

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

**October 10, 2007 – 1:30 p.m.
155 Bovet Road, 1st Floor Conference Room**

MINUTES

1. Call to Order: 1:30 p.m.

The meeting was called to order by committee Chair, John Fannon at 1:30. Nine (9) members of the committee were present, constituting a quorum. A list of directors present (9) and members of the community attending is attached.

2. Public Comments: There were no public comments.

3. Reports:

Comments by Chair: Committee Chair John Fannon asked about comments on the draft PEIR from BAWSCA member agencies.

General Manager's Reports:

- a. Water System Improvement Program (WSIP) – Status Report: The WSIP Program Risk Assessment done by Parsons and CH2MHill was presented to the commissioners of the SFPUC on September 25th. Art reported that the results of the analysis show a risk of overruns and potential problems that could affect the program schedule. Two workshops are scheduled during the month of October.

Art stated that the risk analysis should be examined together with the pending analyses of project budgets and project schedules. The commission may consider a 5% program level contingency budget or reduce project scopes. Art noted that the program is only 8 percent completed and recommends that the commission not make any decisions until the program is further along. Art also said that he would not suggest that the Commission postpone the inevitable; if some problems are inevitable, those problems should be addressed as soon as possible. The cost of the program has risen over time, from \$2 billion in 2001 to \$4.3 billion in 2005, as the projects and program became better defined. BAWSCA has previously stated that the program cost appeared too conservative and the schedule too aggressive. Art reminded the committee that the program was originally undertaken to protect public health, safety and economic well-being. The potential economic impacts of water outages are high. Worthwhile modifications of scope should be supported. But the scope changes should not be made merely for the sake of keeping the program on schedule and budget.

In December the SFPUC plans to notify the public about hearings to consider any project changes. Adoption of any project changes is scheduled to be done in January 2008.

Director Guzzetta asked how the level of service goals are portrayed relative to risks, and what impacts would any project changes have on the system's reliability. Art stated that the current project scopes are what wholesale customers would want them to be, and that changes would be acceptable if SFPUC can demonstrate that changes to the scopes have minimal impacts to system reliability. Art also noted that the level of service goals are very general statements and that projects may be important to reliability even if they do not appear to contribute to the stated level of service goals.

Director Fergusson asked if there have been any changes with the Calaveras Dam Project. Art explained that BAWSCA does not currently see how projects scopes evolve since SFPUC decreased its communication with BAWSCA last February.

Director Wykoff asked if there have been cost analyses done on alternative water supply. He considers the San Francisco system to be inherently unreliable due to variable hydrology, climate change, and earthquakes. The feasibility of desalination and recycled water as alternative sources were discussed in general terms.

- b. WSIP Draft Program Environmental Impact Report – Submission of comments: Art reported that there were over 143 comment letters submitted to the San Francisco Planning Commission. The deadline of October 1st has been extended to October 15th. An informational presentation and hearing to receive the Planning Commission's and the public's comments on the draft PEIR has been scheduled for October 11th. Mr. Jensen will attend the hearing and testify.

BAWSCA's final comment letter addresses the overall themes and the proposals discussed with and supported by the TAC, the BPC, and BAWSCA board. Art reported that the final document is a high quality and well-focused work product. Member agencies submitted independent comment letters as well as valuable materials that were incorporated into BAWSCA's comments. The technical support and review of the draft PEIR was a combined effort between BAWSCA staff and consultants. Hanson Bridgett envisioned the approach, wrote the majority of the text, and managed the production of the final letter.

The message of BAWSCA's comment letter is that the draft PEIR is a conscientious and largely successful effort to meet CEQA's requirements. It does not, however, convey the risks to public health and safety, and the urgent need of rebuilding the regional water system. BAWSCA proposed that the Environmentally Superior Alternative be improved. Net increases in flow in the lower Tuolumne River might be achieved through additional agricultural water conservation. Bay Area customers could financially support the additional agricultural conservation. BAWSCA's letter recommends this possibility be further described and evaluated.

BAWSCA's comment letter clarifies information on the wholesale customers' diversity of existing water supplies, commitment to conservation, and wise management of water resources. Initial reactions received from the SFPUC were positive.

Other organizations that provided comments include:

- Environmental Defense
- San Francisco Planning and Urban Research Association.
- Joint comments were submitted by Turlock Irrigation District and Modesto Irrigation District.
- Joint comments were submitted by the Tuolumne River Trust commented with the Sierra Club and Clean Water Action.
- Joint comments were submitted by the San Luis & Delta Mendota Water Authority, Kern County Water Agency and Westlands Water.

BAWSCA and legal counsel will be compiling and reviewing the comments submitted by others. The San Francisco Planning Commission will consider action on the adequacy of the final PEIR in Spring 2008. Following the Planning Commission's certification of the PEIR, the SFPUC will consider action on WSIP projects included in the PEIR. Art reported that it was confirmed at the SFPUC meeting on October 9th that further delays of the PEIR will impact project schedules.

It is critical that the planning commission understand the importance of the WSIP projects. BAWSCA is communicating with the Major Environmental Analysis (MEA) Division under the San Francisco's Planning Department, to ensure that they are aware of the urgency for the WSIP.

- c. Item Requested by Director Swegles: The request by Director Swegles to look into sub-metering for multi-family units as an incentive to conserve water, will be deferred to December. Art will further look into how the issue relates to BAWSCA.

4. **Action Calendar:**

- a. Approval of the Minutes from the August 8, 2007 Meeting: It was clarified that Director Craig was absent at the meeting of August 8th, and that the minutes should reflect that seven members were present, and two were absent.

M/S/C (O'Mahony/Kolstad/Unanimous) that the minutes of August 8, 2007 be approved as corrected.

- d. Distribution of Stopwaste.org Bay-Friendly Landscape Guidelines: During the summer, staff has informed the TAC, the board policy committee and the board about Stopwaste.org Bay Friendly Guidelines and how they promote numerous sustainable practices including minimizing water usage. Staff discussed a legislation passed in 2006, AB 1881, that requires the Department of Water Resources (DWR) to develop an updated water efficient landscape model ordinance by January 1, 2009. By January 1, 2010, cities and counties are required to adopt the state's model ordinance or a local

ordinance with similar provisions designed to promote conservation and increase water use efficiency.

The Bay Friendly Landscape Guidelines is a 62-page bound publication that can serve as a resource for landscape professionals and homeowners in incorporating water conservation into their landscaping practices. Copies of the guidelines were provided to each member of the committee.

Staff recommends distribution of a memo to member agencies that would 1) remind cities about the legislation requiring DWR to update its model landscape ordinance and informing them of DWR's current schedule, and 2) provide a copy of the Bay Friendly Landscape Guidelines as an informative resource for their staff, their customers, as well as for landscape professionals.

M/S/C (Wykoff/O'Mahony/Unanimous) that the committee recommend board authorization for BAWSCA to distribute a memo informing member agencies of DWR's model landscape ordinance, and transmitting a copy of the Bay Friendly Landscape Guidelines.

- e. Change in Program Administration for Residential Washing Machine Rebate Program to PG&E Partnership: BAWSCA's Washing Machine Rebate Program (WMRP) has been successful since its inception in 2001. Art reported that a new opportunity to partner with Pacific Gas and Electric (PG&E) has arisen, that would coordinate water and energy rebates to customers into a single program. The partnership would involve PG&E assuming the role of program administrator, which is currently held by the Electric and Gas Industries Association (EGIA).

By switching to PG&E, water agencies will have lower administration costs because the current \$850/month administrative fee will be eliminated, and the rebate processing fee of \$6.25 per rebate will be reduced to \$6 per rebate. The program will have greater visibility and an expected higher participation level. Customers will benefit from having one application form for both water and energy rebates, and ease in accessing and understanding the program. All program costs are paid by participating BAWSCA agencies.

The goals of administering the program through PG&E are to provide greater customer benefits and higher levels of water and energy savings through increased participation generated by PG&E's broad program marketing.

The current FY 2007-08 contract that BAWSCA and other Bay Area water agencies have with EGIA would need to be terminated if program administration were changed to PG&E. EGIA is aware of the discussions with PG&E, and is prepared to support the transition with PG&E.

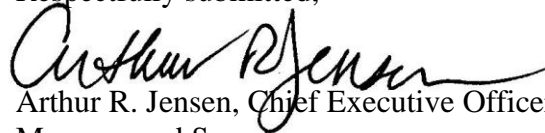
Continuing the program with EGIA will be more costly than partnering with PG&E, and will not provide the benefits that a partnership with PG&E can provide. BAWSCA does not recommend initiating an RFP because no other private party is known to provide similar services at a cost better than PG&E.

A modified recommendation was presented to the committee to include administration of the program through FY 2008-09.

M/S/C (O'Mahony/Reynolds/Unanimous) that the committee recommend board authorization for the Chief Executive Officer/General Manager to negotiate and execute a contract with PG&E, subject to legal counsel's final review, for implementation of the WMRP in FY 2007-08. All program costs are paid by participating BAWSCA agencies.

5. **Comments by Committee Members:** Director Ferguson reported that the City of Menlo Park will be holding a study session on water policies to promote conservation, diversity water supply and look at the status of current water supply conditions. The goal of the session is to be informational and to bring visibility to what the City of Menlo Park is doing.
6. **Adjournment:** The committee adjourned to closed session at 2:40pm. The next meeting is scheduled for December 12, 2007, at 1:30pm in the first floor conference room of the BAWSCA office building, 155 Bovet Road, San Mateo.

Respectfully submitted,



Arthur R. Jensen, Chief Executive Officer/General
Manager and Secretary

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Attachments: 1) Attendance Roster

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
Board Policy Committee
October 10, 2007**

Attendance Roster

Committee Members Present:

John Fannon, Chair	Town of Hillsborough
Robert Craig, Vice Chair	Westborough Water District
Cyril Bologoff	City of Brisbane
Kelly Fergusson	City of Menlo Park
Rob Guzzetta	California Water Service Company
Patrick Kolstad	City of Santa Clara
Rosalie O'Mahony	City of Burlingame
Chris Reynolds	Skyline County Water District
Rick Wykoff	Esterro Municipal Improvement District

BAWSCA Staff Members Present:

Arthur Jensen	Chief Executive Officer/General Manager
Benjamin Pink	Water Resources Planner
Ray McDevitt	Hanson, Bridgett, Marcus et al.
Lourdes Enriquez	Assistant to the CEO/General Manager

Guests:

Vivian Blomenkamp	League of Women Voters
Sharyn Saslafsky	San Francisco Public Utilities Commission
Gopi Nathan	American Water, City of East Palo Alto