

# MINUTES

## BOARD OF DIRECTORS PLACER COUNTY WATER AGENCY

Thursday, November 18, 2010  
2:00 p.m., Regular Meeting

Board Members Present: CHAIRMAN ALEX FERREIRA, LOWELL JARVIS, MICHAEL LEE

Board Members Absent: GRAY ALLEN, BEN MAVY

Agency Personnel Present Who Spoke: DAVID BRENINGER, General Manager; ED TIEDEMANN, General Counsel, CHERI SPRUNCK, Agency Secretary/Clerk to the Board; ANDY FECKO, Resource Development Administrator; BRIAN MARTIN, Director of Technical Services; EINAR MAISCH, Director of Strategic Affairs; MIKE NICHOL, Director of Field Services; 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 Director Jarvis

3. Introductions and presentations:

There were no introductions or presentations.

### B. PUBLIC COMMENT:

No comments were made.

### C. REPORTS BY DEPARTMENT HEADS

No reports received.

### D. AGENDA CHANGES AND REVIEW

General Counsel noted Closed Session item M.2. needed to be added to the agenda due to potential cases of litigation against the Agency.

E. CONSENT CALENDAR:

1. Approve and file:
  - a. November 4, 2010, minutes
  - b. Check Register 10-21 expenses disbursed
  - c. 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.***
  - d. Board of Directors' expenses for previous months;
2. Approve the following late employee claim pursuant to Chapter 3, Article 1, Section 3003, of the Agency's Personnel and Administration Manual:
  - 🌿 Rafael Yapdiangco's expenses dating back to June 2010 in the amount of \$50.
3. Authorize the Clerk to the Board to file the Notice of Completion for Canal Gunite Services Contract #P-09-06.

Motion by Director Lee approving Consent Calendar items 1, 2, and 3; motion seconded by Director Jarvis and adopted by unanimous vote of Directors present.

F. AGREEMENTS AND CONTRACTS:

Award:

1. Award of construction contract for the Bowman Water Treatment Plant Tube Settler Replacement Project, Contract #2010-14 to Gateway Pacific Contractors, Inc., in the amount of \$98,301.

Existing:

2. Approve the following for the Sierra Center Improvements Project, Contract #2009-09, with Doug Veerkamp General Engineering, Inc.:
  - a. Receive for filing Non-Discretionary Contract Change Order No. Five for an increase in the contract time of 31 calendar days, as approved by the Director of Technical Services pursuant to authority previously granted by the Board of Directors.
  - b. Receive for filing Non-Discretionary Contract Change Order No. Six for an increase in the contract amount of \$15,630.60, as approved by the Director of Technical Services pursuant to authority previously granted by the Board of Directors.
  - c. Progress Pay Estimate No. Nine in the amount of \$240,159.24.
3. Approve Progress Pay Estimate No. One for the Boardman Canal Pacific Heights Siphon, Contract #2009-06, with Marques Pipeline, Inc. in the amount of \$64,440.
4. Approve Progress Pay Estimate No. Two for the Hell Hole Water Tank Replacement Project, Contract #2010-10, with Paso Robles Tank, Inc. in the amount of \$79,020.
5. Approve Progress Pay Estimate No. Three for the Foresthill Facilities Center Site Improvements Project, Contract #2010-04, with SW Allen Construction, in the amount of \$340,988.64.

6. Approve the following for the L.L. Anderson Dam Spillway Modification Project, Contract #PS 2009-01, with Kiewit Infrastructure West Company:
  - a. Receive for filing Non-Discretionary Contract Change Order No. One in the amount of a credit of \$31,683.51, approved by the Director of Technical Services pursuant to authority previously granted by the Board of Directors.
  - b. Progress Pay Estimate No. Seven in the amount of \$1,011,440.07.
7. Approve the following for the Lake Alta Primary Outlet Works Rehabilitation Phase II Project, Contract #2010-02, with Civil Engineering Construction, Inc.:
  - a. Receive for filing Non-Discretionary Contract Change Order No. Four in the increased amount of \$5,238.51, 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 \$4,714.66.
8. Approve Progress Pay Estimate No. One for the Penstock Flow Meter Project, Contract #2010-06 with Geveden Industrial, Inc. in the amount of \$23,541.

Motion by Director Jarvis approving Agreement and Contract items 1, 2, 3, 4, 5, 6, 7, and 8; motion seconded by Director Lee 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) - four applications for service for a total of 6.2 acre-feet or 9.5 Equivalent Dwelling Units (EDUs)
  - b. Raw Water: two applications for service for a total of 4.5 acre-feet or 6.9 EDUs

Director of Technical Services reported on the applications for single connections and raw water for a total net increase of 10.7 acre-feet. There are 7.7 acre-feet of reductions in commitment from customers. Remaining in the water availability account is 1,813 acre-feet of water.

Motion by Director Lee approving applications for single connections and raw water in the total amount of 10.7 acre-feet; motion seconded by Director Jarvis 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 requests 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
  - d. Water use efficiency and conservation
  - e. Water financial matters
  - f. Regional Delta and State water matters

Director of Technical Services reported on a water master planning process for rural areas of Placer County. Staff 1) has been looking at past improvement districts who are interested in water, 2) has met with Chris Berry, LAFCo Executive Director, 3) is seeking information from LAFCo regarding those areas which are seeking water and the spheres of influence, 4) has met and will continue to meet with the Placer County Health Department, and 5) has mapped all small water systems within the County. Some areas are having problems meeting current health requirements. The plan is to try to develop a scope of work for the county-wide master plan.

He reported the Agency issued a news release regarding the water project in the Christian Valley Road area. A portion of the Bowman canal is being piped in because of many accidents in the canal, which could harm water quality. Also the pipe under the dam is being replaced because it is in bad shape. The Agency received permission from FERC and PG&E to move forward on the project. There will be minor road stoppages and weekly updates on the website.

General Manager discussed funding possibilities for the project.

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

1. Report on relicensing process, schedule, and activities:
  - a. Middle Fork Project Relicensing 2010 activities and 2011 work plan
  - b. Middle Fork Project Betterments, Improvements, and Modernizations 2010 activities and 2011 work plan
  - c. Middle Fork Project Business and Marketing plan 2010 activities and 2011 work plan

Director of Strategic Affairs reported the largest effort in the relicensing process was to finish the draft license application. Moving into 2011 the Agency will receive comments after the first of the year and will respond. The final license will be submitted the first of February.

The Resource Development Administrator showed a PowerPoint show of improvements to the Middle Fork American River Project including replacements of the digital control system, governor system, needle control pipe; SCADA upgrades, and L.L. Anderson Dam Spillway upgrade. He also reported on the revenue generation variance from the baseline.

2. Report on financial matters and services:
  - a. Review Middle Fork American River Project's year-to-date Budget and Actual Schedules through October 22, 2010.
  - b. Review Middle Fork American River Project's proposed 2011 Budget Schedule
  - c. Present Middle Fork Project Budget Schedule 2010 through 2023

Director of Strategic Affairs gave a slide show presentation and reported on the preliminary fiscal projections of the Middle Fork Project hydroelectric power sale income, expense, reserve, and estimated net-revenue distributions for the 10-year planning period 2013 to 2023.

He reported the Middle Fork Project Finance Authority approved the budget and draw schedule this morning.

Director of Financial Services highlighted details of the proposed 2011 PCWA Middle Fork American River Project Budget Schedule.

Under item H.2.c. he noted the extreme volatility of revenue due to various factors. Staff has looked at volatility and historic hydrology. He went highlighted proposed baseline budgeting concept and assumed revenue; proposed reserves for operating, renewal and replacement, and emergency/catastrophic reserves and funding for those reserves; and how and when funds can be distributed from the Project.

Board discussion followed.

Brett Storey noted the County and Agency try to work together and are in agreement 99 percent of the time.

#### I. GENERAL ITEMS

1. For the Placer County Water Agency proposed 2011 Combined Budget:
  - a. At 2:00 p.m., or as soon thereafter as can be heard, open the noticed public hearing to receive and consider comments with respect to Placer County Water Agency's proposed 2011 Combined Budget.
  - b. Adopt the 2011 Agency Budget and once the financial outcome for the year ending 2010 is determined--direct the General Manager and Director of Financial Services to allocate funds to/from applicable designations.

Director of Financial Services highlighted the three 2011 budget units and their schedules, the Capital Investment Program.

He reported the Board Finance Committee discussed the need to adjust water rates in 2011 but because of the economy, it was decided for the second year in a row to not raise rates.

Director of Field Services reported the Agency is in compliance with the Air Resources Control Board requirements for vehicles. The Agency is phasing in a couple of vehicles.

At 3:31 p.m. the Chair opened the hearing for public comment. There being no public comment, at 3:32 p.m. Director Lee moved to close the public hearing; motion seconded by Director Jarvis and adopted by unanimous vote of Directors present.

Motion by Director Jarvis to adopt the 2011 Agency Budget and once the financial outcome for the year ending 2010 is determined, directing the General Manager and Director of Financial Services to allocate funds to/from applicable designations; motion seconded by Director Lee and adopted by unanimous vote of directors present.

2. Report on State and Federal legislation or proposed regulatory actions:

No reports received.

J. REPORTS BY DIRECTORS:

Director Jarvis wished everyone a happy Thanksgiving and noted the Mandarin Festival is this weekend.

Director Lee noted he and Chairman Ferreira attended the Middle Fork Project Finance Authority meeting this morning.

K. REPORTS BY LEGAL COUNSEL

General Counsel reported on lawsuit filed in Nevada County Court by Hansen Brothers Enterprises against Marquis Pipeline, Inc. The Agency had a contract with Marquis to replace the siphon on Orchard Lane in Colfax.

He noted the Board should have a closed session regarding potential litigation.

L. REPORTS BY GENERAL MANAGER

General Manager reported the next Board meeting will be Monday, December 6, 2010, 2:00 p.m., when there will be a report on the official results of the election and newly elected Directors will ceremonially take their the oaths of office. There will be opportunity to select a new Chair and Vice-Chair, affirm board meeting dates and locations, and committee assignments. (Handout provided)

Relevant to Delta issues, the whole Agency team is extraordinarily busy keeping track of trying to keep the Agency's water in the County and not sending it south.

The Agency, along with other jurisdictions, has been sending letters regarding the Bay-Delta Conservation Plan, including one to Karen Scarborough, Undersecretary of the Natural Resources Agency, and to Phil Isenberg and members of the Delta Stewardship Council noting similar interests that the Agency and others have.

The Bay-Delta Conservation Plan issued today their first draft of Chapter 9. It outlines more clearly the alternatives they think they need to do to the Delta.

M. CLOSED SESSION

With all members present as heretofore designated, the meeting adjourned to closed session at 3:45 p.m.

The Board reconvened at 3:45 p.m.

Motion by Director Lee to approve adding closed session item M.2. to the agenda; motion seconded by Director Jarvis and adopted by unanimous vote of Directors present.

With all members present as heretofore designated, the meeting adjourned to closed session at 3:46 p.m. to consider the following:

1. **Conference with labor negotiator** - pursuant to Section 54957.6 of the Government Code:  
*Agency negotiators:* David Breninger and Valerie Lord  
*Employee organizations:* Power, Water, and Confidential
2. **Conference with Legal Counsel** – Anticipated litigation  
Based on Legal Counsel's opinion there is significant exposure to litigation pursuant to subdivision (b) of Section 54956.9. The number of potential cases is 1.

N. REPORT FROM CLOSED SESSION

The Board returned at 4:01 p.m. No reportable action taken.

O. ADJOURNMENT

At 4:01 p.m. Director Lee made a motion to adjourn; motion seconded by Director Jarvis and adopted by unanimous vote of directors present.

ATTEST:

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Cheri Sprunck, Clerk to the Board  
Placer County Water Agency