

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

**June 10, 2009 – 1:30 p.m.
155 Bovet Road, 1st Floor Conference Room**

MINUTES

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

Committee Chair Kelly Fergusson called to order at 1:30. Ten (10) members of the committee were present, constituting a quorum. A list of directors present (10), absent and members of the community attending is attached.

2. Public Comments:

3. Reports:

A. Comments by Chair: Chair Fergusson noted the huge undertaking BAWSCA and its member agencies are faced with the 38mgd water supply challenge. It will require a high level of commitment and full support from each agency to pull through the challenge.

CEO and General Manger, Art Jensen, will report on the financing and implementation of the Water Conservation Implementation Plan, current efforts with member agencies on the water allocations for drought and interim supply limitations, and the scoping work of the long-term water supply reliability plan.

B. Comments by Committee Members: Director Swegles announced that the City of Sunnyvale approved the new Water Supply Agreement with San Francisco at its council meeting on June 9th. The vote was 6 to 1, and the council member who voted “nay” was not opposed to the agreement, but desired more information on the impacts to the Tuolumne River.

Director Pear announced that the agreement was also passed by City of Mountain View at the June 9th council meeting.

Director Quirk expressed his support for the efforts on drought allocation, and encouraged consideration of the cities’ flexibilities with conservation, as the more conservation a city does today, the less it can save in the future.

Director Swegles reported that the water meter program on mobile homes sponsored by the Santa Clara Valley Water District is beginning to show good responses for the City of Sunnyvale, and may be an area BAWSCA can look into.

Mr. Jensen provided an update on appointments or re-appointments of board members to positions whose terms are expiring June 30, 2009, and on the spaces that remain available for the Hetch Hetchy tour.

C. Reports by the Chief Executive and General Manager:

1. **Water Quality – Assembly Resolution 11 (Ruskin) on Drinking Water Disinfectant:**
Mr. Jensen reported that issues on Water Quality are addressed by BAWSCA in two ways. Concerns about public health or the adequacy of water quality standards are directed to public health and regulatory bodies. For example, concerns brought to the BAWSCA board about chloramine were initially referred to county public health officials.

Issues related to the treatment and quality of water delivered by San Francisco are directed to the SFPUC. Existing protocols for communication between the SFPUC and its wholesale customers address water quality emergencies and routine operational changes. Mr. Jensen noted that the new Water Supply Agreement requires the SFPUC to meet Safe Drinking Water Act standards and provide prompt notification of exceptions.

Current issues related to public health include House Resolution, HR 11, by Assembly Member Ira Ruskin, requesting the State Department of Public Health to review the public health concerns relating to the use of chloramines and to conduct studies, particularly human health studies.

Mr. Jensen noted that the chloramine issue is about public health. When BAWSCA was asked to comment on Mr. Ruskin's draft resolution, he referenced the resolution adopted by the San Francisco Citizens Advisory Committee asking that the SFPUC request the EPA to conduct appropriate studies of human health effects of drinking water disinfectants. Mr. Jensen's suggestion to Mr. Ruskin's staff was that the California State Department of Public Health be urged to request and support the scientific testing the USEPA has been asked to perform. This suggestion has been incorporated into HR 11. This is another example of directing issues to the appropriate public health and regulatory bodies.

The debate on whether fluoridation of water represents a public health risk has recently led to action by the State's Carcinogen Identification Committee (CIC). The CIC concluded that a high priority should be assigned to determining whether fluorides should be included on the Prop. 65 list of chemicals for which warnings for risks of cancer, birth defects, and reproductive toxicity are publicly posted. CIC is an advisory body to the California EPA's Office of Health Hazard Assessment.

Mr. Jensen reported that no BAWSCA action is required on the current chloramine and fluoridation issues. BAWSCA will continue to address water quality issues according to whether they relate to public health or operational matters.

The committee liked the CEO's approach for addressing water quality issues, and supported Director O'Connell's suggestion to provide an informational report to the board at its meeting in July.

2. **Pending Legislation: AB49 (Feuer, Huffman) Water Conservation:** This bill would require a 20% state-wide average reduction in gross per capita water use by Urban Water Retail Suppliers to reduce gross per capita water by the year 2020. The bill was passed from the Assembly floor to the Senate on June 3rd.

The bill recognizes that some parts of the State would need to reduce by more than 20% while other areas, that use water more efficiently, would not need to reduce as much. Mr. Jensen noted that the bill allows agencies to comply individually or collectively. BAWSCA will look into whether BAWSCA can submit compliance reports on behalf of members if all or some of them wish to comply collectively.

Implications of non-compliance with the act would be non-eligibility for state grants. Director Wykoff expressed concern that the State may impose a penalty on agencies through AB 49, as it has through a solid waste recycling bill. Director Pear agreed. In response to Director Guzzetta, Mr. Jensen explained that the 20% was based on a 10 year average. Agencies would be able to pick any ten-years following 1994. The governor reportedly wants to see a water conservation bill like AB49 as part of a water package.

SB 407 (Padilla) Plumbing Retrofit: This bill would require retrofit of plumbing fixtures in residential and commercial property after resale or transfer of ownership. Mr. Jensen reported that the bill does not have a specific deadline, but if it did, it could be more strenuous than the Water Conservation Implementation Plan. The effects of the bill to the conservation implementation plan are unknown, but the requirements could help agencies reduce water use, and to stay within the interim supply limitation imposed by San Francisco.

Mr. Jensen noted that the bill could require agencies to enforce the requirements of the act, something for which agencies would need to organize and budget appropriate resources.

Director Quirk supports the goals of the legislation but thought that it would be difficult to pass given current economic and real estate conditions. Mr. Jensen will look further into information on how real estate professionals will participate in executing the requirements.

Director Pear suggested looking at how existing ordinances work with SB 407, and whether commercial as well as small businesses might be impacted by them.

3. New Water Supply Agreement – Status and schedule for agency approvals: Mr. Jensen announced the agencies that have adopted the new Water Supply Agreement (WSA) with San Francisco.

D. Special Reports – Approach for Elements of FY 2009-10 Work Plan Discussion with Committee on:

1. Water Conservation Implementation Plan: The final report of the WCIP will be distributed to the board with the July meeting agenda packet.

Mr. Jensen reported that developing a monitoring and reporting system that will enable agencies to track the progress, costs and estimated water savings for all conservation activities is critical. The system should be able to spot high and low performing measures, identify the obstacles to success, and determine how to achieve better results. Information provided by the monitoring and reporting system could ideally help agencies complete Urban Water Management Plans.

A professional contract with the consultant who is qualified to work with the model and is a good value for BAWSCA will be presented to the Board Policy Committee in August.

The scope of work would put a tracking system in place by the end of FY 2009-10, with an interim system to track efforts made through the FY 09-10.

In parallel with the development of a monitoring and reporting system, will be the implementation of this year's conservation programs.

The High-Efficiency Toilet Rebate Program will increase significantly. The target is for BAWSCA to process 15,000 rebates per year for qualifying residential, commercial, industrial and institutional customers.

This target is equivalent to replacing one toilet every 7 minutes of every work day. The plan is ambitious but achievable, and will require each agency's commitment. BAWSCA is preparing an approach to achieve this target. Member agencies will fund the rebates and provide promotional support and public information. BAWSCA will work with vendors, stores and groups such as the plumbing associations to help achieve sales and proper installation. BAWSCA will pursue grant funding, and support the program through bulk purchases, by developing materials, processing rebates and tracking progress.

Vendors need to know the potential demand for their products so they will be available in sufficient numbers. Stores need to display and promote rebate information in the same way they have for efficient washers and other appliances. Toilets need to be properly installed, and existing training programs can ensure plumbers receive appropriate training.

BAWSCA will take full advantage of the successful experience the City of Redwood City had in implementing such a program.

A pilot project involving one or two member agencies is being considered to identify potential flaws and to demonstrate the success of the program. Homes built before 1992 will be targeted as they would have toilets that use 1.6 gallons per flush or above. Director Swegles pointed out that residents of mobile home parks that will now have water meters would be highly interested in the replacing old toilets to keep their water bills low.

Director Pierce pointed out that the publicity of higher rates could increase the interest with investing in high-efficiency toilets to avoid higher water bills. Having a demo toilet available for people to see was helpful in promoting Redwood City's program. Director O'Connell recommended working with the Real Estate Association who can help inform buyers and sellers about toilet replacement opportunities. Sales should also be tracked as many people who buy high-efficient toilets don't apply for the rebates.

2. Determining Drought Allocations and Interim Supply Limitations: Mr. Jensen explained that the drought allocation is the distribution among BAWSCA members of water available for purchase from the SFPUC during drought shortages. The existing allocations were developed with BAWSCA's leadership and technical support and agreed upon by the agencies. BAWSCA will lead the member agencies through a

review and possible revision of the existing drought allocation formula and produce documents needed to formalize any agreements reached by the agencies. BAWSCA will provide any required technical analyses and legal input. This work must be completed by next spring in case there is a drought. In the event that agencies are unable to reach agreement by that time, the new Water Supply Agreement provides that the BAWSCA board, as representative of the regional interests, can set the formula. If necessary, the BAWSCA board could set an interim formula, giving the agencies more time to reach agreement.

The interim water supply limitations result from San Francisco's decision to limit the amount of water it would provide to retail and wholesale customers until at least 2018. In order to enforce the overall limitation on water sales, San Francisco would set limits on the amount of water each agency could purchase from San Francisco, beyond which the agency would be subject to an environmental surcharge to be levied by San Francisco. Each agency's limitation would be different, and the limits would be in place until 2018. The new Agreement acknowledges that San Francisco will set interim supply limits by December of 2010. BAWSCA will lead the member agencies through a discussion on how supply limitations might be established, produce supporting analyses, and provide for legal guidance in whether or how to provide recommendations to the SFPUC regarding the setting of interim supply limits.

Another reason these activities must be completed on the stated schedule is that agencies need the information to complete their Urban Water Management Plans, which must be adopted and submitted to the State by the end of December 2010. To begin this process, a letter will be sent to the City Manager, General Manager, or appropriate executive of each agency, requesting that a knowledgeable staff person be designated to represent the managers in these discussions. This approach mirrors the process for the negotiation of the new Water Supply Agreement. The letters will be copied to members of the board and TAC, and will be sent towards the end of June to avoid confusion with the process of adopting the new Water Supply Agreement with San Francisco.

3. Scoping of the Long-term Reliable Water Supply Plan: Mr. Jensen reported that the result to be achieved in this effort is a water supply plan that can be implemented on a schedule that supports planned development. The scope of work must articulate the problem, define specific objectives, compile screening and evaluation criteria, identify a list of possible measures and technologies to be examined, and present a schedule and estimated cost for preparing the plan.

Mr. Jensen stated the most effective approach would be to hire a qualified consultant to prepare the scope, schedule and budget, and to use the same consultant to prepare the plan. The consultant contract would be amended to provide the budget and schedule to prepare the plan. If the initial consultant's performance were unacceptable, the contract would end and a new selection process would be used to select a consultant to prepare the plan. The committee voiced support for the stated approach.

BAWSCA's request to agency managers to appoint staff to work on the drought allocations and interim supply limitations will include the work on this vital plan.

A request for proposal for a professional services consultant will be released in July. A recommendation for approval to negotiate and execute a contract with the selected consultant will be presented to the board at its meeting in September. A wide range of qualified experts is available.

4. Action Calendar:

- A. Approval of the Minutes from April 8, 2008 Meeting:** The committee approved the minutes from the meeting of April 8, 2009.

M/S/C (Fannon/Pierce/Unanimous) that the minutes from the meeting of April 8, 2009 be approved and filed.

- 5. Adjournment to Closed Session:** No actions were taken during closed session.

- 6. Comments by Committee Members:** There were no comments.

- 7. Adjournment:** The committee adjourned at 3:20. The next meeting of the committee is August 12, 2009 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
June 10, 2009**

Attendance Roster

Committee Members Present:

Kelly Fergusson, Chair	City of Menlo Park
Bill Quirk, Vice-Chair	City of Hayward
Robert Craig, Vice Chair	Westborough Water District
John Fannon	Town of Hillsborough
Rob Guzzetta	California Water Service Company
Irene O'Connell	City of San Bruno
Matt Pear	City of Mountain View
Barbara Pierce	City of Redwood City
Ron Swegles	City of Sunnyvale
Rick Wykoff	Esteros Municipal Improvement District

BAWSCA Staff Members Present:

Arthur Jensen	Chief Executive Officer/General Manager
Anona Dutton	Water Resources Planner
John Ummel	Sr. Administrative Analyst
Lourdes Enriquez	Assistant to the CEO/General Manager
Allison Schutte	Hanson Bridget, LLP.

Guests:

Bob Anderson	Purissima Hills Water District
Nan Barton	City of Hayward
Nico Procos	City of Palo Alto
Sharyn Saslafsky	San Francisco Public Utilities Commission