

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY  
BOARD POLICY COMMITTEE  
December 8, 2004 – 1 p.m.  
155 Bovet Road, 1<sup>st</sup> Floor Conference Room**

<b>MINUTES</b>
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**1. Call to Order: 1:05 p.m.**

The meeting was called to order by committee Chair, Rosalie O'Mahony at 1:05pm. A list of directors present (7) and absent (2) is attached.

**2. Public Comment:** None.

**3. Action:**

**A. Approval of Minutes**

**M/S/C (Beecham/Cooper; unanimous) that the Minutes of the October 13, 2004 meeting be approved.**

**B. Authorization of the general manager to negotiate and execute a professional services contract with Hilton, Farnkopf and Hobson (HFH):** Art Jensen presented the purpose and value of the proposed work. The committee asked about the agency's competitive selection process. Art explained the general procedures and that HFH was selected for this work because of their unique qualifications. The assignment involves an examination of the allocation of certain costs as prescribed under the Master Contract. HFH was instrumental in the development and initial administration of the Master Contract. Mr. John Farnkopf, a principal with the firm, has the greatest personal experience with the Master Contract and will conduct this study for BAWSCA.

**M/S/C (Nelson/Wykoff; unanimous) to recommend that the board authorize the general manager to negotiate and execute a professional services contract with Hilton, Farnkopf and Hobson (HFH) to analyze SFPUC overhead costs and cost allocations and other related matters**

**4. Reports**

**A. Comments by Committee Members:** Members of the committee provided additional comments on considering terms for professional services contracts, and providing the board information on the selection process.

It was clarified that the HFH analysis has a 3-month duration with specified deliverables.

- B. Review major policy issues and timelines:** Art discussed the top 5 major policy issues BAWSCA currently faces: the proposal to drain Hetch Hetchy; getting the regional system fixed and evaluating the pending revisions to the CIP; examining alternatives in case the SFPUC fails to make satisfactory progress; negotiating a new master contract, and encouraging communities to be ready to cope with water outages. He reviewed the impacts to BAWSCA's work plan for FY 04-05 and reported that increased activities require additional resources in several areas.
- C. Approach to major policy issues:** Art reported that the proposal to drain Hetch Hetchy is being taken seriously in San Francisco and Sacramento. A study will be conducted by the State Department of Water and legislative committee hearings are expected. BAWSCA's position has been well received by legislators and environmentalists. The proposal has the potential to delay the CIP and to impact the reliability, quality and costs of water to customers. The committee discussed legal, technical, and institutional questions the proposal raises.

Commission action at the SFPUC CIP workshops in January will lead to CIP revisions, influence the PEIR, and affect supply reliability and future contract provisions. Involvement in defining PEIR objectives will need to be increased and more technical review of the capital projects and its progress will be required when the schedule is revised. Attendance by the BAWSCA board members at the January 13 workshop was encouraged to provide feedback from BAWSCA member agencies on what the commission discusses.

Work continues on examining the alternatives to BAWSCA in case SFPUC fails to satisfactorily progress on the CIP, renegotiating the contract, and ensuring that communities are prepared to cope with long-term water outages.

- D. Mid-year budget review - Review of activities and resources through June 2005:** Art presented a proposal for allocating additional resources to the major policy issues. The proposal is based on 1) reallocating savings in the current budget, 2) reallocating consultant time toward high priority issues; and 3) additional funding from the BAWUA general reserve. The committee discussed the possibilities of reallocating budget and resources by looking at potential salary savings, adjusting board meeting frequencies, and modifying professional service contracts. The committee advised against decreasing meeting frequencies. The committee advised that the board receive alternatives for consideration. Art noted that the proposed mid-year budget adjustment was still being refined.
- E. SFPUC schedule for issuing debt:** Art reported that San Francisco has issued no new bonds and that Susan Leal has been asked whether, and if so when, the SFPUC might request RFA assistance.
- F. Wholesale water rates:** The committee discussed whether staff and legal counsel resources should be invested in a master contract amendment to minimize the impact of anticipated rate adjustments. The committee advised that the matter is of lower priority than other pending matters.

5. **Adjourn to Closed Session: General Manager's Performance Review:** The meeting was adjourned to closed session at 2:50pm.
6. **Next Meeting:** The next meeting is scheduled for February 9, at 1pm in the first floor conference room of the BAWSCA office building, 155 Bovet Road, San Mateo.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Arthur R. Jensen", with a long, sweeping horizontal stroke at the end.

Arthur R. Jensen, General Manager and Secretary

ARJ/le

Attachments: 1) Attendance Roster

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY  
Board Policy Committee  
December 8, 2004**

**Attendance Roster**

**Committee Members Present:**

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

**Committee Members Absent:**

Aldyth Parle	City of Santa Clara (Resigned)
Ira Ruskin (Ex-Officio)	City of Redwood City (BAWSCA Chair Resigned)

**BAWSCA Staff Members Present:**

Arthur Jensen	General Manager
John Ummel	Sr. Administrative Analyst
Lourdes Enriquez	Assistant to the General Manager
Ray McDevitt	Hanson, Bridgett, Marcus et al.