

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
BOARD OF DIRECTORS MEETING
May 25, 2006 – 7 p.m.
Foster City Community Building, Foster City CA**

MINUTES

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

BAWSCA Chair, Bern Beecham, called the meeting to order and led the flag salute. The General Manager and Secretary, Art Jensen, called the roll. Twenty (20) members were present, constituting a quorum. One director arrived after roll call. A list of directors present (21) and absent (7) is attached.

2. Comments by the Chair – Chair Beecham had no comments

3. Board Policy Committee Report: Committee Chair Rosalie O’Mahony reported that the committee met on April 12th, and received a reports on the development of the California Seismic Safety Commission’s evaluation of the revised Water System Improvement program, and on the Progress Seminar in which Assemblymember Ira Ruskin and BAWSCA Director Adrienne Tissier were members of the panel for the Disaster Preparedness segment. The committee discussed and voted unanimously to recommend board approval of the addition of two floating holidays for BAWSCA employees including the General Manager. The committee discussed in detail the proposed workplan and budget for FY 2006-07, and unanimously voted to recommend that the board approve using \$149,000 from the BAWUA reserve and an 8.4% increase in agency assessment to fund the proposed budget. The committee also discussed and voted unanimously to recommend board approval of the independent professional services contracts being presented in the board agenda as item 7E. Committee member and BAWSCA Chair Bern Beecham stated to the committee that the consultants have added value to their work, and has completed what was expected of them.

4. General Manager’s Report: Mr. Jensen announced the attendance of new board member, Brisbane Mayor, Cyril Bologoff, who took the seat of Lee Panza. Mr. Panza retired from Brisbane’s City Council and elected to retire from the BAWSCA and RFA boards also.

a) Assessment by the California Seismic Safety Commission of the changes to the SFPUC Water System Improvement Program: On May 24th, the California Department of Health Services (DHS) released its report on the cost and schedule changes to San Francisco Public Utilities’ Water System Improvement Program (WSIP). Mr. Jensen stated that the reports from both DHS and California Seismic Safety Commission (CSSC) demonstrate the value of having independent State oversight, particularly from these two groups. While DHS concludes that the completion of the program will provide significant improvements in public health and safety, and CSSC found that the program adopted in November 2005 is better than the program adopted in 2002, the reports also cite many concerns about implementing the WSIP.

The DHS report stated that “Monumental challenges....could prevent delivery of this large aggressive WSIP program.” The report suggests that SFPUC evaluate and implement recommendations made by the State Department of Finance and San Francisco’s consultants, to strengthen its program management and support systems. Failure to provide adequate management capability could increase risks to public health and safety. DHS believes and recommends that San Francisco should report on the progress it makes in strengthening its management systems in addition to the annual reporting required by law. Because of its regulatory role over water systems, DHS recommended additions and changes to the WSIP to ensure that San Francisco meets the Safe Drinking Water Act requirements “before, during, and after a major disaster.”

The report from CSSC noted that that a large earthquake can leave 30% of the regional turnouts without water for up to 30 days, even after the system is rebuilt, and that those turnouts can not be identified ahead of time. CSSC recommends that local retail water providers, including San Francisco, complete the work necessary to ensure that the water available in the regional system reaches critical customers. CSSC encouraged efforts to make local systems be able to withstand major earthquakes.

Art stated that BAWSCA agrees with the findings and recommendations made by both DHS and CSSC. BAWSCA believes that SFPUC can be successful with the WSIP which, when completed, will improve the water system. Mr. Jensen stated that the efforts made by San Francisco, particularly by Tony Irons, are encouraging. While work appears to be on schedule, the program is currently only 4% complete, and a great deal of work remains ahead. The concerns cited by BAWSCA, the State, and others should be kept in mind to keep the program moving.

Director Seidel commented that CSSC cited increased risk due to delays in some of the projects, and asked what organization is charged with the responsibility to look at the financing or the financial status of the program. He expressed his concern that delays will result in cost escalation with the result that projects scheduled for construction late in the program will be unfunded, and left un-built. Mr. Jensen informed the board that Proposition P, a San Francisco initiative, created the Public Utilities Commission Revenue Bond Oversight Committee that watches over the use of the bond monies. BAWSCA is represented in the Committee by Patrick Sweetland, Director of Water and Wastewater Department for the City of Daly City. Mr. Jensen stated that the SFPUC has accelerated some projects and has requested for more funding to keep the projects going. The WSIP adopted in 2002 shows 50% of the projects completed in 2010, while the current WSIP program schedule has 20% of the projects to be completed in 2010. Continued oversight will track program against major project milestones and budgets.

- b. Water System Improvement Program – 2nd Quarterly Progress Report:** The second WSIP Quarterly Progress Report from SFPUC was recently received and is under review. The format and content is improved, and shows the program on schedule and on budget, with no critical variances. BAWSCA submitted comments on the draft report previously provided, and concerns are being directly discussed with Mr. Irons and SFPUC project managers.

- c. **BAWSCA Water Conservation Programs:** Senior Water Resources Engineer, Nicole Sandkulla reported on BAWSCA's water conservation programs that are supported by BAWSCA's work plan and that will be implemented in the coming fiscal year. BAWSCA implements water conservation measures to extend the limited supply of water for the current and future water needs. Since the last drought, there has been a 19% growth in population in the service area and demand has increased by 7%. There has been no new supplies brought on, and conservation extends the existing system capacity. Conservation saves money for the agency and its customers as the cost of water goes up exponentially in the future, and it is good public policy.

BAWSCA agencies retain primary responsibility for conservation in the service area, historically developing programs over time, with increased efforts during the 1976-1977 drought, and again after the drought in the late 1980's. Agencies carry out conservation programs that focus on implementing Best Management Practices (BMP), a statewide list of conservation efforts that may be cost-effective. BAWSCA's regional conservation programs were developed for the agencies, and by the agencies to increase cost-effectiveness, reduce administrative costs, ease implementation efforts, and achieve greater water savings.

BAWSCA's ongoing regional efforts include the Washing Machine Rebate Program that has paid over 10,250 rebates since 2001, with an estimated savings of 161 acre-feet per year, or enough water to serve over 700 single-family homes.

The Large Landscape Conservation program has created an estimated savings of 200-300 acre-feet per year, or enough water to serve 870-1,300 single family homes. The program has been going on for about three years and has been successful in implementing water use budgets and surveys for irrigation on large landscape areas. The Large Landscape Conservation Program is an educational program that requires ongoing effort.

The Pre-Rinse Spray Valve Program is a statewide program which BAWSCA implements with California Urban Water Conservation Council and SFPUC. The program installs Water efficient spray nozzles in restaurants, and to date, the program has an estimated savings of 31 acre-feet per year, or enough water to serve 130 single family homes.

In FY 05-06, BAWSCA implemented public education programs, which includes a water conservation curriculum for 5th grade students, water efficient gardening education classes, and the water efficient gardening software for residential customers. BAWSCA partnered with WaterWise consulting to do a trial run with six participating BAWSCA agencies and their local school districts, to distribute water conservation education and retrofit kits to 5th grade students. 1,554 kits were distributed to students who, with their parents, performed water audits on their homes and installed water saving devices. It is readily implemented by teachers, easily understood by students, and uses methods that quantify water savings. An estimated savings of 58 acre-feet per year or enough water to serve 252 single family homes was achieved.

Four water efficient gardening education classes were offered throughout the BAWSCA service area during the month of April and were very well attended. The classes featured

certified instructors explaining different concepts of water-conserving landscape designs using native and water-efficient plants. The responses to the classes were very positive, and the classes will be offered again.

The creation of the water efficient gardening software is underway, and is expected to be available for distribution in the Fall. The software will serve as a tool for customers throughout the BAWSCA service area to create beautiful water efficient gardens and landscapes.

BAWSCA continues to initiate new conservation programs that satisfy the necessary criteria. New programs include Cooling Tower Controller Rebate Program, High Efficiency Toilet Replacement Program, and an expanded Landscape Education Program that will offer a Native Garden Tour and education classes for Professional Landscapers.

BAWSCA's program cost-effectively closes the gap between projected needs and available supply.

5. SFPUC Report:

Deputy General Manager, Tony Irons, discussed the status of 29 major projects of the WSIP. Two Power Point presentations shown simultaneously, illustrated the project development cycle in one, and the project description on the other. Mr. Irons explained that Planning, Environmental Impact Review (EIR), Design, and Construction Phases complete a Project Development Cycle, and discussed each project's critically to the regional system, objectives, cost, and extent of work involved. The project's current expenditures, status in the development cycle, and the points at which phases can happen simultaneously for each projects were indicated.

Projects that increase delivery reliability include the San Joaquin Pipeline #4 and rehabilitation of SJPL's existing systems, Bay Division Pipeline (BDPL) Reliability Upgrade, BDPL 3&4 Crossovers, and improvements to the Lower Crystal Springs Dam. Expansion of the Sunol Valley Water Treatment Plant for treatment of additional 40mgd, and upgrade of the San Antonio Pump Station also increases reliability and water supply.

Seismic projects include the Calaveras Dam Replacement, New Irvington Tunnel, Alameda Siphon #4, Seismic Upgrades of BDPL 3&4 at the Hayward Fault, Crystal Springs/San Andreas Transmission Upgrades, Harry Tracy Water Treatment Plant Long-Term Improvements, Baden/San Pedro Valve Lot Improvements, New Crystal Springs Bypass Tunnel, Installation of San Andreas Pipeline #3, replacement of Crystal Springs Pipeline #2, Sunset Reservoir Upgrades North Basin, and upgrades to the University Mound North Basin Reservoir.

Construction of an advanced disinfection treatment facility, new chlorine contact tank and water storage reservoirs at the Sunol Valley Treatment Plant, and rehabilitation of the Pulgas Balancing Reservoir enhances treatment capabilities and increases water quality.

Mr. Irons reported on recent allegations that a concrete company shipped substandard concrete to the Summit Reservoir Project in San Francisco. The SFPUC is working with

both the district and city attorneys on the investigations. The project is not a part of the WSIP and does not affect the wholesale customers, but it raises the issue of having competent construction management, inspection personnel to adequately monitor all construction projects.

Mr. Irons stated that San Francisco sees the need to redesign its contracting method and indicated that design-build construction methods will be pursued along with other contracting mechanisms that will attract contractors to work with San Francisco, in response to Director Seidel's question. Mr. Irons stated that the decision to remove the fourth barrel for the San Joaquin Pipeline was influenced by the environmental community, but was also based significantly on the cost, time and availability of steel, and the undertaking of acquiring easement on land necessary. Mr. Irons explained that removal of the fourth barrel will not diminish the system's reliability. Mr. Irons reported that the Tuolumne River was recently removed from the list America's most Endangered Rivers because of the removal of the proposal to build San Joaquin Pipeline #4.

The board thanked Mr. Irons for his presentation.

6. Public Comments:

Members of the public spoke about the health effects of chloramine and requested for BAWSCA's support on Assemblymember Ira Ruskin's legislation, AB 2402.

The chair announced he would limit future public comments on chloramine to a total of not more than 10 minutes in a meeting.

7. The Action Calendar, Item #8, that includes adoption of the proposed workplan and budget for FY 2006-07 was moved forward to address some issues that may come up in Item #7, Consent Calendar.

Mr. Jensen stated that consideration of a Hetch Hetchy tour, as requested by Director Weed at the last board meeting, may be possible in the Fall. The tour will not affect the budget because attendees pay the cost of the tours. The significant increase in the budget for legal counsel represents the budget for outside expertise to assist in working on the water agreement between San Francisco and the wholesale water customers. The recommendation is to approve the proposed results to be achieved, the budget of \$2,291,904 for FY 06-07, and a funding plan of that uses \$149,000 of the remaining BAWUA reserve and increases agency assessments by 8.4%.

In response to a director's question, Mr. Jensen explained BAWSCA's recent efforts to prepare communities for long-term water outages. BAWSCA is working with Rick Wykoff, City of Foster City, Supervisor Adrienne Tissier, and Assemblymember Ira Ruskin, who is on a relevant committee in the State, to obtain consistent advice for the public in an event of an emergency.

M/S/C (Tissier / O'Connell; Unanimous) that the board adopt:

- 1. The proposed results to be achieved for FY 2006-07;**
- 2. The proposed budget of \$2,291,904; and,**
- 3. Option #1 as the funding plan using \$149,000 of the remaining BAWUA reserve and an increase in assessment of 8.4%.**

8. Consent Calendar

M/S/C (O'Mahony / Kolstad; Unanimous) that the Minutes of the March 16, 2006 BAWSCA Board meeting be approved; the Monthly Budget Status Report and Quarterly Investment Report be received and file; the personnel handbook amendment incorporation two floating holidays per year for each employee including the general manager be adopted, the professional services contracts for FY 06-07 be approved, and the general manager be authorized to negotiate and execute a contract with Brown & Caldwell to perform water use analyses for an amount not to exceed \$13,100.

9. Directors' Discussion: Comments, Questions and Agenda Requests: Director Wykoff stated that he is encouraged by the orderly and well thought-out progress San Francisco is making with the WSIP, and believes that with Tony Irons assistance, the job will get done. Director Beecham shared Director Wykoff's feelings. Mr. Jensen commented that he enjoys working with Tony Irons, and noted the importance of maintaining highly capable leadership throughout the WSIP.

10. Adjournment. The meeting was adjourned at 9:05pm

11. Date, Time and Location of Next Meeting: The next meeting is scheduled for July 20, 2006 at 7:00 p.m. in the Wind Room, Foster City Community Center.

Respectfully submitted,

Arthur R. Jensen, General Manager and Secretary

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Attachments: 1) Attendance Roster

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
Board of Directors Meeting
May 25, 2006**

Attendance Roster

Present:

Bern Beecham	City of Palo Alto
Randy Breault	Guadalupe Valley Water District
Cyril Bologoff	City of Brisbane
John Fannon	Town of Hillsborough
Kelly Fergusson	City of Menlo Park
Mike Goff	Stanford University
Rob Guzzetta	California Water Service Company
Marc Hershman	City of Millbrae
Patrick Kolstad	City of Santa Clara
Chris Mickelsen	Coastside County Water District
Irene O'Connell	City of San Bruno
Rosalie O'Mahony	City of Burlingame
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
Rick Wykoff	City of Foster City

Absent:

Richard Claire	City of Redwood City
Roberta Cooper	City of Hayward
Robert Craig	Westborough Water District
Stan Gage	Los Trancos County Water District
Mike Kasperzak	City of Mountain View
Robert Livengood	City of Milpitas
David Woods	City of East Palo Alto