

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
BOARD OF DIRECTORS MEETING
November 16, 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-one (21) members were present, constituting a quorum. A list of directors present (21) and absent (7) is attached.

2. Comments by the Chair – Chair Beecham reported that he sent a letter to SFPUC President Richard Sklar regarding statements Mr. Sklar made about Global Warming at the September board meeting. The letter inquires about the effects of global warming to the regional water supply.

Chair Beecham welcomed Hayward's new Mayor, Michael Sweeney, who has been appointed to represent the City of Hayward as a board member of BAWSCA and RFA.

Chair Beecham announced he has appointed Directors Pat Kolstad of Santa Clara, John Fannon of the Town of Hillsborough, and Bob Craig of Westborough Water District to be members of the Board Policy Committee. They join Directors Bern Beecham, Mike Kasperzak, Chris Reynolds, Rick Wykoff, and Rosalie O'Mahony, who is Chair of the Committee.

3. Board Policy Committee Report: Committee Chair Rosalie O'Mahony cited five major issues of critical importance for BAWSCA, including: (1) Monitoring San Francisco's Water System Improvement Program and taking action when concerns of delays and cost overruns appear; (2) negotiation with San Francisco for a new water agreement; (3) taking a leadership role in water conservation; (4) urging communities and the political leadership of BAWSCA members to prepare for long-term water outages, especially in the area of sanitation; and (5) advocating that replacement water supplies be determined before pursuing further study of restoring Hetch Hetchy Valley. Director O'Mahony stated that these major challenges deserve the focus of BAWSCA's board members if the organization is to carry out the legislative direction of AB 1823. The board members' support and policy guidance for the general manager, staff and consultants are essential as the issues develop in the coming months and years. Each board member can make a valuable contribution.

At its meeting on October 11, 2006, the committee voted unanimously to recommend that the board adopt the Bay Area Integrated Regional Water Management Plan, and that the board encourage member agencies to implement the applicable provisions of AB 1881, which promotes water use efficiency through efficient landscaping.

Director Kasperzak complimented Director O'Mahony for her leadership of the committee and her guidance and direction on the committee.

- 4. General Manager's Report:** Mr. Jensen congratulated board members who were elected and reelected into their agency's governing body, and welcomed City of Hayward's mayor elect, Michael Sweeney, to the BAWSCA and RFA boards.

A) Water System Improvement Program:

- A) Overall budget and schedule status:** Mr. Jensen reported that SFPUC's quarterly progress report for November is expected to be released, and hopes the report will help interpret the graphs shown in the previous progress report. BAWSCA has been concerned about potential increase in the cost of the WSIP, and the possible implications of reducing project scopes to remain within the SFPUC's adopted budget. BAWSCA has examined recent public works projects in California and other states and found a 30% variance between engineers' cost estimates and construction bids. Because of increasing costs attributed to construction materials and labor, two questions have been raised: Are private companies experiencing the same problem, and why can't a more accurate estimate be provided? The SFPUC received as few as two bids on some projects, and is experiencing increased costs. Mr. Irons is working with Parsons to try to find an explanation for observed variances and means for reducing or controlling costs.

There is pressure on San Francisco to stay within the budget of \$4.3 billion that SFPUC president Sklar stated was the cap one year ago. San Francisco is examining how much can be carved out of the projects without diminishing the basic goals of the projects and the program. Mr. Jensen reported that San Francisco may be willing to increase the budget in response to cost factors it considers to be beyond its control. Mr. Jensen stated that completing fewer projects to stay within the \$4.3 B is not an option.

Chair Beecham commented that there were no caveats made on increasing the costs due to issues beyond San Francisco's control.

- B) Program Environmental Impact Report (PEIR):** The SFPUC's schedule for releasing the PEIR has been moved from November to February or March of 2007 because a number of analyses have yet to be completed. A question at the recent commission meeting was whether the delay of the PEIR will delay completion of any of the projects. The SFPUC stated that the PEIR's delay will not delay issuing the notice to proceed on any construction contracts.

Director Gage commented that the program detail discussed at the previous board meeting indicated that some project schedules are behind, and with the PEIR now several months late, he asked if anyone in the room believed the WSIP would be completed on time and on budget. He noted that no one spoke up and he said it is time that BAWSCA step forth and address the delays.

Mr. Jensen concurred with Director Gage, and stated that BAWSCA will assess how the issue of delay is addressed in the upcoming Quarterly Progress Report. It would be a “serious shortcoming” if the report does not address delays.

- C) **Bay Area Water Stewards (BAWS) Symposium – September 28, 2006:** The symposium had a panel of environmental experts who reviewed and commented on San Francisco and the wholesale customers’ projected water needs and conservation efforts. It was well managed and structured, and the environmentalists were pleased with the level of attendance by BAWSCA member agencies. Good examples of water conservation techniques were provided, but few new ideas emerged. Some of the best examples of measures used in other areas of the State or country depend on economic or other factors not currently applicable to all BAWSCA member agencies.

Mr. Jensen reported that there was a large volume of data the panel members had to review with a short period of time, and which may have contributed to misunderstanding, misuse and mischaracterization of some information. BAWSCA sent a letter to BAWS providing examples, clarification and corrections to statements made by panelists. A copy of the letter was included in the correspondence packet distributed to the board members.

Director Beecham stated his hope that the corrections BAWSCA provided will be viewed seriously. BAWSCA will follow up any questions BAWS may have at its next regularly scheduled meeting.

B) Water Management:

- 1) **Proposal to restore Hetch Hetchy Valley – October 10, 2006 Hearing:** The Assembly Committee on Water Parks and Wildlife held a hearing on the proposal to restore Hetch Hetchy Valley, at which Art testified as an invited witness. Assemblymember Lois Wolk chairs the committee, and members of the committee include Assemblymembers Emerson, Villines, Matthews and Canciamilla. Congressman George Miller sat with the committee and stated that he is open to the concept of restoring what he referred to as a world asset. Mr. Jensen stated that Congressman Miller has been involved with large water projects in the west, and seemed to understand BAWSCA’s emphasis on the importance of having sound institutional arrangements for an alternative supply of high quality water, that are legally enforceable.

The hearing focused on the “next steps.” Testimony was heard from the authors of the Department of Water Resources (DWR) report, proponents of the proposal, the SFPUC, irrigation districts, and other stakeholders. Increasing the Don Pedro Reservoir was cited as one potential replacement water supply. Dr. Meral, a proponent of draining Hetch Hetchy reservoir, stated that the Delta should be excluded from consideration as a replacement water supply. BAWSCA’s testimony stated that facilities and institutional arrangements should be identified and evaluated before further resources are spent studying how to restore the valley. BAWSCA also stated that all facilities should be operational and all agreements should be in place before draining the reservoir. A variety of uncertainties remain, and further investigation would be needed to close data

gaps and develop new information before the feasibility of the proposal could even be studied. These additional reconnaissance studies are estimated to cost \$25 million. Assemblymember Wolk noted her commitment to pursuing the additional funds required for the reconnaissance study. Future hearings around the State are expected.

The resources required to support the interests of the BAWSCA member agencies on this issue will be determined as the need arise. BAWSCA's position on the issue is sound, and was well received at the hearing as well as by other legislators. If the proposal is pursued, BAWSCA will continue to reassess its position as new information is generated.

- 2) **Climate Change:** At its September meeting, the board received a report from SFPUC President Richard Sklar about the significance of climate change to the regional water system. Art reported that a letter from Chair Beecham was sent to President Sklar asking if SFPUC is conducting a scientific study on what the impacts of climate change is to the regional water supply, and when the information might be available.
- 3) **Report on Commission discussion of Chloramine at the November 14th SFPUC Meeting:** In response to the public comments received at its July 25, 2006 meeting, the SFPUC commissioners directed SFPUC staff to gather information on possible human health efforts on chloramine and report back to the commission. Staff reported its findings to the commission at its November 14th meeting, and SFPUC Assistant General Manager of Water Enterprises, Michael Carlin has been asked to summarize for the board what was reported at that meeting.
- 4) **Conservation and recycling – Update on Proposition 50 Grant Application:** Art reported that the regionally-submitted application associated with the Bay Area Integrated Regional Water Management Plan (IRWMP) for conservation and recycling funding projects was not awarded a Proposition 50 grant. The BAWSCA board's adoption of the Bay Area IRWMP remains a positive action because there are other grants for which BAWSCA can apply in the future. Such applications will be presented board.
5. **SFPUC Report:** Michael Carlin reported that information gathered on chloramine, as directed by the commissioners, was presented to the commission on November 14th, by Water Quality Division Manager, Andrew DeGraca. At that SFPUC meeting, Dr. June Weintraub from the San Francisco Department of Public Health addressed health-related concerns of chloramine. Also present in the audience were Dr. David Spath, head of the drinking water branch for the California Department of Health Services, Catherine Ma, head of the North Coast Region for the California Department of Health Services, and Dr. Bruce Mackler from the US Environmental Protection Agency, Region 9. Dr. Mackler is a national expert on drinking water regulation. Mr. Carlin reported that issues raised by the commission will be followed up, and discussions will continue as needed. Many of the answers provided were from a health standpoint. Information on the causes of lead leaching in pipes will be investigated and provided to the commission and to Citizens Concerned About Chloramines. A CD containing information presented to the commissioners, as well as informational materials and minutes from a chloramine workshop held on October 30th, were distributed to the board members.

Mr. Carlin reported that SFPUC has prepared a preliminary analysis on the effects of climate change. SFPUC is looking at the trickle down effect of climate change, and is working with Turlock Irrigation District, operators of the New Don Pedro Reservoir.

Mr. Carlin complimented the effort and support that BAWSCA member agency staff and BAWSCA staff provided in putting together the tremendous amount of information that was used at the BAWS symposium and in building a defensible record for the PEIR.

6. **Public Comments:** Public comments on water quality were made, and on the chloramine hearing held on November 14 by the SFPUC. Representatives from Citizens Concerned About Chloramine stated they felt their concerns were dismissed by the SFPUC and that they would continue to pursue what they consider to be a significant health problem.

7. **Consent Calendar:**

M/S/C (O'Mahony/Gage / Unanimous) that the Minutes of the July 20, 2006 BAWSCA Board meeting be approved as corrected, the Minutes of the September 21st meeting be approved, the Monthly Budget Status Report as of September 30th, the Quarterly Investment Report – Period ending September 30th 2006, the Quarterly Directors Expenses report, and the BAWSCA and BAWUA FY 05-06 Audit Reports be received and filed.

8. **Action Calendar:**

A) Resolution Adopting the Bay Area Integrated Regional Water Management Plan:

Nicole Sandkulla explained that although the \$25 million grant proposal for the Bay Area IRWMP did not make the cut under Proposition 50, adopting the plan is still recommended because of Proposition 84. Prop 84 allocates \$1 billion for water projects that are part of an IRWMP. \$138,000,000 of the \$1 billion is dedicated to the Bay Area. BAWSCA's adoption of the Bay Area IRWMP must be done by January 1, 2007.

M/S/C (Kasperzak/Kolstad/Unanimous) that the board adopt the Bay Area IRWMP as described in the attached Resolution #2006-03.

B) Landscape Water Conservation: Recommendation that BAWSCA agencies pro-actively support implementation of applicable provisions of AB 1881 as soon as possible:

A key component of AB 1881 is that the Department of Water Resources is required to revise its model ordinance for landscaping by January 2009. The ordinance will increase landscaping efficiencies through automated irrigation systems, use of recycled water, water budgets, and use of water efficient plants. AB 1881 also requires water agencies to install dedicated landscape meters for new retail accounts of a certain size. Local agencies can either adopt the state's ordinance or one that is at least as effective, by January 1, 2010. The provisions of AB 1881 are consistent with the direction the BAWSCA board has taken to promote water conservation. BAWSCA recommends taking affirmative action to adopt and enforce the ordinance and meet the requirements sooner than required by AB 1881. BAWSCA can take a definitive role of tracking the implementation of landscape ordinances by member agencies. The recommended action is

to encourage BAWSCA agencies to pro-actively support implementation of applicable provisions of AB 1881 as soon as possible.

M/S/C (O'Mahony/Gage/Unanimous) that BAWSCA agencies pro-actively support implementation of applicable provisions of AB 1881 as soon as possible.

- 9. Directors' Discussion: Comments, Questions and Agenda Requests:** Director Gage noted that this would be his last meeting because his agency sold its water operations to Cal Water and the recent legislation would remove his agency from the board of directors, effective January 1st. He addressed his fellow board members, stating that they share a responsibility to see the water system is rebuilt to protect the public health and safety on time and on budget. He encouraged them to take a proactive position in ensuring that happens and observing when things start to go off track. He said he felt the board is just hoping the WSIP gets done on time, on budget and in scope. He said we better know where we're going and how we're going to correct it, and not just hope that something happens.

Chair Beecham acknowledged Director Gage's comments and encouraged all directors to speak their concerns.

- 10. Adjournment.** The meeting was adjourned at 8:20pm

- 11. Date, Time and Location of Next Meeting:** The next meeting is scheduled for January 18, 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****November 16, 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
Stan Gage	Los Trancos County Water District
Mike Goff	Stanford University
Rob Guzzetta	California Water Service Company
Marc Hershman	City of Millbrae
Mike Kasperzak	City of Mountain View
Patrick Kolstad	City of Santa Clara
Robert Livengood	City of Milpitas
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
Michael Sweeney	City of Hayward
John Weed	Alameda County Water District
Rick Wykoff	City of Foster City

Absent:

Richard Claire	City of Redwood City
Robert Craig	Westborough Water District
Chris Mickelsen	Coastside County Water District
Irene O'Connell	City of San Bruno
Adrienne Tissier	City of Daly City
Louis Vella	Mid-Peninsula Water District
David Woods	City of East Palo Alto