

MINUTES

BOARD OF DIRECTORS PLACER COUNTY WATER AGENCY

Thursday, August 28, 2008
11:30 a.m., Adjourned Meeting

Board Members Present: CHAIRMAN MIKE LEE, GRAY ALLEN, ALEX FERREIRA, LOWELL JARVIS, and VICE-CHAIR 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; BRIAN MARTIN, Director of Technical Services; JOSEPH PARKER, Director of Financial Services; 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 11:30 a.m. in the American River Room, Placer County Water Agency Business Center, 144 Ferguson Road, Auburn, California.

2. Pledge of Allegiance: Led by Lowell Jarvis
3. Introductions & Presentations: None

B. PUBLIC COMMENT: No member of the public commented.

C. REPORTS BY DEPARTMENT HEADS

Director of Resource Development provided a handout of the summary of the proposed 2009 water rate adjustment.

General Manager and Director of Technical Services reported the Agency is moving forward on small hydro.

D. AGENDA CHANGES AND REVIEW

Items C through G were heard at Tahoe City Public Utility District.

E. REPORTS BY DIRECTORS:

No reports received.

F. REPORTS BY LEGAL COUNSEL

No report received.

G. REPORTS BY GENERAL MANAGER

The General Manager noted there are conflicts with schedules and future Board meeting dates. Handouts of 2008 and 2009 calendars provided. The following Board meeting dates were changed as noted:

| Old Date | New Date |
|-----------------|-------------------------|
| Sept. 18, 2008 | Tuesday, Sept. 23, 2008 |
| Dec. 4, 2008 | Monday, Dec. 8, 2008 |
| Jan. 1, 2009 | Monday, Jan. 5, 2009 |

H. RECESS TO TRAVEL TO EAST PLACER COUNTY

At 12:03 p.m. Chairman Lee recessed the meeting to travel to East Placer County.

1. Roll Call

Chairman Lee reconvened the adjourned meeting of the Placer County Water Agency Board of Directors to order at 2:03 p.m. at the Tahoe City Public Utility District Board Chamber, 221 Fairway Drive, Tahoe City, California.

2. Pledge of Allegiance: Led by Lowell Jarvis

3. Introductions:

- Greetings from Tahoe City Public Utility District General Manager Cindy Gustafson

J. PUBLIC COMMENT: No member of the public commented.

K. GENERAL ITEMS:

General Manager provided handouts (Joint Exercise of Powers Agreement for the Middle Fork Project Finance Authority, Placer County Board of Supervisors Resolution 2006-13, PCWA Resolutions 06-01 and 08-16), related to the Middle Fork Project power revenue disbursements.

Director Wollan noted the documents reflect the groundwork for what is going to happen after 2013 with the proceeds of the Middle Fork Project (MFP) power revenues. He related the history and purpose of the creation of a separate Agency Board of Directors by the Board of Supervisors. The Joint Powers Authority (JPA) created in 2006 represents the power of both Boards. The JPA allows for marketing and sale of the power, receipt of the funds, and expenditure of the revenue in the following prioritized manner: basic operation

and maintenance of the MFP, additions and betterments of the MFP, equal distribution to the County and Agency of all remaining power revenues.

Director of Resource Development introduced the speakers.

1. Receive presentations and comments.
 - a. Cindy Gustafson, General Manager, Tahoe City Public Utility District (TCPUD): update on status of private water companies within TCPUD boundary and TCPUD Capital Improvement Plan.

Ms. Gustafson gave a PowerPoint presentation and reported the following (handout provided):

- They have six service areas and 3,900 customers. Water sources include 10 wells, one spring, and one lake intake.
- They provide water, sewer, parks, and recreation services.
- They had a 2008 operating budget of \$8 million and their revenues primarily come from property taxes
- Critical issues include aging infrastructure, implementation of meters, comprehensive rate study, multiple private water systems, and costs of increasing mandates for public health and safety.
- They are replacing meters to show equity for all customers and to conserve their water resources through leak detection and encouraging customers to use less water.
- Their Board is dealing with rate policy questions, such as how much water should be included in the base rate, how should tiers be structured and priced, what is the most equitable and appropriate use of property tax revenues, and how quickly can they address existing issues.
- Private water systems are petitioning for the District to take over their systems for a variety of reasons including poor and failing infrastructure, non-compliance with State mandates, poor or no fire hydrants, lack of proper treatment

- b. Curtis Aaron, General Manager, North Tahoe Public Utility District: update on North Tahoe Public Utility District Long-term Capital Reinvestment Plan

Mr. Aaron gave a PowerPoint presentation and reported the following (handout provided):

- District facts
- Five-year system focus on increased water supply and storage, system replacement and redundancy, revised master planning and long-term financial projects, and system interconnections
- Overview of 2009 Capital Projects: water tank planning, design; water system Master Plan update
 - Kingswood Water Tank improvements
 - Water Master Plan Update
 - Dollar Cove Water System planning and implementation
- Overview of recent capital projects
 - Cutthroat/Speckled/Wolf Water Main Replacement Project
 - Tahoe Marina Estates Water Main Replacement Project
 - Carnelian Water Tank Rehabilitation
 - Beaver Street Water Main Replacement Project

- Chlorine Conversion Project
- Upper Cutthroat Waterline Replacement Project
- National Avenue Water Treatment System
- Funding for capital projects
- Five-year system focus on sewer repair

- c. Dwayne Whitelaw, Chief, North Tahoe Fire: update on fire safety and water supply infrastructure

Chief Whitelaw reported on issues related to catastrophic wildfires in the Tahoe Basin. He noted details of the Angora fire and a recent fire on the west shore. A lesson learned from those fires is that water infrastructure and water durability is critical in fighting wildfires. A water improvement plan that blurs the lines of individual ownership is needed to address the deficiency. The fire district has met with water purveyors and come up with a budget to bring the needed reliability up to level. He requested organizational and financial assistance from the Agency. Discussion followed.

- d. Michael Holley, General Manager, Truckee Donner Public Utility District: update on Truckee Donner Public Utility District issues

Mr. Holley noted his district provides electricity and water. Considering risk management and costs, they have diversified their power contract from a single supply contract to twelve. They are also trying to buy more renewables. They expect a three percent increase in wholesale power.

The District is on a unified water system. Their largest challenge is meter installation. They have a \$10 million unfunded mandate.

The District has an old system and has issues with renewal and replacement. They are using reduction in water pumping to help pay for fixing leaks. They have reduced their consumption by approximate 600,000 gallons per day by fixing leaks.

On their meter studies they have found about 1/3 of their customers have a lot of leaks. The new meter system they are installing will allow them to be aware of leaks and to alert their customers of those leaks.

Providing adequate fire flows continues to be an issue. They have started installing backbone pump stations and getting standby generators because they have so many power outages.

They have adequate water supply. Their build out is less than their master plan provides for.

Director Allen stepped out 3:45 p.m. to 3:48 p.m.

- e. Rick Lierman, General Manager, Squaw Valley Public Service District: update on alternative water supply analysis

Mr. Lierman reported:

The County approved an additional 221 condominium units, employee housing, and parking garage, for the Resort at Squaw Creek (Resort). The Resort does not have a water supply for the project yet. His district is going through a supplemental EIR process for the project. During the winter and spring, there is plenty of water in Squaw Valley. During June through September the aquifer drops and they are water challenged. During the dry season, the Resort is going to reduce golf course irrigation pumping equal to the demand of the new units. If they don't comply, they will be fined \$1 per gallon for water use they exceed. They have subordinated their water rights to the district. With the sale of each unit a community fund is established; one-quarter of one percent of the sale price goes into a fund that is earmarked for restoration, rehabilitation, and enhancement of Squaw Creek.

He reported the District was awarded a grant for a study between the interaction between their aquifer and the Squaw Creek and impact of their pumping on the Creek and impact of the Creek pulling water away from their ability to pump.

He reported on the status of the draft supplemental water supply, enhanced utility project study.

- f. Mike Staudenmayer, General Manager, Northstar Community Service District: overview of asset management system

Mr. Staudenmayer gave a report regarding their asset management system (AMS). Their AMS is a computerized Geographic Information System (GIS)-based application that tracks costs and data on how they use their system and what expenses it takes to operate and maintain it. They are working with a software developer to develop better work orders. They will be capturing data and controlling workflow. (Handout provided)

Director Wollan stepped out between 3:50 p.m. to 3:53 p.m.

Director Ferreira stepped out between 3:58 p.m. to 4:02 p.m.

- g. Wade Freedle, Board President, Sierra Lakes County Water District: update on water supply and growth issues on Donner Summit

Mr. Freedle thanked the Board for providing a grant. He reported on the history of his district. He reported on Royal Gorge's request for water for new development. The District is gathering statistics of available water during the winter. Their lakes freeze in the winter and water flow is much less.

- h. Brian Martin: update on PCWA Zone 4

No report received.

- i. Mal Toy and Joe Parker: update on Financial Assistance Program

Director of Resource Development reported on the history of grants awarded by the Agency. There have been some water sales that have allowed additional money to be allowed to the fund. He went over the grant process timing. (Handout provided)

Director of Financial Services noted in proposed 2009 budget there is \$35,000 budgeted for the FAP program. (Handout provided)

L. ADJOURNMENT

Chairman Lee adjourned the meeting at 4:26 p.m.

ATTEST:

Cheri Sprunck, Clerk to the Board
Placer County Water Agency