

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
BOARD OF DIRECTORS MEETING
January 20, 2005 – 7 p.m.
Foster City Community Building, Foster City CA**

MINUTES

1. Call to Order/Pledge of Allegiance/Roll Call – 7:05 p.m.

Bern Beecham, Vice-Chair, called the meeting to order and led the flag salute. Secretary Art Jensen called the roll. Twenty-five (25) members were present, constituting a quorum. Two (2) directors arrived after roll call. A list of directors present (27) and vacancy (1) is attached.

2. Special Order of Business – Election of Officers: Director Wykoff presided over this portion of the meeting. He went over the election process and called nominations for the Chair.

M/S/C (O’Connell/O’Mahony; Unanimous) that Bern Beecham be elected Chair of the Bay Area Water Supply and Conservation Agency for calendar year 2005 to commence at the adjournment of the meeting at which he was elected.

Vice-Chair Beecham was nominated for the position of chair. There being no other nominations, nominations were closed by consensus and Director Wykoff announced Vice-Chair Beecham elected as chair by acclamation.

Vice-Chair Beecham presided over the balance of the meeting and called nominations for the Vice-Chair.

M/S/C (Kolstad/Kinney; Unanimous) that Mike Kasperzak be elected Vice-Chair of the Bay Area Water Supply and Conservation Agency for calendar year 2005 to commence at adjournment of the meeting at which he was elected.

Director Kasperzak was nominated for the position of vice-chair. There being no other nominations, nominations were closed by consensus and Director Beecham announced Director Kasperzak elected as chair by acclamation.

3. Comments by Vice-Chair: The board observed a moment of silence for the death of former board member Jean Auer. Vice-Chair Beecham announced that Ira Ruskin was elected to the California State Assembly, and Aldyth Parle finished her term from the Santa Clara City Council. Both resigned from the BAWSCA board. A letter thanking Mr. Ruskin and Ms. Parle’s imperative service to the agency will be sent. Newly appointed board member Pat Kolstad will be representing the City of Santa Clara.

Mr. Beecham reported that General Manager Arthur Jensen and SFPUC General Manager Susan Leal will give reports on the January 13th SFPUC CIP workshop. Mr. Beecham stated the board's concerns on the process of the Capital Improvement Program (CIP) schedule revision and the objectives of the PEIR.

Mr. Beecham commented that the proposal to drain the Hetch Hetchy reservoir continues and is taken seriously statewide. A study by the State Department of Water Resources is being conducted and results are expected in June 2005. He stated that this and other issues continue to add to the agencies work plan and how the general manager and agency will be able to satisfy the tasks need consideration.

4. General Manager's Report:

California Urban Water Conservation Council

Arthur Jensen introduced Maryanne Dickinson, Executive Director of the California Urban Water Conservation Council (CUWCC) who explained the history, purpose and governance of the organization. The definitions of Group 1, 2 and 3 plays an important role in BAWSCA's recent application to become a Group 1 member of CUWCC. Mr. Jensen stated that a complicated process of revising CUWCC's Memorandum of Understanding (MOU) would be required to accept BAWSCA's application. Ms. Dickinson explained that regardless of what group BAWSCA is, full participation with CUWCC will be available and what matters. As an example, she described how a Regional Water Authority in Group 3 participates in CUWCC's activities as a member of the board and co-chair of a committee. The difference will only be in BAWSCA's funding eligibility in the conservation grant programs that CUWCC gets. However, grant eligibility may be obtained by BAWSCA and CUWCC being co-applicants. Partnerships and pilot programs are some examples Ms. Dickinson described as ways to build a stronger association. Mr. Jensen explained that suggestions by some board members on having an expanded water conservation program can be addressed by pursuing a stronger relationship with CUWCC.

SFPUC's Progress on Fixing the Regional Water System, Policy Workshops and Policy Decisions Affecting Future Service to BAWSCA Agencies

Mr. Jensen reported on the water code requirements of AB 1823 and stated that the SFPUC submitted its annual progress report to the State in September 2004. The State Department of Health Services' Audit of SFPUC's maintenance practices is under review by the Governor's office, and the SFPUC annual report on supplemental water supplies is due on February 1, 2005.

SFPUC is tracking projects relative to the July 2004 proposed schedule and cost estimates. As of November 2004, the total earned value is greater than the cost to date. Of the 39 projects, 18 show earned value less than cost-to-date. Of the 18 projects, 13 show estimated cost to complete is greater than the July 2004 cost estimates.

Some project activities have been suspended pending adoption of a revised CIP. A new contract for program management services is scheduled to be executed by April 2005, and a

revised CIP and PEIR objectives will be available for review in February, and adoption in March.

The last SFPUC CIP workshop was held on January 13th where seven (7) questions were considered by the SFPUC. Staff direction provided by the commissioners include an enhanced level of environmental stewardship, a system-wide delivery of winter level demand within 24 hours following a major earthquake, a day-to-day delivery reliability level of average annual demand with one planned outage plus one unplanned outage, compliance with all existing and anticipated water quality requirements plus invest in watershed protection, and delivery of total purchase request with a 20% drought cutback in 2030.

The SFPUC is scheduled to receive a revised CIP schedule and budget, as well as PEIR objectives on February 8. SFPUC action on the CIP is anticipated in March 2005. BAWSCA will examine and provide recommendations to the SFPUC on the revised CIP schedule and budget within the 30-day review period, provide input on the PEIR objectives, and input to State review of the revised CIP.

Public comments were heard on the matter of the SFPUC's discussion of the CIP. Santa Clara Valley Water District (SCVWD) staff member, Amy Fowler stated that SCVWD's current recommendation to its board is to invest in system upgrades to improve overall water supply reliability and clarified that the SCVWD board currently does not have any drought policy in terms of percentage cutbacks. The operational reliability level, if a drought happens, is yet to be determined with SCVWD's retail agencies in Santa Clara County.

Jenna Olson, Executive Director of Tuolumne River Trust commented on the issues discussed at the January 13th SFUPC CIP workshop. She believed that improving innovations can allow more conservation opportunities, that the inclusion of a drought plan of up to 20% in the agencies' water shortage allocation plan was considered by the commission in choosing a 20% level of cutback, and that a recommendation of a 20% cutback does not mean that other alternatives, such as a zero percent cutback will not be considered in a programmatic review.

Mr. Jensen clarified that the water shortage allocation plan was presented to the commission with a drought plan of up to 20% as a limit of tolerance. The board discussed the implications of a 20% cutback to the CIP's sizing decisions, how the purpose of a PEIR is to define different programs to achieve a goal, considerations of how PEIR alternatives can have economic impacts.

SF Proposal to Moderate Wholesale Water Rate Fluctuations

Art reported that the SFPUC provided a proposal addressing wholesale water rate fluctuations. The proposal will be examined before receiving any action by the wholesale agencies.

Chloramination

Art reported that Local Health Officers are to consider a formal position on chloramination.

Proposal to Drain Hetch Hetchy

The proposal to drain Hetch Hetchy has been taken seriously in Sacramento and elsewhere. The State Department of Water Resources is conducting a study, and Assembly Member Lois Wolk has requested the California Research Bureau to further examine the issue. BAWSCA's statement is received well by legislatures in Sacramento.

5. SFPUC Report:

CIP: General Manager Susan Leal reported that SFPUC has gone through a lot of information in reviewing the CIP and in getting many questions answered during the last 90-days. SFPUC staff received direction from the commissioners at its CIP workshop in January. Staff has looked at the details of the questions and will be coming back to the commission with an outline in February 8. Ms. Leal stated that she will bring comments made by the BAWSCA board to the commission.

Proposal to Drain Hetch Hetchy: Ms. Leal stated that the commission will be considering a resolution taking a position against draining Hetch Hetchy and believed that city councils and other organizations take the same position.

The board commented on their concerns with the 20% cutback in drought, requested information on the consequences of a 20% cutback set as a goal in the PEIR, information on what else the billion-dollar cost of draining Hetch Hetchy can be focused on, and stated a request that seismic construction work be done before the PEIR is completed.

6. Public Comments:

Claudette Main, a Peninsula resident testified against putting chloramine in the water.

Jenna Olson, Executive Director of Tuolumne River Trust, commented that her organization urges SFPUC for increased stewardship and increased fresh water flow to the river, pushes for water supply diversification, conservation, efficiency, and recycling ground water transfers. Tuolumne River Trust will be recommending the SFPUC not to use the water purchase request as a starting point

7. Consent Calendar:

M/S/C (Cooper/Tissier; unanimous) that the Minutes of the November 18, 2004 BAWSCA Board meeting be approved; the Monthly Budget Status Report be received and filed; the Board Policy Committee be authorized to be the Evaluation Committee that conducts the general manager performance evaluation; the general manager be authorized to negotiate and execute a professional services contract with Hilton, Farnkopf and Hobson (HFH) to analyze SFPUC overhead costs and cost allocations; and, the general manager be authorized to appoint a deputy secretary of the board of directors.

8. Action items:

Mid-Year 2004-05 Budget Review and Proposed Adjustments: Director Beecham explained the discussion the Board Policy Committee had on the mid-year budget presented for board action.

M/S/C (O'Mahony/Reed; unanimous) That the board authorize the general manager to:

- a) **Reallocate resources totaling \$55,000 within the existing budget and use the budgeted contingency of \$18,000;**
- b) **Decrease the budget and not-to-exceed amount of the contract with KNN by \$20,000 to a total not-to-exceed amount of \$55,000;**
- c) **Transfer \$32,000 from the general reserve to the FY 2004-05 operating budget;**
- d) **Increase the budget and not-to-exceed limit of the contract with Brown and Caldwell by \$65,000 to a total not-to-exceed amount of \$190,000 for ongoing technical support;**
- e) **Increase the budget and not-to-exceed limit of the contract with Harlan Wendell by \$30,000 to a total not-to-exceed amount of \$120,000.**

9. Directors' Discussion: Director Tissier requested if it is possible to have by the next board meeting, a document that outlines the issues regarding the proposal to drain Hetch Hetchy so that an action may be taken at the next meeting. Director Weed announced that the Association of California Water Agencies (ACWA) will be having a meeting on a proposed blueprint for water with the state of California on January 31st, and a legislative workshop in Washington D.C. which all BAWSCA board members, as a member of ACWA, are welcome to attend.

10. Adjournment to RFA meeting: The meeting adjourned at 9:45.

11. Date, Time and Location of Next Meeting: The next meeting is scheduled for March 17, 2005 at 7:00 p.m. in the Wind Room, Foster City Community Center.

Respectfully submitted,

Arthur R. Jensen, General Manager and Secretary

ARJ/le

Attachments: 1) Attendance Roster

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
Board of Directors Meeting
January 20, 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
John Fannon	Town of Hillsborough
Stan Gage	Los Trancos County Water District
Mike Goff	Stanford University
Marc Hershman	City of Millbrae
Mike Kasperzak	City of Mountain View
Chuck Kinney	City of Menlo Park
Patrick Kolstad	City of Santa Clara
Robert Livengood	City of Milpitas
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
Tom Piccolotti	North Coast County Water District
Chuck Reed	City of San Jose
Chris Reynolds	Skyline County Water District
Tim Risch	City of Sunnyvale
Dan Seidel	Purissima Hills Water District
Adrienne Tissier	City of Daly City
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:

VACANCY	City of Redwood City
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