

MINUTES

BOARD OF DIRECTORS PLACER COUNTY WATER AGENCY

Monday, June 6, 2011
2:00 p.m., Adjourned Meeting

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

Board Members Absent: BEN MAVY

Agency Personnel Present: JANET GOLDSMITH, General Counsel; BEVERLY BELL, Administrative Aide/Acting Clerk to the Board; BRIAN MARTIN, Director of Technical Services; MIKE NICHOL, Director of Field Services; JOSEPH PARKER, Director of Financial Services; MONICA PENNEY, Deputy Director of Financial Services; BRENT SMITH, Deputy Director of Technical Services; GREG YOUNG, Deputy Director of Administrative Services; MATT YOUNG, Director of Customer Services

A. CALL TO ORDER

Chairman Jarvis called the adjourned meeting of the Placer County Water Agency Board of Directors to order at 2:01 p.m. in the American River Room, Placer County Water Agency Business Center, 144 Ferguson Road, Auburn, California.

1. Roll Call
2. Pledge of Allegiance - led by the Director of Customer Services.

B. PUBLIC COMMENT

No member of the public commented.

C. REPORTS BY DEPARTMENT HEADS

No reports were provided.

D. GENERAL ITEMS

1. Report on western water system water shortage emergency relevant to Resolutions 11-16 and 11-17;
 - a. Report on status of water supplies, the adequacy of conservation to meet health and safety needs; consider if additional conservation measure should be requested or required.

- b. Report on financial impacts to PCWA and its customers as a result of the water shortage emergency.

D.1.a. Director of Field Services provided a status report on the current Bear River Canal water flows/deliveries to PCWA and Nevada Irrigation District (NID). Kevin Goishi, PG&E, stated the Wise Powerhouse will be back on-line today and PG&E will be delivering 250 cubic feet per second (cfs) to PCWA and NID within the next 48 hours.

Chairman Jarvis asked the Director of Field Services if these flows were sufficient enough to terminate the emergency water shortage. Director of Field Services advised the Board that staff and legal counsel have discussed this issue and are in agreement that water supplies are sufficient to terminate the water shortage emergency.

D.1.b. The Director of Financial Services noted that Handout D-2 (June 6, 2011 memo from Joseph Parker) should be labeled D.1.b. He explained the content of that memo and direction requested of the Board. The memo requests the Board to make motions on 1) accept PG&E's offer to offset PCWA's pumping costs at seven locations and to reimburse PCWA for lost revenue from reduced raw water customer billings, and 2) direct staff to refine the irrigation canal customers' billings to include only days water flowed and determine the total billing reduction amount and provide that data to PG&E.

PCWA Legal Counsel questioned if PG&E's offer was sufficient to cover all PCWA's incurred costs. Counsel cautioned staff on accepting an offer before knowing all costs and possible potential claims. Kevin Goishi, PG&E Partnership Coordinator, explained that PG&E's current offer of \$1.8M (to be split between PCWA and NID) is for pumping and lost revenue costs. PCWA's initial cost estimate for lost revenue was estimated at \$50,000. Staff is in the process of gathering costs and will work with PG&E once those numbers are finalized. The amount of lost revenue is estimated at \$120,000-\$150,000. Director of Financial Services identified additional costs that won't be reimbursed by PG&E, such as re-directed labor; as they are considered costs associated with doing business.

Director of Financial Services informed the Board of the costs associated with the use of treated water interties with neighboring water agencies and the gallons used. Those agencies include San Juan Water District, NID, and the City of Lincoln. Some of these agencies are willing to 'exchange' water throughout the year in lieu of seeking reimbursement for pumping costs or won't be seeking reimbursement from PCWA. NID also provided raw water at Rock Creek Reservoir and North Auburn. PCWA's estimated cost, thus far, for out-of-pocket pumping costs is \$5,000 from San Juan Water District. Pumping costs, at seven locations, to date are estimated at \$684,000.

Director of Customer Services reported how staff calculated irrigation customers' reduced rates; by days of services, canal, zone, orifice change, or by rolling outage, and how it will be reflected on their next billing cycle. The website will be updated, informational letters will be sent, and media coverage will occur to advise customers

that the emergency outage is over. He also stated that Zone 5 customers will receive their allocated amount of water.

At a previous Board meeting, staff was asked to identify which and how many customers were affected by the outage. With the use of color coded maps that were displayed, Director of Financial Services showed that 3,831 canal customers were affected by the outage either by reduced orifice size or rolling outages.

Josh Huntsinger, Placer County Agricultural Commissioner, commended PCWA staff for their prompt communication, responsiveness, willingness to answer questions, and providing presentations to Ag Commission staff. Mr. Huntsinger spoke about the impact the outage had on agriculture customers. The biggest impact was for Zone 5 rice farmers. The rice planting deadline is June 1 and for those customers who did not have wells, they were not able to plant. Some dairies, who plant feed for cattle, did experience additional cost due to well pumping costs. There were no reports of any losses from pasture lands, tree crops, orchards, or vineyards. Mr. Huntsinger noted that the threshold for a USDA disaster emergency declaration was not reached. The cool, wet weather helped this situation tremendously.

Mr. Goishi asked Mr. Huntsinger if he knew of any ranchers having to sell off livestock. Mr. Huntsinger had not heard of any cattle being sold.

Rick Gruen, District Manager for the Placer County Resource Conservation District (RCD), expressed his appreciation to PCWA, NID, and PG&E for their assistance during the emergency. The RCD implemented an emergency livestock water delivery system which was not put to use due to the cool weather. Also implemented, but not used, was a water storage container delivery system for nurseries and livestock.

Mr. Gruen also expressed his appreciation to other local agencies such as Cooperative Extension and the Office of Emergency Services who stepped up quickly, effectively and worked collectively to help minimize the affect on customers.

Director of Financial Services recommended the Board consider 1) accepting PG&E's offer, as noted in their June 2, 2011 letter to Chairman Jarvis and included in Handout D.1.b, with the caveat that not all costs have been determined at this time and PCWA does not waive claims for any other costs. Once those costs have been determined they will be provided to PG&E for their consideration; and 2) direct staff to refine the irrigation canal customers' billings to include only the days water flowed and determine the total billing reduction amount and provide that information to PG&E.

Motion by Director Allen accepting PG&E's offer of \$1.8M to cover known costs, but acceptance does not waive claims for any costs yet to be determined; motion seconded by Director Ferreira and adopted by unanimous vote of Directors present.

Motion by Director Lee to direct staff to refine the irrigation canal customers' billings to include only the days water flowed and determine the total billing reduction amount and

provide that information to PG&E; motion seconded by Director Allen and adopted by unanimous vote of Directors present.

2. Adopt Resolution 11-___ Terminating the Water Shortage Emergency and the Regulations and Restrictions on Delivery and Consumption of Water.

Legal Counsel Jan Goldsmith explained the resolution's (handout provided) content and recommended Board adoption.

Motion by Director Allen adopting **Resolution No. 11-18 Terminating the Water Shortage Emergency and the Regulations and Restrictions on Delivery and Consumption of Water**; motion seconded by Director Ferreira and adopted by unanimous vote of Directors present.

Chairman Jarvis thanked his fellow directors, Dave Breninger, staff, PG&E, neighboring water districts, and local agencies for their hard work, and our customers for their patience and voluntary water conservation.

E. REPORTS BY DIRECTORS

Director Ferreira thanked everyone involved and noted how the cool weather we experienced was critical during this emergency outage.

F. REPORTS BY LEGAL COUNSEL

No reports were provided.

G. REPORTS BY GENERAL MANAGER

Director of Financial Services conveyed General Manager Dave Breninger's apologies for not being able to attend today's Board meeting. Mr. Breninger wanted to convey his appreciation to PG&E and everyone involved who worked hard during the outage.

H. ADJOURNMENT

At 2:43 p.m. Director Lee made a motion to adjourn; motion seconded by Director Allen and adopted by unanimous vote of Directors present.

ATTEST:

Beverly Bell, Acting Clerk to the Board
Placer County Water Agency