

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
BOARD OF DIRECTORS MEETING
July 21, 2005 – 7 p.m.
Foster City Community Building, Foster City CA**

MINUTES

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

Bern Beecham, Chair, called the meeting to order and led the flag salute. Secretary Art Jensen called the roll. Twenty-three (23) members were present, constituting a quorum. A list of directors present (23) and absent (5) is attached.

- 2. Comments by the Chair:** Chair Beecham stated that the results achieved during FY 2004-05 represent important progress toward meeting the agency's goals and objectives; however, there is more work to be done and challenges that remain. This evening Arthur Jensen will provide a report on the public workshop held by the California Department of Water Resources (DWR) on the proposal to drain Hetch Hetchy Reservoir. Art Jensen presented an updated BAWSCA statement about this proposal. The statement was distributed to the board of directors. Chair Beecham also noted that Mayor Newsom and the SFPUC recently celebrated the ground-breaking for construction of repairs to the Sunset Reservoir, one of the many regional projects. BAWSCA continues to urge the Mayor to conduct his personal review of progress implementing the Water System Improvement Program (WSIP).

Director Kasperzak joined the meeting by teleconference from Australia.

- 3. Board Policy Committee Report:** Chair Beecham announced that Committee Chair Rosalie O'Mahony is out of the country and could not participate in the meeting. A summary of the June 15th Board Policy Committee meeting is included in the board packet.

4. General Manager's Report:

- a. Review of results achieved in FY 04-05:** Art Jensen reported successful achievement of the majority of results planned for FY 04-05. Some work was re-scheduled at mid-year so that resources could be directed to urgent matters such as the SFPUC workshops on and revisions to the WSIP. A written commitment from San Francisco to rebuild the system has been obtained, which includes a commitment to adopt the revised WSIP projects, schedules, budget, financing plan and cost impacts no later than November 2005. BAWSCA has continued its constructive efforts with SFPUC on reviewing and implementing the WSIP, including preparation of the PEIR.
- b. Urban Water Management Plan:** Mr. Jensen explained that all member agencies have to update and submit an Urban Water Management Plan (UWMP) to the State after board and

council adoption before December 31, 2005. Coordination among the agencies is essential so that the current plans remain consistent with the recent water demand projections that the SFPUC will reference in preparing the PEIR. BAWSCA's assistance also benefits its member agencies because of new rules and regulations set forth by the State. Successful litigation over plans that are inconsistent with environmental documents or incomplete with respect to the new reporting requirements can delay or prevent water system improvements and local development.

c. Water System Improvement Program Status:

Implementation status. Mr. Jensen reported that SFPUC progress reviews of the WSIP will begin after adoption in November. Interim progress reports will be produced by the SFPUC staff until that time. An August 12, 2005 interim progress report and the Annual Progress report due to the State by September 1st will not contain comparisons of project status to planned project expenditures and schedules. This concern has been brought to the attention of SFPUC management and the Commission. BAWSCA staff will review and comment on the SFPUC's annual progress report once it is released.

Mayor Newsom progress reviews. Mayor Newsom's internal progress review of WSIP progress has been delayed. At the Sunset Reservoir groundbreaking ceremony, Mayor Newsom confirmed these reviews were important to him. The next meeting is expected to be held between now and the September board meeting. Mr. Jensen hopes to have a positive report at the September meeting.

Customer protection during drought. BAWSCA's recommendation for the SFPUC to examine a 10% system-wide cutback during future droughts, as well as the SFPUC's current planning goal of 20% cutbacks, was unanimously supported by the commission at its meeting on June 28. However, to date, SFPUC has taken no action to direct the City Planning Department to examine the environmental effects of providing this much drought reliability. Art Jensen noted that BAWSCA's request at this time is not for the SFPUC to change its goal, but to obtain information on environmental impacts associated with achieving greater reliability and the costs associated with not doing so. Art highlighted the significance of this request to BAWSCA agencies. Art noted that in the year 2030, residential water use will be comparable to what it was in the worst year of rationing during the last drought. At that time people has cut water usage to 78gallons per capita per day (gpcpd). Projected 2030 residential per capita water use is 82gpcpd. If the SFPUC adheres to a goal of 20 percent system-wide shortages during future droughts, the cutbacks to residential users will be more than 20 percent. If future use is only 82 gpcpd, people would receive less than 66 gpcpd during droughts. Because future residents will be unable to absorb significant shortages the way they did during the last drought, businesses and industries could be cut back more than 20 percent. The recent study by Dr. Bill Wade estimates monetary impacts of 20 percent cutbacks to industries at more than \$7 million per year. SFPUC Commissioner Brooks has written a letter to Ms. Leal requesting clarity on the issue. Mr. Jensen will continue to work with SFPUC staff and the Commission to promote decision-making based on the best information that can be obtained.

- d. Department of Water Resources (DWR) Public Workshop on Restore Hetch Hetchy:** DWR's public workshop on July 14th provided a progress report on its review of the proposal to drain Hetch Hetchy. Assembly Member Lois Wolk, who asked for the study, provided opening comments. She indicated that if the issue goes forward, the water and power customers of the water system must be kept whole. The DWR indicated it will provide an objective evaluation based on the information they have compiled from available resources. The DWR requested suggestions on how the State might proceed after the report is released. Public comments and questions were taken during an open mike session. Mr. Jensen testified at the meeting and submitted BAWSCA's updated statement about the proposal. BAWSCA will continue to submit suggestions and will solicit testimony from BAWSCA agencies if and when hearings are scheduled. The SFPUC submitted four technical reports in response to DWR's request for information.
- e. Administrative Business:** Foster City Mayor, Rick Wykoff administered the Oath of Office for Director Chuck Reed for his appointment to the BAWCA board by the San Jose City Council at its meeting on January 11, 2005
- 5. SFPUC Report:** SFPUC General Manager, Susan Leal reported that the SFPUC is moving forward with the commitments made by Mayor Newsom, Supervisor Peskin and President Sklar.

SFPUC's work on revalidating the WSIP budget and schedule will begin on July 25 with a team of experts from Parsons and CH2MHill. She stated that it will not be a long time before the progress reports Mr. Jensen previously mentioned are compared to a revalidated budget and schedule.

Director Gage expressed his concern that Parsons will, "barely have 60 days to get the work done." At the May board meeting, SFPUC president Sklar said Parsons' review of the WSIP would begin by the end of June. Already there is a delay in what was stated in May and what is being reported. Director Gage asked the likelihood of having the revised schedule out for review in October and adopted in November. Ms. Leal stated that staff from Parson's and CH2MHILL has begun work with SFPUC prior to certification of the contract and stated; "yes", the revised schedule will be out for review in October and approved in November.

Director Kasperzak asked Ms. Leal what she sees as BAWSCA's recourse if the schedule is not met. Ms. Leal stated, "A new general manager?"

Kasperzak: "And how would we go about that? I mean you don't work for us."

Ms. Leal: "You'd go to the Mayor and ask for my head on a stick."

Ms. Leal explained that SFPUC staff, including the consulting staff, realizes the commitment from the Mayor, the President of the Board of Supervisors, and the President of the Commission to meet the November deadline. Ms. Leal stated her commitment, and acknowledged the credibility on the line. She explained that she and Mr. Irons have been in pressure situations and have been able to deliver.

Ms. Leal reported that the San Francisco Board of Supervisors approved an infrastructure management contract, a \$160 million capital budget for the water infrastructure program, and a contract with a civil engineering group to work on the bay division pipelines. She stated that the Program EIR process is not slowing down the progress of the designs and projects.

She said the SFPUC and its attorneys who deal with CEQA and PEIR issues are reviewing the letter from Commissioner Brooks regarding the the evaluation of drought reduction goals. Ms. Leal stated that a response to that letter will be copied to the BAWSCA board and that it is an issue that will be addressed.

6. Public Comments:

Laurie Pascual: Ms. Pascual spoke against chloramines in the water

Wynn Greich: Ms. Greich spoke against chloramination and desalination

Michelle Porrazzo: Ms. Porrazzo stated her concerns and technical questions on recycled water.

Members of Concerned Citizens About Chloramine (CCAC) testified on the health effects of chloramines and described symptoms they acquired when chloramine was added to the water. They said the World Health Organization (WHO) made a statement that chloramine is less effective than chlorine, and that the WHO recommends filtering water before disinfecting with chlorine. CCAC member Denise Johnson referred to the letter from California Conference of Local Health Officers and pointed out that the conclusion stated in the letter was based on "...best available evidence in the bio-medical literature." Ms. Johnson stated that no human health studies on the effects of chloramines itself have been done. Another CCAC member said scientists at the EPA say there has been no opportunity or funding to study the risks of chloramines. CCAC members asked for BAWSCA's help. CCAC members who testified included Linda Corwin, Lillian Lieberman, Bruce Dronek and Claudette Main.

Peter Ingram: Mr. Ingram, Director of Public Works, spoke on behalf of Redwood City and its Recycled Water Project to express gratitude to the BAWSCA board and the BAWSCA staff for assisting Redwood City to participate in a regional level grant funding opportunity. Coordination of complex regional level grant activities by BAWSCA staff, who can see the big picture and opportunities, allowed for State level participation and for staff to stay focused on the local community. He said Redwood City's success in working with BAWSCA staff demonstrates BAWSCA member efforts to implement regional solutions for efficient use of our water supplies.

Heather Dempsey: Ms. Dempsey, Bay Area Program Director for the Tuolumne River Trust urged the BAWSCA board to seek ways of improving the drought reliability of the system and meet increases in future water demand that do not rely on increasing diversions from the Tuolumne River. She encouraged the board to work cooperatively with each other and with San Francisco on this effort.

7. **Consent Calendar:** Director Seidel asked agenda item 4D be pulled for discussion. The remaining items were acted upon with a single motion and a roll call vote.

M/S/C (Hershman/Tissier; Unanimous) that the Minutes of the May 19, 2005 BAWSCA Board meeting be approved; the Monthly Budget Status Report and Annual Statement of Investment Policy be received and filed; and the consideration of Arthur Jensen to be appointed by the RFA Board as General Manager and Secretary for the RFA, without additional compensation, be approved.

Item 4-D: Approval of Technical Engineering Services Contract: Director Seidel recommended that the proposed approach to execute a contract with specified technical individuals for specified technical engineering services be rejected. He said he believes the SFPUC's WSIP's engineers and consultants, including Parsons and CH2M Hill have adequate or superior technical knowledge and experience in implementing the capital program. What is lacking is an oversight of impartial and nationally recognized board of consultants that are truly independent and can give a good clear picture of the system, and provide the board and general manager assessments, critiques, advice and recommendations. He said he would propose a board that would include Dr. Ibbs, currently under contract to BAWSCA, to address cost schedules and construction management issues. A second person could address water system operations including water quality and construction integration into the operations and reliability. A third person could address the engineering planning, design and value engineering. He said members of this proposed board should be of the highest technical, professional and ethical repute. Mr. Seidel stated that the board of consultants could be formulated and presented to the board in September. Work could begin immediately so that the consultants will have a working knowledge of the WSIP before it is issued in October.

Mr. Jensen clarified the recommendation and rationale behind what was being proposed for board action. The identified areas for technical services for FY 05-06 and their significance to the member agencies were presented. The proposed technical engineering services for the specified experts would address three areas: project configuration and design, regional water system operations, and technical document review and analyses. Dr. Ibbs is already under contract to address the areas of project and program costs, schedules and construction management. Selection criteria considered were: expertise in the three technical areas, experience with the San Francisco Water System, and reasonable hourly billing rates. This set of criteria defines a relatively small community of engineers and experts, and is met by the individuals named and described in the agenda packet. Tonya Yurovsky worked at Contra Costa Water District on its capital improvement program and at the SFPUC on regional water system projects. Dale Newkirk is an engineer with water quality and operations management experience at major water utilities including MWD of Southern California, the SFPUC, EBMUD and Contra Costa Water District. Mr. Newkirk has technical knowledge of the regional water system from his work at the SFPUC and for BAWSCA through last year's contract with Brown and Caldwell. Jean Gardner is an engineer who has worked with BAWSCA and its predecessor organization in reviewing the SFPUC's Capital Improvement Program. Mr. Jensen stated the specified individuals could do an excellent job, and would save BAWSCA the time and money that might otherwise be spent in solicitations. A consultant

with expertise in the area of water supply operations modeling will be sought and presented to the board separately.

Mr. Jensen stated that an expert panel such as the one suggested by Director Seidel might have the technical experience and instincts to assess whether a situation was good or bad without a lot of study. He said the detailed assessments and review of conceptual engineering reports would still have to be done. The need to have an individual participating in SFPUC's critical meetings and providing appropriate contributions is significant, and Mr. Jensen reported that Dr. Ibbs would fulfill that role. Mr. Jensen proposed that the board direct him to take on the task of considering the development of a panel as suggested by Director Seidel and what its charge would be.

Chair Beecham proposed that a motion be taken to approve the Professional Services Contract for Technical Engineering as proposed, and a separate motion for an oversight board as suggested by Director Seidel be considered. Board members discussed the value of having two levels of review.

M/S/C (Kasperzak/Tissier; Roll Call Vote of 21:2) that the board authorize the general manager to execute a contract with specified individuals for specified technical engineering services.

M/S/C (Seidel/Cooper; Roll Call Vote of 18:5) that the board direct the general manager to bring to the Board Policy Committee for discussion, the development of an oversight board, taking into account the considerations suggested by Director Seidel, and to report back to the board.

Mr. Jensen noted that the second matter was not agenzized for action and that he would consider the motion as board direction to the general manager.

8. Directors' Discussion: Comments, Questions and Agenda Requests:

Director Cooper stated that she is becoming increasingly concerned with the pleas of the people who have been negatively affected by chloramines. She said, "I think it behooves us to perhaps move more independently and find out if chloramine is indeed a safe addition to our drinking water". She proposed that the board do something, perhaps support a research project on the question of health effects.

Director Siedel reported his calculations of lost purchasing power due to inflation and cost escalation that can result from delays in implementing the WSIP. Based on the current program cost of \$4.3 billion and the Engineering News Record Costs Index of 7%, \$300 million in purchasing power is lost for each year of delay. That equates to \$25 million a month, or \$820,000 a day.

9. Adjournment to the San Francisco Bay Area Regional Water System Financing Authority. The meeting was adjourned at 9:07

10. Date, Time and Location of Next Meeting: The next meeting is scheduled for September 15, 2005 at 7:00 p.m. in the Wind Room, Foster City Community Center.

Respectfully submitted,

Arthur R. Jensen, General Manager and Secretary

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Attachments: 1) Attendance Roster

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
Board of Directors Meeting
July 21, 2005**

Attendance Roster

Present:

Bern Beecham	City of Palo Alto
Randy Breault	Guadalupe Valley Water District
Roberta Cooper	City of Hayward
Robert Craig	Westborough Water District
John Fannon	Town of Hillsborough
Kelly Fergusson	City of Menlo Park
Stan Gage	Los Trancos County Water District
Mike Goff	Stanford University
Rob Guzzetta	California Water Service Company
Marc Hershman	City of Millbrae
Patrick Kolstad	City of Santa Clara
Mike Kasperzak	City of Mountain View
Robert Livengood	City of Milpitas
Irene O'Connell	City of San Bruno
Lee Panza	City of Brisbane
Tom Piccolotti	North Coast County Water District
Chuck Reed	City of San Jose
Chris Reynolds	Skyline County Water District
Tim Risch	City of Sunnyvale
Dan Seidel	Purissima Hills Water District
Adrienne Tissier	City of Daly City
John Weed	Alameda County Water District
Rick Wykoff	City of Foster City

Absent:

Richard Claire	City of Redwood City
Chris Mickelsen	Coastside County Water District
Rosalie O'Mahony	City of Burlingame
Louis Vella	Mid-Peninsula Water District
David Woods	City of East Palo Alto