

**SAN FRANCISCO BAY AREA  
REGIONAL WATER SYSTEM FINANCING AUTHORITY**

**BOARD OF DIRECTORS MEETING  
Crowne Plaza Hotel, 1221 Chess Drive, Foster City  
April 3, 2003 – 7 p.m.**

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

Art Jensen, General Manager of the Bay Area Water Users Association, welcomed attendees to the first meeting of the board of directors of the San Francisco Bay Area Regional Water System Financing Authority and led the pledge of allegiance.

Roll call was by self-introduction. All directors were present. The roster of attendees is attached.

**2. Welcome by Senator Jackie Speier**

Senator Speier commended the board for having gotten SB 1870, the legislation creating the authority, passed within nine months, indicating that not only the elected members of the legislature recognized the need for an entity like the authority, but that the people of the state did as well. The senator recognized the elected officials, staff, and legal and communications counsels of the Bay Area Water Users Association who worked to get SB 1870 passed, and also cited the leadership of the general manager of the SFPUC in trying to get San Francisco to appreciate the merits of the bill relative to its ability to finance the Capital Improvements Program.

**3. Oath of Office – administered by State Senator Jackie Speier**

**4. Election of Board Officers**

**a. Election of Chair:** Rich Gordon and Ira Ruskin were both nominated for the position of Chair. The candidates and directors in support of their candidacy spoke about their qualifications. Two votes were taken without the requisite majority being achieved. A motion to elect Mr. Gordon as Chair and Mr. Ruskin as Vice-Chair was defeated. **A third vote for each of the candidates as Chair resulted in Mr. Ruskin being elected by a vote of 18 to 9. Mr. Gordon made a motion to make the election of Mr. Ruskin unanimous. The motion was seconded and carried.**

**b. Election of Vice-Chair:**

**M/S/C (Risch/Gordon) that Mike Kasperzak be elected Vice-Chair.**

**5. Designation of Acting Secretary**

Mr. Jensen explained that the board needs to have someone responsible for attending to certain administrative tasks to function effectively and in compliance with California statutes. Examples include ensuring proper notice of board meetings, preparation of minutes, maintaining custody of directors' oaths of office, and filing required



documentation with the State. He offered to assume responsibility for these matters without cost to the Authority, if the board wished to designate him as “Acting Secretary” for that purpose.

**M/S/C (Ruskin/O’Mahony) that Art Jensen be designated “Acting Secretary” of the Regional Financing Authority.**

**6. Reports to the Board**

**A. Origin of the Authority:** Mr. Jensen reviewed the origin of the Authority and why it was established, citing issues and obstacles related to the current condition of the San Francisco regional water system, on which the members of the Authority rely for at least some, if not all, of their water supplies. He explained that Pat Martel, general manager of the San Francisco Public Utilities Commission (SFPUC), would describe the SFPUC’s capital improvement program and the needs that program will serve. He stated that the size and scope of the needed capital improvements are larger than anything attempted in the past. The Financing Authority was created as an “insurance policy” so that funds could be raised through bonds issued by wholesale customers outside San Francisco, thereby allowing a smaller financial share to be funded by San Francisco’s retail customers. If San Francisco requests the RFA’s assistance in financing system improvements, the RFA would decide whether or not to issue its own bonds and determine the contractual basis on which it would provide funds to San Francisco for that purpose. Mr. Jensen stressed that the main point of the Authority is to protect the public health and safety of all Bay Area communities, including San Francisco, by ensuring that financing is not an obstacle to the timely implementation of system improvements.

**B. The SFPUC Capital Improvement Program and Financing Plan:** Pat Martel, general manager of the SFPUC, reviewed the SFPUC’s capital improvement program and the financing plan. The SFPUC approved a \$3.6 billion CIP in May of 2002. In November, San Francisco voters approved Proposition A, authorizing issuance of \$1.6 billion in revenue bonds to finance acquisition and construction of improvements to the City’s water system, and Proposition E, giving the SFPUC greater organizational flexibility and allowing water revenue bonds to be issued without a further vote by San Francisco residents. Ms. Martel announced that the firm of Jacobs Engineering has been awarded program management responsibilities for the CIP. An update of the CIP is planned for July 2003. The Long-range Financial Plan (LRFP) is also to be updated.

She stated that the SFPUC’s long-term financing strategy is to utilize funds from Proposition A, then Proposition E, and last, from Regional Financing Authority revenue bonds.

**C. Capital Improvement Financing Considerations:** David Brodsky of Kelling, Northcross, Nobriga showed graphs and charts of the allocation of capital improvement program costs and forecasts of wholesale water rates as improvements



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are brought on line. He noted that decisions to issue bonds must be made well in advance of when the money is actually needed. Generally, twelve months' lead time is needed between the decision to issue bonds and the actual bond issuance.

Analyses of alternative funding methods, the resulting rate impacts and other factors will be generated over the next two years to facilitate making decisions about issuing bonds as well as terms of future water contracts.

- D. Closing Comments by Art Jensen:** Mr. Jensen explained the relationship between SB 1870, which created the Financing Authority, and AB 2058, which enabled the creation of the Bay Area Water Supply and Conservation Agency (BAWSCA). It is anticipated that BAWSCA could fill BAWUA's historical role in advocating for its member agencies' interests and participating in regional water issues. Mr. Jensen also mentioned AB 1823, which sets forth performance criteria for San Francisco relative to implementation of the capital improvements program to ensure that the regional system will be rebuilt as soon as possible and that provisions will be put in place for restoring the system in the event of a disaster.

#### **7. Directors' Comments and Questions:**

There was discussion about the feasibility of issuing bonds in a 2-year timeframe if the Authority met only quarterly. Mr. Ruskin pointed out that there was nothing to prevent the Authority from meeting more frequently when needed. In response to a question regarding staggered terms of office for directors, Mr. Jensen suggested that the staggered terms required by the legislation would be dealt with after the BAWSCA board has been seated to allow for members serving on both bodies to have the same terms of office for each board, if so desired.

#### **8. Public Comments: None.**

#### **9. Next Meeting:**

It was agreed that, when necessary and to the extent feasible, the Financing Authority would meet concurrently with BAWSCA. The first meeting of BAWSCA is anticipated to occur toward the end of June.

#### **10. Adjournment: M/S/C (O'Mahony) that the meeting be adjourned at 10 p.m.**

Respectfully submitted



Arthur R. Jensen  
Acting Secretary

ARJ/GE

Attachment (Attendance Roster)



**San Francisco Bay Area  
Regional Water System Financing Authority**

**Meeting of April 3, 2003  
Attendance Roster**

Jean Auer	Town of Hillsborough
Bern Beecham	City of Palo Alto
Randy Breault	Guadalupe Valley Municipal Improvement District
Roberta Cooper	City of Hayward
Robert Craig	Westborough Water District
Dan DeYoung	Stanford University Service Area
Stan Gage	Los Trancos County Water District
Rich Gordon	California Water Service Company Service Area
Marc Hershman	City of Millbrae
Mike Kasperzak	City of Mountain View
Marguerite Kaufman	Skyline County Water District
Chuck Kinney	City of Menlo Park
Robert Livengood	City of Milpitas
Chris Mickelsen	Coastside County Water District
Ed Harrington	City and County of San Francisco
Irene O'Connell	City of San Bruno
Rosalie O'Mahony	City of Burlingame
Lee J. Panza	City of Brisbane
Ardyth Parle	City of Santa Clara
Tom Piccolotti	North Coast County Water District
Chuck Reed	City of San Jose
Tim Risch	City of Sunnyvale
Ira Ruskin	City of Redwood City
Daniel Seidel	Purissima Hills Water District
Adrienne Tissier	City of Daly City
Louis Vella	Mid-Peninsula Water District
John H. Weed	Alameda County Water District
David Woods	City of East Palo Alto
Rick Wykoff	Estero Municipal Improvement District