

MINUTES

BOARD OF DIRECTORS PLACER COUNTY WATER AGENCY

Tuesday, May 10, 2011
Special Meeting

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

Board Members Absent: GRAY ALLEN

Agency Personnel Present Who Spoke: DAVID BRENINGER, General Manager; JANET GOLDSMITH, General Counsel; CHERI SPRUNCK, Agency Secretary/Clerk to the Board; MIKE NICHOL, Director of Field Services; BRENT SMITH, Deputy Director of Technical Services

A. CALL TO ORDER

1. Roll call

Chairman Jarvis called the special meeting of the Placer County Water Agency Board of Directors to order at 5:30 p.m. in the Auburn Holiday Inn's large conference room, 120 Grass Valley Highway, Auburn, California. Board members present: Chairman Jarvis, Director Lee, and Director Mavy.

Chairman Jarvis adjourned the special meeting at 5:30 p.m. to the Maureen Dobbas Placer Hall, Gold Country Fairgrounds, 1273 High Street, Auburn, California.

Chairman Jarvis reconvened the special meeting at 6:00 p.m. at the Maureen Dobbas Placer Hall, Gold Country Fairgrounds, 1273 High Street, Auburn, California. Board members present: Chairman Jarvis, Director Ferreira, Director Lee, and Director Mavy.

2. Pledge of Allegiance

Led by Mike Jones, PG&E Acting Vice President of Power Generation

B. WATER EMERGENCY CONDITIONS:

Water shortage emergency conditions exist due to PG&E's Bear River Canal failure on April 19 which severed significant water supplies to PCWA and its customers:

1. Report and update on the status of current conditions, impacts and proposed emergency regulations and restrictions.
2. Open Public Hearing and receive and consider comments from the public.
3. Consider adoption of Resolution No. 11-17 Finding and Declaring a Water Shortage Emergency Condition and Adopting Regulations and Restrictions on Delivery and Consumption of Water.
4. Take such additional actions as the Board of Directors may find necessary and appropriate.

Chair Jarvis introduced General Manager David Breninger.

The General Manager described the handouts: agenda, draft resolution, May 9, 2011, memo from Director of Technical Services, two handouts summarizing emergency action for treated water and irrigation canal water customers to take, and maps—one Agency-wide, one of the Zone 3 water conveyance system and showing the location of the PG&E Canal failure, one of upper Zone 1 water conveyance system, and one of lower Zone 1 water conveyance system.

He showed an Agency-Wide map and noted the Agency is coterminous with the County of Placer. The County is dependent on water from the Yuba River which flows into the Bear River. He described the large area served by the water in Placer County, included, but not limited to Alta, Colfax, Weimar, Applegate, Christian Valley, Auburn, Newcastle, Loomis, Rocklin, parts of Granite Bay, Lincoln, western Placer County agriculture, Fiddymment Road at Athens Road, and the commercial area of the casino.

He pointed out maps of the upper Zone 1 and lower Zone 1 water conveyance systems.

He briefly described the Middle Fork Project. The Agency receives from the American River that is diverted to Folsom Lake for San Juan Water District and City of Roseville. The Agency can pump American River water near Auburn. The Agency is using a significant amount of area-of-origin water rights water from the American River to supplement for some areas.

He pointed out the Zone 3 service area which shows the site of the Bear River Canal failed.

Mike Jones, PG&E Acting Vice President of Power Generation, noted the Bear River Canal originates at Rollins Reservoir and delivers water 22.7 miles through a canal system that ends up in Rock Creek Reservoir. The canal system delivers approximately 300,400 gallons per second of water. It goes through PG&E powerhouses, as well as delivers water to PCWA & Nevada Irrigation District (NID).

He reported the heavy rain storms caused saturation and then a landslide below the Bear River Canal; the canal then failed. He showed an aerial photograph which showed the size of the landslide site.

He noted the challenges to repair the canal because of the steepness of the hillside and how to access it. PG&E is pumping concrete into the spill area, which will provide a stabilization of the hillside and foundation for a temporary bypass pipe and final canal repair.

The General Manager reported on the impacts of the failure. The canal brings water to Auburn, Newcastle and into Folsom Lake. Since the canal is empty, the Agency is looking at which tools it can use to get treated and irrigation water to as many people for as long as possible. With community cooperation, reduction of water use by 25 percent or more, and a variety of exchanging service areas with other water utilities, Agency staff believes there will be water to get customers through June.

Director of Field Services described the canal system.

The General Manager reported the Agency has 4,000 irrigation customers. Water is also needed for the water treatment plants so the Agency can provide water to 32,000 accounts, including the entire City of Lincoln. Treated water is needed for approximately 150,000 people in unincorporated areas. Water is also needed to meet fire flow requirements and fire prevention.

Director of Field Services described the magnitude of the problem. The PG&E Bear River Canal can carry 450-470 cfs. The PCWA Boardman Canal can provide 29 cfs. It is feeding Applegate, Bowman, Auburn, and Christian Valley Water Treatment Plants. After that it comes out to 19 cfs which the Agency can transport through Zone 3. Once the 19 cfs is used up, the area in the Auburn area is out of water. Agency staff is asking for conservation in all areas so that those areas without water can receive some.

He explained the Agency is receiving 9 cfs from NID via the Rock Creek Reservoir. NID has also turned on a treated water intertie to feed the area around the DeWitt Center. That reduces demand from the Bowman Water Treatment Plant and frees it up for another area. Various areas have been reorificed. The Agency is pumping out of Rock Creek on alternating days to serve Lower Banvard and Lower Fiddler Green canals. On alternating days 14 cfs of water is being sent to Shirland, Newcastle and part of Boardman system. If there is conservation, there would be water available for other areas.

The area served in the City of Auburn is served by the Auburn, Bowman and Christian Valley Water Treatment Plants. If the Agency can't get water at the end of the canal, those customers won't get water on the off day. If the Agency has to go to two days on and one day off, it is to get water to those at the end of the lines.

Initially there was a lot of debris in canals and the head gates were plugging. Additional staff has been added and they start at 6:00 a.m., checking the end of canals and making adjustments as necessary. Staff reports in two hour intervals to Customer Service staff so they can be equipped to respond to customer inquiries.

The Newcastle area is being supplied totally by 90 cfs by pumping from the American River. NID cannot serve their customers in a certain area without our help and we cannot serve water without their assistance. The Agency is double-lifting 20 cfs into the Auburn Ravine.

San Juan Water is giving the Agency 1½ cfs. Roseville at the Stoneridge intertie is giving the Agency 1½ cfs; Roseville at the Tinker Road intertie is giving the Agency 4½ cfs. The Agency is using the Sunset Industrial well for 1½ cfs; Lincoln has turned on its wells that provide 3¾ cfs. The additional supplies are decreasing the demands on the Foothill Water Treatment Plant which helps stretch supplies.

The General Manager noted typically if there is supplemental water available, it is made available for large growers in Lincoln. Due to the canal failure, the Agency doesn't have any water available for those growers.

He emphasized if everyone can conserve water in various ways, reducing water consumption by 25 percent or more and watering only three days a week, there will be water for those who currently have none.

Brad Harris, Unit Chief, CalFire, Dept. of Forestry and Fire Protection, noted they are starting to see early effects of the canal break as it relates to fire protect. NID has asked them to curtail water use during training. The system is required to have reserve fire flow. The water that they would use for training would come out the end users' allotment. They are not utilizing fire hydrants in training so they can keep a reserve for the firefighters when fires occur. The goal is to keep as much water in the system so the customers can have as much water as possible. They have to use some water for some training, but are curtailing much.

His biggest concern is about farmlands that will not be used as a greenbelt to help stop wild land fire. They are going to have to change the way they do business. They will have to change their dispatch and change the type of apparatus to those with larger water carrying capacities.

The General Manager pointed out the draft resolution.

Legal Counsel went through the resolution page by page and highlighted what was in the draft resolution.

She went over the different ways conservation is expected for outdoor and indoor use, commercial indoor use, resale water use, hydrant use, and canal water use (including rolling outages and reducing orifices). The resolution also includes direction to staff to post on the Agency's website when water will be flowing through canals. If any canal customer decides he or she is willing to forego water for the season, their place in line will be reserved and no fees for discontinuance of service will be imposed.

The Chairman of the Board confirmed with the Clerk to the Board that the notice had been given as required by law. He also asked if any written material had been received. On letter was received.

The public hearing was opened at 6:50 p.m.

Donald West has a small ranch in Zone 1 on Auburn Folsom Road. He commended the Agency General Manager, staff and Board of Directors for their work on the problem. He commented that he doesn't think that PG&E, from the start, realized how severe this issue is, how many people it would affect, and how much money it will cost. He read a portion of a PCWA letter to PG&E: "It has been two weeks since the failure of the PG&E canal that is the primary conveyance of water to PCWA Zone 1 and thus far PG&E has not provided a plan for either a temporary emergency supply or a permanent repair. This is unacceptable. PCWA demands corrective action by PG&E now." I think it is too long for the canal owners to ignore what the people in Placer County are up against. He has a small place, but it depends on water. Agriculture depends on water; it is the lifeblood of agriculture; you don't have water you don't have agriculture.

He noted thousands and thousands of people's livelihoods are affected. It's not just letting irrigated crops go dead. If he loses his irrigation pasture, he has to reseed it. He will lose the feed from this year and have to take cattle off it. It will cost him \$2,000 an acre to restore. It may not seem like much, but if you have 100 acres, it is a lot of money.

He would like to know where PG&E stands on getting the canal repaired. He was in combat military for 30 years and has seen problems like this fixed in a week by the Army Corps of Engineers.

He spoke to a PG&E representative at the last meeting who said now they have to deal with permits. He noted there is someone with enough authority to authorize the repair to get started and deal with permits later. Good managers take themselves out of their comfort zone and get into something that is controversial, but in the meantime you are helping the people of Placer County.

He believes it is unrealistic to not get the canal fixed until the middle or end of June. There is a contractor in Sacramento—CC Meyers—that can get the job done. In 1994 after the big earthquake in Southern California, Caltrans Engineers said take 144 days to make the repairs. CC Meyers got the job done in 74 days. When the 580 bridge broke, the estimated time of repair was six months. CC Meyers had the repairs done in 14 days. PG&E should be working 24/7. I think we can do better than we have been doing in the past.

Al Bulf spoke and noted his family has a ranch in the Mount Vernon district and depends on NID water. He has an efficient two-button toilet—one for solid waste and one for liquids. Also composting toilets require no water. The emergency should give everyone the message we should have built the Auburn Dam. He said we should reassess situation and build the dam.

Dan Kern, a career operating engineer and business representative for Local 3 in Sacramento, complimented the Board for doing a great job. He spoke with Board earlier and heard RJ Miles has been pouring concrete, Syblon Reid has been working for at least four days 24/7. They are doing everything they can to get the work done. He strongly advised people to not go to the construction site

Steven Barren lives in Newcastle and owns Newcastle Wedding Gardens. He is getting water every other day and is doing okay. He is concerned PG&E is building a flume on a slope. He asked if another landslide could pull concrete down. He also asked if there are solid steel sections that can be temporarily put in.

Tom Baskovick, a NID customer, asked why PG&E isn't pumping from the Bear River into a lower part of the canal.

Debbie Newton from Loomis off Yankee Hill has a tree nursery. When told they would go to 50 percent every other day, she figured they could handle it. But yesterday, when it was their turn, they couldn't get any sprinkler to turn on. She thinks she is getting 10 percent of water. She asked for assistance to check their lines.

Director of Field Services noted the full goal is to get 100 percent of water to them every other day. Staff is having challenges moving water through the system because leaves and algae are plugging up head gates. Extra staff has been added to chase the water down to the customers. Staff report in every two hours; if there is an issue, a canal supervisor dispatches someone to figure out what is wrong.

Tyrone Gorre lives in Meadow Vista. He is team lead for the cultural and historical portion study group of the Drum Spaulding/Yuba Bear federal relicensing of NID and PG&E. He noted all water that is coming to the county is currently under a 50 year relicensing. The comment period on the 50 year relicensing is just about to end. The license is completely done in 2012 on the Middle Fork Project. He said all water comes from Drum-Spaulding/Yuba Bear River project. The Drum Spaulding provides the upper zone and Yuba Bear provides the lower zone.

He claimed he had never seen PCWA at the Drum-Spaulding relicensing. Three years ago he filed with Federal Energy Regulatory Commission (FERC) noting the biggest issue in the relicensing is the canal system. The canals run through private properties, including his. He urged PCWA to participate in the Drum-Spaulding relicensing project. He said PCWA should file with FERC to intervene to ask for action to make PG&E responsible that this water will be supplied. He gave history of a slide in 1998.

Robert Moss of the Loomis Basin noted he has a livestock operation on acreage and is highly dependent on irrigated pasture. He asked what preventive measures PG&E has taken to maintain its systems or what processes PCWA goes through in conjunction with PG&E to insure that the canal system is adequately maintained at all times. He saw in the resolution that the water system is supplied almost entirely by PG&E. That places a large burden on PG&E to maintain the system to ensure that PCWA and its customers have an adequate and ongoing water supply, but it seems PG&E is playing a minor role in this particular hearing. Who is offsetting the costs of the repairs of the canal? He asked what type of legal action will be taken against PG&E. He asked about reduction in rates to customers. He asked about cooperation with PCWA and the County as far as curtailing new construction and construction permits so there isn't a drain on the water supply that does exist. He asked about other potential options, such as the Army Corps of Engineers taking action in a timely manner.

Jason Tiffany, General Manager for Midway Heights Water District, in Zone 3, noted they have a board meeting in a couple of nights and will ask their customers to conserve. He asked about the Zone 3 covenants and water rights and how is the infrastructure paid for. He knows Zone 1 contributes to the Boardman Canal significantly financially for its maintenance. He asked for assistance for informing his Board and customers.

Carol VanNess from Penryn asked if PCWA and PG&E are working with the proper Placer County government authorities to determine whether or not there is reason to request a County Declaration of disaster.

The General Manager responded that the County did check and this problem doesn't qualify.

Rui Cunha, Assistant Director of Emergency Services for Placer County responded and said they did coordinate with State agencies and California Emergency Management agencies about the possibility of securing a state declaration. A lot of the costs that would be recovered are not eligible for State funding. The state is not being proactive to reimburse costs to counties and local jurisdictions.

They have submitted a letter to the State and expect support for individual assistance for small business that could be affected and also through the U.S. Department of Agriculture for the agriculture that is impacted.

Roland Felman said he has a 10 acre total irrigated property at the end of Rock Springs Canal. By the time the water gets to end of canal, it is a dribble for the first couple of hours so he cannot do any irrigation. He noted there is a lot of debris in line. He asked what he is paying for if he is limited to 18-20 hours of his potential 10 inches of water and he can't utilize it. He has cut off all his pastures to save the lawn and garden. There are 8-9 acres of pasture that he won't be able to use to feed his livestock and will have to feed them hay.

The General Manager responded the goal is to try to get everyone water the best the Agency can for as long as it can. The Agency is not ignoring requests. The Board might be open to considering a rebate or refund. Because of costs, hopefully PG&E will pay an incremental, sizeable portion of the Agency's costs of pumping water twice from the American River to provide water throughout all of lower Zone 1. PG&E is our power provider and there is probably an arrangement that can be done since the Agency can't be served PG&E water from the normal canal source.

Donna Williams said she has 3½ acres. Her main concern is knowing who maintains canals and will there be a policy in place to prevent this from happening again.

Mike Jones, PG&E Acting Vice President of Power Generation, noted the key thing for PG&E under the circumstances is to make the site safe. They have cut in roads, cut down hazardous trees, frown out trees, done preparation work to mobilize construction crews on the site, surveyed the area, understand the degree of the opening, and what engineering solutions would fill the hole and span the gap.

He thanked the Board for the speed of declaring the emergency declaration. PG&E was able to get permits early and allowed them to proceed in pumping concrete. Cement trucks are being run around the clock to provide stabilization and foundation.

PG&E's preferred solution is a concrete box flume. It allows them to install a temporary bypass pipe in the middle of the flume and then build the flume around it. The backup choice is a steel box flume. The disadvantage of a steel box flume in the area is the span is too wide so there may not be appropriate support. Another disadvantage is the steel box flume gets in the way of the temporary fix.

He thanked the property owners and citizens of Colfax for their patience because of the 24/7 construction work.

PG&E expects to complete the bypass by early June and final solution by mid-June. If there are no hiccups, the work may get done sooner.

He acknowledged great coordination with PG&E and PCWA staff.

PG&E is trucking water from Rollins Reservoir and delivering to Lake Arthur and other points as directed by PCWA Staff.

PG&E is working on modification of the Ophir Pump Station so that water can be delivered to the South Canal.

PG&E has offered to offset additional electrical pumping costs for NID and PCWA for up to \$1.8 million.

They are exploring pumping from the Bear River to the Bear River Canal. There are challenges because of the steep terrain.

Regarding preventative measures of canal maintenance, they preform annual outages—dewatering and shutting down the canals to preform inspections and repairs.

The canal is part of their FERC hydro relicensing and FERC has oversight how they maintain and operate those assets. They are currently seeking FERC approval of the repair designs to get their blessing to implement the final repair solution.

PG&E pays for the repairs on the canal because it is PG&E's asset.

Legal Counsel responded to the question about NID/PG&E FERC relicensing. She noted PCWA filed for intervention early, but FERC rejected it on the basis it was too early. PCWA is

filing another intervention and has had staff involved in the ongoing discussions on the Yuba/Bear Relicensing process, and very involved in water modeling and other aspects.

She addressed the question regarding legal recourse. Under the contract with PG&E, legal recourse is something PCWA is putting aside for the moment in the interest of getting water to the customers as quickly as possible. It is counterproductive at this point to become involved in that kind of an analysis.

Regarding rates – there is still not a final accounting of costs, how much water is not going to be delivered or what the impact will be. In light of the soon relief of the situation, PCWA will be able to have an accounting and will address it at that point.

There was someone who spoke regarding Zone 3 that was inaudible.

Legal Counsel responded the water that is under contract for Zone 3 is for use only in Zone 3, but one of the things the Board did early on was to notify PG&E that in light of their failure to provide water from the Bear River Canal to Zone 1, PCWA was notifying them that the Agency was taking the water that remains after Zone 3 has used it for use in Zone 1.

The General Manager noted since the day the Agency acquired Zone 1 and Zone 3, it has owned the conveyance systems and all the obligations that go with the conveyance. The water in Zone 3 has to be used in that area and Zone 1 has ways in which the water comes in. The Agency has always used the conveyance system in Zone 3. About 10 to 12 years ago, the Board looked at ways to bolster the conveyance system. Because Zone 3 has only approximately 1,300 treated water customers, the residents and businesses in Zone 3 couldn't provide enough revenue to repair and replace the Techite pipe and the millions of dollars' worth of other things that are needed. So the Agency built a whole different model, which is built around reliability for everyone. When the Agency is in a crucial situation of trying to move the water through Zone 3 into Zone 1 under the arrangements with the Zone 3/Zone 1 purchase agreements—that is an allowable practice to do so.

Calvin Olson noted he has a small Mandarin orchard in Newcastle. He receives water off the Lower Banvard Canal. He noted the water on 24 hours doesn't always work and asked where and who the customers should call who have issues. He suggested names and numbers be listed on the website.

The General Manager explained how to get to the Agency's website and how to get information about the outage.

The Chair closed the public hearing at 7:48 p.m.

Motion by Director Ferreira adopting **Resolution No. 11-17 Finding and Declaring a Water Shortage Emergency Condition and Adopting Regulations and Restrictions on Delivery and Consumption of Water**; motion seconded by Director Lee and adopted by unanimous roll call vote of Directors present.

Director Mavy asked Jason Tiffany's concerns be addressed regarding Zone 3. He asked if the Agency has a legal right to reorifice canals in Zone 3. However, he didn't think the matter needed to be addressed tonight, but that customers in Zone 3 should voluntarily do what they can to help the rest of the County—especially the Auburn/Newcastle areas.

Legal Counsel noted the resolution does direct staff to do that and also provides for an appeal and variance process for those who are unduly affected.

Brent Smith reported the action the Board is taking requires compliance with the California Environmental Quality Act (CEQA). CEQA regulations allow for certain exemptions. One such exemption is allowed for taking actions that are necessary to prevent or mitigate an emergency. Staff has prepared a Notice of Exemption.

C. REPORTS BY DIRECTORS:

Director Mavy thanked PG&E for their hard work and offer to pay for additional pumping costs. He thanked staff for doing a stellar job and especially for what David Breninger is doing for the Agency and giving the image of a well-run team, exceptional, gifted experience all coming together to handle this crises as well as anyone could.

Chair Jarvis asked that everyone do what they can to conserve water, thereby helping other customers.

D. REPORTS BY LEGAL COUNSEL

No reports received.

E. REPORTS BY GENERAL MANAGER

No reports received.

F. ADJOURNMENT

At 7:53 p.m. Director Mavy made a motion to adjourn; motion seconded by Director Ferreira and adopted by unanimous vote of Directors present.

ATTEST:

Cheri Sprunck, Clerk to the Board
Placer County Water Agency