

**BAY AREA WATER SUPPLY & CONSERVATION AGENCY  
BOARD POLICY COMMITTEE**

**July 28, 2004 – 1:00 p.m.  
BAWSCA Offices, San Mateo, CA**

<b>MINUTES</b>
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**Item 1. Call to Order and Roll Call**

Rosalie O'Mahony, Chair, called the meeting to order. General manager Art Jensen called the roll. Six (6) members were initially present. Director Ira Ruskin arrived at 1:05 p.m.; Director Roberta Cooper arrived at 1:15 p.m. A list of directors present (7) and absent (2) is attached.

**Item 2. Comments by the Chair:** Chair O'Mahony introduced two (2) guests: Vivian Blumenkamp, League of Women Voters of Palo Alto and Ellen Levine, SFPUC.

Bern Beecham and Aldyth Parle requested that the meeting commence with Agenda Item # 4B.

**Item 4. Reports:**

**B.** Mr. Jensen noted the revised format of the calendar of anticipated board and committee actions and reports. There were no comments or questions.

**Item 3. Establish Committee Purpose:**

Director Ruskin requested reading the Purpose Statement aloud since it was the Committee's first meeting. The statement reads as follows:

“The Board Policy Committee (BPC) will consider and advise the board and general manager about policy issues related to BAWSCA's goal and a course of action, proposed by the general manager, to address those issues.”

The proposed definitions of roles, issues and goals read as follows:

Roles. The Committee is advisory to the board and the general manager. The general manager is accountable for defining, and proposing how to address policy issues and carrying out the direction of the board of directors. The general manager runs the Agency in a manner consistent with the Agency's goals and adopted policies of the Board.

Policy issues. Policy issues are the central points toward decisions related to what the agency does to reach its goals and why. Policy issues relate to specific public concerns, have identifiable pros and cons and are subject to debate.

Goals. The Agency's goals were established in June 2003: To ensure a reliable supply of high quality water at a fair price. These goals are simple. They relate to the needs of the water customers, and they are consistent with intent and enabling legislation.

Chair O'Mahony asked if anyone has any comments or changes. Director Beecham requested taking out "a course of action" and replace with "courses of action". Director Nelson asked whether or not the Contract Initiation Advisory Committee (CIAC) needs to present matters through this committee. Director Beecham replied no, because it is not a subcommittee. Chair O'Mahony suggested that because Director Beecham is on both committees, he would be able to report CIAC matters and views to the Board Policy Committee. Mr. McDevitt said the Policy Committee is subject to the Brown Act but CIAC is an ad hoc committee with limited purpose and for a limited amount of time. Mr. Jensen said that advice of the CIAC can come through the general manager to the BPC or the Board, and stated that he should be free to act upon advice he receives from the CIAC. Director Wykoff asked if the CIAC will be negotiating. Mr. Jensen replied that the committee will not be negotiating.

Director Beecham requested that in the "Roles" section under the Purpose Statement, was it possible to change the word "defining" to "identifying". Mr. Jensen explained that the general manager was responsible for bringing clearly defined issues to the committee for consideration and advice, rather than transform the committee into a working committee. Given Mr. Jensen's explanation, Director Beecham said that he was comfortable with keeping wording as proposed. Director Ruskin requested that the Purpose Statement be brought to the Board for consideration.

**M/S/C (Beecham/Cooper; unanimous) approve the definition of "Roles" as stated under the Purpose Statement Agenda item #3.**

**M/S/C (Wykoff/Parle; unanimous) approve the definition of Policy Issues as stated under the Purpose Statement - Agenda item #3.**

**M/S/C (Beecham/Cooper; unanimous) approve the definition of Goals as stated under the Purpose Statement – Agenda item #3.**

**M/S/C (Parle/Cooper; unanimous) approve and recommend board adoption of the Purpose Statement as revised.**

#### **Item 4 Reports:**

**A. Comments by Committee Members:** Director Ruskin gave an update on the letter from Mayor Newsom. Director Ruskin said there had been two issues with the letter: 1) clarifying the mayor's leadership position over all of the San Francisco departments, and 2) thoroughly addressing BAWSCA's request for timely action. He did not commit to completing the CIP "on time and on budget." After the last board meeting, Mr. Jensen followed up with Ms. Leal and the mayor's staff regarding the content of the letter. The mayor's office said the letter would stand as signed. Mr. Jensen said that, having put our concerns on record, the appropriate course is to continue working with San Francisco.

Director Ruskin feels it is important to maintain communications with the mayor's office. Mayor Newsom had said he would welcome periodic meetings. To that end, an invitation has been extended to Mayor Newsom to attend the November board meeting. Continuing discussions would be helpful and would demonstrate the importance of the board being active, assertive and collaborative. Director Parle stated that having the mayor attend a BAWSCA meeting would bring him closer to the issues outside San Francisco. Director Nelson said the letter appeared to be carefully worded and that actions should be the measure of commitment.

As follow up to the meeting with Newsom, Mr. Jensen has requested reports showing CIP progress along the critical path and accepted Newsom's invitation to attend the SF STAT meetings. Mr. Jensen said we will need to monitor what actions the SFPUC takes to avoid future accounting irregularities. Director Ruskin suggested that we should offer ideas to make accounting better.

Director Parle said we have to maintain relationships with the mayor and the commission. Director Nelson wondered how we could keep the mayor informed. Director Wykoff said it was up to the BAWSCA board to hold the mayor accountable, not our general manager and if the SFPUC is not doing its job the commission should be notified. Director Beecham said communications between the BAWSCA board and the commission would strengthen the relationship with SF.

Director Cooper asked whether the commission or mayor appointed the SFPUC general manager. After legal counsel's summary of the SF Charter provisions, she said that the SF mayor and the commission do not appear to have clear authority over the business of the SFPUC. While there is often value to building close relationships, she asked whether establishing close ties to the commission would bring the expected value. She suggested that perhaps the PUC should receive copies of our monthly minutes. She also expressed lack of confidence that the PUC will deliver and wondered if it would be reasonable to get close to legislators. Mr. Jensen noted that the SFPUC is sent copies of the BAWSCA Board packets, including the minutes. Mr. Jensen asked legal counsel to prepare a summary of the authorities of the mayor, the SFPUC and the Board of Supervisors.

## **5 Action Items:**

**A. Regional Evaluation of Conservation Measures:** Ms. Sandkulla explained this evaluation will identify conservation measures that can be implemented regionally in a more cost-effective and efficient manner. The results will be used for determining water conservation assistance programs that BAWSCA may provide in the future. She said this evaluation will build upon the work done to date with the SFPUC and evaluate water conservation measures for possible regional implementation. The evaluation is proposed to begin this fall and conclude in time to provide input in the FY 2005-06 budget. The evaluation has a total budget of \$30,000 and will take approximately six months to complete. The recommendation to perform the evaluation is based in part on requests from BAWSCA agencies during the development of demand projections and cost-effectiveness assessments of water conservation measures. At its July 1<sup>st</sup> meeting, the TAC endorsed the proposed evaluation. The TAC also recommended that the staff-level Water Resources Committee be utilized to provide technical input as it develops.

**M/S/C – (Parle/Cooper; unanimous) that the committee recommend that the Board authorize the General Manager to negotiate and execute a contract with Maddaus Water Management for a Regional Evaluation of Conservation Measures.**

**B. Transferring Funds to the Local Agency Investment Fund (LAIF):** Mr. Jensen requested approval to transfer the majority of funds to the Local Agency Investment Fund (LAIF) in order to comply with the board's investment policy adopted last February. The BAWSCA investment policy states that a maximum of \$100,000 may be deposited with any one bank or savings association. All monies managed by BAWSCA, including BAWUA funds, must conform to the investment policy. Transferring the majority of funds to the LAIF would comply with the investment policy's dollar limit and safety objective. Director Wykoff noted the staff memo addresses the risks associated with different investment alternatives. He questioned if there were significant risks and suggested that we state explicitly that there are not.

Mr. Jensen also recommended dissolving the BAWUA operating reserve. He stated that there was no longer a need to retain a separate operating reserve for BAWUA and there was no legal requirement to do so. The operating reserve can be dissolved and the current balance transferred to the BAWUA general reserve. Combining the funds would not violate BAWUA's current general reserve policy which stipulates that the general reserve cannot exceed 25% of the budget.

**M/S/C – (Parke/Cooper; unanimous) that the BPC:**

**a. recommends the BAWSCA Board approve a resolution authorizing the BAWSCA membership with LAIF;**

**b. recommends the BAWSCA Board, acting in its capacity as the ultimate governing authority of BAWUA, approve a resolution authorizing BAWUA membership with LAIF**

**c. recommends the BAWSCA Board, as BAWUA's sole member, approve dissolution of the operating reserve.**

**6. Adjourn to next meeting:** Director Parle moved to adjourn; seconded by Director Cooper. The meeting was adjourned at 2:20 p.m. Next meeting will be held October 13<sup>th</sup> at 1:00 p.m. in the first floor conference room at BAWSCA.

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**Attendance Roster**

**Committee Members Present:**

Bern Beecham	City of Palo Alto
Roberta Cooper	City of Hayward
Rosalie O'Mahony	City of Burlingame
Peter Nelson	California Water Service Company
Aldyth Parle	City of Santa Clara
Ira Ruskin	City of Redwood City
Rick Wykoff	City of Foster City

**Committee Members Absent:**

Chris Reynolds	Skyline County Water District
Mike Kasperzak	City of Mountain View