

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

**December 9, 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 the meeting to order at 1:35. Nine (9) members of the committee were present, constituting a quorum. A list of directors present (9), absent and members of the community attending is attached.

2. Public Comments: There were no public comments.

3. Reports:

- A. Comments by Chair and Committee Members: Chair Fergusson noted the importance for BAWSCA and board members to maintain a regional focus. While BAWSCA directors face issues particular to their constituencies on a daily basis, when they sit as BAWSCA directors they need to think regionally as BAWSCA's challenges are significant for the region as a whole.

She noted that BAWSCA's success in developing a long-term reliable water supply strategy, water allocations for droughts and Interim Supply Limitation recommendations depend on BAWSCA and the board of directors' regional perspective.

Today the committee will discuss and act on staff recommendation regarding the mid-year budget assessment. The Chief Executive Officer and General Manager will present the work plan for next fiscal year, including the major issues that BAWSCA must address. The committee will be asked to provide input on what results should be achieved in FY 2010-11 as well as in a long-term perspective, and the resources needed to deliver results.

Director Quirk agreed that BAWSCA's goals should be achieved by the agencies working together.

- B. Reports by the Chief Executive and General Manager: Mr. Jensen reported that he participated as a panelist at the Sustainable Silicon Valley (SSV) Water Summit on December 7th. The summit, held at the NASA Ames Research Conference Center, covered a variety of topics and had very good attendance, including representatives from BAWSCA member agencies.

Water System Improvement Program: Reports from the California Seismic Safety Commission (CSSC) and the California Department of Public Health (CDPH) regarding the SFPUC's Annual Progress Report and changes to the Water System Improvement Program are due December 1, 2009. BAWSCA has traditionally provided both state agencies with the comments it provides to the SFPUC on the reports required by AB 1823.

BAWSCA had the opportunity to review the draft report by CDPH, and found it well-prepared. Mr. Jensen will follow up with the CSSC as no draft report has yet been received by BAWSCA. Mr. Jensen noted that CSSC requires technical review that has historically required more time to complete its report.

The comment period for the Calaveras Dam draft EIR was extended to December 17, 2009. Mr. Jensen reported that environmental groups have voiced concerns related to fisheries. BAWSCA is working with its technical consultant in reviewing the proposed alternatives, and will provide comments. Mr. Jensen stated that BAWSCA's comments will focus on ensuring that all alternatives evaluated provide equivalent water supply yield and reliability to the San Francisco Regional Water System while addressing concerns with the fisheries. Director Quirk agreed with BAWSCA's approach and that the needs of the fish must be considered.

The SFPUC met on December 8th and considered two action items significant to the WSIP. The commission adopted the required California Environmental Quality Act (CEQA) findings and approved the Sunol Valley Water Treatment Plant Project that is critical for maintaining reliable deliveries of high quality water to the East Bay, South Bay and Peninsula. The commission also discussed approval of contract plans and specifications for the construction of the Peninsula segment of the new Bay Division Pipeline. This project will provide much-needed reliability given the age and method of construction of the old Bay Division Pipelines #1 and #2. Commission action is pending. BAWSCA will follow the commission's action and report significant developments to the board.

An update on the WSIP Construction Management Program was presented to the commission by Julie Labonte. On the same day, an independent review panel of experts for the WSIP met and conducted interviews with SFPUC personnel and stakeholders, including, Mr. Jensen.

Mr. Jensen reported that BAWSCA had, at the SFPUC's invitation, attended recent construction management training for SFPUC personnel. Terry Roberts, one of BAWSCA's consultants, attended and found the training well-done and beneficial.

Mr. Jensen noted that the WSIP is a huge and complicated \$4.6 billion program that requires ongoing attention for the purpose of identifying and addressing potential concerns. In response to Chair Fergusson's questions, Mr. Jensen reported that 18-20% of the overall WSIP budget has been spent, and that spending of over \$100 million a month can be expected as major projects enter construction in the next few years.

Director Swegles asked by how much have contractor bids declined. An updated analysis will be provided by the SFPUC at their next report.

Water Conservation Implementation Plan - Status: Mr. Jensen reported that final drafts of the indoor and outdoor ordinances were transmitted to agency staff members, and will be distributed to agency managers and BAWSCA board members in the following weeks.

The contract with Brown & Caldwell for the development of the Monitoring and Reporting System (MRS) for conservation was negotiated and signed by all parties.

Mid-Year Budget Assessment: Mr. Jensen reported that, barring unforeseen events, the proposed budget reallocations will support completion of planned and necessary work for FY 2009-10 within the overall approved budget. Internal budget adjustments were anticipated when the preliminary mid-year budget assessment was reported to the Board Policy Committee in October and to the Board in November. In December, specific recommendations were presented to and supported by the Committee.

For FY 2009-10, Hilton Farnkopf and Hobson's (HFH) analyses of water shortage allocation alternatives to help develop the drought implementation plan, and of the significance or potential consequences of the Interim Supply Limitations to member agencies are critical. The budget for HFH will need to be increased by \$40,000 to accommodate the work that needs to be completed.

Because the need for technical review of the WSIP is less than originally anticipated, staff recommends that a portion of the funds for technical support of the WSIP be reallocated to HFH to accommodate the necessary work on water management.

Budget adjustments for legal services are needed for several reasons. First, the professional contract with Hanson Bridgett for FY 09-10 omitted the planned budget allocation for legal support on water conservation activities. These funds were included in the budget approved by the board in May 2009. The services remain necessary, and the board will be asked to amend the Hanson Bridgett contract to include \$20,000.

Second, the approved budget contained funds for the development of water efficiency ordinances, including funds for outside expertise in existing energy efficiency ordinances such as green building codes and Leadership in Energy and Environmental Design (LEED). The use of Hanson Bridgett's in-house expert in this area proved to be more efficient than issuing another professional services contract. The recommendation is to reallocate \$38,000 from the budget for outside professional services to Hanson Bridgett.

Third, legal support for BAWSCA's participation in the Federal Energy Regulatory Commission (FERC) activities related to the Tuolumne River water supplies, and on the Delta and State water supply legislation, was vital in representing the interests of the wholesale customers, and was unanticipated when the budget was prepared last spring. The additional legal services for the FERC and legislative activities can be funded by reallocating \$50,000 from a portion of the water conservation budget. The funds are available because regional public outreach is being satisfied through existing staff resources rather than outside professional services.

The committee voted unanimously to recommend board approval of the mid-year budget adjustments and associated actions:

- a. Reallocate \$20,000 from Newkirk Environmental and \$20,000 from the contingency for a total of \$40,000, to fund technical support for Drought Allocation Plan and Interim Supply Limitations, and amend the professional services contract with HFH to include these services and increase the not-to-exceed limit to \$55,000.

Reallocate a total of \$108,000 to legal services, for the purposes described in this memorandum, and amend the professional services contract with Hanson Bridgett to include these services and increase the not-to-exceed amount to \$419,000

Fiscal year 2010-11 Work Plan and Budget Preparation: Mr. Jensen reported that activities critical to BAWSCA member agencies fall under three categories: Water Supply Management, Water System Improvement Program, and Water Quality. Identifying the results to be achieved and the resources needed to achieve them are the basis for determining the resources needed during FY 2010-11 and in preparing the preliminary budget.

Long-Term View Through 2016: Mr. Jensen presented slides showing major issues BAWSCA will need to address between now and 2016. The issues encompassed a variety of anticipated actions and events that will affect water supply management, system reliability, water quality and the price of water. He then summarized the issues that must be addressed in fiscal year 2010-11 and the kinds of results the agency must achieve next year.

The WSIP will be monitored by BAWSCA on an ongoing basis. BAWSCA will continue to provide technical input and review on permitting processes until 2011, and will stay involved with the planning and design as well as monitoring the progress of construction and change orders until the program is completed in 2016.

The new Water Supply Agreement established the formation of a joint water quality committee that will meet at least quarterly to address water quality issues such as Water Quality Notification and Communication Plan updates, regulatory issues, and water quality planning studies. The committee will also address communication of water quality changes that may result from construction activities of the WSIP.

Mr. Jensen noted that BAWSCA has convened a water quality committee with member agencies for many years. A budget allocation has not been required as it has been chaired by volunteering staff of member agencies. Currently, a staff member from the Alameda County Water District (ACWD) is volunteering time to chair the joint committee. BAWSCA will monitor whether the joint committee becomes a strain on agencies and their staff members, and whether it requires technical and financial support.

Near-term activities under water supply management include:

- Development and implementation of the long-term reliable water supply strategy (LTRWSS) to ensure supplies will be available when and where needed;
- Representation of BAWSCA member agencies in the FERC relicensing processes;
- Implementation of the Water Conservation Implementation Plan (WCIP) to ensure water supply up to 2030;
- Submittal of estimated future water supply needs to SFPUC annually, as specified in the new Water Supply Agreement (WSA);
- Completion of member agencies' Urban Water Management Plans by December 1, 2011, and;
- Involvement in grants for integrated regional water management plan (IRWMP).

Director Pierce suggested looking at the potential of storm runoff and recharge of aquifers. She also noted efforts in Southern California for grants on catchment tanks that percolate water for re-use. Though treatment is too expensive for many, other places may see value

in reviewing the potentials. Director Wykoff mentioned Orange County's efforts to use recycled water to recharge local aquifers.

Mr. Jensen stated that the LTRWSS intends to examine a broad range of alternatives.

Director O'Connell noted efforts by the City & County Association of Governments (CCAG) on storm water and swales, and that perhaps BAWSCA and CCAG can work together in making concepts and information known to the public. She also noted the City of Brisbane's storm water run-off garden that may be useful to have on the BAWSCA website.

Director Pear noted that NPDES C.3 stormwater management requirements could pose additional compatibility, cost and other requirements that would need to be considered.

A progress report on the scoping development for the LTRWSS will be provided to the board at its meeting in January. Mr. Jensen noted that the budget for the implementation of the LTRWSS is currently unknown, but may be sizeable. Mr. Jensen reported that under the new Water Supply Agreement, the BAWSCA board has authority to request the SFPUC to include a Water Management charge on the bills sent to Wholesale Customers. The collected revenue would be delivered to BAWSCA to be used for board-approved purposes. This mechanism could be used for one-time efforts, such as the RWSS, rather than creating large fluctuations on BAWSCA's assessments. The decision would be made by the BAWSCA board, and the process will be done publicly.

Committee members Wykoff, Quirk and Pierce supported the consideration of the water Management charge to fund the LTRWSS. Chair Fergusson invited public comments. No comments from the public were made.

Additional activities for inclusion in the budget planning are the administration of the old and new water supply agreements.

In response to Director O'Connell's questions, Mr. Jensen stated that given BAWSCA's resources, its legislative role is to review and focus on legislation that affects member agencies' access to reliable supplies of high-quality water at a fair price

5. **Consent Calendar:** The committee approved the minutes from the meeting of October 28 2009 provided that the number of committee members present are recorded appropriately, and the committee Vice-Chair position is not duplicated.

M/S/C (O'Connell/Quirk/2 abstained) that the minutes of the October 28, 2009 meeting be approved.

6. **Comments by Committee Members:** No additional comments were made.
7. **Adjournment:** The committee adjourned at 3pm. The next meeting of the committee is February 10, 2010 at 1:30pm in the 1st floor conference room of the BAWSCA office building.

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 extending to the right.

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****December 9, 2009****Attendance Roster****Committee Members Present:**

Kelly Fergusson, Chair	City of Menlo Park
Bill Quirk, Vice-Chair	City of Hayward
Robert Craig	Westborough Water District
John Fannon	Town of Hillsborough
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

Committee Members Absent

Rob Guzzetta	California Water Service Company
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BAWSCA Staff Members Present:

Arthur Jensen	Chief Executive Officer/General Manager
Nicole Sandkulla	Sr. Water Resources Engineer
Lourdes Enriquez	Assistant to the CEO/General Manager
Allison Schutte	Legal Counsel, Hanson Bridget, LLP.

Guests:

Bob Anderson	Purissima Hills Water District
Linda Craig	League of Women Voters, Bay Area
Peter Drekmeier	Tuolumne River Trust
Marilyn Mosher	City of Hayward
Nico Procos	City Of Palo Alto
Sharyn Saslafsky	SFPUC