

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY  
BOARD OF DIRECTORS MEETING****January 17, 2008 – 7 p.m.  
Foster City Community Building, Foster City CA**

<b>MINUTES</b>
----------------

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

BAWSCA Chair, Rosalie O'Mahony, called the meeting to order and led the salute of the flag. Art Jensen, called the roll. Twenty-one (21) members of the board were present, constituting a quorum. A list of directors present (21) and absent (6) is attached.

**2. Special Order of Business – Election of Officers for Calendar Year 2008**

Vice-Chair Kolstad presided over this portion of the meeting, and called for nominations for the position of Chair of the BAWSCA board. Director Fannon nominated Rosalie O'Mahony for chair, seconded by Director Quirk. There being no other nominations, nominations were closed by consensus and Director Kolstad announced Chair O'Mahony re-elected as chair of BAWSCA for calendar year 2008 by acclamation.

**M/S/C (Fannon/Quirk; Unanimous) that Rosalie O'Mahony be re-elected as Chair of the Bay Area Water Supply and Conservation Agency for calendar year 2008 to commence at the adjournment of the meeting at which she was re-elected.**

Chair O'Mahony presided over the balance of the meeting, and called for nominations for Vice-Chair. Director Swegles nominated Pat Kolstad to be re-elected as Vice-Chair of the board, seconded by Director Livengood. There being no other nominations, nominations were closed by consensus and Director O'Mahony announced Director Kolstad re-elected as Vice-Chair by acclamation.

**M/S/C (Swegles/Livengood; Unanimous) that Pat Kolstad be re-elected as Vice-Chair of the Bay Area Water Supply and Conservation Agency for calendar year 2008 to commence at the adjournment of the meeting at which he was re-elected.**

**3. Comments by the Chair:** Chair O'Mahony announced that according to the media, Ed Harrington, has been selected by Mayor Newsom as the next general manager of the SFPUC. Mr. Harrington is the Controller for the City and County of San Francisco and currently a member of the board for the San Francisco Bay Area Regional Water System Financing Authority. She said she looks forward to the formal announcement of his appointment, and to working with him.

Chair O'Mahony expressed the board's concern with Susan Leal's condition after being struck by a car in December. She hopes Laura Spanjian can provide the board an update on her condition. Michael Carlin briefly reported that Ms. Leal is on medical leave and is convalescing at home. Tony Irons serves as acting general manager while Ms. Leal is away.

Board members were previously provided a copy of a statement by Assembly Member Ira Ruskin about amendments to strengthen AB 1823. Assembly Member Ruskin shares BAWSCA's concerns about the lack of results in the negotiations of a new water agreement between San Francisco and the wholesale customers. Assembly Member Ruskin has asked for a meeting with Mayor Newsom to discuss this matter, and Mr. Jensen will provide more information on this effort in his report.

The major challenges for BAWSCA continue to be the completion of the negotiations for a new water agreement, helping San Francisco complete the WSIP on time and on budget with the proper project scopes, certification of the PEIR for the WSIP, and execution of an aggressive water conservation program with specific results.

A mid-year budget review of BAWSCA's expenses shows it is consistent with the approved budget for FY 07-08. Chair O'Mahony provided clarification on the staff memo for agenda item #9, stating that the correct Fiscal Year the memo refers to is FY 2007-08, and not FY 08-09.

4. **Board Policy Committee Report:** Committee Chair John Fannon reported the discussions of the committee at its meeting on December 12, 2007. BAWSCA will sponsor the Water Education Foundation (WEF) tour of the Hetch Hetchy water system in July. Members of the board interested in participating in the tour should visit the WEF website or contact the BAWSCA staff.

The committee received an update on the WSIP, and a report on the mid-year budget review. Funding alternatives for BAWSCA's water conservation programs were discussed. Director Wykoff proposed that BAWSCA should put serious consideration on developing alternative sources of water to the Hetch Hetchy water system that is reliable and uninterrupted.

#### 5. **General Manager's Report:**

Announcements: Mr. Jensen reported that Nicole Sandkulla is unable to attend the meeting due to her mother's serious illness. Agenda items that would normally be presented by Ms. Sandkulla will be presented by Mr. Jensen.

Mr. Jensen stated a few words about Mr. Harrington, whom he first met when both worked for the SFPUC. Mr. Jensen stated his respect for Mr. Harrington's capabilities and character. Art said he expects Mr. Harrington to be fiercely loyal to San Francisco yet reasonable to work with, and that he looks forward to working with Ed.

FPPC Forms 700 for FY 2007-08 are due to BAWSCA by April 1, 2008. Questions on filing requirements for the BAWSCA and RFA boards should be forwarded to Lourdes Enriquez in the BAWSCA office.

The Water Education Foundation will be hosting a tour of the Hetch Hetchy Water System on July 23, 24 and 25. BAWSCA is the primary sponsor this year. At least ten tickets will be secured to ensure space for members of the board, as was done last year.

Current hydrological conditions, including the January storm, have put the system to 95% of normal conditions to date. Hydrologic conditions remain uncertain, and water agency managers in the Bay Area feel the need to coordinate water conservation messages. Water consumption on the BAWSCA service area is 13.5% lower than 2004.

BAWSCA is sponsoring a series of free landscape classes that will be offered throughout the service area from February through May 2008. This year's Water Efficient Landscape Class Series has a broad service coverage, with classes being held in Millbrae, Redwood City, Hillsborough, Half Moon Bay, Fremont and Daly City.

Midyear Progress and Budget Review: Mr. Jensen reported that current activities are consistent with those upon which the approved budget was based. No budget adjustment or reallocation is anticipated at this time. Should unexpected expenses arise, they will be brought back to the committee and the board for consideration with a staff recommendation.

Mr. Jensen reported the expenses that fall under his discretionary spending authority of \$10,000. BAWSCA hired Terry Roberts Consulting, Inc. for the technical review of the WSIP with a contract of not-to-exceed \$10,000. A separate item on the agenda recommends board consideration and authorization for further use of Mr. Roberts' services.

A contract of not to exceed \$6,700 was implemented with Koff & Associates to complete a compensation survey for the agency's existing staff. Results of that survey will be available in March and will be incorporated into the budget proposal that will be brought to the board.

A half-page water conservation ad was placed in the Sierra Club Loma Prieta Chapter newsletter, which reaches an audience that are both attuned to water conservation and are willing to take action. An advertising was also placed in the San Mateo Chamber of Commerce Directory.

Upcoming expenses that will fall under the CEO and General Manager's spending authority is the sponsorship of the WEF Hetch Hetchy water system tour in July, and the development of a data base by the City of Redwood City for BAWSCA's water conservation cost recovery. Both expenditures will be under \$10,000.

Considerations for Funding BAWSCA Water Conservation Assistance Programs: Mr. Jensen presented to the board, as he presented to the Board Policy Committee meeting in December, a variety of issues related to how water conservation and recycled water expenditures are funded.

Mr. Jensen stated that the item requires no action by the board. The presentation followed closely the one summarized in the notes from the December Board Policy meeting. It is an initial discussion and review of how BAWSCA member agencies fund existing conservation efforts and methods.

Art noted that prior to tonight's board meeting, San Francisco contacted him to state that wholesale customers would not be charged for water conservation activities the SFPUC conducts for its retail water customers, as had been reported to the Board Policy Committee based on information received last fall.

Historically BAWSCA's water conservation assistance programs are primarily funded by participating agencies. Programs with regional benefit are paid for by all agencies. The principles underlying the existing method for allocating BAWSCA's water conservation costs are: ensure costs are paid by the agencies that receive benefits, avoid subsidies by agencies that already invest in conservation at the local level, avoid duplicate payment for activities already supported at the local level.

Director Quirk said before making any decision, he wants to clearly understand the problem that needs to be solved. Director Pierce suggested providing board members a better understanding of the rationale behind the different levels of investments among the agencies and then looking at ways to develop a program that allows those agencies to conserve and benefit from that.

Director Wykoff stated that agencies should take advantage of every conservation opportunity that exists. However, BAWSCA should be heavily involved in pursuing an alternative, reliable and uninterrupted source of water because there will be a point in time when conservation will not be enough. Mr. Jensen emphasized that a key word to what Director Wykoff stated is "uninterruptible". Such an alternative supply would not be contingent upon system hydrology or natural disasters. It's a fair question which the BAWSCA board can consider addressing in next year's budget.

San Francisco's proposed recycled water assistance projects expected to reduce in-city water use include projects in Pacifica Golf Course, Harding Park Golf Course, Colma and National cemeteries, and the Peninsula Gold and Country Club. While wholesale customers are expected to share in the costs of the projects, the flow of benefits to the wholesale customers is not clear. Other related issues are the cost allocation, lack of transparency, discussion of public policy issues, and the role that regional policy makers and BAWSCA member agencies have in decision-making and oversight.

These projects have not been completed, and are currently in the planning phases. BAWSCA will discuss the public policy issues with the project participants and San Francisco, and report back further developments to the board.

Water System Improvement Program – Status Report: An SFPUC hearing on proposed changes to the WSIP is scheduled on February 12<sup>th</sup>. BAWSCA staff and its technical team of consultants have been reviewing the materials submitted for the hearing. A meeting between BAWSCA's technical team and SFPUC staff is scheduled to go over questions generated from BAWSCA's review of the documents.

BAWSCA's primary questions address changes in project costs and project scopes. BAWSCA wants to understand changes in the scopes of projects in Sunol Valley, and how those projects satisfy level of service goals developed by the SFPUC.

Another question BAWSCA posed is the probability of meeting the overall program schedule which has been characterized by SFPUC consultants as aggressive.

Recently completed geo-technical work has raised new issues. There is a question of whether more geo-technical work is necessary, and how recent findings might affect project scopes, budgets and schedules.

The proposed revisions to the WSIP range from minor scope changes that BAWSCA will support, to critical changes that generate the questions to be reviewed with SFPUC staff.

The final Program Environmental Impact Report (PEIR) is scheduled to be released in May 2008 for certification. BAWSCA continues to work with the Planning Commission in responding to questions, and clarifying all the information that relates to the BAWSCA member agencies.

Assemblymember Ruskin will introduce legislation containing three amendments to AB 1823. The amendments include extending the sunset clause from 2010 to 2014, closing a loop hole that delays or avoids State evaluations to the WSIP changes, and updating the name of the California Department of Health Services to the California Department of Public Health.

#### **6. SFPUC Report:**

Laura Spanjian reported that Susan Leal is recovering at home after being struck by a minivan in December. She suffered minor bruises and internal injuries that Doctors are monitoring closely. She is advised to stay home, and minimize stress. Ms. Leal is thankful and appreciative to the BAWSCA board for the good wishes she received.

Tony Irons is the acting General Manager for the SFPUC in Ms. Leal's absence. A transitional process in new leadership at the SFPUC will be forthcoming.

#### **7. Public Comments:**

Public comments were received from Wynn Grcich representing A.Town, Peter Drekmeier of the Tuolumne River Trust, and Michael Francois from East Palo Alto.

#### **8. Consent Calendar:**

**M/S/C (Craig/Quirk/Swegles and Reynolds Abstained) that the Minutes of the November 15, 2007 BAWSCA Board meeting be approved; that the Monthly Budget Status Report and Investment Report for period ending November 30, 2007, and the Directors' Reimbursement Report for period ending December 31, 2007 be received and filed.**

**9. Action Calendar:**

- a. Professional Services Contract with Terry Roberts Consulting, Inc.: Mr. Jensen reported that under the CEO and General Manager's discretionary spending authority, BAWSCA hired the services of Terry Roberts of Terry Roberts Consulting, Inc. to assist in reviewing the WSIP.

Mr. Roberts has provided BAWSCA valuable insights on the WSIP. He has a significant history of working on large programs that includes overseeing a multi-billion dollar program for the City of San Jose, and implementing capital improvement programs for local Bay Area cities in his prior positions as Public Works Director for Daly City and Oakland.

Mr. Jensen corrected the typographical error in the staff memo, stating that Mr. Roberts' services will be used during FY 07-08. Funds are available in this year's budget designated for this purpose.

**M/S/C (Fergusson/Pear/Unanimous) that the board authorize the general manager/CEO to negotiate and execute a contract between BAWSCA and Terry Roberts Consulting, Inc. for a not-to-exceed amount of \$35,000, subject to legal counsel's review.**

**10. Directors' Discussion:**

Director Pierce suggested looking further into recycled water and how might agencies look at supplying water in a holistic way.

Director Fergusson announced that on January 29<sup>th</sup>, the City of Menlo Park will hold a study session on its local water policy and how it can be improved.

11. **Adjournment:** Chair O'Mahony asked for a moment of silence in memory of Director Vella's father. The meeting was adjourned to the meeting of the San Francisco Bay Area Regional Water System Financing Authority (RFA) at 8:30pm.
12. **Date, Time and Location of Next Meeting:** The next meeting is scheduled for March 20, 2008 at 7:00 p.m. in the Wind Room, Foster City Community Center.

Respectfully submitted,

Arthur R. Jensen,  
Chief Executive Officer/General Manager and Secretary

ARJ/le

Attachments: 1) Attendance Roster

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**  
**Board of Directors Meeting**  
**January 17, 2008**

**Attendance Roster**

Present:

Randy Breault	Guadalupe Valley Water District
Cyril Bologoff	City of Brisbane
Robert Craig	Westborough Water District
John Fannon	Town of Hillsborough
Kelly Fergusson	City of Menlo Park
Mike Goff	Stanford University
Michael Guingona	City of Daly City
Larry Klein	City of Palo Alto
Patrick Kolstad	City of Santa Clara
Robert Livengood	City of Milpitas
Chris Mickelsen	Coastside County Water District
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
Bill Quirk	City of Hayward
Chris Reynolds	Skyline County Water District
Dan Seidel	Purissima Hills Water District
Ron Swegles	City of Sunnyvale
John Weed	Alameda County Water District
Rick Wykoff	City of Foster City

Absent:

Rob Guzzetta	California Water Service Company
Tom Piccolotti	North Coast County Water District
Dan Quigg	City of Millbrae
Chuck Reed	City of San Jose
Louis Vella	Mid-Peninsula Water District
David Woods	City of East Palo Alto