

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

**April 8, 2009 – 1:30 p.m.  
155 Bovet Road, 1<sup>st</sup> Floor Conference Room**

<b>MINUTES</b>
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**1. Call to Order: 1:35 p.m.**

Committee Chair Kelly Fergusson called to order at 1:35. 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:** Peter Drekmeier, Program Director for Tuolumne River Trust (TRT), expressed TRT's continuing interest in working with BAWSCA and its member agencies on water conservation opportunities.

**3. Reports:**

Comments by Chair and Committee Members: Committee chair Kelly Fergusson noted that the BAWSCA board's engagement and involvement is valuable to BAWSCA's CEO and General Manager, Art Jensen. She asked for board members' continuing participation.

Reports by the Chief Executive and General Manager:

A. BAWSCA/RFA Board Member Terms: Mr. Jensen reported that terms of thirteen of the current board members will expire on June 30, 2009. During the week of April 13, a letter will be sent to the head of the governing body of each agency whose appointed board member has an expiring term. The letter will state that a new appointment will need to be made, and provide the details and timing for making the appointments. Board members and appropriate members of the staff will be copied.

B. Water Supply Conditions: Mr. Jensen reported that water supply conditions for San Francisco's sources have improved. However, precipitation is expected to be no better than average. The reservoirs of the San Francisco regional system are expected to fill. Because the last two years have been dry and snow pack storage will be low, the SFPUC is expected to ask for continued voluntary conservation from its wholesale and retail water customers.

Elsewhere in the Bay Area, some water agencies that have been heavily impacted by the dry water conditions are expected to impose 15% mandatory water rationing

C. Water System Improvement Program Update: BAWSCA continues to monitor the impacts of the environmental delays on the WSIP's construction schedule. Nicole Sandkulla reported that the SFPUC is working with the San Francisco Planning Department to implement processes that will minimize or avoid further delays.

Mr. Jensen reported that Ed Harrington and his staff are preparing a report in response to the questions and concerns brought forth by Hillsborough resident, Josh Cooperman, with respect to the seismic reliability of Crystal Springs Reservoir. Director Fannon asked that BAWSCA provide him copies of communications to Mr. Cooperman.

The SFPUC is scheduled to act on the new Water Supply Agreement (Agreement) at the Commission meeting on April 28<sup>th</sup>. BAWSCA continues to work with Ed Harrington and his staff in finalizing the Agreement. Legal counsel, Ray McDevitt reported that issues previously reported as outstanding have been resolved. Other issues have come up, but they are less critical and more easily resolved.

- D. Overview of Current Water Use Characteristics: Mr. Jensen presented an overview of member agencies' water use characteristics to provide the committee with information valuable for future decision making.

Currently, residential water use accounts for about 60 percent of all water used by BAWSCA member agencies. Commercial, Industrial and Institutional uses account for about 35 percent of total water use. The remaining 5 percent of water use reflects fire-fighting, system flushing, leaks and meter error, collectively referred to as unaccounted for water use.

Areas that have high water-use represent less than 10 percent of the service area's population. Mr. Jensen reported that 95 percent of the residents in the BAWSCA service area use less than 150 gallons per capita per day (gpcpd). Also, 90 percent of the residents use less than 100 gpcpd and the median use is 91 gpcpd. By comparison, the average residential use in San Francisco is 62 gpcpd. Of BAWSCA's members, six agencies show a per capita residential use less than or equal to San Francisco's average. The myth is that outside the high density urban core, the typical residence has a pool, a large lawn, a fountain and a garage full of cars that are washed hosed off every morning. Gratefully, the data show this myth does not reflect typical residential water use in this area.

By comparison to other parts of the Bay Area and State, BAWSCA's residential use is lower. The average residential use in the nine-county Bay Area region is 97 gpcpd during a period when the average residential use by BAWSCA members was 88 gpcpd. Also, average residential use in the nine-Bay Area region is lower than for any other hydrologic region in the State. According to the State Department of Water resources, the average residential water use in southeastern California is highest at 338 gpcpd.

Historically, water use has remained flat even though the population and businesses continue to grow in the service area. Data showed that, contrary to common impressions, total water use did not rebound to pre-drought levels following the last two droughts. Mr. Jensen noted that residential per capital use is a better measure of water use efficiency than gross per capita water use, due to differences in land use devoted to commercial and industrial purposes.

The California Urban Water Conservation Council (CUWCC) maintains a list of water conservation measures referred to as Best Management Practices (BMP's) for Water Conservation. While not every BAWSCA agency is a member of CUWCC, all report their implementation of the BMP's in their Urban Water Management Plans prepared and submitted to the state every five years. In projecting their water demands through the year

2030, the BAWSCA agencies examined the cost-effectiveness of the current 11 BMPS plus over 30 additional water conservation measures.

Near-term policy decisions can focus on fully implementing cost-effective practices, while long-term policies will need to look at cutting-edge innovation in both supply and water use efficiency.

- E. Conservation Implementation Plan – Status Report: Ms. Sandkulla reported that the key components of the study have been completed, and that all findings will be presented to the board at its meeting in May. BAWSCA and its consultants will complete analyses on the expected availability of existing water sources by May 1<sup>st</sup>.

Ms. Sandkulla reported that the contract with Brown & Caldwell was amended to augment staff's ability to evaluate the amount of water saved by agencies' historical conservation programs. The contract amendment was within the CEO's spending authority of \$10,000 and was reviewed by legal counsel.

Ms. Sandkulla noted that most members are required to submit a report, called Urban Water Management Plan, to the State by the end of December 2010. The Water Conservation Implementation Plan will provide information that agencies need to complete these reports.

#### **4. Action Calendar:**

- A. Approval of the Minutes from December 10, 2008 Meeting: The committee approved the minutes from the meeting of February 11, 2009. Committee Chair Fergusson suggested that the information on BAWSCA's historical actions to address water supply and water management issues would be a good addition to the BAWSCA website and of interest to the public

**M/S/C (Craig/Pierce/Unanimous) that the minutes from the meeting of February 11, 2009 be approved and filed.**

- B. Investment Policy: A copy of BAWSCA's current Investment Policy was attached to the staff memo distributed to the committee. Art stated that the policy adopted by the board on February 19, 2004 requires an annual review of the Board. Legal Counsel Ray McDevitt stated that the policy fulfills all State requirements and is satisfactory.

Director Guzzetta suggested having an improved reporting to the board that includes a graph showing historical information and performance. Quirk noted that the City of Hayward's investment policy is similar to BAWSCA's with a comparable primary objective of safety.

Mr. Jensen stated that historical information can be provided to the board. The committee voted unanimously to recommend the board to re-confirm BAWSCA's investment policy.

**M/S/C (O'Connell/Wykoff/Unanimous) That the committee recommend the board to re-confirm BAWSCA's investment policy.**

- C. FY 2009-10 Results to be Achieved and Proposed Budget: Mr. Jensen reported that BAWSCA's facilitation of the agencies' review of drought allocation formula and plan was added to the activities for fiscal year 2009-10

The preliminary presentation of the budget to the board policy committee in February and to the board in March generated the question, "Why doesn't the budget come down following completion of the new Water Supply Agreement with San Francisco? The staff report on the budget now addresses this issue. The reason is that San Francisco's decision in October 2008 radically changed the issues BAWSCA must face this coming year. Had any of the alternatives equivalent to those presented in the draft PEIR been adopted by San Francisco, BAWSCA's member agencies would have identified water supplies to meet their needs through 2030. Instead, San Francisco approved a plan that limits how much water it will provide these agencies until at least 2018. If left unaddressed, the uncertainty in reliable water supplies impacts the ability for our communities to continue to prosper and grow. The new budget begins a multi-year effort to address this challenge.

Art stated that the new challenge requires consultant resources at a level comparable to this year's budget. The proposed budget for FY 09-10 will cover the first year of BAWSCA's activities associated with the Water Conservation Implementation Plan. This Plan addresses the short-term challenge of ensuring a reliable water supply through the year 2018. The proposed budget also provides resources to develop the scope of work for a study to determine how the agencies will meet their long-term water needs through the year 2030 or 2035.

Mr. Jensen reviewed the three funding alternatives previously presented to the committee in March and the board in May. As a follow up to the committee's previous question about what more can be achieved in the long-term planning if more funding was available, Mr. Jensen reported his assessment of the timeline and budget needs.

Mr. Jensen said that the scope would have to be completed by January 2010 to include the long-term study in the budget for FY 2010-11. If additional funding were provided, the study could begin next Spring, gaining six months in advance of the schedule. However, he recommended that nothing be added to the budget at this time and that the question of starting early be addressed with the Committee at its December meeting.

Director Quirk commented that it is useful to have the information on what can be achieved. He supports waiting until December, but feels that it would be good to start the efforts sooner than later. He is in favor of the proposed 9% assessment increase and the maintenance of the general reserve balance at 11%.

Director Swegles stated his support for a 9% assessment increase. Director O'Connell pointed out that current BAWSCA agency assessment equal to the price of one large coffee, per household, per year. She would entertain a 10% assessment increase to maintain a higher general reserve balance.

Director Fannon supports funding alternative #2, with a 9 percent increase in assessments, and stated that the balance of the general reserve at 11% is acceptable because the board can always reassess the situation, if necessary.

Director Guzzetta noted that Cal Water's acquisition of Skyline County Water District will require the modification of the legislation to remove Skyline, and the proposed budget for next year does not include funding for legislative activities.

The committee voted unanimously to recommend board approval of the proposed results to be achieved during FY 2009-10, the proposed budget of \$2.767 million, and a 9% increase in assessments and the use of \$250,000 from the general reserve.

- D. **Priority FY 2009-10 Professional Services Contracts:** The scopes of work for nine professional service consultants were presented to the committee for discussion to ensure the continuity of their services and that contracts are in place by July 1, 2009.

Mr. Jensen explained that the need to use consultants stems from the nature of the agency's activities for the fiscal year. Given the varying nature of the agency's work, it makes more sense to have experienced staff manage specialized consultants than to increase staff to meet a changing work load.

The specific technical support associated with the negotiation of a new agreement with San Francisco is no longer needed through legal counsel, and the legal budget will be reduced. Additional technical consultants will be needed to develop the scope for addressing long-term water reliability.

Director Fergusson suggested that staff include a single memo summarizing all of consultant activities, as has been done in prior years. Director O'Connell asked for more information on results expected from the work of strategic counsel, as provided for all the other consultants.

The committee agreed that results from Strategic Counsel's professional services cannot be predetermined because of the nature of his work. Mr. Jensen will provide additional information to illustrate the value of Strategic Counsel's services from the prior year(s).

The committee voted unanimously to recommend board authorization of the CEO and General Manager to negotiate and execute contracts with the nine professional services consultants to be in place July 1, 2009.

5. **Comments by Committee Members:** Committee Chair Fergusson announced the Strategic Counsel, Bud Wendell underwent surgery on March 27<sup>th</sup>, and is recovering well. Director Wykoff suggested for directors to contribute to send Mr. Wendell well wishes. The committee concurred.

Director O'Connell suggested looking at ways to convey the need for conservation to preserve supply as opposed to saving money since rates, will be increasing to pay for seismic improvements. Director Pierce pointed out that the increase in population and housing units may result in a decrease in individual water bills because there are more people sharing the costs. Director Craig suggested to restate the need for the WSIP for the regional system's reliability.

6. **Adjournment:** The committee adjourned at 3:10. The next meeting of the committee is June 10, 2009 at 1:30pm in the 1<sup>st</sup> floor conference room of the BAWSCA office building.

**APPROVED**

Board Policy Committee Minutes

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April 8, 2009

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Arthur R. Jensen". The signature is fluid and cursive, with a long horizontal stroke at the end.

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  
April 8, 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	Estero Municipal Improvement District

**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 Bridget, LLP.

**Guests:**

Bob Anderson	Purissima Hills Water District
Peter Drekmeier	Tuolumne River Trust
Marilyn Mosher	City of Hayward
Sharyn Saslafsky	San Francisco Public Utilities Commission