

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
BOARD OF DIRECTORS MEETING
July 19, 2007 – 7 p.m.
Foster City Community Building, Foster City CA**

MINUTES

1. Call to Order/Pledge of Allegiance/Roll Call – 7:00 p.m.

BAWSCA Chair, Rosalie O’Mahony, called the meeting to order and led the flag salute. The General Manager and Secretary, Art Jensen, called the roll. Eighteen (18) members were present, constituting a quorum. A list of directors present (18) and absent (9) is attached

- 2. Comments by the Chair:** The board welcomed Daly City Councilmember, Michael Guingona; Palo Alto Vice-Mayor, Larry Klein; Mountain View Councilmember, Matt Pear; Redwood City Mayor, Barbara Pierce; and Sunnyvale Councilmember Ron Swegles as new members of the BAWSCA board.

Chair O’Mahony noted that the new fiscal year provides an opportunity for members of the board to review what BAWSCA is, and reaffirm their responsibilities to serve their constituents. As an agency formed by the state legislature, BAWSCA is designed to help protect the health, safety and economic well being of the people, businesses and community organizations who depend on the Hetch Hetchy Water System. The agency addresses the lack of a regional, intergovernmental, representative governance structure to develop, fund and implement water supply, conservation, and recycling. BAWSCA is an advocacy organization for its constituents’ water interests. It is not an operating agency; however, it could be if the board so chooses.

As members of the BAWSCA board, each director represents the 1.7 million residents, 31,000 businesses, and community organizations, schools and hospitals that use San Francisco’s regional water system. Board members are responsible to all of them when directors exercise the agency’s authorities.

BAWSCA’s first and most important responsibility is monitoring the progress of the San Francisco Public Utilities Commission’s (SFPUC) Water System Improvement Program (WSIP) and assisting San Francisco with value-added suggestions to complete the program on time and on budget with the appropriate project scopes. Because BAWSCA’s constituents pay for two-thirds of the WSIP’s \$4.3 billion cost, BAWSCA holds the City and County of San Francisco accountable for its promised performance. Secondly, BAWSCA is responsible for negotiating a new long-term water agreement between its member agencies and the City and County of San Francisco while the present contract is executed as designed. Thirdly, BAWSCA is expected to be a leader in conservation, and must achieve an even greater success to meet future needs in the communities of its member agencies. BAWSCA has the vision and authority to take on this issue.

Art Jensen, BAWSCA's general manager, was designated by the board to be the agency's leader, chief advocate and designated spokesperson. Chair O'Mahony stated that the best way to communicate information at board meetings is for board members to address their questions and concerns initially with Art Jensen so that he can provide the board members his perspective and knowledge of the issue. The board and Mr. Jensen can engage guests in the discussions of the issues.

Board members were encouraged to benefit the agency with their special interests and knowledge with their involvement and participation.

- 3. Board Policy Committee Report:** Committee Vice-Chair Robert Craig provided the committee report on behalf of Chair John Fannon who could not be at the board meeting. A summary report of the committee's discussions and actions at its meeting on June 13, 2007 is included in the board packet. The general manager reported that a legislation authored by Assemblymember Ira Ruskin to fund a study of whether there are adverse health effects caused by chemicals used to disinfect drinking water died in the Assembly Appropriations Committee. The Board Policy Committee took no action, but Director Wykoff stated that he would support BAWSCA's consideration of contributing funding for such a study if the legislation is re-introduced. The committee discussed two items that appear as action items on the board agenda, and unanimously voted to recommend board approval of those items.

4. General Manager's Report:

Water Education Foundation Hetch Hetchy Tour: Eight members of the BAWSCA board, and several water district board members and city staff participated in the tour. Among the speakers were representatives from the SFPUC, BAWSCA, the irrigations districts, Restore Hetch Hetchy, California Water Resources, and National Park Services. Mr. Jensen highly recommends participation in future WEF tours.

Study of Economic Impact of Drought – Update: Mr. Jensen shared information about the study released in May, just before the May 17th board meeting. The study confirmed several policy issues. Water transfers during drought were concluded to be economically efficient and socially desirable. The existing agreement among the BAWSCA agencies and San Francisco allows agencies to trade drought allocations during drought, if they choose to. The report confirmed that this mechanism is economically beneficial and represents good public policy. The report confirms the negative aspects of uniform drought allocations, which the existing shortage allocation agreement was designed to avoid. The report sites the potential for water transfers outside the region to meet future water needs reliably. The study also confirms that people would be willing to pay more for reliability. Mr. Jensen noted one of the questions that remain unanswered is the potential policy directions to deal with drought and pricing structures, and the potential impacts of Proposition 218 in drought pricing proposals. Proposition 218 did not exist during the last drought. Mr. Jensen noted that former BAWSCA director Bern Beecham made some critical comments about the study at the May board meeting.

Legislative Update: Three legislative bills were noted. AB390 (Ruskin) was signed by the Governor, and officially removes Los Trancos Water District from AB1823 as a result of its water operations being acquired by California Water Service Company. AB 1420 (Laird) is legislation that would require meeting specified standards to become eligible for state grants that fund water conservation programs. The bill is supported by Metropolitan Water District, Contra Costa Water District, and the League of Women Voters. It is currently going through Senate Committees. AB 559 did not pass the Assembly Appropriations Committee. The bill, authored by Assemblymember Ruskin, would have appropriated \$140,000 to fund an investigation on potential adverse effects of chemicals used to disinfect drinking water, including chloramine, and their byproducts on human health.

Water System Improvement Program Status Report: San Francisco's progress report on the WSIP for period ending June 31st is expected in August or September. The annual progress report is due to the State on September 1st. The SFPUC's reviews of schedule, budget, and risk are expected in August. A key challenge for the SFPUC in terms of project scheduling for the SFPUC is the shutdown schedule during construction. There are going to be sequential shutdowns for several years that can put communities at risk if something goes wrong. If during a course of studies and reviews, San Francisco determines that a prudent thing to do to reduce risks to communities and ensure a reliable water service is to take more time, Mr. Jensen stated that BAWSCA should be supportive of San Francisco taking more time during the shutdown process.

Water Conservation Program Update: The board was updated on current water conservation programs. The Large Landscape Audit program has been successful and that program will continue. A new commercial washing machine rebate program combined with energy rebates will be offered. A water conservation School Education Program will resume. Other conservation programs include the water efficient gardening CD, Landscape Classes, sponsorship of native garden tours, and a High Efficiency Toilet (HET) replacement program. A potential enhancement to the HET program would include replacing old fixtures with water efficient fixtures in bathrooms and kitchens to create additional water savings.

Mr. Jensen stated that the primary environmental concern and most likely source for a legal challenge of the PEIR is the issue of additional water diversions from the Tuolumne River. A legal challenge could delay the WSIP and leave all customers, both inside and outside San Francisco, at risk in the event of an earthquake. While increased diversions to meet future needs are not needed immediately, protection of public health and safety for the existing 2.5 million resident is.

The wholesale customers' projected demand included in the PEIR is based on sound analyses. The projections take into account land use and community plans, conservation estimates based on proven technologies and quantifiable water savings, and recycled water projects that are known to be feasible and are ready to be implemented. BAWSCA has and will continue to look at and explore additional water conservation opportunities and innovative ways to fund water conservation. A recommendation will be brought to the Board Policy Committee's review and consideration of the board on how future water conservation projects can be funded. Mr. Jensen explained that this effort could forestall the time at which additional water might

need to be diverted from the Tuolumne River or some other surface supply. The additional time could be used to determine how best to meet future needs without delaying the seismic rehabilitation of the system. BAWSCA will continue to work on its own, and to partner with the California Urban Water Conservation Council, San Francisco and other regional water agencies to explore additional conservation potential.

Current Dry Year Conditions: Michael Carlin reported that there is low inflow into the system's reservoirs and conditions continue to be dry. The nine-day stoppage of pumping from the Delta caused a ripple effect to San Francisco and other water districts.

The 10% reduction goal is based on the year 2004. The overall system has an average of a 14% reduction in comparison to the year 2004, which was the most recent normal to dry-year. San Francisco has an 8% water use reduction due to less outdoor watering and outdoor activities, climatological and sub-geographical differences. San Francisco will continue, and asks other water agencies to continue to remind the public about conservation during the remainder of the summer and into the Fall season.

Ben Pink, BAWSCA Water Resources Planner, presented the public outreach campaign that is scheduled to launch on July 20th by BAWSCA, San Francisco and other water agencies including Santa Clara Water District (SCVWD), Contra Costa Water District (CCWD) and Zone 7. The campaign is designed to encourage water use reduction by 10 percent in FY 06-07 to avoid the possibility of mandatory rationing in FY 07-08. The concept of the campaign is "Be a Water Saving Hero" and will be implemented in print, radio and outdoor advertising. The campaign includes multilingual outreach materials.

The cost of the campaign is \$795,000. \$650,000 will be contributed by SFPUC and BAWSCA. \$100,000 will be contributed by SCVWD, and the remainder by Contra Costa Water District (CCWD) and Zone 7. The outreach will cover the counties of San Francisco, San Mateo, Santa Clara, Alameda and Contra Costa. A regional water conservation website, www.watersavinghero.com will be available providing links to local water agencies, conservation tips, and information on rebates and other incentives. The site will also advertise BAWSCA's water efficient landscape CD.

Amy Fowler, Special Program Engineer for Santa Clara Valley Water District, stated that Santa Clara has asked for a voluntary 10% reduction from its customers, and have not picked a base year. It will continue to monitor the situation in the current year and the upcoming year, and will readjust as necessary. The district is able to manage the effects of the nine-day shutdown of the Delta, but is preparing for additional regulatory actions later this year, and the next year.

Director Guzzetta asked if demands can be tracked to show the water use reductions and whether this information will be made available on the website for customers to see the progress of their conservation. Ben Pink will take his comments as a suggestion for the further development of the website.

- 5. Draft Program Environmental Impact Report on the Water System Improvement Program – Item #7: This item was moved up on the agenda.** Allison Schutte from Hanson

Bridgett provided an overview of the draft PEIR released on June 29, 2007. Comments on the document are due on October 1, 2007. Public hearings are scheduled throughout the San Francisco service area during the month of September. San Francisco and the lead agency, Major Environmental Analysis Division (MEA), are required to respond in writing to all comments received. The comments and responses will become a part of the final PEIR. Certification of the PEIR by the San Francisco Planning Department is expected in May 2008.

The document has over 3,000 pages. BAWSCA and the member agencies will have further coordination on the review of the document in the following months. Currently, BAWSCA has a preliminary list identifying the areas of responsibilities for review by BAWSCA and the individual agencies.

The public comments process is required by the California Environmental Quality Act (CEQA) and is designed to share expertise, check for accuracy and inconsistencies, detect omissions, discover public concerns, and solicit counterproposals. The comment period is a critical period because it is an opportunity for agencies to set the records straight. It is important that the document is carefully reviewed and given the time it deserves before agencies take a position. Coordination between BAWSCA and member agencies is critical in preparing comments.

The PEIR addresses 22 projects in the WSIP, projected 2030 demands, and three water supply variants to meet future water supply demands. The document offers mitigation for the environmental impacts of facility construction. The water supply impacts that appear to be more challenging, and the growth inducement analysis should be carefully reviewed.

CEQA requires analysis of alternatives to the WSIP. The PEIR finds that an alternative called the "Modified WSIP" is the environmentally superior alternative. Member agencies should be aware of the key components of the Modified WSIP. It recommends an additional 5-10 mgd of recycled water, conservation and local ground water in the BAWSCA agency service area, a dry year transfer of conserved water from the Modesto Irrigation District (MID) and Turlock Irrigation District (TID), and some operational changes in local reservoirs, particularly to the Alameda Creek and Pilarcitos Reservoirs.

BAWSCA is scheduled to have a Technical Advisory Committee (TAC) meeting in early August that will provide an opportunity to coordinate information. A workshop will be scheduled with the TAC in mid-August. BAWSCA staff will report back to the Board at its meeting in September 20. Comments will be finalized by the deadline of October 1st.

Chair O'Mahony stated it was important that there is adequate time for TAC representatives to bring what has been coordinated with BAWSCA to the attention of member agency boards and councils.

Chair O'Mahony and Director Seidel expressed interest for BAWSCA board members to be fully advised of the issues and have an opportunity to provide comment and input. Director Wykoff commented that as for the City of Foster City, its TAC representative is expected to report all information to its Council members, and communicate back to BAWSCA any issues or non-issues the council had, with the intention that BAWSCA can come back to the board with consolidated comments.

Mr. Jensen clarified that the September 20th board meeting will primarily be devoted to a presentation and discussion of PEIR review findings and proposed comments.

- 6. SFPUC Report:** SFPUC General Manager, Susan Leal reported that the deadline for comments on the draft PEIR of October 1, 2007 is set by MEA, and will not be extended. The SFPUC is very anxious to get the PEIR certified and move forward with the WSIP. She encourages the interests of BAWSCA, its member agencies and members of its board to interface and have discussions about the PEIR.

In regards to an area separate from the PEIR, Ms. Leal commented on investigating new technologies and looking at changes San Francisco and BAWSCA member agencies can make to ensure the best use of Hetch Hetchy water. Ms. Leal stated that climate change is upon us whether its an issue of climate change or being good stewards of the precious resources, she believes efforts need to start as soon as possible.

Ms. Leal announced that other bay area water agencies have joined BAWSCA and the SFPUC's water conservation campaign that will launch on July 20th at Floral Grubbs Gardens on Gerald Avenue in San Francisco. Ms. Leal invited members of the board to attend the Press Conference at 11am. The campaign will run until October 2007.

Director Pierce expressed her appreciation for all the conservation work BAWSCA and the SFPUC has done. She stated that the last several years, City of Redwood City has focused on conservation because of water supply shortage. The city has installed more than 6,000 high efficiency toilets to replace inefficient ones. Director Pierce expressed her support of the group to be active in looking at the best management practices and learning from other agencies to stretch the resources efficiently.

- 7. Public Comments:** Michael Francois, resident of East Palo Alto, commented on water quality. He requested the board's consideration to view a 15 minute movie on parasites at the next meeting. He was asked to send the materials to BAWSCA for Art Jensen's evaluation.

Linda Corwin, Vice President Citizens Concerned About Chloramin (CCAC), presented an update on the activities of CCAC.

Ann DeJarnatte, resident of Pacifica, commented on the inaccurate information provided in the documentary titled, "Discover Hetch Hetchy" narrated by Harrison Ford, and financed by Restore Hetch Hetchy. She stated that the inaccuracies should be corrected.

- 8. Consent Calendar:**

M/S/C (Craig/Vella/Swegles, Guingona Abstained) that the Minutes of the May 17, 2007 BAWSCA Board meeting be approved.

M/S/C (Craig/Vella/Unanimous) that the BAWUA budget for FY 07-08 be approved; the Monthly Budget Status Report, Quarterly Investment Report, and Directors' Reimbursement Report be received and filed.

- 9. Action Calendar:**

- A) Adoption of Amendments to Special District Risk Management Authority (SDRMA) Joint Powers Agreement (JPA):

M/S/C (Swegles/Hershman/Unanimous) That the board adopt a resolution approving the proposed amendments to the SDRMA Joint Powers Authority.

10. Directors' Discussion: Comments, Questions and Agenda Requests: Director Swegles asked that an item be agendaized to discuss information he provided the general manager. Mr. Jensen stated that the item will be reviewed and considered for inclusion on the September agenda.

11. Adjournment. The meeting was adjourned at 9:05.

M/S/C (Woods/Swegles/Unanimous) that the meeting be adjourned.

12. Date, Time and Location of Next Meeting: The next meeting is scheduled for September 29, 2007 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
July 19, 2007**

Attendance Roster

Present:

Randy Breault	Guadalupe Valley Water District
Cyril Bologoff	City of Brisbane
Robert Craig	Westborough Water District
Mike Goff	Stanford University
Michael Guingona	City of Daly City
Rob Guzzetta	California Water Service Company
Marc Hershman	City of Millbrae
Larry Klein	City of Palo Alto
Irene O'Connell	City of San Bruno
Rosalie O'Mahony	City of Burlingame
Matthew Pear	City of Mountain View
Barbara Pierce	City of Redwood City
Dan Seidel	Purissima Hills Water District
Ron Swegles	City of Sunnyvale
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:

John Fannon	Town of Hillsborough
Kelly Fergusson	City of Menlo Park
Patrick Kolstad	City of Santa Clara
Robert Livengood	City of Milpitas
Chris Mickelsen	Coastside County Water District
Tom Piccolotti	North Coast County Water District
Chuck Reed	City of San Jose
Chris Reynolds	Skyline County Water District
Michael Sweeney	City of Hayward