

MINUTES

BOARD OF DIRECTORS PLACER COUNTY WATER AGENCY

Thursday, September 13, 2007

5:30 p.m. Open House

6:15 p.m., Special Meeting

Current Board Directors present: CHAIRMAN LOWELL JARVIS, GRAY ALLEN, ALEX FERREIRA, MIKE LEE, and OTIS WOLLAN

Current Board Directors absent: None

Former Board Members present: District 1: ROBERT MAHAN, PAULINE ROCCUCCI; District 2: ROY RUHKALA, WALTER FICKEWIRTH; District 4: EDWARD HORTON, BRUCE LEE; District 5: WILLIAM "BILL" BRINER

Agency Staff Who Reported: DAVID BRENINGER, General Manager; ED TIEDEMANN, General Counsel

A. Call to Order at 6:15 p.m. Special Meeting

- Chairman Jarvis called the special meeting of the Placer County Water Agency Board of Directors to order at 6:18 p.m. in the American River Room, Placer County Water Agency Business Center, 144 Ferguson Road, Auburn, California.
- Roll Call: The Clerk to the Board did a ceremonial roll call of all current and former Board members present. She also took standard roll call of current Board members.
- Congressman John T. Doolittle led the Pledge of Allegiance.

B. Commemoration of the 50th Anniversary of the Placer County Water Agency

- Opening comments

David Breninger, General Manager noted the Agency governance from the formation of the Agency, 1957 to 1975, was the Placer County Board of Supervisors. From January 16, 1975, the governance of the Agency transitioned to an independently elected Board of Directors.

- Introductions

Congressman Doolittle noted how barren and bleak so much of the west is. He commented the first pioneers in the mid-nineteenth century to settle the West had a lot of vision. They laid the foundation for this country and state. He noted the room is full of such people who had the vision for this Agency to lay the foundation for decades into the future for providing for a reliable and plentiful supply of water. Water is life and you don't have anything without water. This county is one of the few in the state that has had a surplus of water because of the foresight, commitment and planning that has gone into it. He thanked the early leaders who were present, including Roy Ruhkala, Bill Briner, and Alex Ferreira, for their vision and leadership. He said that as a result of their efforts we will continue to have a high quality of life in Placer County for a long time.

He also noted it has been his pleasure to work with the Agency to accomplish their goals, including getting the permanent American River Pump Station. He presented the Chairman with

a copy of the Congressional Record commending the Agency's 50 years of outstanding public service.

Senator Cox presented the Chairman with a Senate Resolution commending the Agency for 50 years of service. He thanked Congressman Doolittle for his steadfastness to get the funding for the Agency to get projects done.

- Special commentary

Chairman Jarvis gave the following commentary:

Today the Agency marks the 50th anniversary and commemoration of the founding of the Placer County Water Agency.

PCWA was founded by community leaders with a clear sense of vision. In the late 1940's and early 50's, Placer County citizens were supplied with water through several different water purveyors. Two factors made it clear that water supply for Placer County required more focused attention.

One factor was that existing water supply and conveyance systems did not have the capacity or reliability to serve both agriculture and a growing population of Placer County. The other factor was the growing threat that forces outside our county were trying to take our water for uses outside our County.

To address those concerns, a State law entitled the Placer County Water Agency Act, authored by Assemblyman Francis Lindsay, was approved by the Legislature, and signed by Governor Goodwin J. Knight on July 3, 1957. The Act became effective and established the Placer County Water Agency on September 11, 1957. The mandate for the Agency was straightforward: to develop, preserve and to protect water resources within our County for beneficial use for the people of Placer County.

Vice-Chairman Lee gave the following commentary:

PCWA was established to plan for and to manage what is the single most important resource of Placer County: water.

Immediately after the Agency's creation in 1957, PCWA began addressing this goal. Engineering, financial and legal experts were retained. By May 1959, an Agency General Plan was prepared for the proposed development of the County's water resources. By June 1961, an Agency Feasibility Plan for the Middle Fork American River Project was adopted. These documents and others provided the engineering and financial basis for the development of the Agency's proposed hydroelectric Project. The Agency identified that the Project could be financed by the sale of electricity generated by the Project itself. This plan was taken to the voters of the County on June 20, 1961. By a vote of 25 to 1, the County citizens approved an Agency \$140 million revenue bond to finance the construction of the Project.

On March 13, 1963, the Federal Energy Regulatory Commission approved our license to build what has become known as the Middle Fork American River Project. The Project allowed Placer County to become the first County in the State to develop its own water resources. Completed in 1967, the Middle Fork American River Project stores 342,100 acre-feet of water. It includes seven dams, with the largest reservoirs being Hell Hole, French Meadows, and

Ralston, 23 miles of tunnels, and 5 power plants with a capacity to produce 224 megawatts of clean, renewable hydroelectric energy that on an annual basis equates to over one billion kilowatt hours of electricity which the Agency sells under contract to PG&E. The contract expires in February 2013.

Through the decades PCWA services have expanded to provide high quality water for agriculture, homes, businesses, industrial, and recreational uses while successfully harnessing our County's "area of origin" water resources. On a broader scale, PCWA plays a key role in watershed stewardship, as well as supporting the economic well-being of all of Placer County.

As Placer County has grown, the portfolio of PCWA activities has become more complex, and all the more essential to the County's continued vitality.

Director Ferreira gave the following commentary:

He noted over fifty years ago, community leaders knew that more water would be needed in the future to serve both the needs of agriculture and an anticipated population and economic growth of our County.

The leaders that formed the Water Agency had a very clear sense of vision for our future. They planned and built the Middle Fork American River Project to assure the County both water from our County's own watershed and to harness that water to generate power. These leaders assured the protection of our County's precious water resources for all generations to come.

Today, PCWA retains substantial "area-or-origin" water rights, as well as benefits from long-held supplies from the Yuba and Bear Rivers purchased by the Agency from PG&E.

In Placer County there is no sad legacy of dryland farming or of dreams of water that might have been. Because of PCWA's 50 years of water resource activities, there is no fight over water. There is sufficient water supply for farmers and cities.

On our 50th anniversary, it is vitally important that we keep focused on our most significant near-term objective for the Water Agency--the successful relicensing of our Middle Fork American River Project with the Federal Energy Regulatory Commission in 2013. The accomplishment of that objective serves to remind us – of the Agency's original 'roots' of 50 years ago—that the Water Agency exists to serve the needs of the people of Placer County, both now and for generations yet to come.

In this regard, the Agency Board is proud to work in harmony with our colleagues of the Placer County Board of Supervisors and in partnership with our County Treasurer in financing the expensive Relicensing process. This was achieved when both Boards unanimously approved formation of the Middle Fork Project Finance Authority early last year. The two Boards are partners together as well when it comes time to approve the next power sales contract for the Middle Fork American River Project in 2013. The Agency Board and the Board of Supervisors are working together to benefit the people of Placer County.

Director Wollan gave the following commentary:

PCWA is a county-wide Agency which runs a lot of different businesses. The Agency works in watershed stewardship taking care of the highest areas of the forest so that the water remains of good quality as it moves down the watershed. The Agency wholesales and retails water to

farms. The Agency has water treatment plants from Alta to the Lincoln area. We provide public recreation, generate hydroelectric power, and advocate for conservation and best management practices for efficient water use.

Through the years, the Water Agency has made great strides. Today PCWA supplies water through five service zones with one in eastern Placer in Martis Valley and four zones spanning vast areas in western Placer County.

On our anniversary, the water agency is well prepared as it looks forward to the future, remain strong, and remain a vibrant part of the community.

PCWA is presently working with the Bureau of Reclamation on a new permanent pump station on the North Fork American River at Auburn to assure good quality water for the growth we are facing for the next several decades.

The Water Agency is proud of our long-established water use efficiency and conservation programs and education programs in schools throughout the County.

The Agency is proud of our strong stewardship role and works closely with the U.S. Forest Service and others to assure sound land and water management.

The Agency is proud of the advice and assistance that we offer other special districts throughout the county.

Director Allen gave the following commentary:

Because of Placer County's natural beauty and outstanding quality of life, the County draws many new residents and makes it one of the fastest growing counties in the State. As our County's population grows, PCWA has kept pace by planning ahead to meet ever increasing needs for water supply and reliability.

Growth requires that we have more and better communication so that the new residents and our expanding population are well informed about PCWA. The Agency launched a community outreach program this year. It expands on existing activities by Board members and staff as we reach out and try to build relationships and understanding through the many communities we serve.

We communicate with other governmental agencies, special interest groups, Chambers of Commerce, customers, media and the general public. We provide information about the Agency's plans, activities, services, and watershed stewardship programs.

Wise use of water is a favorite theme of ours. While Placer County is blessed with an ample supply of pure water, it is a resource we should not waste.

Our communication program explains that our water is a precious commodity for people, agriculture, recreation, and especially for sustaining Placer County's rich ecosystems and vibrant economy. We encourage customers to be water wise and provide information and assistance to use water efficiently.

PCWA works hard in being a full partner with other public agencies to serve the people of Placer County. The PCWA Board is pleased to have a good working relationship with the

Placer County Board of Supervisors, with the Council members of the six cities in the County, with the Board members of the Special Agencies that serve County residents, and with our State and Federal officials. Our Outreach Program is designed to keep them informed and to sustain strong working relationships that we have had with them for many decades.

A key component of our Community Outreach Program that was recently adopted by the Board to mark our golden anniversary is a revised Agency icon and logo. We have also identified three (3) words to represent PCWA. They are— 'water,' 'energy,' and 'stewardship.' They describe our mission.

Our revised 'visual image' marks a wider perspective for the Agency as we look ahead to the ever-expanding array of activities the Board foresees for serving the future needs of the people of Placer County.

Our revised logo continues to feature the color blue for the letters PCWA. The blue of the droplet represents the clean water that the Agency supplies to County residents. The color green was added to the droplet to represent the Agency's 'stewardship' for the watersheds and water resources that our County's economy and environment depend on. The color green is depicted on the icon as an artistic 'leaf.' The colors of blue for 'water' and green for 'stewardship' are linked by the Agency's customary 'bolt of electricity' that represents the 'energy' of PCWA's Middle Fork American River Project.

All that symbolism represents our vision and our mission and our pledge to you as we enter our next 50 years of service we will continue to supply water and hydroelectric power for the residents of Placer while being good stewards of the watershed which is the source of that resource.

The General Manager noted there were items for guests on their way out, including the republished Heritage of Water book, water efficiency kits, the Agency brochure and newsletter.

He showed a new video that helps tell the story of the Placer County Water Agency.

- Recognitions and presentations

Chairman Jarvis recognized Directors Allen and Ferreira, members of the ad hoc Community Outreach Board Committee, that made the video possible.

General Manager and General Counsel presented Bruce McCreary with an award recognizing him for his outstanding service in the development of PCWA's Middle Fork American River Project.

General Counsel noted Mr. McCreary was one of the Engineers who put the project together, along with Sandy Koretsky. He commented the Agency wouldn't have the MFARP if it weren't for McCreary and Koretsky's bid on the Project. It was one of the vital links in the chain and without it the MFARP wouldn't be here. Legal Counsel met with the President of PG&E in San Francisco to see if they would be interested in being a buyer. At PG&E's request, McCreary & Koretsky kept redesigning the project trying to cut costs. In those days they did all the designs with slide rules.

Mr. McCreary noted he is the only one who is been on the project from when it started to where it is now. It started in 1953 with an in-house feasibility study by his engineering firm. As they

were studying it, they realized it was a real jackpot. The true people that deserve the credit without any question, and the only reason the Project is here today was the dedication of the Placer County Board of Supervisors at that time. They were all dedicated to do the best they could for the County. Without them PCWA wouldn't exist as it is.

General Counsel noted Paul Lunardi was another vital link in the chain to getting the Project. Mr. Lunardi was in the Assembly in 1963. After the Agency acquired their water rights, their federal license, the Project was designed. They got a bid for the Project that came in with a price that was feasible, but included turbines and generators from Japan and Germany. At that time there was a law in California called the Buy American Act that stated local governments were to buy American-made products. The law was not really effective at that time because it had been superseded by a treaty that the U.S. had entered into. Treaties are a higher level than statutes. The treaty was in effect, nevertheless, American manufacturers wanted to test it and threatened to sue the Agency. They could have tied up the Project for four or five years. The offer from PG&E was only good for a while, the pricing was only good for a while, the water rights were only good for awhile.

The Board went to Assemblyman Paul Lunardi who took the lead to put through an amendment to the Placer County Water Agency Act that stated the Buy American Act does not apply to the Agency's Middle Fork American River Project. Mr. Lunardi shepherded the amendment through the Assembly and Senate. This was going on at just the time the Agency wanted to sign the contract with PG&E and award the construction contract. After Mr. Lunardi got the amendment through the legislature, he went to the Governor's office for his signature, but the Governor had gone home, so he went to the Governor's mansion. The Governor signed the amendment and Mr. Lunardi used the Governor's phone to call the Agency and let them know the amendment was signed and in effect. Chairman Jarvis presented Mr. Lunardi with an award recognizing him for his outstanding service assuring State Legislation Allowing PCWA to Purchase Foreign-Made Power Units for the Middle Fork American River Project

Mr. Lunardi said he worked with a tremendous amount of dedicated people with the Water Agency and lawyers from Tiedemann's firm. It was a challenge and like a ball game—you win or lose—and we were lucky to win.

Ed Horton, retired PCWA Director, reported on the history of the Agency's legal counsel. The Agency had a different legal counsel when they first began—Ralph Brody. Mr. Brody was appointed by Governor Pat Brown as Deputy Director of State Water Resources. Stanley Kronick sent a letter to the Board that read, "We would like to do work for you for a monthly retainer of \$400 per month that will cover office work in Sacramento and meetings in Auburn. Services in addition to the foregoing will be \$150 per day. We are ready to go to work February 1." The Board appointed Stanley Kronick and Adolph Moskovitz as legal counsel on January 27, 1959.

Chairman Jarvis presented Edward Tiedemann and Janet Goldsmith, on behalf of KMT&G, with an award for all their hard work, effort, and time that they put into making the Agency what it is today.

Janet Goldsmith noted the KMT&G firm is very blessed and honored to serve the Agency. PCWA was KMT&G's first client. She congratulated the Agency on 50 years of service to the County, protecting, defending and maintaining the gold for the people of Placer County which is water. Water is essentially the new gold of California. On behalf of the firm, Mrs. Goldsmith, to

expressed appreciation and congratulations, presented a lectern for the Board room and a plaque to the Agency.

General Manager read a portion of the January 27, 1959, Board minutes noting Edward Tiedemann was the new Assistant County Executive Officer and that his duties with the County included the Placer County Water Agency. Mr. Tiedemann began work on February 24, 1959. He has been worked for the Agency for over 48 years. He received his law degree in 1962. He resigned from the County and went to work with the law firm. The General Manager presented Mr. Tiedemann with a commemorative award.

Mr. Tiedemann noted it was an honor to receive the award. He noted the Agency is very lucky with the people we elected to put the project together and kept it going down through the years. He worked with all of them. He acknowledged the people of Placer County that had the leadership and gumption to stay with getting the Project put together in the 50s and 60s.

Adam Willowby, on behalf of Assemblyman Ted Gaines, presented the Agency a Certificate for 50 years of dedicated service.

City of Auburn Mayor Bob Snyder recognized the Agency for its professionalism and service. He presented a resolution to the Agency. He also recognized the employees of the Agency who put the project together and who maintain the project daily in a seamless manner.

City of Rocklin Mayor Cathy Lund congratulated the Agency and noted the City and the Agency works as a team.

Rita Schmidt-Sudman from the Water Education Foundation presented the Agency with a water map of California.

- Public comment

John Davis, Acting Regional Director for the Bureau of Reclamation pointed out the partnership relationship with the Agency over the years. He congratulated the Agency on their Golden Anniversary and half a century of outstanding work to the people of California.

- Reception

C. Adjournment

At 7:30 p.m. Director Wollan made a motion to adjourn; motion seconded by Director Allen and adopted by unanimous vote of directors present.

ATTEST:

Cheri Sprunck, Clerk to the Board
Placer County Water Agency