

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY  
BOARD OF DIRECTORS MEETING**

**July 18, 2013**

Reports and media coverage of interest between June 28, 2013 and July 7, 2013.

**Correspondence**

Date: June 28, 2013  
From: Arthur Jensen, BAWSCA CEO and General Manager  
To: Art Torres, President, San Francisco Public Utilities Commission  
Re: Projected Wholesale Customer Water Purchases from the San Francisco Regional Water System in Compliance with Section 4.05 of the 2009 Water Supply Agreement between San Francisco and its Wholesale Customers

Date: June 28, 2013  
From: Harlan Kelly, Jr., SFPUC General Manager  
To: The Hon. Michael Gardner, Chair, California Seismic Safety Commission, and Dr. Ron Chapman, Director, California Department of Public Health  
Re: Wholesale Regional Water System Security and Reliability Act Notice of Changes to Water System Improvement Program

**Media Coverage**

Date: July 6, 2013  
Publication: Contra Costa Times  
Article: Raid of state Sen. Ron Calderon's offices draws attention to state's water districts

Date: July 7, 2013  
Publication: San Francisco Chronicle  
Article: Key vote on coming on retiree health care liability

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# **BAWSCA**

Bay Area Water Supply & Conservation Agency

June 28, 2013

Art Torres, President  
San Francisco Public Utilities Commission  
525 Golden Gate Avenue  
San Francisco, CA 94102

**SUBJECT: Projected Wholesale Customer Water Purchases from the San Francisco Regional Water System in Compliance with Section 4.05 of the 2009 Water Supply Agreement between San Francisco and its Wholesale Customers**

Dear President Torres,

Section 4.05 of the July 2009 Water Supply Agreement between the City and County of San Francisco and its Wholesale Customers requires the San Francisco Public Utilities Commission (SFPUC) to prepare an annual Water Supply Development Report (Report) for consideration by the Commission each December, beginning 2010. The purpose of the Report is to assess progress made toward meeting the Interim Supply Limitation (265 million gallons per day, mgd) adopted by the Commission and in effect until 2019. The Agreement provides that the annual Reports will utilize water purchase projections for the Wholesale Customers prepared by the Bay Area Water Supply and Conservation Agency (BAWSCA). These projections are to be submitted by BAWSCA to the Commission by June 30 each year beginning 2010.

Based on information provided to BAWSCA by its member agencies, the aggregate Wholesale Customer Water Purchases in 2018 are projected to be 171.79 mgd.

The enclosed Table 1 summarizes the projected purchases from the City and County of San Francisco for each Wholesale Customer for the year 2018. This table was prepared using data documented in the *Strategy Phase II A Technical Memorandum No. 1- Updated Water Demand and Supply Need Projections for the Long-Term Reliable Water Supply Strategy (BAWSCA, Draft Final – January 26, 2012, Revised June 21, 2012)*. Please note that the values in this table are the same as in the table provided to you last year as the agency projections have not been updated. BAWSCA has initiated its *Regional Water Demand and Conservation Projections* project which will result in updated water demand projections for all of the BAWSCA agencies by June 2014.

President Art Torres  
June 28, 2013  
Page 2 of 2

BAWSCA looks forward to working with your staff as the Annual Report is prepared for the Commission's consideration this coming December. If you have any questions, please contact Ms. Nicole Sandkulla of my staff.

Sincerely,



Arthur R. Jensen  
Chief Executive Officer/General Manager

Enclosures:

1. Table 1: Projected SFPUC Purchases by the BAWSCA Member Agencies in 2018

cc: H. Kelley, SFPUC General Manager  
Board of Directors  
Member Agency Representatives  
A. Schutte, Hanson Bridgett

**Table 1**  
**Projected SFPUC Purchases by the BAWSCA Member Agencies in 2018**

<b>BAWSCA Member Agency</b>	<b>Individual Supply Guarantee (mgd)</b>	<b>Interim Supply Allocation (mgd)</b>	<b>Projected SFPUC Purchases in 2018 (a) (mgd)</b>
Alameda County WD	13.76	13.76	13.76
Brisbane/GVMID	0.98	0.96	0.98
Burlingame	5.23	4.97	4.93
Coastside County WD	2.18	2.18	1.70
CWS - Bear Gulch, Mid-Peninsula, and SSF Districts	35.68	35.68	34.13
Daly City	4.29	4.29	4.29
East Palo Alto	1.96	1.96	1.96
Estero Municipal ID	5.90	5.85	5.75
Hayward	--(b)	22.92	22.90
Hillsborough	4.09	3.72	3.27
Menlo Park	4.46	4.1	2.83
Mid-Peninsula WD	3.89	3.71	3.55
Millbrae	3.15	3.13	2.65
Milpitas	9.23	8.96	7.44
Mountain View	13.46	11.43	9.94
North Coast County WD	3.84	3.67	3.12
Palo Alto	17.08	14.7	12.61
Purissima Hills WD	1.63	1.63	1.62
Redwood City	10.93	10.88	10.33
San Bruno	3.25	2.65	2.38
San Jose	0 (b)	4.13	4.50
Santa Clara	0 (b)	4.13	4.50
Stanford University	3.03	2.91	2.82
Sunnyvale	12.58	10.59	8.93
Westborough WD	1.32	1.08	0.88
<b>Member Agency Total:</b>	<b>--</b>	<b>184</b>	<b>171.79</b>
<b>Total Supply Assurance:</b>	<b>184</b>	<b>--</b>	<b>--</b>

**Notes:**

(a) Source: 2. Strategy Phase II A Technical Memorandum No. 1- Updated Water Demand and Supply Need Projections for the Long-Term Reliable Water Supply Strategy (BAWSCA, Draft Final – January 26, 2012, Revised June 21, 2012)

(b) Hayward does not have a fixed ISG. San Jose and Santa Clara are temporary and interruptible customers of the SFPUC and do not have an ISG.

**Abbreviations:**

CWS = California Water Service  
GVMID = Guadalupe Valley Municipal Improvement District  
ID = Improvement District  
ISG = Individual Supply Guarantee  
mgd = million gallons per day  
WD = Water District

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**San Francisco**  
**Water Power Sewer**  
 Services of the San Francisco Public Utilities Commission

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June 28, 2013

The Honorable Michael Gardner, Chairman  
 California Seismic Safety Commission  
 1755 Creekside Oaks Drive, Suite 100  
 Sacramento, CA 95833-3637

Dr. Ron Chapman, MD, MPH, Director  
 California Department of Public Health  
 P.O. Box 997377, MS 0500  
 Sacramento, CA 95899-7377

**Subject: Wholesale Regional Water System Security and Reliability Act  
 Notice of Changes to Water System Improvement Program**

Dear Commissioner Gardner and Dr. Chapman:

Pursuant to the reporting requirements of the Wholesale Regional Water System Security and Reliability Act, the San Francisco Public Utilities Commission (SFPUC) respectfully submits this Change Notice, describing changes adopted by the SFPUC Commission (Commission) on April 23, 2013 to the schedule of the Water System Improvement Program (WSIP). Although not required by the Wholesale Regional Water System Security and Reliability Act, the SFPUC is also providing a description of the budget revisions and few project scope changes adopted by the Commission.

The SFPUC has made great progress towards the implementation of the WSIP since the Commission last adopted program-wide revisions to the scope, schedule, and budget for the program in July 2011. Between July 1, 2011 and March 30, 2013, the overall completion of WSIP regional projects increased from 42.4% to 70.9%. With only a few projects remaining in design, the implementation of the program almost exclusively focuses on construction activities. As of March 30, 2013, fifteen (15) regional projects with a total value of \$2,703 million are in construction and twenty eight (28) with a total value of \$575 million are in closeout or have been completed. The remaining four (4) regional projects are in pre-construction, one being a support project that does not contribute directly to the program's levels of service (LOS) goals.

As projects move from planning, to design and eventually to construction, new information becomes available and unexpected challenges are often encountered in the field. Program revisions are necessary to incorporate the project teams' latest knowledge, understanding and analysis.

In early 2013, WSIP Senior Management recognized the need to refine estimates at completion for all active projects based on the latest available information and formally approve program revisions in order to:

Edwin M. Lee  
 Mayor

Art Torres  
 President

Vince Courtney  
 Vice President

Ann Muller Cron  
 Commissioner

Francisco Victor  
 Commissioner

Aaron Moran  
 Commissioner

Hurlan L. Kelly, Jr.  
 General Manager



- Incorporate the latest project schedule and cost forecasts based on the most recent information available, including the status of change orders, trends, risks and contingencies reported by the various construction management (CM) teams;
- Transfer forecasted project savings to projects with forecasted overruns;
- Secure the additional funding needed to complete all WSIP projects;
- Provide more realistic project baselines for performance measurements; and
- Ensure compliance with the California Water Code (Assembly Bills [AB] 1823 and 2437).

On March 22, 2013, the SFPUC notified the Bay Area Water Supply & Conservation Agency (BAWSCA) that the Commission would be considering changes to the WSIP at a public hearing on April 23, 2013. We also asked BAWSCA to forward the notification to the 26 wholesale agencies it represents and as requested, BAWSCA confirmed the notification was forwarded. This notification was made to comply with the change notice requirements of the Wholesale Regional Water System Security and Reliability Act. In addition, the Notice of Public Hearing and all supporting documents submitted to BAWSCA were posted on the SFPUC Website. On April 23, 2013, following a 30-day review period, the Commission, per Resolution No. 13-0060, adopted the March 2013 Revised WSIP.

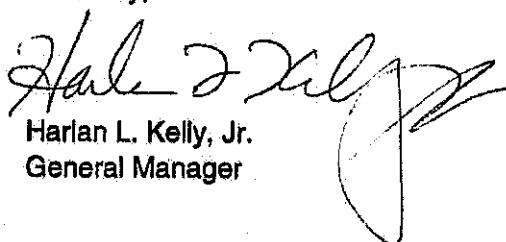
In summary, the overall scope of the WSIP essentially remains unchanged and no projects were deleted from the program. The scope of two projects was modified to facilitate their implementation but those changes will not impact the LOS goals to be achieved by the WSIP. These goals also remain unchanged.

A number of project schedules were revised to address construction challenges in the field. The program completion date adopted as part of the March 2013 Revised WSIP is April 11, 2019, which represents an 8-month extension over the last schedule approved by the Commission in January 2013 and a 32-month extension over the schedule adopted as part of the June 2011 Revised WSIP.

All but two (2) projects (Calaveras Dam Replacement and Alameda Creek Recapture projects) will be completed by the mid-2016. Of the 24 WSIP regional projects still active (not including support projects), half have been accelerated or have unchanged schedules, while the other half have extended schedules.

To facilitate distribution, the attached document is also available in the Reports section of the WSIP Web Page at [www.sfwater.org/wsip](http://www.sfwater.org/wsip). Please do not hesitate to contact me at (415) 554-1600 if you have questions or need additional information.

Sincerely,



Harlan L. Kelly, Jr.  
General Manager



**Attachment:**

**Notice of Change Report**

**cc: (w/ attachment)**

**Arthur Jensen - Chief Executive Officer and General Manager, BAWSCA**

**Richard (Dick) McCarthy - Executive Director, California Seismic Safety Commission**

**Fred Turner - Structural Engineer, California Seismic Safety Commission**

**Bruce Burton - Chief of Northern California Drinking Water Field Operations Branch,  
California Department of Public Health**

**Betty Graham - San Francisco District Engineer, Drinking Water Field Operations Branch,  
California Department of Public Health**

**cc: (w/o attachment)**

**The Honorable Art Torres - President, SFPUC Commission**

**The Honorable Vince Courtney - Vice President, SFPUC Commission**

**The Honorable Ann Moller Caen - Commissioner, SFPUC Commission**

**The Honorable Francesca Vietor - Commissioner, SFPUC Commission**

**The Honorable Anson B. Moran - Commissioner, SFPUC Commission**

**The Honorable Assembly Member Adam C. Gray, Chair  
California State Assembly - Joint Legislative Audit Committee**

**The Honorable Assembly Member Ricardo Lara, Vice-Chair  
California State Senate - Joint Legislative Audit Committee**

**The Honorable Mark Pazin, Vice-Chairman, California Seismic Safety Commission**

**Stefan Cajina, Chief of North Coastal Region, Drinking Water Field Operations Branch,  
California Department of Public Health**

**Irene O'Connell - Chair, BAWSCA**

**Randy Breault - Vice-Chair, BAWSCA**

**BAWSCA Member Agencies (distributed by BAWSCA)**



## **Raid of state Sen. Ron Calderon's offices draws attention to state's water districts**

By Don Thompson and Michael R. Blood, Associated Press Writers

Contra Costa Times

Updated: 07/06/2013 07:03:06 PM PDT

LOS ANGELES - The FBI's investigation of a state lawmaker has brought attention to an arm of government that is at once indispensable and nearly invisible - public agencies that pipe water to millions of people and vast swaths of farmland yet operate with scant oversight or public scrutiny.

In a state where water, the economy and politics are intertwined, California has hundreds of local agencies that oversee the pumps and pipes that bring water to fields, homes, schools and industry. Yet the agencies' board elections are often ignored by voters, and little attention is paid to the six-figure salaries, generous pensions and hundreds of millions of dollars in contracts they hand out.

Dozens of water agencies throughout California even ignore the annual requests by the state controller's office to provide salary and staffing information so it can be available publicly. Such agencies typically break into the headlines only when something goes wrong.

"They are completely under the radar," said Robert Stern, former president of the Center for Governmental Studies in Los Angeles. "Who are these people? Yet, they have lots of power."

FBI agents searched Sen. Ron Calderon's two Sacramento offices last month. They also have sought to question his brother, former Assemblyman Tom Calderon, while at least one other state senator has been subpoenaed to appear before a federal grand jury in Los Angeles.

Three people who have spoken multiple times with the FBI have told The Associated Press that agents initially were interested in virtually anything involving the brothers but more recently narrowed their questions to issues surrounding the Central Basin Municipal Water District, which serves more than 2 million people in working-class and industrial neighborhoods on the fringe of Los Angeles.

Attorneys for the Calderon brothers have said their clients did nothing wrong. Ron Calderon said he couldn't comment on the ongoing investigation, and he intends to keep his Senate seat. Tom Calderon told The Sacramento Bee that "enemies of Central Basin" are making false allegations.

Neither the FBI nor the U.S. Attorney's Office in Los Angeles has commented, citing the secrecy of grand jury proceedings.

The district had been paying Tom Calderon \$11,000 per month as a consultant. And agents wanted to know about Ron Calderon's involvement in legislation favoring the small agency, which employs about 20 people.

The three people spoke on condition of anonymity because of concerns the FBI would be upset by public comments about an ongoing investigation.

District officials confirm the agency has received a subpoena but would not comment on details. The agency will "fully cooperate with the investigation," board member Leticia Vasquez said.

The potential link to the Central Basin district in the federal investigation is only the most recent example of a local water district becoming the subject of public scrutiny because of potential misdeeds. Previous scandals involving water agencies have uncovered fraud, bribes and lavish expenses and travel.

The number of local water agencies in California is staggering and each has its own bureaucracy. The Association of California Water Agencies represents nearly 440 public agencies accounting for about 90 percent of the state's water use, with the remainder generally provided by private and investor-owned utilities.

Former federal prosecutor Joseph Akrotirianakis says the little-noticed agencies remain ripe targets for abuse, despite increased public awareness after a widely publicized pay scandal involving public officials in the Los Angeles suburb of Bell.

"These are literally open meetings, but are they?" said Akrotirianakis, who handled corruption cases in Los Angeles. "There's a lot of abuse that goes on without a lot of scrutiny."

Mike Machado, a former Democratic state senator from Linden, in the Central Valley, recalled working with other lawmakers a decade ago to change the makeup of two district boards, the Central and West basins in the Los Angeles area, to counter concerns about cronyism and high water fees.

Machado, now executive director of the Delta Protection Commission, said water districts provide plum jobs that often are passed around between family and friends. They also become politically powerful fiefdoms that are resistant to change.

"Most of these have pretty good salaries, medical benefits and retirement (pensions). The seats are basically passed down, not necessarily opened up unless someone wants to be aggressive. If you become aggressive, it pits neighbor against neighbor," he said.

Investigations over the past decade, including ones by the Los Angeles Times and The Sacramento Bee, found that ratepayers' money has gone to flying lessons and foreign trips for directors, prime rib and shrimp at swearing-in ceremonies, thousands of dollars for meals, tickets to Los Angeles Dodgers baseball games. As in many other public agencies, employee pensions also have been padded.

In 2005, two members of the West Basin's board were sentenced to federal prison for taking bribes and kickbacks in the awarding of local government contracts.

More recently, the state attorney general weighed in on conflict-of-interest concerns involving Willard Murray, who served simultaneously on West Basin and another water board. The attorney general forced him to leave one position, but it's still a family affair: the board's current vice chairman, John W. Murray Jr., is Willard Murray's second cousin, said Metropolitan Water District spokesman Bob Muir.

When he was a member of the state Assembly, Willard Murray carried legislation in 1995 that allowed members of a public agency to appoint themselves to the board of a metropolitan water district and to vote for their own appointment to the district board. The bill eventually became law.

He drew media attention in 2008 after one district paid him nearly \$90,000 over two years to attend meetings and for travel that included a trip to Mexico City.

In the Legislature, efforts to bring greater scrutiny to local water districts have flopped, at least in part because of insider influence.

"They have a lot of money so they're able to hire good lobbyists or spread money around," said Joe Canciamilla, a former Democratic assemblyman from the eastern San Francisco Bay Area city of Pittsburg who now is Contra Costa County's clerk and recorder.

State Controller John Chiang is pushing two bills to bring greater accountability to local water districts, including one that would stiffen penalties if they fail to provide required information on salaries and other financial records.

State records filed with the controller show that six-figure paychecks are common in many local districts - even among smaller ones.

Seventy-one people worked at the Mesa Consolidated Water District in Orange County in 2011, records show, and about a third of them made more than \$100,000 a year. The general manager was paid \$254,000.

In the Santa Clara Valley Water District, which had 773 workers in 2011, average wages were nearly \$110,000. The chief operating officer reported total wages of more than \$330,000.

Little has changed since a state audit released in 2004 sampled the practices of eight of the state's nearly 450 water districts. Auditors found five of the eight had financial reserves so large that they raised questions about whether money should be returned to ratepayers, while three paid their directors to attend questionable events including retirement, anniversary and holiday celebrations.

Part of the problem is no one bothers to look.

"As long as people can turn on their water or turn on their irrigation tap, they're happy," said state Sen. Lois Wolk, D-Davis.

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## **Key vote coming on retiree health care liability**

### **SF Gate, July 2013**

The Board of Supervisors will decide next week whether voters should weigh in on how to tackle the city's \$4.4 billion unfunded retiree health care liability. That's \$13,487 per person, in case you're counting.

Supervisor **Mark Farrell's** proposed Charter amendment, which is supported by a number of labor unions and business groups, would secure the Retiree Health Care Trust Fund in large part by prohibiting withdrawals until the city can pay for all its health care liabilities. Under a 2008 ballot measure, the fund can be raided in 2020. Under Farrell's legislation, retiree health care would be fully funded by 2045 - without raising employee contributions.

That's because under the rules of the trust fund, which was created by voters in 2008, new hires must pay 2 percent of their gross annual salary toward their own health care costs. Pre-2009 hires pay 1 percent - and with the natural annual turnover of employees, the fund is growing each year.

Farrell has five co-sponsors - Supervisors **David Chiu, Norman Yee, London Breed, Katy Tang** and **Scott Wiener** - so the ballot measure is pretty much a done deal.

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