

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

**September 3, 2008 – 1:30 p.m.  
155 Bovet Road, 1<sup>st</sup> 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. All 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: Committee Chair Fannon welcomed Directors Barbara Pierce of Redwood City, and Bill Quirk of Hayward, as new members of the committee.

Directors Quirk and Pierce thanked Committee Chair Fannon and Board Chair Rosalie O'Mahony for appointing them to the committee.

Director O'Mahony reported that the Hetch Hetchy tour conducted by the Water Education Foundation (WEF) in July 2008, and sponsored by BAWSCA and the SFPUC, though expensive, was very informative and illustrated the scale of the regional system's need for seismic improvements. Ed Harrington's participation as a speaker, and the presentations by SFPUC staff members and other stakeholders were very helpful.

Mr. Jensen stated that the cost of the Hetch Hetchy tour is higher than when BAWSCA use to do tours several years ago. However, the WEF engages a wide range of experts and performs all of the logistics and other resources.

General Manager's Reports:

A. Legislative Update: Assembly Member Ira Ruskin wrote a letter to the Chief Clerk of the California State Assembly to record in the Assembly Journal the intent of AB 2437 that the Seismic Safety Commission and Department of Public Health refer to the most recently adopted program schedule when conducting their reviews of program changes.

Mr. Jensen reported that AB 2175, a bill that would require statewide water use reduction, failed to be enacted. Controversy remains in the urban and agricultural sectors. The authors were sincere in trying to accommodate concerns, but no agreement was reached. The bill may be re-introduced next year, although the primary author, Mr. Laird, is termed out.

Director Quirk asked about taking the Best Management Practices (BMP) approach, and mandating appropriate irrigation and landscaping standards. Mr. Jensen explained that there is a history of debate regarding whether water conservation performance measures should be based on numerical water use reduction goals or implementation of specified best practices. Some argue that numerical goals are superior to specifying practices because they lead to absolute measures of water savings. Others argue that numerical goals must be different for different regions, such as hot dry regions and cool wet regions, and that best practices are a better means for regulating water use efficiency. Still others argue that best practices are not practical or economical for some service areas, such as educational and residential programs in industrial areas. Finally, some argue that standards should not be set by State agencies in Sacramento which cannot be held accountable for possible impacts to local customers and communities. Historically, the California Urban Water Conservation Council (CUWCC) has based its progress reporting system on the BMPs for Water Conservation

Nicole Sandkulla stated that implementing CUWCC's BMPs can be beneficial for agencies. BMP reports, which can now be done online, can potentially take the place of the agency's Urban Water Management Plan.

At its meeting with the Technical Advisory Committee (TAC) BAWSCA will discuss what role BAWSCA should play in tracking developments of statewide water conservation efforts and the potential re-introduction of AB 2175. BAWSCA could work with San Francisco, the Bay Area Water Agency Coalition (BAWAC), Association of California Water Association (ACWA), and other organizations to represent the interests of BAWSCA member agencies

**B. San Francisco Water System Improvement Program**

- a. Reports from the California Seismic Safety Commission and California Department of Public Health: The state agencies' reviews of the changes to the WSIP have been submitted to the Joint Legislative Audit Committee (JLAC).

BAWSCA participated in conference calls held by CSSC during the preparation of their report, and was impressed by the level of detail of the commission's review. In its report, the CSSC commented that it is unable to identify the significance of changes to public health and safety because of its limited review time and resources. The commission recommends the SFPUC convene an independent review board of qualified seismic experts. Mr. Jensen reported that the SFPUC has a review board, but it currently includes members who are employees or consultants working on WSIP projects.

Director Fergusson asked whether the SFPUC has considered international experts in their panel. Ms. Sandkulla stated that she has never seen SFPUC's distribution list for the seismic reviews, and will ask if international experts have been considered. Director Quirk asked about concerns from the CSSC about system redundancy. Mr. Jensen reported that the SFPUC is still preparing responses to concerns of the CSSC

and CDPH including the redundancy issues BAWSCA raised relative to the Sunol Valley facilities.

Additional recommendations by the CSSC include: 1) community outreach from both the SFPUC and BAWSCA on the current risks of seismic events, and 2) SFPUC action to avoid environmental delays to projects.

The California Department of Public Health recommended that SFPUC implement its earlier program management recommendations to ensure schedules can be met, re-examine the reliability of Sunol Valley facilities, investigate the acceleration of projects at the Hayward Fault crossing, and re-evaluate and examine concerns at the Harry Tracy Water Treatment Plant.

BAWSCA will monitor the SFPUC's responses to the recommendations made by the CSSC and CDPH.

- a. SFPUC June 30<sup>th</sup> Quarterly Progress Report: Mr. Jensen reported that the quarterly progress report as of June 30<sup>th</sup> has not yet been released. The previous progress report for the period ending March 31, 2008 included the schedule re-alignment following the SFPUC's adoption of a new schedule in December 2007. Mr. Jensen emphasized that the report ending June 30<sup>th</sup> will be the first report to include the progress made in the WSIP since the adoption of a new schedule.

The annual progress report SFPUC is required to submit to the State every 1<sup>st</sup> of September was submitted electronically without the June 30<sup>th</sup> quarterly progress report. The cover transmitting the annual report noted that the June 30<sup>th</sup> progress report would be provided later in hard copy. BAWSCA looks forward to receiving and reviewing the quarterly report with BAWSCA's technical experts

- b. Program Environmental Impact Report Certification by the San Francisco Planning Commission: The San Francisco Planning Commission is expected to release the Final PEIR to the public at the end of September, and certify the document at the end of October. Mr. Jensen stated that if the final PEIR does not adequately address the issue of supply limitation, the deficiency can be appealed to the San Francisco Board of supervisors. BAWSCA may have to act promptly, with legal counsel's support, to ensure that the interests of member agencies are protected.
- c. Program Adoption by the San Francisco Public Utilities Commission: The SFPUC is expected to publicly release a description of the program to be adopted immediately following the certification of the PEIR at the end of October. The date of release of this program has not yet been announced.
- d. Potential Supply Limitation: Mr. Jensen stated that SFPUC's program is expected to include some supply limitation until at least 2018. San Francisco's letter to the Planning Commission in May 2008 asked for an additional analysis on the PEIR that would impose a supply limit of 184mgd until at least 2018 on sales of water to

wholesale customers. Mr. Jensen stated that any supply limitation should be applied to the total sales in the system.

Details of the variant and how it would be implemented are not yet known, but are key to BAWSCA's evaluation and input. San Francisco agreed to provide BAWSCA a written description of the program it plans to bring to the SFPUC commissioners for adoption.

In response to Director Pierce's questions, Art stated that BAWSCA has a good working relationship with staff members in both the SFPUC and San Francisco Planning Department.

Sharyn Saslafsky of SFPUC reported that Mayor Newsom's appointment of Ann Moller-Caen, F.X. Crowley, and Francesca Vietor as SFPUC Commissioners were approved by the Board of Supervisors. They will take their oaths of office at the September 9<sup>th</sup> Commission meeting. The Rates and Utilities seats remain unfilled.

**4. Action Calendar:**

A. Approval of the Minutes from the June 11, 2008 Meeting:

**M/S/C (Fergusson/Kolstad/Unanimous) that the minutes from the meeting of June 11, 2008 be approved and filed.**

B. Authorization to Negotiate and Execute a Professional Services Agreement and Transfer Funds to Augment Budget for the Development of a Water Conservation/Recycling Implementation Plan: Mr. Jensen reported that the Request for Proposals were sent to more than 40 consultants. Proposals were received from Maddaus Water Management and Brown & Caldwell (MWM), and Erler & Kalinowski (EKI).

Estimated costs received from both MWM and EKI exceeded BAWSCA's approved budget of \$120,000. The majority of the additional costs are associated with the labor required to update water demand projections for each BAWSCA member agency, and the analytical work involved in working with agencies to ensure accuracy.

BAWSCA worked with a review panel comprised of representatives from Palo Alto, Stanford, and Santa Clara Valley Water District, in reviewing the written proposals and interviewing the consultants.

The panel unanimously recommended that BAWSCA select MWM to perform the study based on their experience with water demand projection methodology, their experience with implementing conservation programs, and the quality of their proposal.

MWM's scope of work will include updating the water demand projections to reflect new population and employment projections, as well as including actual conservation achieved during the past four years. New water conservation measures will be identified and evaluated, and an implementation strategy will be prepared. MWM will work with the

Technical Advisory Committee (TAC) and CEO to identify the best alternatives in developing the implementation plan that address identified conservation goals. Mr. Jensen reported that MWM has expertise in financing regional conservation programs and can give BAWSCA recommendations for financing strategies.

If the board approves the recommended action, staff would negotiate with MWM and examine opportunities to reduce the overall cost of the study. However, BAWSCA and the selection committee do not recommend altering the overall scope of work significantly.

Mr. Jensen reported that pre-audit estimates shows that FY 2007-08 closed with unspent funds of \$370,000 instead of the \$250,000 amount previously estimated in May 2008. The general manager presented a revised recommendation to transfer funds from the general reserve to fund the study up to a total contract amount not to exceed \$225,000.

Director Quirk supported the study even at the increased cost and commented that it is important to look at Smart Growth among agencies, and obtain the latest projections to update the input data for the models. Ms. Sandkulla reported that the models are not outdated, although the Association of Bay Area Governments (ABAG) had not come out with its most recent Smart Growth projections prior to finalization of the DSS models. This update will be beneficial to the agencies.

Director Quirk also suggested looking at the cost of desalination versus water conservation/recycling and taking existing studies to compare it with BAWSCA's study. Mr. Jensen stated an earlier comparison will be updated and provided to the board.

Director Fergusson stated that price elasticity is important to Menlo Park, and the city would like to implement rate adjustments intelligently. Mr. Jensen explained that price structure does not save water. Rather, that water is saved by how people respond to a price increase by changing their behavior. Price elasticity is an important incentive mechanism for conservation, but is not a conservation measure in and of itself.

Director Pierce commented that communities vary in their motivations and their environmental views. She hopes that the consultants link with land use agencies to see how people use water.

Director Guzzetta commented that the conservation measures should be region-specific. Cal Water is working with cities in providing resources to efficiently re-landscape homes that have been abandoned as a result of the current economy. Ms. Sandkulla commented that the concept of ordinances is getting stronger support.

**M/S/C (Kolstad/Fergusson/Unanimous) that the committee recommend the board to:**

- 1. authorize the CEO/General Manager to negotiate and execute a contract with Maddaus Water Management and Brown & Caldwell, or the second-rated firm if negotiations cannot be completed successfully, subject to legal counsel's approval; and,**

**2. authorize the transfer of funds from the general reserve to fund the study up to an amount not to exceed \$225,000**

Peter Drekmeier of the Tuolumne River Trust (TRT) expressed his support of the committee's approval of the recommendation to move forward to complete the Conservation/Recycling Implementation Plan. He reported that he forwarded BAWSCA's RFP to consultants he knew, and received feedback that \$120,000 was not enough.

Mr. Drekmeier stated that BAWSCA and TRT agree majority of the time, and clearly see each other's positions. TRT is eager to work with BAWSCA and assist where it can.

With regard to the supply limitation, TRT believes that San Francisco should also have a cap if the wholesale customers do.

- C. Authorization to Extend Office Lease: Mr. Jensen reported that the current office lease of \$2.40/sq.ft. would increase to \$3.20/sq.ft. beginning November 1, 2008, and that appropriate funds were included in the FY 2008-09 budget.

The cost of other properties in the area, as well as the cost of moving were examined and the proposed lease rate is competitive. Committee members asked about consideration of adjacent properties as well as East Bay and South Bay properties.

**M/S/C (O'Mahony/Kolstad/Unanimous) that the committee recommend the board to authorize the CEO/General Manager to extend the current lease for a period of three years.**

6. **Comments by Committee Members:** There were no comments by members of the committee.
7. **Adjournment:** The committee adjourned at 3:05. Because the next regularly scheduled meeting on October 8, 2008 falls on Yom Kippur, the committee concurred to re-schedule the next meeting of the committee on October 22, 2008 at 1:30pm in the 1<sup>st</sup> 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  
September 3, 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
Rob Guzzetta	California Water Service Company
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

**Committee Member Absent:**

Rick Wykoff	Estero Municipal Improvement District
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**BAWSCA Staff Members Present:**

Arthur Jensen	Chief Executive Officer/General Manager
Nicole Sandkulla	Senior Water Resources Engineer
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 Saslafsky	San Francisco Public Utilities Commission