

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
BOARD OF DIRECTORS MEETING
May 19, 2005 – 7 p.m.
Foster City Community Building, Foster City CA**

MINUTES

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

Bern Beecham, Chair, called the meeting to order and led the flag salute. Secretary Art Jensen called the roll. Twenty-one (21) members were present, constituting a quorum. A list of directors present (21) and absent (7) is attached.

2. Comments by the Chair: Chair Beecham commented that BAWSCA is making significant progress toward its goal of ensuring a reliable supply of high quality water at a fair price, and thanked the board for the constructive way it works together. An important part of the agenda includes the proposed work plan and budget for FY 2005-06, which has been carefully considered and is being recommended by the Board Policy Committee. Mr. Beecham reported that he had a cordial and constructive meeting with Mayor Newsom, President Sklar and Ms. Leal to discuss the Water System Improvement Program. The outcome of the meeting is a statement from the City and County of San Francisco, which is a major step in pursuing BAWSCA's options in getting the system rebuilt satisfactorily. Director Kasperzak, Director O'Mahony, Art Jensen, and Bud Wendell were participants of the meeting. Mr. Beecham commented on the importance of reminding San Francisco that BAWSCA agencies and their customers are the largest water customers of SFPUC.

3. Board Policy Committee Report: Committee Chair, Rosalie O'Mahony reported on the discussions and actions of the committee at its April 13th meeting. The committee recommends board approval of a new position, proposed work plan and budget for FY 2006-07, funding option for the budget, negotiations and execution of an office lease, professional services contracts and personnel handbook. The committee also discussed during a closed session, the general manager's evaluation.

4. General Manager's Report:

a. Water System Improvement Program Status, input and timelines: Arthur Jensen provided an overview of the actions taken and scheduled to be taken by San Francisco on the WSIP: the program has been revised, goals for the Program EIR (PEIR) process have been defined, and projects that can be started outside of the PEIR are being identified. Mr. Jensen reported the SFPUC's goal of having the new program management consultant, Parsons, begin work with SFPUC by June 30. The consultant's review of project schedules and costs should be finalized by October. The adoption of the revised WSIP will take place

in November. Mr. Jensen reported that BAWSCA is preparing a report on SFPUC's drought protection goal and its impacts. BAWSCA reviewed and made recommendations on SFPUC's draft submittals to the State, project cost estimates and procedures, projects schedules, and water supply alternatives. Oversight and recommendations on technical and PEIR issues will continue on an ongoing basis.

Art stated that SFPUC committed to holding quarterly review meetings open to the public to discuss progress of WSIP projects. The reviews are to address variances from budgets and schedules and corrective actions taken, if any. Progress of each project will be reviewed, and comments will be taken at the sessions. Director Risch inquired about a plan for further analysis in addition to observation. Mr. Jensen reported a near term opportunity for BAWSCA to participate in SFPUC's cost and schedule review with Parsons, the SFPUC program management consultant. On behalf of BAWSCA, Dr. William Ibbs will participate in these reviews and provide expert recommendations. His analyses, findings, conclusions and recommendations of the quarterly review meetings will be an ongoing opportunity for BAWSCA to provide input to SFPUC.

- b. Report on efforts to increase confidence the system will be rebuilt:** The BAWSCA board asked the general manager to examine alternative actions that might be taken to ensure the system will be rebuilt satisfactorily. Concerns about schedules, budgets and progress had weakened BAWSCA's confidence in SFPUC. To date, efforts taken to improve confidence include meetings with President Sklar and Ms. Leal by BAWSCA and Assembly Member Ira Ruskin. On May 3rd BAWSCA Chair Beecham, Director Kasperzak, Director O'Mahony, Mr. Jensen and Bud Wendell met with Mayor Gavin Newsom and representatives from the SFPUC. A positive and significant result of these efforts is a May 18th statement of assurances and commitment by Mayor Newsom, the President of the Board of Supervisors Aaron Peskin, and SFPUC President Richard Sklar. The statement contains a firm date for formal adoption of the revised WSIP no later than November 2005. Several board members commented on the statement, which was generally seen as a positive and encouraging first step. Art stated that challenges remain as schedules for the PEIR and projects not included in the PEIR are identified in November.
- 5. SFPUC Report:** Richard Sklar stated that the system will be built appropriately, on time and on budget, after the WSIP is adopted by the SFPUC in November. He commented that the beginning of the program's revitalization process occurred when the Mayor appointed Susan Leal as General Manager, and himself as a commissioner of the SFPUC. He reported that of the 39 WSIP projects, 23 may be exempted from the PEIR, and SFPUC is moving forward with those projects. SFPUC believes that an additional 10 projects may also be exempted. The Mayor, Supervisor Aaron Peskin, and the SFPUC are committed to get the job done, and the schedule and cost that will be adopted in October/November, will be rigid. Mr. Sklar stated that SFPUC is addressing issues it can control. An uncontrollable factor is water yield over the next 30 years and Mr. Sklar stated that SFPUC feels obligated to determine what to do when less water is available. The effects of global warming on the water supply are unknown. Extreme conservation, recycling, desalination and price blocking will be seriously considered. Mr. Sklar emphasized that in some communities, the need for water will be more than what has

been available in the past. He stated that charges for new water should fall upon those who demand them. Mr. Sklar stated that issues need to be addressed together, and that there is no separation between the SFPUC, its customers and organizations such as the environmental community. Many questions remain unanswered, and the SFPUC wants to hear from those who have a contribution. SFPUC is anxious to work with BAWSCA and will accept input and criticisms.

In response to board members' inquiries, Mr. Sklar reported that review of project milestones are done quarterly. All projects are reviewed, and projects that has had slippage will be concentrated on. Mr. Sklar stated that gross level value engineering is being done on major projects, and the not-to-exceed \$4.3B is the price cap.

Director Beecham inquired about SFPUC's reconsideration of the drought reliability number that lacks support and concerns the BAWSCA board. Mr. Sklar stated that the numbers are based on what SFPUC believes it can deliver during a worse case scenario of an eight-year drought. Mr. Sklar thought a lower number than 20% would require increasing storage capacities and incur additional costs.

SFPUC General Manager Susan Leal reported the approval of a 15% rate increase for San Francisco's water retail customers and completion of a contract negotiation with Parsons that will be proposed to the Commission and Board of Supervisors for adoption. Informational public workshops on the PEIR have been scheduled, and work towards submitting the PEIR to the Planning Commission continues. Ms. Leal reported that the commission and Board of Supervisors will be presented a supplemental to the budget that will include a staffing plan that will be significant as we move forward with the program.

Ms. Leal announced SFPUC will be hosting three tours of the water system during the World Environment Week that is scheduled to be celebrated in San Francisco. Ms. Leal also announced that the American Water Works Association (AWWA) Conference will be held in San Francisco, and that BAWSCA board members have been sent an invitation to a special breakfast event celebrating the induction Michael Maurice O'Shaughnessy into AWWA's Water Industry Hall of Fame.

6. Public Comments:

Chair Beecham announced that Director Kinney will be stepping down as his 2-year term comes to an end in June. Director Kinney thanked the BAWSCA board and stated it's significant undertaking. He introduced Menlo Park Council Member Kelly Fergusson, who was appointed by the City Council to the BAWSCA Board beginning July 1, 2005.

Laurie Pascual, a resident of Union City, presented the board a series of questions about water chemicals .

Winn Cox, a resident of Fremont spoke against chloramines.

Georgette Gierra, a resident of San Mateo for 38 years, spoke against chloramine, and questioned the level of effort for reviewing alternative methods to disinfection.

7. Action Items:

- a. Approval of new position – Water Resource Planner:** Art explained that the new position will help analyze water use and water savings for the WSIP, implement existing and four new conservations measures, execute the analyses for regional grant funding opportunities, and analyze barriers to recycled water and other supplies. Alternatives to obtaining the resources the new position provides were presented, and the value of the position were discussed.

M/S/C (Risch/O’Mahony, Weed opposed, Piccolotti abstained) that the board approve the new position of Water Resource Planner.

- b. FY 2005-06 Proposed Work Plan and Budget:** Art reported 3 key decisions items within the budget; the results to be achieved in FY 05-06, the proposed budget of \$2.099M and how to fund the budget.

M/S/C (O’Connell/Wykoff, Unanimous) that the board approve the nine proposed results to be achieved next fiscal year, the estimated budget of \$2.099M, and funding the budget by using \$120,000, or half of the remaining BAWUA reserve, and increasing agency payments approximately 19 percent.

- 8. Consent Calendar:** Director Breault asked agenda item 8G-3, and Director Goff asked agenda item 8G-2 to be pulled for discussion. The remaining items were acted upon with a single motion.

M/S/C (O’Mahony/Weed, Unanimous) that the Minutes of the March 17, 2005 BAWSCA Board meeting be approved; the Monthly Budget Status Report and Quarterly Investment Report be received and filed; the proposed FY 2005-06 BAWUA budget of \$5,150 be adopted; the general manager be authorized to complete negotiations and execute a lease for office space at 155 Bovet Road, Suite 302 in San Mateo conforming to the terms described below subje to review and approval by legal counsel; the proposed Personnel Handbook amendments be adopted, that the general manager be authorized to execute a contract between BAWSCA and Hanson Bridgett et al. for a not-to-exceed amount of \$335,000; that the general manager be authorized to execute a contract between BAWSCA and Stetson Engineers for a not-to-exceed amount of \$55,000; that the general manager be authorized to execute a contract between BAWSCA and Kelling, Northcross and Nobriga for a not-to-exceed amount of \$50,000; that the general manager be authorized to execute a contract between BAWSCA and Dr. William Ibbs for a not-to-exceed amount of \$45,000; that the general manager be authorized to extend the contract with EGIA for another fiscal year through June 30, 2005; and that the general manager be authorized to negotiate and execute a contract with John B. Whitcomb to implement the Large Landscape Conservation Services Program.

Item 8G-2: Professional Services Contract with Harlan L.P. Wendell (Strategic Counsel):

Director Goff stated his interest in seeing the accountability of Strategic Counsel's efforts. Mr. Jensen explained the value strategic counsel provides at the meetings with Mayor Newsom and SFPUC, addressing the question of what alternatives are available to BAWSCA if San Francisco does not make progress with the WSIP, association with Sacramento leaders, and maintenance of dialogue about community preparedness for long-term water outages. Director Beecham stated that the question has been asked and discussed at a Board Policy Committee meeting, and commented that although results are hard to track, he sees the benefits and value of the efforts by strategic counsel.

M/S/C (Reed/Vella, Unanimous) that the board authorize the general manager to execute a contract between BAWSCA and Harlan L.P. Wendell for a not-to-exceed amount of \$120,000.

Item 8G-3: Director Breault questioned the recommended board action to authorize the general manager to negotiate and execute a contract with a yet to be named firm. Unless there is some urgency, he stated his belief that it should be brought back to the Board Policy Committee. Mr. Jensen explained that the recommendation for approval of this and other professional services is to provide continuity of services beginning July 1st. Unlike the technical engineering support contracted for FY 04-05, Mr. Jensen is seeking a group of specialized individuals with expertise in the areas BAWSCA need most. The individuals will be pulled together as a team. Board authorization will allow the general manager to execute one or more contracts with a not-to-exceed total of \$165,000. Suggestions on the item include approval of the recommended action subject to review and advice of the Board Policy Committee, or, move the item to the July board agenda and present a contract(s) with a firm or individuals chosen through a competitive selection process. Services needed in the interim may be obtained through the general manager's discretionary spending limit of \$10,000. The recommendation was amended and voted upon as follows:

M/S/C (Goff/Reynolds, Piccolotti and Woods Opposed) that the board authorize the general manager to execute one or more contracts for the scope as described and for the amount of not-to-exceed \$165,000, subject to the advice of the Board Policy Committee.

9. Closed Session: The met board in closed session and no action was taken.

10. Open Session: Director O'Mahony summarized the salary history and the Board Policy Committee's recommendations. Chair Beecahm summarized the concerns expressed by Director Cooper related to the financial situation of our communities at this time. Director Reed stated he would have to vote against the recommendation due to local financial concerns.

M/S/C (Piccolotti/O'Connell/Nineteen {19} to One {1}) that the board approve an adjustment to the general manager's compensation.

11. Directors' Discussion: Comments, Questions and Agenda Requests: Director Weed referred to his previous comment on the board's consideration for developing a contingency

water supply analysis for the BAWSCA member agencies, and expanding the emphasis as possibly one of the goals in the coming year.

12. Adjournment to next meeting: There being no further comments, the meeting was adjourned to Closed Session.

13. Date, Time and Location of Next Meeting: The next meeting is scheduled for July 21, 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
May 19, 2005**

Attendance Roster

Present:

Bern Beecham	City of Palo Alto
Randy Breault	Guadalupe Valley Water District
Richard Claire	City of Redwood City
Robert Craig	Westborough Water District
John Fannon	Town of Hillsborough
Stan Gage	Los Trancos County Water District
Mike Goff	Stanford University
Marc Hershman	City of Millbrae
Chuck Kinney	City of Menlo Park
Chris Mickelsen	Coastside County Water District
Irene O'Connell	City of San Bruno
Rosalie O'Mahony	City of Burlingame
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
Louis Vella	Mid-Peninsula Water District
John Weed	Alameda County Water District
David Woods	City of East Palo Alto
Rick Wykoff	City of Foster City

Absent:

Roberta Cooper	City of Hayward
Mike Kasperzak	City of Mountain View
Patrick Kolstad	City of Santa Clara
Robert Livengood	City of Milpitas
Peter Nelson	California Water Service Company
Lee Panza	City of Brisbane
Adrienne Tissier	City of Daly City