

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

**October 12, 2005 – 1 p.m.
155 Bovet Road, 1st Floor Conference Room**

MINUTES

1. Call to Order: 1:05 p.m.

The meeting was called to order by committee Chair, Rosalie O'Mahony at 1:05pm. All members of the committee were present, constituting a quorum. A list of directors present (7) and members of the community attending is attached.

- 2. Public Comments:** Susan Gearhart expressed her concern with the San Francisco Public Utilities Commission's (SFPUC) ability to complete the Water System Improvement Program. She stated that SFPUC's consideration of BAWSCA's comments on the Water System Improvement Program is unsatisfactory. She expressed that BAWSCA should be given more authority because BAWSCA has the interest of Bay Area water users, and because of the amount of money its member agencies will pay.

3. Consent Calendar

M/S/C (Kasperzak/Fergusson; Director Cooper abstained) that the minutes of the August 10th meeting be approved.

- 4. Reports:** Mr. Jensen reported that the Bay Area Economic Forum proposed a study on the economic impacts of draining Hetch Hetchy Reservoir and is seeking sponsors. There are concerns with other potential sponsors of the study, and BAWSCA's association with them. The request to support the study deserves thoughtful consideration. The matter will be brought to the board for any necessary authority if further action is needed.

A draft report on SFPUC's independent review of the WSIP by Parsons Engineering was presented to the commission at its meeting on October 11, 2005. Mr. Jensen reported that Parsons Engineering stuck by the scope of work and was very clear and honest in their review. BAWSCA's assessment of the Parsons' draft report indicates that the program cost is unrealistic, and the schedule is unachievable. The report contains several assumptions and concerns that must be addressed in the next few weeks. The program's cost estimate announced in March 2005 was \$4.3B, and was confirmed by President Sklar as the cost cap at the July 15, 2005 BAWSCA board meeting. The Parsons' report estimates the program costs to be \$5.3B. Two project alternatives were recommended to lower the cost estimate by about \$1B. However, the concerns and recommendations in the consultant's report suggest that even \$4.3B may be unrealistic. One project alternative is to build a 9-mile section of new pipeline at the Tesla Portal instead of constructing a new San Joaquin pipeline #4 all the way across the Central Valley. The

second project alternative is slip-lining portions of Bay Division Pipelines #3 and #4. The recommendations appear to be sound, and favored by the environmental community. BAWSCA technical reviewers want to examine and fully confirm that this project will meet the needs. Mr. Jensen reported that Parsons' \$5.3B estimate includes recommended increased cost contingencies. The contingencies, however, do not include land purchases, costs of delay, or litigation costs.

Parsons' revision of the WSIP schedule shows the program completed in 2014, nearly the same schedule as the one rejected by the commissioners in September 2004. The report cites numerous obstacles that can derail the program from the schedule and recommends that a plan to address each issue should be developed.

Mr. Jensen reported that Ms. Sandkulla delivered BAWSCA's statement on the Parsons' review at the October 11 SFPUC meeting. A copy of the statement was provided to members of the committee present and attending members of the public. BAWSCA's statement highlighted concerns expressed by Parsons, Dr. Ibbs, and BAWSCA's technical experts about program schedule and costs. The BAWSCA statement notes that Parsons' said its review "does not include the depth of analysis necessary to perform a through validation" of the WSIP.

Mr. Jensen reported that BAWSCA's statement was not received well by the commissioners. Ms. Sandkulla reported that Commissioner Werbach was also concerned that the cost for all the projects were not examined by Parsons in detail. Commissioners Brooks and Werbach expressed that they may not be able to approve the WSIP by the end of November, because public comments might raise significant issues on the day of the PUC's public hearing.

Legal Counsel, Ray McDevitt reported that recent litigation on a CalFed PEIR emphasizes the need for clarity and thorough environmental and economic analysis to address possible concerns in the WSIP PEIR. Currently, the WSIP is not clear in stating where future water supply will come from, and SPUC has not decided whether to build the system to provide additional supply. The risk of litigation can threaten the timely execution of the program for up to two years.

Committee members expressed and discussed their concerns with SFPUC's progress with the WSIP, the program costs, financing charges, and how new project scopes may affect the PEIR. Director Wykoff reported that the City of Foster City has seriously looked at desalination in addressing the city's responsibility to have a reliable and uninterrupted source of water. Mr. Jensen stated that each agency should consider what the City of Foster City has done in addressing emergency preparedness.

BAWSCA will continue to work with SFPUC in addressing the completion of nine seismic projects under AB 1823.

5. **Adjournment:** The committee adjourned at 2:43pm. The next meeting is scheduled for December 14, 2005, 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". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

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
October 12, 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
Kelly Fergusson	City of Menlo Park
Mike Kasperzak	City of Mountain View
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
Lourdes Enriquez	Assistant to the General Manager
Ray McDevitt	Hanson, Bridgett, Marcus et al.

Guests:

Jane Ratchye	City of Palo Alto
Sharyn Saslafsky	SFPUC
Susan and James Gearhart	Fremont Residents
Vivian Blomenkamp	League of Women Voters of the Bay Area