

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Belmont Sports Complex, 550 Island Parkway, Belmont, CA**

**September 24, 2003 – 7:00 p.m.**

**1. Call to Order/Pledge of Allegiance/Roll Call – 7: 10 p.m.**

Ira Ruskin, Chair, called the meeting to order and led the flag salute. Acting Secretary Art Jensen called the roll. Nineteen (19) members were present, constituting a quorum. Additional members arrived after roll call. A list of all attendees is attached. Mr. Ruskin noted that this date marked the one year anniversary of the passage of AB 2058, which enabled the formation of BAWSCA.

**2. Public Comments: None.**

**3. Reports**

**a. Start-up Committee:** Committee Chair Aldyth Parle recognized the members of the Start-up Committee, commending them for their attentiveness to the concerns of the board. She reported that the committee had met in August and September, resulting in a number of recommendations that would be taken up later in the agenda.

**b. Status of Actions Authorized at August 23 BAWSCA Meeting:** Acting General Manager/CEO Art Jensen reported that all action items from the July 23 meeting had been completed or were in progress.

**4. Special Order of Business: Drawing of Lots for Term Lengths**

Mr. Jensen noted that drawing of lots would be for a fixed term of either two or four years, and he would draw for absent members for whom proxies had been submitted. The same procedure would be followed for the Regional Financing Authority when it convenes. However, members of both agencies could choose to draw only once, so that they would have the same term for both agencies. One member was absent but did not submit a proxy authorizing the CEO to draw his lot. This member's term was determined by the sole remaining lot. The results of the drawing are shown on the attached table.

In response to a question regarding how to match the BAWSCA term with the term of office for City Council or District board, attorney Ray McDevitt explained that the terms of office for BAWSCA and the RFA are fixed, not dependent upon the pleasure of the appointing agency. Thus a member could keep his/her position as a BAWSCA or RFA board member even when no longer a council or district board member. But if a BAWSCA board member preferred not to continue his/her BAWSCA term of office, he or she could resign from the board. The City or District could then appoint a replacement for the balance of the director's term. Director Kasperzak pointed out that BAWSCA directors are not limited to elected officials; they may be any citizen within the service area of the appointing agency.

**5. Consent Items**

Because Item 5-C required a roll call vote, that item was removed from the Consent Agenda. Item 5-D was also removed from Consent to accommodate a motion to amend by Director Kasperzak.

**M/S/C (O'Mahony/Auer) that the Minutes of the June 19 and July 23 meetings (Item 5-A) and Directors' Compensation of \$100 per day, limited to no more than 4 meetings per calendar month (Item 5- B) be approved.**

**M/S/C (Parle/O'Mahony; unanimous roll call vote) that the Board of Directors, by Resolution, approve the Conflict of Interest Code as presented (Item 5-C), direct the General Manager/CEO to forward a copy of the Code to the Fair Political Practices Commission and authorize him to take any other steps needed to implement the resolution.**

For Item 5-D, Director Kasperzak recommended the inclusion of a dispute resolution clause in the KNN contract to require both parties to engage in mediation before taking any other step in dispute resolution.

**M/S/C (Kasperzak/Risch) that the BAWSCA board concur with BAWUA's award of a contract to Kelling, Northcross and Nobriga for financial advisory services for an amount not to exceed \$150,000, provided that the contract be modified to include a dispute resolution clause developed or approved by legal counsel.**

**6. Presentations:**

- a. Presentation by David Brodsky (KNN) on "Redefining the Wholesale Customers' Business Relationship with San Francisco":** Financial consultant David Brodsky reviewed the work that KNN performed for BAWUA in FY 2002-03. Their most significant observation is that the financial interests of the wholesale customers are integral to their business relationship with San Francisco through their water contract. Contract provisions for protecting those interests are largely independent of the party that finances capital improvements

KNN's deliverables for FY 2003-04 would consist of 1) a financial model for evaluating alternative financing vehicles; 2) assessment of the SFPUC's revised CIP and Long-term Financial Plan; 3) a Financial Planning Report; 4) assisting staff in drafting elements of a set of principles for a future business relationship with the SFPUC; and reporting to and advising the BAWSCA board and staff.

- b. Presentation by Bud Wendell:** Strategic communications consultant Bud Wendell suggested six strategies for building a good identity: 1) getting results for people; 2) being assertive, pro-active and forceful with San Francisco; 3) being prepared to deal constructively with San Francisco; 4) ensuring that BAWSCA is a sure-handed leader with strong leadership; 5) running a lean organization; and 6) maintaining

the support of allies in the legislature and communities served by the regional system. He emphasized that identity is related to achievements rather than to artificial image.

**7. Action Items**

- a. Approve Designating Ray McDevitt as Acting Legal Counsel:** Mr. Jensen noted that Mr. McDevitt's services to BAWSCA for FY 2003-04 would be covered under his existing contract with BAWUA.

**M/S/C (Tissier/Goff; unanimous) that the Board appoint Ray McDevitt as Acting Legal Counsel to BAWSCA.**

- b. Approve a Contract with Harlan L. P. (Bud) Wendell for Strategic Counsel Services to BAWSCA :** Mr. Jensen pointed out that, like the contract with legal counsel, the contract with Mr. Wendell would be with BAWUA, because BAWUA controls the funds, but once BAWSCA has its own funds, the contract could be assigned to it.

**M/S/C (Kasperzak/Craig; unanimous) that the board approve award of a contract with Harlan L. P. (Bud) Wendell for strategic services to BAWSCA and direct the Acting General Manager/CEO to request BAWUA 's Board of Directors to: 1) approve the contract for execution by the BAWUA General Manager, with the addition of a conflict resolution clause, subject to legal counsel review, and 2) allocate budgeted funds totaling \$90,000 for the contract. Further, the BAWSCA Acting General Manager/CEO is required to report to the BAWSCA Board prior to expending more than \$60,000 of the contract amount.**

- c. Review and Possible Adoption of "Rules of the Board":** Mr. McDevitt explained that Rules of the Board are intended to provide a structure for actions by the board in conformance with requirements of the Water Code. Rights of members are preserved via appeal to the full board. The Start-up Advisory Committee had reviewed and recommended the draft Rules for approval by the Board.

In response to Director Auer's question regarding what measurement was using for weighted voting, Mr. McDevitt said it was by volume of water purchased in hundred cubic feet in FY 2000-01. He also clarified that references to terms of office in the Rules of the Board are to the terms of officers, i.e., the Chair and Vice- Chair, not to directors. In response to Director Nelson's request for an explanation of weighted voting protocol, Mr. McDevitt explained that the statutory language requires that the request for weighted voting be made before a vote or motion is taken. The Start-up Committee recommended adopting the statutory voting language for now, but referring weighted voting back to the Start-up Committee to consider possible modifications.

The draft Rules show the starting time for regular meetings as 7 p.m. Two motions to begin BAWSCA meetings either a half hour earlier (**Kasperzak/O'Mahony**) or a half hour later than 7 p.m. (**Panza/Reynolds**) failed. Consequently, the starting time for meetings will remain at 7 p.m.

**M/S/C (Kasperzak/Cooper; 17 Ayes, 5 Noes) that the draft Rules be amended to state that no new item can be discussed after two and one-half (2-1/2) hours unless a majority of those present agree to continue the meeting past the 2-1/2 hour mark.**

**M/S/C (Tissier/Risch) that the Board adopt the proposed Rules of the Board, as amended, and refer the subject of weighted voting procedures back to the Start-up Advisory Committee for its future consideration.**

- d. Review and Possible Adoption of Personnel Handbook:** Director Kasperzak recommended adding a provision for dispute resolution for employees.

**M/S/C (Vella/Auer) that the Board adopt the Employee Handbook and recommend that the Start-up Advisory Committee consider the addition of a dispute resolution provision.**

**8. Directors' Discussion: None**

- 9. Date, Time and Location of Next Meeting(s):** The next meeting will be the Board "Retreat" on October 3 at the Foster City Recreation Center from 9:30 a.m. to 12:30 p.m. The purpose of this special meeting is to provide background information to directors to assist them in understanding the issues they will be working with. Topics will include a continuation of Mr. McDevitt's presentation on the historical perspective, including the Raker Act and development of the Master Contract; a review of water supply issues; and an overview of how the issues in these presentations relate to BAWSCA's activities.

- 10. Adjournment: M/S/C (Parle/Tissier) that the meeting adjourn at 9:05 p.m.**

Respectfully submitted,

Arthur R. Jensen, Acting General Manager/CEO  
and Acting Secretary

ARJ/GE

- Attachments: 1) Attendance Roster  
2) Terms of Office Results

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**  
**Board of Directors Meeting**  
**September 24, 2003**

**Attendance Roster**

Jean Auer	Town of Hillsborough
Roberta Cooper	City of Hayward
Robert Craig	Westborough Water District
Stan Gage	Los Trancos County Water District
Mike Goff	Stanford University
Marc Hershman	City of Millbrae
Mike Kasperzak	City of Mountain View
Chuck Kinney	City of Menlo Park
Chris Michelsen	Coastside County Water District
Peter Nelson	California Water Service Company
Irene O' Connell	City of San Bruno
Rosalie O'Mahony	City of Burlingame
Aldyth Parle	City of Santa Clara
Lee Panza	City of Brisbane
Tom Piccolotti	North Coast County Water District
Chris Reynolds	Skyline County Water District
Tim Risch	City of Sunnyvale
Ira Ruskin	City of Redwood City
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

**RESULTS OF THE SEPTEMBER 24, 2003 DRAWING OF LOTS  
FOR INITIAL TERMS OF OFFICE ON THE  
BAY AREA WATER SUPPLY AND CONSERVATION AGENCY  
AND REGIONAL FINANCE AUTHORITY BOARDS**

<b>Director</b>	<b>Agency</b>	<b>Initial BAWSCA Term</b>	<b>Initial RFA Term</b>
<b>Auer, Jean</b>	<b>Hillsborough</b>	<b>4</b>	<b>4</b>
<b>Beecham, Bern</b>	<b>Palo Alto</b>	<b>4</b>	<b>4</b>
<b>Breault, Randy</b>	<b>Guadalupe Valley</b>	<b>4</b>	<b>4</b>
<b>Cooper, Roberta</b>	<b>Hayward</b>	<b>2</b>	<b>2</b>
<b>Craig, Robert</b>	<b>Westborough</b>	<b>4</b>	<b>4</b>
De Young, Dan	Stanford		<b>4</b>
<b>Gage, Stan</b>	<b>Los Trancos</b>	<b>2</b>	<b>2</b>
<b>Goff, Mike</b>	<b>Stanford</b>	<b>4</b>	
Gordon, Rich	CWS Service Area		<b>4</b>
Harrington, Ed	San Francisco		<b>4</b>
<b>Hershman, Marc</b>	<b>Millbrae</b>	<b>4</b>	<b>4</b>
<b>Kasperzak, Mike</b>	<b>Mountain View</b>	<b>4</b>	<b>4</b>
Kaufman, Marguerite	Skyline		<b>4</b>
<b>Kinney, Chuck</b>	<b>Menlo Park</b>	<b>2</b>	<b>2</b>
<b>Livengood, Robert</b>	<b>Milpitas</b>	<b>2</b>	<b>2</b>
<b>Mickelsen, Chris</b>	<b>Coastside</b>	<b>2</b>	<b>2</b>
<b>Nelson, Peter</b>	<b>CWS</b>	<b>2</b>	
<b>O'Connell, Irene</b>	<b>San Bruno</b>	<b>2</b>	<b>2</b>
<b>O'Mahoney, Rosalie</b>	<b>Burlingame</b>	<b>4</b>	<b>4</b>
<b>Panza, Lee</b>	<b>Brisbane</b>	<b>4</b>	<b>4</b>
<b>Parle, Aldyth</b>	<b>Santa Clara</b>	<b>4</b>	<b>4</b>
<b>Piccolotti, Tom</b>	<b>North Coast</b>	<b>2</b>	<b>2</b>
<b>Reed, Chuck</b>	<b>San Jose</b>	<b>4</b>	<b>2</b>
<b>Reynolds, Chris</b>	<b>Skyline</b>	<b>4</b>	
<b>Risch, Tim</b>	<b>Sunnyvale</b>	<b>4</b>	<b>4</b>
<b>Ruskin, Ira</b>	<b>Redwood City</b>	<b>2</b>	<b>2</b>
<b>Seidel, Dan</b>	<b>Purissima Hills</b>	<b>2</b>	<b>2</b>
<b>Tissier, Adrienne</b>	<b>Daly City</b>	<b>4</b>	<b>4</b>
<b>Vella, Louis</b>	<b>Mid-Peninsula</b>	<b>2</b>	<b>2</b>
<b>Weed, John</b>	<b>ACWD</b>	<b>2</b>	<b>2</b>
<b>Woods, David</b>	<b>East Palo Alto</b>	<b>2</b>	<b>2</b>
<b>Wykoff, Rick</b>	<b>Estero/Foster City</b>	<b>2</b>	<b>2</b>