

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

**April 13, 2005 – 1 p.m.
155 Bovet Road, 1st Floor Conference Room**

MINUTES

1. Call to Order: 1:10 p.m.

The meeting was called to order by committee Chair, Rosalie O'Mahony at 1:10pm. All members of the committee were present, constituting a quorum. A list of directors present (7) is attached.

2. Public Comment: None.**3. Reports:**

A. Comments by Committee Members: None.

B. General Manager's Comments: .

Open Policy Issues – Water System Improvement Program (WSIP): Arthur Jensen reported that SFPUC has scheduled a public hearing on April 26 for public comments on revisions to project scopes and on the project cost estimates, impacts of drought shortages, and project schedules. Mr. Jensen reviewed efforts to increase confidence of water customers and BAWSCA Board members that the system will be rebuilt on an emergency-driven schedule and at a reasonable, contained cost. On February 22, a meeting was held with Chair Beecham, Director O'Mahony, Arthur Jensen, Bud Wendell, Mr. Sklar and Ms. Leal. On April 20th, Assemblyman Ruskin will hold a meeting with Mr. Sklar, Ms. Leal, Director Beecham and Arthur Jensen. San Francisco Mayor Newsom has called a meeting with BAWSCA Chair Beecham, Vice-Chair Kasperzak, and Arthur Jensen for May 3rd. Progress will be reported at the May board meeting.

Open Issues: The State's audit of SFPUC's maintenance practices may soon be released. BAWSCA pursued the report which AB 1823 required by January 2005. Assembly member Ira Ruskin, wrote a letter to the governor requesting for the report's release. NBC 11 aired a segment requesting the report's status.

San Francisco Board of Supervisor's management audit of the SFPUC confirmed several of BAWSCA's concerns. Audit findings include the need for an effective asset management program, weak accounting methodologies, ineffective timing management of finance and construction of the CIP results to significant interest expense and lost dollar value, deficiencies in water enterprise planning and reporting, and untimely determination of the need for a PEIR. General Manager, Susan Leal's

response to the recommendations states that SFPUC is taking steps to improve management coordination and implement audit recommendations.

SFPUC's proposal to implement a 9.74% wholesale rate reductions over two years has been adopted by the commission. Mr. Jensen testified that BAWSCA would raise no objections. The rate reductions will retroactively take effect as of April 1st.

Candidate amendments to AB 1823 are currently being reviewed and may be considered later. The candidate amendments focus on public health, safety and economic well-being, implementation of emergency response plan, and efficiency. Any amendments will be presented to SFPUC at the time they are submitted

4. Action Items:

A. Approval of Minutes:

M/S/C (Kasperzak/Nelson; Unanimous) that the minutes of the March 9 meeting be approved as corrected .

B. FY 2005-06 Results to be achieved and proposed budget: Mr. Jensen presented the list of nine (9) results to be achieved in FY 05-06, a proposed spending level of \$2.099M, two (2) options for funding the budget, and a proposal for a new position of Water Resources Planner. The committee requested results achieved in the work plan for the master contract in the current year, and recommended measurable objectives under the list of results to be achieved for FY 05-06. The committee also suggested that chloramine health issues be added to the list of activities not included in the work plan for FY 05-06.

Art reported that Nicole Sandkulla will serve as technical liaison with SFPUC at no additional compensation. The proposed position of Water Resource Planner would provide the resources needed to address drought protection, participation in local and regional implementation of conservation and reclamation, submit applications for grant funds, and coordinate Urban Water Management Plan preparation. The new position will also make up for the time Nicole spends as the SFPUC Liaison. The committee requested that more information on the position be presented at the board meeting. Director Nelson asked for information on how the conservation program relates to the effort to fix up the system and on the cost-effectiveness of the water conservation measures.

Director Cooper commented that given Hayward's current 2-year salary freeze, the proposed budget is short-sighted and insensitive. She cannot support it, and would like the board and committee to know that she is appalled.

The committee unanimously approved the 9 list of results to be achieved in FY 05-06.

M/S/C (O’Mahony/Reynolds; Nelson and Cooper opposes) to recommend board approval of Option #2 to fund the budget by retaining half of BAWUA’s \$240K reserve, increasing agency payments by 19% for FY 05-06, and by 0% in FY 06-07, and maintaining \$300K in BAWSCA and BAWUA reserves.

M/S/C (Beecham/Kasperzak; Cooper opposes) to recommend board approve the FY 05-06 budget amount of \$2.099M.

M/S/C (Beecham/O’Mahony; Cooper opposes) to recommend the board approval of the new position of Water Resource Planner

- C. Priority FY2005-06 Professional Services Contracts:** Mr. Jensen recommended the following seven professional services contracts be in place on July 1, 2005: legal counsel, strategic counsel, two technical consultants for Master Contract administration and supporting the WSIP, financial advisor, and water conservation services (2). Mr. Jensen noted the technical consultant for WSIP work currently provided by Brown and Caldwell, would be put out for a competitive selection process. Director Wykoff suggested a review of individuals from the consulting firms who will be assigned to work with BAWSCA. Mr. Jensen stated that seven separate contracts will be presented to the board at the May meeting.

M/S/C (Beecham/Reynolds; Unanimous) to recommend board approval of seven professional services contracts for legal counsel, strategic counsel, technical engineering support (2), financial advisor, and two water conservation support (2).

- D. Office Lease:** Mr. Jensen reported new office lease would include two additional rooms adjacent to the existing space at a cost approximately \$34,600 less than the current lease. Director Reynolds inquired about construction costs and extension provisions. The lease agreement will be reviewed by legal counsel before it is presented to the Board.

M/S/C (Reynolds/Kasperzak; Unanimous) to recommend that the board authorize the general manager to negotiate and execute new office lease.

- E. Personnel Handbook Amendment:** Legal Counsel, Ray McDevitt presented recommended changes to the Personnel Handbook adopted by the board in September 2003. The recommended changes clarify, but do not change, PERS-related benefit coverage.

Sections 3: Revise and clarify limits on the length of time “temporary employees” can work without triggering PERS coverage .

Section 15: Clarify the Agency’s policy of placing a limit on its contributions to the cost of the PERS Health Benefit Program.

Section 17: Clarify the limits on health benefits made available to retired employees.

M/S/C (Reynolds/Kasperzak; Unanimous) to recommend board approval of the proposed revisions to the Personnel Handbook

5. The committee adjourned to closed session for the general manager's performance evaluation.
6. **Adjournment:** The meeting was adjourned at 3:20. The next meeting is scheduled for June 15, at 1pm in the first floor conference room of the BAWSCA office building, 155 Bovet Road, San Mateo.

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 Policy Committee
April 13, 2005**

Attendance Roster

Committee Members Present:

Rosalie O'Mahony	City of Burlingame (Chair)
Bern Beecham	City of Palo Alto (Vice-Chair)
Roberta Cooper	City of Hayward
Mike Kasperzak	City of Mountain View
Pete Nelson	California Water Service Company
Chris Reynolds	Skyline County Water District
Rick Wykoff	Estero Municipal Improvement District

BAWSCA Staff Members Present:

Arthur Jensen	General Manager
Nicole Sandkulla	Senior Water Resources Planner
John Ummel	Senior Administrative Analyst
Ray McDevitt	Hanson, Bridgett, Marcus et al.
Bud Wendell	Management Communications

Guests:

Jane Ratchye	City of Palo Alto
John Lisenko	Estero Municipal Improvement District
Alexander Lawson, P.E.	Winzler & Kelly Consulting Engineers