

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

**October 22, 2008 – 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 1:35. Ten (10) members of the committee were present, constituting a quorum. A list of directors present (10) and absent (1) and members of the community attending is attached.

2. Public Comments: There were no public comments.

3. Reports:

Comments by the Chair and Committee Members: There were no comments from the Chair and members of the committee.

Chief Executive and General Manager's Reports:

A. Water Supply Conditions: Water Year 2008 (WY), beginning October 1, 2008 through September 30, 2008, was dry for the regional water system. Voluntary conservation continues. The available inflow to Hetch Hetchy in WY 2008 is only 70% of San Francisco's and the Wholesale Customers' water use in FY 2006-07. Bay Area watersheds have also been dry. A mandatory water rationing for the regional water system can be expected if dry conditions persist.

B. Drought Contingency Planning: Mr. Jensen reported that the current Water Shortage Allocation Agreement with San Francisco defines a drought contingency plan, including milestones and dates for necessary actions.

A "water year" spans the months of October through September. On average for the San Francisco system, half of the annual precipitation falls after January 31st. The SFPUC releases its first estimate of water supply conditions on February 1st and indicates whether a drought shortage may exist. Updates to water supply conditions and drought forecasts are provided in March. Following completion of the Sierra Snow Survey on April 1st, the SFPUC updates the water supply forecast, and if appropriate, makes a formal declaration of drought shortage.

If the SFPUC declares a water shortage, allocations for San Francisco and the wholesale customers are determined as well as allocations for each agency, in accordance with the formulae in the existing Water Shortage Allocation Agreements. BAWSCA's administrative role is to perform the calculations of each agency's allocation percentages.

By June 1st, the SFPUC should have final drought allocations and monthly water budgets for each agency.

Mr. Jensen noted the requirements of Proposition 218 in relation with the timeline of the drought allocation plan. The potential for drought rationing should be addressed and presented by agencies during rate hearings. Legal Counsel advised that having a drought rationing rate structure is beneficial, and that thresholds for drought rates and financial penalties should be clearly stated.

Director Wykoff commented the criticality of looking at uninterruptible water supply, which Director Quirk supported. Director Pierce stated the importance of agencies to diversify their water supplies.

- C. High Efficiency Toilet Rebate Program Continuation: Mr. Jensen reported that the anticipated regional program with East Bay Municipal Utility District (EBMUD) will not begin in January 1, 2009, as originally expected. BAWSCA will continue to offer the HET Program to interested member agencies after the current program expires on December 31, 2008. Fourteen BAWSCA member agencies are currently participating in the program, and are highly interested in continuing to offer rebates to their water customers.

No action from the committee and board is required. Implementation costs for the program are paid for by the participating agencies, except for the costs of printing application forms and brochures. The printing costs fall within the BAWSCA CEO/General Manager's spending authority of \$10,000 or less. The item is an informational item for members of the committee, and will be reported to the board at its meeting in November.

- D. San Francisco Water System Improvement Program: The San Francisco Planning Department will consider certification of the Final PEIR (FPEIR) on October 30th at 1:30pm. At 5pm, immediately following the SF Planning Commission's meeting, the SFPUC Commission will consider adoption of the SFPUC staff's recommendation on the WSIP.

The FPEIR appears adequate. It provides thorough responses to comments critical of the water demand projections, and supports the methods used and the projections that resulted. The FPEIR does not address the impacts of water supply reductions and interruptions to the cities of San Jose and Santa Clara. Rather, San Francisco will address those impacts through California Environmental Quality Act (CEQA) compliance if and when action is taken to reduce deliveries to those cities.

The SFPUC's proposed WSIP variant limits system-wide water sales from watersheds to 265mgd until at least 2018. Wholesale customers are limited to 184mgd, 10mgd less than projected for 2018, and San Francisco is limited to 81 mgd. Significant financial incentives will be imposed by San Francisco so that agencies, including San Francisco, will stay within these limits. BAWSCA's recommendation include, applying financial incentives throughout the system, and not just to wholesale customers. Any collected fees would be dedicated to environmental improvement. The fees could not be used to fund water conservation.

The variant would provide water to San Jose and Santa Clara with conditions for reducing or interrupting deliveries if the supply limitation would be exceeded in 2018. San

Francisco would issue the cities a conditional 5-year notice of reduction or interruption, which could be rescinded if projected 2018 sales fall below the limitation. BAWSCA and the cities of San Jose and Santa Clara would cooperate in developing alternative water sources for San Jose and Santa Clara. San Francisco could make the two cities permanent customers in 2018, if San Francisco determines it has sufficient water supply to do so.

Mr. Jensen reported that the SFPUC Citizens Advisory Committee (CAC), of which he is a member, considered recommending the commission's adoption of a 265mgd limitation on diversions instead of in sales. The motion failed

- E. Anniversary of BPC's recommendation for BAWSCA to distribute StopWaste.org Bay Friendly Landscape Guidelines: One year ago, on October 10, 2007, the committee voted unanimously to recommend that the board authorize BAWSCA staff to distribute a memo regarding the Bay Friendly Landscape Guidelines to each member agency. The BAWSCA board approved the recommendation and urged agencies to consider the guidelines

To date, Santa Clara and San Mateo Counties and six cities in the BAWSCA service area are implementing some aspect of the guidelines. The City of Hayward is considering a landscape ordinance covering single family, multi-family and commercial developments. Hayward has already adopted the guidelines for city facilities.

Mr. Jensen stated that the guidelines have a potential to conserve water as well as other resources. It is difficult to quantify the potential water supply benefit of the guidelines because there are no estimates of how soon the ordinances might affect existing landscaping and the resulting water savings.

Director Quirk stated that despite the absence of percentage savings, he believes that using the guidelines on new developments, park districts, or commercial projects significantly reduce water use. For the City of Hayward, the Bay Friendly Guidelines are a better alternative to having residents and businesses abandon landscaping.

Ms. Sandkulla explained that the Bay Friendly Guidelines are similar to the State Ordinance, which generally focuses on water management and water-waste prevention. Bay Friendly Guidelines deal with water conservation, run-off and the use of chemicals, such as pesticides. Director Pierce suggested that BAWSCA gather member agencies' landscape guidelines. Nicole stated BAWSCA is in the process of doing so and will report back its findings.

The Bay Friendly Landscape Guidelines can set a good example and educate people about the choices they make as water costs increase

4. Action Calendar:

- A. Approval of the Minutes from October 22, 2008 Meeting:

M/S/C (O'Mahony/Kolstad/Unanimous) that the minutes from the special meeting of September 3, 2008 be approved and filed with amendments to the 4th paragraph on page 5 by Director Quirk.

- B. Authorization to extend contract with PG&E for the Washing Machine Rebate Program for FY 2009-10: BAWSCA's partnership with PG&E on the Residential Washing Machine Rebate Program (WRMP) has been successful. Fourteen member agencies are participating in the current program that began on January 1, 2008 and runs through December 31, 2008. To allow for a 6-month close-out period, BAWSCA's contract with PG&E runs through June 30th 2009.

The participating agencies have expressed their interest in continuing the program when it expires at the end of the year. PG&E begins a new program from January 1st through December 31st 2009, as it operates on a calendar year. To participate in the program through the year 2009, BAWSCA's contract with PG&E will have to be extended to run through June 30, 2010.

M/S/C (Quirk/Kolstad/Unanimous) That the committee recommend the board to authorize the CEO/General Manager to amend the contract with PG&E, subject to legal counsel's final review, to:

- **Extend the end date through FY 2009-10 for the implementation of the Washing Machine Rebate Program from January 1 through December 31, 2009; and**
- **Offer participation in the program to BAWSCA member agencies for FY 2009-2010.**

5. **Comments by Committee Members:** Chair Fannon announced that he will be out of town and will not be able to attend the next regularly scheduled meeting in December.
6. **Adjournment:** The committee adjourned at 2:50. The next meeting of the committee is December 10, 2008 at 1:30pm in the 1st floor conference room of the BAWSCA office building.

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 22, 2008**

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
Patrick Kolstad	City of Santa Clara
Rosalie O'Mahony	City of Burlingame
Barbara Pierce	City of Redwood City
Bill Quirk	City of Hayward
Chris Reynolds	Skyline County Water District
Rick Wykoff	Esteros Municipal Improvement District

Committee Member Absent:

Rob Guzzetta	California Water Service Company
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BAWSCA Staff Members Present:

Arthur Jensen	Chief Executive Officer/General Manager
Nicole Sandkulla	Senior Water Resources Engineer
John Ummel	Senior Administrative Analyst
Lourdes Enriquez	Assistant to the CEO/General Manager
Ray McDevitt	Hanson, Bridgett, Marcus et al.

Guests:

Bill Collins	Town of Pacifica
Peter Drekmeier	Tuolumne River Trust
Marilyn Mosher	City of Hayward
Nicolas Procos	City of Palo Alto
Sharyn Saslafskey	San Francisco Public Utilities Commission