

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

**February 15, 2006– 1 p.m.
155 Bovet Road, 1st Floor Conference Room**

MINUTES

1. Call to Order: 1:00 p.m.

The meeting was called to order by committee Chair, Rosalie O’Mahony at 1 o’clock. Six (6) members of the committee were present, constituting a quorum. A list of directors present (6) and absent (1), and members of the community attending is attached.

2. Public Comments: There were no comments from the public.

3. Reports:

Comments by Chair: Committee Chair Rosalie O’Mahony stated that significant work is anticipated for fiscal year 2006-07 and governing bodies of BAWSCA agencies should be informed of the current and future efforts of the agency. The San Francisco Public Utilities Commission adopted the Water System Improvement Program at its meeting on November 29, 2005. The BAWSCA board continues to be firm and committed to the cause of public safety and a reliable supply of water, a cause that San Francisco must treat fairly.

Comments by Committee Members: Director Kelly Fergusson stated that she will attend the upcoming Suburban Advisory Group meeting scheduled for March 16, 2006. Art explained that the existing 1984 Master Water Sales Contract states that San Francisco shall have informational meetings with the agencies that signed water contracts. Meetings have been held annually since 1984 and have historically been attended by management or technical staff of each agency. Notification that this meeting is taking place was sent to BAWSCA board members for their attendance if they wish.

Comments by the General Manager:

Chloramine: A response received from the California Department of Health Services (CDHS) states that it is not aware of any specific studies on the human health impacts of chloramines used as a drinking water disinfectant. BAWSCA will follow up with the Environmental Protection Agency (EPA) for its response, and will forward the request for information to the Centers for Disease Control. Further information received will be distributed at the March board meeting.

Cooling Tower Water Conservation: The Memorandum of Understanding (MOU) between BAWSCA and Santa Clara Valley Water District (SCVWD) for implementing the Cooling Tower Conductivity Program will be presented at the March board meeting.

Publication: An article titled, Forecasting Wholesale Demand and Conservation Savings,” written by Nicole Sandkulla, Ellen Levin, William Maddaus, and Heather Pohl, was published in the February 2006 issue of the national Journal of the American Water Works Association.

Study of economic impacts of water shortage during drought: The SFPUC agreed to work with BAWSCA and the Bay Area Economic Forum (BAEF) in further studying the economic impacts of water supply shortage during drought. Mr. Jensen will meet with Tony Irons to discuss the objectives and approach of the study. There has been no agreement made on who will incur the cost for the study. An MOU to address the cost issue was suggested and will be considered. The committee agreed with Director Beecham who stated that this was something SFPUC should have done at the outset.

Wholesale water bill credit: The Master Contract compliance audit for FY 2002-2003 reported a \$1.1M credit due to suburban customers. The SFPUC applied for and received, in fiscal year 2001-02 and 2002-03, a total reimbursement of \$1,981,252 from the Federal Emergency Management Act (FEMA) and the California Office of Emergency Services (CA OES) for a portion of the costs of rebuilding the South Fork Bridge. The credit will be reflected as a reduction from what next year's wholesale water rates would otherwise have been.

Water System Improvement Program (WSIP):

SFPUC Notice of Changes to the WSIP: On January 19, 2006, SFPUC submitted its report to the California Seismic Safety Commission (CSSC), CDHS, and Joint Legislative Audit Committee on the WSIP changes adopted by the SFPUC commissioners. CDHS and CSSC must evaluate the document and provide a report to the legislature with their respective assessments of how the program revisions impact public health and safety. BAWSCA will send comments and recommendations to the CSSC and CDHS, citing factors that should be considered during their evaluations. Issues that will be presented to the commission include corrections, schedule concerns and clarifications. While the current program is better than what it was 2 years ago, and the program completion date 2 years earlier than before, 8 of 9 major seismic safety projects are delayed. The CSSC will discuss the report at its March 9th meeting, and will release its assessment in April.

Quarterly Progress Report : SFPUC's first quarterly report was released on February 14th, and will be distributed to the board by the March meeting. The report is responsive to BAWSCA's input, and provides information on what problems are anticipated, what actions have been or will be taken, and progress made on individual projects.

4. Action Calendar

Approval of Minutes from the December 14th Meeting:

M/S/C (Reynolds/Fergusson; Unanimous) that the minutes of the December 14, 2005 meeting be approved, provided that the attendance of strategic counsel, Bud Wendell is reflected.

Directors Expense Reimbursement: Legal counsel presented a draft policy for reimbursement of expenses incurred by members of the BAWSCA board of directors for review of the committee before it is presented to the board for consideration at a public meeting. The committee proposed several changes to further clarify reimbursable activities provided that changes proposed by committee members are incorporated to further clarify reimbursable activities in Sections 2-A,

fourth bullet; Section 2-B; Section 2-C, fourth bullet; Section 3-A, Airfare; and Section 4, and voted unanimously to recommend adoption of the policy at the March board meeting.

M/S/C (Reynolds/Cooper; Unanimous) that the Board Policy Committee recommend board approval of the draft policy on reimbursement of expenses incurred by the members of the BAWSCA Board of Directors as discussed by the committee.

Washing Machine Rebate Program FY 06-07: Nicole Sandkulla reported that Proposition 13 grant funds for the current Washing Machine Rebate Program will expire within February. A regional program developed in collaboration by BAWSCA and ten other Bay Area water agencies will be partially funded by a new Proposition 50 State Grant. Electric Gas Industries Association (EGIA) is the recipient of the \$1,534,350 grant, and is the administrator for the program. BAWSCA's share of the grant is \$187,500. Because the grant was awarded to EGIA, participating agencies of the regional program are required to contract with EGIA to access the grant monies. BAWSCA's existing contract terms and conditions with EGIA are not expected to change significantly for the regional program in FY 06-07. Changes to the contract will reflect the use of grant monies from Prop 50, and the expected number of total rebates that will be processed in FY 06-07. During FY 04-05, over 2,900 rebates were paid to customers totaling to \$389,650. Fifty percent of the total dollars paid was offset by the use of the current Prop 13 Grant. Since the beginning of the program in 2001, over 10,250 rebates have been paid to customers of participating BAWSCA member agencies. These agencies have expressed interest in continuing to participate in the FY 06-07 program. The committee voted unanimously to recommend that the board authorize the general manager to negotiate and execute a contract with EGIA, subject to legal counsel's final review, to offer the program to interested BAWSCA member agencies, and for implementation of the washing machine rebate program for fiscal year 2006-07.

M/S/C (Cooper/Fergusson; Unanimous) That the Board Policy Committee recommend Board authorization for the general manager to negotiate and execute a contract with EGIA, subject to legal counsel's final review, for implementation of the Washing Machine Rebate Program in FY 2006/2007.

Preliminary FY 2006-07 Budget: Mr. Jensen presented the preliminary budget for FY 06-07 to fund a work plan that focuses on nine results to be achieved, with specific focus on monitoring the progress of the WSIP, ensuring sound environmental analyses for rebuilding the system, and negotiating a new water contract. The preliminary budget is 9.1% higher than the FY 2005-06 budget. Budget funding alternatives include using the remaining \$128,000 from the BAWUA reserve and a 9.2% increase in agency payments.

Preliminary budget issues for board consideration include the list of planned achievements, the preliminary budget of \$2.92M, 1.74% COLA increase to the top step of staff position salary ranges, whether to provide an allowance for adjusting the general manager's compensation, review of compensation for one position, accommodation of religious holidays, and the budget funding plan.

Bern Beecham cited the amount of work that must be done with San Francisco on the WSIP, the PEIR, and the new water contract negotiations.


Roberta Cooper stated that it is difficult for her to approve a budget increase, but noted the importance of the substantive work needed on the negotiations of a new water contract. She

recommended looking into cost savings and identifying the vital work that the budget must include.

The committee concurred with the planned achievements for FY 06-07, recommended consideration of religious holidays and review of compensation for one position, and the 1.74% increase to the top step of staff position salary ranges. Director Cooper favored no increases in the budget. Committee members Beecham, Fergusson, Kasperzak, O'Mahony, Reynolds and Wykoff supported providing an allowance in the budget for general manager merit compensation. Four members of the committee supported increasing member agency assessments, one member opposed, and one was neutral.

5. **Adjournment:** The committee adjourned at 3 o'clock. The next meeting is scheduled for April 12, 2006, 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
February 15, 2006**

Attendance Roster

Committee Members Present:

Rosalie O'Mahony	City of Burlingame (Chair)
Bern Beecham	City of Palo Alto (Vice-Chair)
Kelly Fergusson	City of Menlo Park
Chris Reynolds	Skyline County Water District
Roberta Cooper	City of Hayward
Rick Wykoff	Estero Municipal Improvement District

Committee Members Absent

Mike Kasperzak	City of Mountain View
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BAWSCA Staff Members Present:

Arthur Jensen	General Manager
Nicole Sandkulla	Senior Water Resources Planner
John Ummel	Senior Administrative Analyst
Benjamin Pink	Water Resources Coordinator
Lourdes Enriquez	Assistant to the General Manager
Ray McDevitt	Hanson, Bridgett, Marcus et al.
Bud Wendell	Management Communications

Guests:

Vivian Blumenkamp	League of Women Voters Bay Area
Amy Fowler	Santa Clara Valley Water District
Jane Ratchye	City of Palo Alto
Sharyn Saslafsky	San Francisco Public Utilities Commission