2004**

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
Mike Goff	Stanford University
Marc Hershman	City of Millbrae
Mike Kasperzak	City of Mountain View
Chuck Kinney	City of Menlo Park
Chris Mickelsen	Coastside County Water District
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
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
David Woods	City of East Palo Alto
Rick Wykoff	City of Foster City

Absent:

Jean Auer	Town of Hillsborough
Stan Gage	Los Trancos County Water District
Robert Livengood	City of Milpitas
Adrienne Tissier	City of Daly City