

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

May 16, 2013 – 7 p.m.

Foster City Community Building, Foster City CA

MINUTES

1. Call to Order/Pledge of Allegiance/Roll Call – 7:00 pm

BAWSCA Chair, Irene O’Connell, called the meeting to order. Art Jensen called the roll. Twenty-three (23) members of the Board were present, constituting a quorum. A list of Directors present (23) and absent (3) is attached.

- 2. 10-Year Anniversary:** Former Board Chairs, including Ira Ruskin, Bern Beecham, Rosalie O’Mahony, John Fannon, and Barbara Pierce congratulated the Board for the Agency’s accomplishments. Acknowledgements and Resolutions of Recognitions honoring BAWSCA’s 10-year Anniversary were presented to BAWSCA by Gina Papan, Mayor of the City of Millbrae, Brian Perkins from the Office of Congresswoman Jackie Speier, Marc Hershman from the office of Senator Jerry Hill, Margo Grant from the Office of Assemblymember Rich Gordon, SFPUC Commissioner Andy Moran, and San Mateo County Board of Supervisor, Don Horsley.

Displayed at the reception, were Proclamations, Resolutions, and Certificates of Commendation received by BAWSCA from the cities of Foster City, Daly City, Hayward, San Bruno, San Mateo County, and Alameda County. Also displayed were an Assembly Resolution from the offices of Assemblymembers Nora Campos, Paul Fong, Rich Gordon, Kevin Mullin, Bill Quirk, Mark Stone, and Bob Wieckowski, and a Senate Resolution from the offices of Senator Jim Beall, Ellen Corbett, Jerry Hill, Mark Leno, and Leland Yee.

3. Comments by the Chair:

Chair O’Connell thanked the attendees of BAWSCA’s reception marking its 10-years of service since its formation.

- 4. Board Policy Committee Report:** Committee Chair Rob Guzzetta reported the discussions and actions that took place at the BPC meeting held on April 10, 2013.

- 5. Public Comments:** Jack Burgett, Director of North Coast County Water District presented a Resolution, adopted by its Board of Directors, honoring BAWSCA’s 10-Year Anniversary. Public comments were received from Wynn Grcich and Michael Francois.

6. Consent Calendar:

Director Anderson made a motion, seconded by Director Richardson, to approve the Consent Calendar. The items include approval of the Minutes of the March 21, 2013 Board Meeting, that the Board receive and file the Budget Status Report, Investment Report, and Directors’ Reimbursement Report ending March 31, 2013.

The motion carried unanimously.

7. Action Calendar:**A. Amendment to Hanson Bridgett Professional Services Contract:**

Director Quigg made a motion, seconded by Director Laporte, that the Board authorize the CEO/GM to amend the professional services contract with Hanson Bridgett by \$60,000, for a total not to exceed the amount of \$569,000. The motion carried unanimously.

B. Recommended Funding Plan for Other Post-Employment Benefits:

Director Mendall made a motion, seconded by Director Kasperzak, that the Board approve funding the Annual Required Contribution (ARC) for the OPEB obligations into an irrevocable trust at an investment yield rate assumption of 7% starting FY 2013-14. The net increase to the FY 2013-14 Operating Budget would be \$98,000 from the General Reserve. The trust alternatives are to be fully evaluated before funds are deposited, no later than November 2013. The motion carried unanimously.

C. New Employee Pay and Benefits:

Mr. Jensen reported that the schedule for the current fiscal year is to complete a compensation survey for the staff positions in the Fall. If the Board approves filling the new position, BAWSCA can proceed with filling the vacant positions including the CEO position and the Water Resources Planner position, and evaluate whether changes should be considered by the Board. Mr. Jensen stated that the Personnel Handbook states that the agency reserves the right to modify, change or terminate benefits at any time to the greatest extent permitted under law. Offers of employment can highlight that position.

Director Kasten encouraged BAWSCA to be upfront with prospective employees and to highlight the section of the Personnel Handbook that states that BAWSCA reserves the right to modify, change or terminate benefits at any time as permitted under law.

Director Mendall made a motion, seconded by Director Griffith, that:

- 1. the Board postpone consideration of revisions to BAWSCA employee and post-retirement benefits until after completion of a comprehensive staff position compensation survey to be completed this coming fall;**
- 2. the actions needed to comply with the California Public Employee Pension Reform Act be implemented promptly;**
- 3. offers of employment to new employees could contain an explicit statement that retirement benefits may be modified by the Board following their being hired. Such a statement will be highlighted.**

The motion carried unanimously.

D. Proposed Fiscal year 2013-14 Work Plan and Budget:

Director Mendall stated that he would vote against the recommended Operating Budget of \$3,214,189 because, while he thinks highly of the BAWSCA staff, he could not

support merit allowances at the same time the employees of the City of Hayward is taking a pay cut.

The Board took for the following actions:

1. **Director Pierce made a motion, seconded by Director Quigg, to approve the FY 2013-14 results to be achieved. The motion carried unanimously.**
2. **Director Pierce made a motion, seconded by Director Quigg, to approve the Operating Budget of \$3,214,189. The motion carried. Directors Mendall and Bronitsky opposed.**
3. **Director Pierce made a motion, seconded by Director Quigg, to approve funding the budget with no changes to assessments, and a transfer of \$696,188 from the General Reserve, including \$300,000 for a one-time study and \$98,000 to fund the Annual Required Contribution to Other Post-Employment Benefits, and that a mid-year analysis be done. The motion carried unanimously.**

E. Approval of Professional Services Contracts for FY 2013-14:

Director Kasperzak made a motion, seconded by Director Vella, that the Board approve the 12 contracts for legal, engineering, financial, strategic and water conservation services needing to be in place by July 1, 2013. The motion carried unanimously.

F. Compensation Adjustment for Chief Executive Officer and General Manager for FY 2012-13:

Director Kasperzak stated his support for the CEO and General Manager's merit increase, but expressed his concern about the merit being PERS-able and resulting in a spike.

Hanson Bridgett's Employee Benefit expert, Marcus Wu, explained that while the merit increase is PERS-able, it falls under the category of "special compensation" which PERS does not consider as spiking.

Director Pierce stated that due to a number of critical activities including the bond issuance and the proposal to drain Hetch Hetchy, she, as Chair of the Board, and the CEO agreed to postpone his evaluation, which then postponed any potential merit increase. She said that if the merit increase had been done on schedule, the Board would be making this decision on the basis of his performance. Director Pierce noted that the timing is an indication that the CEO put the organization first, and delayed his evaluation until all the critical issues had been addressed, an act for which he should not be penalized.

Director Pierce made a motion, seconded by Director Richardson, that BAWSCA grant a one-time merit bonus to the CEO/General Manager in the amount of \$13,187 that represents a bonus well within the 15% limit set forth in the employment agreement, and that recognizes the CEO/General Manger's superior

performance during the FY 2011-12 and proceeding into the first eight months of FY 2012-13. The motion carried. Directors Mendall and Bronitsky opposed.

- 8. SFPUC Report:** SFPUC General Manager, Harlan Kelly, congratulated the Board on its 10-Year anniversary, and provided an update on the Water System Improvement Program (WSIP), including the Commission's approval of revisions to the WSIP schedule and budget.

SFPUC Assistant General Manager and Chief Financial Officer, Todd Rydstrom provided an informational report on SFPUC's approach to OPEB.

- 9. Reports:** Additional staff reports were provided on SFPUC Water System Improvement Program (WSIP), BAWSCA's Long-Term Reliable Water Supply Strategy, Board Policy Calendar, and items on the CEO/General Manager's letter.

- 10. Date, Time and Location of Next Meeting:** The next meeting is scheduled on July 18, 2013, in the Wind Room, Foster City Community Center.

- 11. Adjournment:** The meeting adjourned at 9:35pm.

Respectfully submitted,

Arthur R. Jensen,
Chief Executive Officer/General Manager

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Attachments: 1) Attendance Roster

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
Board of Directors Meeting
May 16, 2013**

Attendance Roster

Present:

Ruben Abrica	City of East Palo Alto
Robert Anderson	Purissima Hills Water District
Randy Breault	Guadalupe Valley Water District
Charlie Bronitsky	City of Foster City
Tom Chambers	Westborough Water District
Ken Coverdell	Coastside County Water District
Kelly Ferguson	City of Menlo Park
Jim Griffith	City of Sunnyvale
Michael Guingona	City of Daly City
Rob Guzzetta	California Water Service Company
Mike Kasperzak	City of Mountain View
Tom Kasten	Town of Hillsborough
Marty Laporte	Stanford
Jerry Marsalli	City of Santa Clara
Al Mendall	City of Hayward
Irene O'Connell	City of San Bruno
Rosalie O'Mahony	City of Burlingame
Tom Piccolotti	North Coast County Water District
Barbara Pierce	City of Redwood City
Dan Quigg	City of Millbrae
Sepi Richardson	City of Brisbane
Louis Vella	Mid-Peninsula Water District
John Weed	Alameda County Water District

Absent:

Armando Gomez	City of Milpitas
Larry Klein	City of Palo Alto
Chuck Reed	City of San Jose