

MINUTES

BOARD OF DIRECTORS PLACER COUNTY WATER AGENCY

Thursday, January 24, 2008
2:00 p.m., Adjourned Meeting

Board Members Present: CHAIRMAN MIKE LEE, GRAY ALLEN, ALEX FERREIRA, LOWELL JARVIS and VICE-CHAIRMAN OTIS WOLLAN

Board Members Absent: None

Agency Personnel Present Who Spoke: DAVID BRENINGER, General Manager; ED TIEDEMANN, General Counsel, CHERI SPRUNCK, Agency Secretary/Clerk to the Board; VALERIE LORD, Assistant General Manager and Director of Administrative Services; STEVE JONES, Power System Manager; JOHN KINGSBURY, Director of Customer Services; BRIAN MARTIN, Director of Technical Services; EINAR MAISCH, Director of Strategic Affairs; MAL TOY, Director of Resource Development

A. CALL TO ORDER

1. Roll Call

Chairman Lee called the adjourned meeting of the Placer County Water Agency Board of Directors to order at 2:04 p.m. in the American River Room, Placer County Water Agency Business Center, 144 Ferguson Road, Auburn, California.

2. Pledge of Allegiance: Led by Brian Martin

3. Introductions & Presentations: None

B. PUBLIC COMMENT: None

C. REPORTS BY DEPARTMENT HEADS

Director of Customer Services provided a one-page handout about water rate categories designed to help customers better understand their bills.

Director of Technical Services reported on the downward trend of the Water Connection Charge (WCC) income. He met with Finance Department about cut back of funds and prioritizing projects. The Agency will not start any new projects this year until sufficient WCC funds are received.

D. AGENDA CHANGES AND REVIEW

The order of agenda items were heard out of sequence.

E. GENERAL ITEMS

1. Workshop on Board of Directors' strategic issues and topics for 2008 and beyond.

Agency consultant and facilitator Steve Barber introduced the Board to the historical way the Board has approached strategic planning past.

The following items were brought up and discussed:

- A strategic plan process is needed.
- Look at adaptive management strategies.
- Build greater public awareness of the value and cost of water and power. Accelerate, expand, and explore public outreach program. Communicate with the customers
- Create an overall policy about going green, holding down costs, and sustainability.
- Determine how to use and invest power income the Agency will eventually receive post 2013. The first responsibility is a reliable water system. If you had basic needs covered, where else can you invest money?: e.g. biomass, solar
- Customers are becoming more aware of conservation.
- Management of hydroelectric, local resources, new technology, fuel-loaded forest/biomass
- Use well-trained community members to look at different needs, e.g. carbon footprint
- Look at different ways to enter into energy options and environmentally friendly ideas for the future Agency portfolio.
- Have a clean vision; do an assessment of what resources are in Placer County; e.g. biomass utilization. Consider amending the Agency Act if necessary.
- Cooperate with federal government on forest management
- Cooperate with the County about liquid and solid wastes
- Be mindful of being entrepreneurial incubator.
- Do not go into a money losing venture.
- Have a business plan
- Plan for growth.
- Have a better understanding with agencies we serve water to because they deal with recycled water utilization. Understand what those agencies use because it can impact how much water is used. Understand the percentage of water they use.
- Use Auburn recycled water to increase stream flows. Is recycle water better used there or invested in an expensive infrastructure to pipe it below Lincoln?
- Consider purchasing recycled water from other entities (e.g. cities) which would provide a revenue stream to them.
- The Agency will need a larger Power Division
- What happens with potential future revenues? Is our borrowing capacity a bridge?

2. Consider Protect American River Canyon (PARC) letter of support regarding Proposition 84.

Director of Resource Development reported PARC is seeking grant money from the Sierra Nevada Conservancy. Because of the Agency's interest in the water quality in the watershed, PARC is seeking non-financial support from the Agency of the grant proposal. (Handout provided)

Motion by Director Allen approving the letter of support; motion seconded by Director Wollan and adopted by unanimous vote of Directors present.

3. Receive report regarding Healthy Auburn Waters Program.

This item was continued to the February 7, 2008, regular Board meeting.

4. Receive report regarding developing an energy, carbon footprint, and greenhouse gas emissions strategy.

Paul Selsky, of Brown & Caldwell, gave a PowerPoint presentation. He described the Governor's Executive Order that establishes greenhouse gas (GHG) emission reduction targets and establishes CalEPA reporting requirements. He described AB 32 which also deals with GHG emissions, its timeline and anticipated reporting agencies. He noted actions other agencies are taking. He handed out a draft energy and climate change policy statement.

He described the California Climate Action Registry (CCAR), its purpose, existing members, benefits of joining and process to join CCAR. He handed out a Sonoma County Water Agency press release announcing carbon-free water delivery role. He suggested an Energy and Climate Change program in four phases: Phase 1: benchmark study, Phase 2: identify and screen alternatives; Phase 3 select best alternatives; Phase 4, start implementation.

Discussion followed.

5. Receive report regarding California Climate Action Registry.

The report was combined with item E.4. above.

6. Review and provide direction to staff regarding a proposed draft PCWA's statement of interest on water resource issues related to the Pacific Gas & Electric Company (PG&E) and Nevada Irrigation District's (NID) Federal Energy Regulatory Commission (FERC) relicensing process.

Director of Strategic Affairs noted the point of the draft PCWA statement of interest in relicensing of PG&E and NID Drum-Spaulding and Yuba-Bear projects is to make sure those entities understand the history and water use pre-dates hydroelectric relicensing. It is also to make sure the Agency's purpose is to represent the interests of the people and local governments of Placer County on water resource issues. The primary focus is to preserve and protect the quantity and reliability of existing water supplies diverted from the Yuba and Bear Rivers that are essential to the health, safety, economy, and environmental resources within Placer County.

Discussion followed.

7. Receive and discuss "Issues and Interests Achieved in 2007 and Anticipated in 2008" for PCWA.

The Power System Manager reported the Federal Energy Regulatory Commission is requiring the Agency to increase the size of the LL Anderson Dam spillway. Construction will begin in 2010 and the Agency will have two years to complete it. It is approximately a \$22 million project and the Agency is not sure how it will be financed. Agency staff is trying to get PG&E to meet and dialogue about financing, but PG&E has indicated they do not want to pay.

He reported on the lining of the surge shaft. The water the Agency was losing through the hillside has dropped off and the Agency wants to quantify it. The rock trap at the end of the tunnel is hydraulically full. Two new runners are installed and made of steel. PG&E is ordering a spare runner this year. The lead time is 18 months. There is concern about rocks coming out and damaging the runners. A runner may have to be pulled out every three to five years to be rebuilt.

Inquiry and response followed.

Director of Resource Development reported on the water rights extension and the requirements by CEQA. The Agency's filing is in and staff will be meeting with the State soon to determine how to best meet CEQA requirements.

For relicensing the Agency needs a 401 water certification from the state. FERC can't move until the state does. The Agency is working with the state early to try to get the certification timely.

On the relicensing process he reported FERC contacted the federally recognized tribes to see if they wanted a consultation and if the tribes wanted the Agency there. There has been no response from the tribes.

FERC is part of the integrated licensing process and is active in determining the studies to be conducted in the next 1-1 ½ years. A scoping meeting is scheduled for March 4. If the studies are approved, the Agency will contact the lead management in Washington, D.C. to ask them to collapse their Commission's approval from December of this year to June of this year. FERC also does a federal NEPA declaration. The Agency will do a CEQA response. Through the year the Agency will do field studies.

F. REPORTS BY DIRECTORS

No reports received.

G. REPORTS BY LEGAL COUNSEL

No report received.

H. REPORTS BY GENERAL MANAGER

No report received.

I. CLOSED SESSION

With all members present, as heretofore designated, the meeting adjourned to closed session at 4:30 p.m. to consider the following:

1. **Public Employee Performance Evaluation** - pursuant to Section 54957 of the Government Code.
Position Title: General Manager

Directors returned from closed session at 5:00 p.m. No reportable action taken.

J. ADJOURNMENT

At 5:05 p.m. Director Jarvis 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