

MINUTES

BOARD OF DIRECTORS PLACER COUNTY WATER AGENCY

Thursday, April 15, 2010
2:00 p.m., Regular Meeting

Board Members Present: CHAIRMAN ALEX FERREIRA, GRAY ALLEN, LOWELL JARVIS, MICHAEL LEE, and BEN MAVY

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; JOHN KINGSBURY, Director of Customer Services; BRIAN MARTIN, Director of Technical Services; EINAR MAISCH, Director of Strategic Affairs; JOSEPH PARKER, Director of Financial Services

A. CALL TO ORDER

1. Roll Call

Chairman Ferreira called the regular meeting of the Placer County Water Agency Board of Directors to order at 2:00 p.m. in the American River Room, Placer County Water Agency Business Center, 144 Ferguson Road, Auburn, California.

2. Pledge of Allegiance: Led by Placer County Agriculture Commissioner Christine Turner
3. Introductions & Presentations

The General Manager introduced Christine Turner, Placer County Agriculture Commissioner, and Mark White from the Placer County Resource Conservation District.

Ms. Turner asked for the Board's support of the June 16 Placer County Agricultural Tour. It is an issues-oriented agriculture tour. The theme is "Growing the Next Generation."

Mr. White thanked the Board for their support of the Ag Tour and provided a draft agenda.

B. PUBLIC COMMENT:

Don Anderson, representing himself, noted the public is being bombarded by advertisements by PG&E for Proposition 16. He asked if Proposition 16 can affect the Agency, does the Agency Act allow PG&E to market power, and what effect will Proposition 16 have on the Agency if it does?

Agency General Counsel and General Manager responded.

C. REPORTS BY DEPARTMENT HEADS

No reports received.

D. AGENDA CHANGES AND REVIEW

General Manager noted there is a handout related to item F.1. and a brief report that needs to be made.

He also noted an item needs to be added under Agreements and Contracts numbered F.8.

Regarding item F.8., Director of Technical Services reported since removal of the filter media at the Foothill 15 MGD Water Treatment Plant, inspection has revealed the underdrain system must be removed and replaced. Replacement of the filter needs to be done before the weather becomes warmer because of increased demands during warm weather. Waiting until the next Board meeting in May, may be too late to accomplish the task.

Director Allen moved to add item F.8. to the agenda; motion seconded by Director Jarvis and adopted by unanimous vote of Directors present.

E. CONSENT CALENDAR:

1. Approve and file:
 - a. Check Register 10-07 expenses disbursed
 - b. Budget transfers, as recommended by the Director of Financial Services.
See attached and other non-routine budget transfers that may be included as part of specific items that follow.
 - c. Matters related to the Board of Directors as follows:
 - Anticipated costs of transportation, lodging, and associated fees for travel outside the State of California to be paid by the Agency;
 - (a) Approve out-of-state travel and related expenses for Director Allen to attend HydroVision International's Conference July 27 – 30, 2010, in Charlotte, North Carolina.
 - d. General Manager's expense reimbursement claim summary.
2. Approve out-of-state travel and related expenses for the General Manager to attend the National Water Resources Association Western Water Seminar July 28 – 30, 2010, in Jackson Hole, Wyoming.
3. Approve application to write off uncollectible accounts in the amount of \$1,007.83.
4. Approve Renewal of Lease with the Bureau of Reclamation for the Maidu Corporation Yard.
5. Agency outreach: approve \$500 sponsorship for the 2010 annual Placer County Agricultural Tour.

Motion by Director Lee approving Consent Calendar items 1, 2, 3, 4, and 5; motion seconded by Director Allen.

After the first motion was made, Items 1.c. and 5 were pulled for discussion.

As a point of order, the Chair set aside the first Consent Calendar motion by Director Lee.

Motion by Director Jarvis approving Consent Calendar items 1.a.b.d., 2, 3, and 4; motion seconded by Director Mavy and adopted by unanimous vote of Directors present.

Motion by Director Jarvis approving Consent Calendar item 1.c.; motion seconded by Director Lee and adopted by 4:1 vote (Director Mavy opposing)

Motion by Director Jarvis approving Consent Calendar item 5; motion seconded by Director Allen and adopted 4:1 vote (Director Mavy opposing)

F. AGREEMENTS AND CONTRACTS:

Award:

1. Approve the following for the Foresthill Facilities Center, Contract #2010-07:
 - a. Approve Budget Amendment from Agency Wide Designations in the amount of \$950,000 and transfer \$900,000 from the American River Water Rights Extension project to the Foresthill Facilities Center Project.
 - b. Approve the construction contract with the lowest responsible bidder; pending a bid is received from a responsible bidder on April 9, 2010.

Existing:

2. Approve the following for the Foresthill Facilities Center, Contract #2010-07:
 - a. Approve Amendment No. One to the contract with Coleman Engineering in an amount not to exceed \$6,910.
 - b. Approve Amendment No. One to the contract with JSP Automation in an amount not to exceed \$11,925.
3. Approve Amendment No. Five to the contract with DJH Engineering for the Bowman Canal Replacement Project, in an amount not to exceed \$9,500.
4. Approve Progress Pay Estimate No. One with Marques Pipeline, Inc. for the Baker Siphon Replacement Project, Contract #2009-07, in the amount of \$135,567.
5. Approve the following for the Secret Town Pipeline Phase II Improvements Project, Contract #2009-01, with Preston Pipelines:
 - a. Receive for filing Non-Discretionary Contract Change Order No. Four in the increased amount of \$28,208.42, approved by the Director of Technical Services pursuant to authority previously granted by the Board of Directors.
 - b. Progress Pay Estimate No. Ten in the amount of \$76,494.94.
6. Approve the following for the Monte Vista Tank Access Bridge Project, Contract #2009-08, with Westcon Construction:
 - a. Receive for filing Non-Discretionary Contract Change Order No. One in the increased amount of \$3,360.56, approved by the Director of Technical Services pursuant to authority previously granted by the Board of Directors.
 - b. Progress Pay Estimate No. Three in the amount of \$23,499.03

7. Approve Change Order No. 1 for Contract #P-09-01 for a one-year contract extension April 13, 2010, through April 12, 2011, with Crop Production Services for the purchase of herbicides, not to exceed \$47,000.00.
8. Approve the following for the Foothill 15 MGD Water Treatment Plant, Filter #4 Repair/Rebuild:
 - a. Budget Amendment in the amount of \$150,000
 - b. Contract Change Order No. One with ERS Industrial Services in an amount not to exceed \$142,924.94

Under item F.1. Director of Technical Services reported bids were opened on April 9 and four bids were received. He noted the high and low bid prices, competitiveness of bids, and that bids were higher than anticipated. Board approval was requested to approve bid to SW Allen. He noted Legal Counsel has reviewed the minor irregularities. (Handout provided)

Under item F.8. Director of Technical Services reported in the process of removing the filter media, inspection revealed the filter system must be removed and replaced. He noted the proposed cost to replace the underdrain system.

Motion by Director Allen approving Agreement and Contract items 1, 2, 3, 4, 5, 6, 7 and 8; motion seconded by Director Jarvis and adopted by unanimous vote of directors present.

G. WATER AVAILABILITY AND WATER SUPPLY

1. Zone 1 water service:
 - a. Treated Water: Single Connections (In fill): Six applications for a total of 3.9 acre-feet or 6.0 Equivalent Dwelling Units (EDUs)
 - b. Raw Water: One application for service for a total of 2.2 acre-feet or 3.4 EDUs

Director of Technical Services reported on the applications for single connections and raw water for a total net increase of 6.1 acre-feet. There are 5.5 acre-feet reduction in commitment. There are 1,817 acre-feet remaining in the water availability account

Motion by Director Lee approving the applications for single connections and raw water in the total amount of 6.1 acre-feet; motion seconded by Director Allen and adopted by unanimous vote of directors present.

2. Requests for response from Agency on water availability:
 - a. SB 221 (tentative map)
 - b. SB 610 (environmental process)
 - c. All other requests or information

No reports received.

3. Reports and response on water resource policy, planning and management issues and interests:
 - a. Water rights and contracts
 - b. Land use and water policy
 - c. Water supply, service, and infrastructure system
 - (1) Report on infrastructure projects and associated funding
 - (2) Report from the Finance Committee: criteria for a "pilot program" for a Water Connection Charge (WCC) Facilities Agreement (FA) Payment Program.
 - (3) Request by Auburn Bluffs Subdivision for WCC, Renewal and Replacement, and monthly service charge refund
 - d. Water use efficiency and conservation
 - (1) Adopt Regional Water Authority Water Shortage Contingency Plan recommendations dated February 28, 2010.
 - e. American River Pump Station Project
 - f. Sacramento River Diversion Project
 - g. Regional water matters
 - h. Delta and State water matters

Under item G.3.c.(1) Director of Technical Services reported on the various stages of forty-six Engineering Renewal and Replacement projects, operational and administrative projects, Water Connection Charge projects, Middle Fork Projects, water system reliability and expansion projects, and various other projects. He gave a PowerPoint presentation. (Handout provided)

General Manager noted a request was received by a community group to plant a garden on the Agency's recently acquired property in Foresthill which is being remodeled for the Power System offices. He received confirmation from the Board of their intention that when the Agency found a new location for the Power System Division that the Agency would work with the County of Placer to make whatever necessary arrangements between the Agency and Board of Supervisors to move the old facilities and property to the County. Staff can let the County Administrator know we will be moving so the County can begin to make their arrangements to remodel and make the facilities ready for public use.

Under item G.3.c.(2) Director of Financial Services gave a PowerPoint presentation regarding the following about Water Connection Charges (WCC): Description of WCC, model noting water demand drives the model, history summary 1988 to current on revenues collected, debt proceeds for expansion projects, debt service payments, project expenses, sample projects, new expansion project, debt issuance and refunding, expansion project existing debt, debt to maturity, charge revenue and projects, 2010 cash activity, cash position, cash available for debt service, cash projection, and 2010 Budget

He gave a second PowerPoint presentation regarding a DRAFT WCC Facilities Agreement payment program and reported staff reviewed the Building Industries Association's request and met with BIA team numerous times and reviewed various payment alternatives/scenarios. He reported on program objectives, WCC payment/cash flow

timeline, basic program terms: 1 year pilot program with two payment options, program eligibility, administrative cost recovery charge, existing processes that don't change, conditions of termination of applicant's program, assignment to successor owners, and WCC revenue projections. If unpaid, contingent commitment for water lapses, no refund, and Agency doesn't have obligation to reserve water.

[Handouts provided—1) PowerPoint regarding Expansion (WCC) Projects, Associated Fund, Debt Service and Projections 1988 – Current; 2) PowerPoint regarding DRAFT WCC Facilities Agreement Payment Program with attached 4/13/10 memo from Ed Tiedemann about Partial Payment of WCC and attachment entitled PCWA WCC Facilities Agreement Payment Program]

Board discussion followed.

Chair Ferreira left the meeting at 4:25 p.m.

Dennis Rogers from the North State Building Industry Association thanked the Board for their effort and time to improve the WCC program. He gave an example of how the payment plan under this program this plan will help developers.

Motion by Director Allen directing staff to prepare all the appropriate documents to bring back to the Board; motion seconded by Director Lee and adopted by unanimous vote of Directors present.

Under item G.3.c.(3) Director of Technical Services reported on the history of Auburn Bluffs and their request for refund of a non-refundable WCC at current WCC charge, and other ongoing monthly fees and charges.

Tony Frayji, representing Auburn Bluffs subdivision, thanked staff for meeting with him. He went over the history of the project, mentioning the subdivision existed for 27 years with multiple lots which were reduced in number in 2008. He appealed to the Board to reconsider policy because he considers the Auburn Bluffs case unique. (Handout provided)

Board discussion followed.

Director of Strategic Affairs went over the Agency WCC policies: 1) WCC goes with the land and it is non-transferrable and 2) it is non-refundable.

Director of Technical Services noted lateral lines at Auburn Bluffs would need to be disconnected and removed.

Vice-Chair Jarvis directed staff to come back with an amendment to see if the Agency can use those credits for future deposits.

Under item G.3.d.(1) Director of Customer Services reported on the December 2009 Regional Water Authority Water Efficiency Leadership Summit which addressed the issue of

consistency in water shortage contingency plans and water efficiency messaging throughout the region.

Motion by Director Lee adopting the Regional Water Authority Water Shortage Contingency Plan recommendation dated February 28, 2010; motion seconded by Director Allan and adopted by unanimous vote of Directors present.

H. MIDDLE FORK AMERICAN RIVER PROJECT, (FERC PROJECT 2079), RELICENSING PROGRAM

1. Report on relicensing process, schedule, and activities.
2. Report on financial matters and services.

No reports received.

I. GENERAL ITEMS

1. Report from Placer County Treasurer-Tax Collector on county-wide mPOWER Program (Money for Property Owner Water & Energy Efficiency Retrofitting Program).

Jenine Windeshausen, Placer County Treasurer-Tax Collector, gave a PowerPoint presentation. She reported mPOWER is in response to AB 811 which authorizes cities and counties to develop loan programs to provide property owners financing for energy and water conservation and energy generation improvements to existing structures which can be repaid on their property bills.

The goals are to increase energy and water efficiency, decrease utility costs, increase energy independence, increase investment in the local economy, and reduce greenhouse emissions.

All property types are eligible. There are multiple types of items that can be done, such as replacement of windows, roof, tankless water heaters, HVAC systems, etc.

She went over eligibility qualifications, property qualifications, eligible costs, assessment financing terms, assessment details, eligible costs/program fees, loading orders, and application process.

Board inquiry and response followed.

2. Approve submission to PG&E of Proposed Power Systems budget for 2011 with projections for 2012 and 2013.

General Manager reported.

Motion by Director Lee to submit the proposed Power System 2011 Budget with projections for 2012 and 2013 to PG&E; motion seconded by Director Allen and adopted by unanimous vote of Directors present.

3. Report on State and Federal legislation or proposed regulatory actions.

Director of Strategic Affairs reported on the exorbitant increase in land use rental fees charged by the Federal government for Middle Fork Project lands. Staff is drafting legislation to establish a clear and objective process for any hydroelectric licensee to appeal the annual fees assessed by FERC for the use of federal lands within the boundaries of hydroelectric projects; and to provide a method for a licensee to adjust the charges based on verifiable value for the federal land at issue. (Handout provided)

He also provided a handout of analysis of the Sacramento Chamber of Commerce Cap-to-Cap trip information.

J. REPORTS BY DIRECTORS:

Director Jarvis attended a joint Government Affairs Committee meeting in Roseville where the Agency's General Manager gave a presentation.

He also attended the "Sierra Day in the Capital" and met with legislators regarding common interests.

K. REPORTS BY LEGAL COUNSEL

No reports received.

L. REPORTS BY GENERAL MANAGER

General Manager reported the Agency received the Placer County Local Agency Formation Commission ballot, which the Agency Chair signs and returns.

He also pointed out the April 29 Watershed Forum flyer in the agenda packets.

M. CLOSED SESSION

There was no closed session.

1. **Conference with legal counsel – anticipated litigation** – Pursuant to Subdivision (b) of Section 54956.9 of the Government Code.
Potential Number of Cases: One

N. REPORT FROM CLOSED SESSION

No report.

O. ADJOURNMENT

Vice-Chair Jarvis adjourned the meeting at 5:18 p.m.

ATTEST:

Cheri Sprunck, Clerk to the Board
Placer County Water Agency