

MINUTES

BOARD OF DIRECTORS PLACER COUNTY WATER AGENCY

Thursday, November 17, 2011
2:00 p.m., Regular Meeting

Board Members Present: GRAY ALLEN, ALEX FERREIRA, VICE-CHAIRMAN MICHAEL LEE, BEN MAVY

Board Members Absent: CHAIRMAN LOWELL JARVIS

Agency Personnel Present Who Spoke: JANET GOLDSMITH, 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; MICHAEL WILLIHNGANZ, Director of Administrative Services; MATT YOUNG, Director of Customer Services

A. CALL TO ORDER

1. Roll call

Vice-Chairman Lee 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 public member Tom Jones

- a. Introductions and Presentations:
- b. Presentation:
- c. Other introductions and presentations

Director of Customer Services introduced Richard Cutlip, Deputy Director of Customer Services.

B. PUBLIC COMMENT:

No member of the public commented.

C. REPORTS BY DEPARTMENT HEADS

PCWA Director of Field Services and Alvin Thoma of PG&E, provided a report on PG&E's Bear River Canal outage. During their normal outage PG&E found a new area that needed repair.

Mr. Thoma described the repairs being made on the Bear River Canal, including a 2,000 foot area near Turtle Lane, Meadow Vista/Weimar. They expect work to be finished by December 15. He apologized for any impact to the Agency.

Director of Field Services explained how the outage will impact Zone 1. He described the various conveyance systems the Agency will rely on for water.

There will be higher pumping costs due to the extended use of the American River Pumps and increased costs from NID for extended water they are providing. The biggest challenge is delaying work on the outlet of the Auburn Tunnel (dewatering the tunnel, removing years' worth of muck, and pouring new outlet structure).

Zone 5 customers will be minimally impacted if at all.

There will not be a rotating outage except during the Agency's normal maintenance so customers won't be adversely affected by PG&E's extended outage.

Board inquiry and response followed.

D. AGENDA CHANGES AND REVIEW

Director of Administrative Services noted at the previous Board meeting the Board approved a number of resolutions for CALPERS. However CALPERS notified staff this morning that the Department Head and Mid-Management resolution needs to be separated into two. Because CALPERS needs the resolutions by the end of the month, he requested the revised resolutions be added to the agenda.

Motion by Director Mavy to add two resolutions fixing the employer's contribution under the Public Employees' Medical and Hospital Care Act—one for the Department Head Unit and one for the Mid-Management Unit; motion seconded by Director Allen and adopted by unanimous vote of Directors present.

E. CONSENT CALENDAR:

1. Approve and file:
 - a. November 3, 2011, minutes
 - b. Check Register 11-22 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;
 - e. General Manager's expense reimbursement claim summary.
2. Adopt **Resolution 11-38 Amending Section 40304 of the Agency's Rules and Regulations Relating to Fees and Charges for Reinstatement of Service.**
3. Approve Grant of Easement to Pacific Gas and Electric Company and Pacific Bell Telephone for the Rocklin Road Tank site.

4. Adopt **Resolution 11-39 Fixing the Employer's Contribution Under the Public Employees' Medical and Hospital Care Act for the Department Head Unit and Resolution 11-40 Fixing the Employer's Contribution Under the Public Employees' Medical and Hospital Care Act for the Mid-Management Unit.**

Motion by Director Ferreira approving Consent Calendar items 1, 2, 3, and 4; motion seconded by Director Mavy and adopted by unanimous roll call vote of Directors present.

F. AGREEMENTS AND CONTRACTS:

Award:

1. Regarding the Ophir Road Pipelines Project:
 - a. Waive the two bid irregularities in accordance with the provisions of the contract documents.
 - b. Award construction contract #2011-05 to the lowest responsible bidder, Ranger Pipelines, Inc. in the amount of \$12,879,217.
2. Award a construction contract to the lowest responsible bidder, KG Walters Construction, for the Foothill Water Treatment Plant Filter Rehabilitation Project, Contract #2011-09, in the amount of \$470,792.

Existing:

3. Approve Amendment No. Six to the Engineering Services Contract with West Yost Associates for the Auburn Tunnel Outlet Modifications Project in an amount not to exceed \$35,700.
4. Approve the following for the American River Pump Station Storm Damage Repair Project, Contract #2011-08, with Anderson Dragline, Inc.:
 - a. Receive for filing Non-Discretionary Contract Change Order No. One in the increased amount of \$5,598, approved by the Director of Technical Services pursuant to authority previously granted by the Board of Directors.
 - b. Progress Pay Estimate No. One in the amount of \$38,754.90.
5. Approve Progress Pay Estimate No. Fourteen for the L.L. Anderson Dam Spillway Modification Project, Contract #PS 2009-01, with Kiewit Infrastructure West Company, in the amount of \$2,014,146.27.
6. Approve Progress Pay Estimate No. Nine for the Foothill and Sunset Water Treatment Plant Improvements Project, Contract #2010-09, with Manito Construction, Inc. in the amount of \$66,143.35.
7. Approve the following for the Bowman Water Treatment Plant Residuals Handling Project, Contract #2010-08, with Gateway Pacific Contractors, Inc.:
 - a. Receive for filing Non-Discretionary Contract Change Order No. Five in the increased amount of \$25,068.19, 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 \$194,194.23.
8. Approve the following for the Rocklin Road Tank and Werner Road Property Site Improvements Project, Contract #2011-06, with PBM Construction, Inc.:
 - a. Progress Pay Estimate No. Three and Final in the amount of \$80,447.80.
 - b. Authorize the Clerk to file a Notice of Completion.

9. Approve the following for the Gold Run Phase IV Project, Contract #2011-02, with Syblon-Reid Construction, Inc.:
 - a. Receive for filing Non-Discretionary Contract Change Order No. Two, in the increased amount of \$47,684.50, approved by the Director of Technical Services pursuant to authority previously granted by the Board of Directors.
 - b. Progress Pay Estimate No. Four and Final in the amount of \$281,281.45
 - c. Authorize the Clerk to the Board to file a Notice of Completion.

Motion by Director Allen approving Agreement and Contract items 1, 2, 3, 4, 5, 6, 7, 8, and 9; motion seconded by Director Ferreira 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 a total of 2.6 acre-feet or 4.0 equivalent dwelling units (EDUs)
 - b. Raw water: twenty applications for a total of 45.0 acre-feet or 68.8 EDUs

Director of Technical Services reported that the applications for single connections and raw water would equal an increase of 47.6 acre-feet of water service commitment in Zone 1. There have been 1.3 acre-feet reductions in customer commitments. Remaining in the water availability account is 1,600 acre-feet of water.

Motion by Director Mavy approving the applications for single connections in the total amount of 47.6 acre-feet; motion seconded by Director Ferreira 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 education, efficiency and conservation programs:
 - (1) Report regarding California Urban Water Conservation Council
 - e. Water financial matters
 - f. Regional, Delta and State water matters

Under item G.3.d.(1) Director of Customer Services introduced Lisa Brown, City of Roseville Water Conservation Administrator and Board member of the California Urban Water Conservation Council (Council).

Ms. Brown reported that, in the past, the Council has considered the Northern California boundary to stop at the Bay Area. In past years, it was almost impossible for someone from our region to get on the Council's Board.

Representation on the Council of someone from Northern California was needed to assure that Board representation was fair and equitable. At the urging of this region, the past Council board formed a committee to discuss concept and structure of the current Board election process. After several proposals were submitted to the Council, a compromise position was adopted. It is called the Three Region Proposal. It divides the State into three regions based on hydrologic areas: 1) coastal region (includes San Francisco Bay, North Coast and Central Coast), 2) inland region (includes Sacramento River, San Joaquin River, North and South Lahontan, and Tulare Lake), and 3) southern region (South Coast and Colorado River areas), and increases the number of Board members per region. The proposal allows for reassessing the number of Board seats from time to time.

Ms. Brown updated the Board on the Best Management Practices (BMP) 11 conservation pricing-- 70 percent vs. variable use. Because of the economy, the 70 percent pricing is not working for many districts, so the BMP will be re-opened for review.

She noted there is interest on the Council level to move away from the Council's conservation standard of an 18% x 2018 reduction and move toward the conservation standard mandated by SBX7-7. The Council's standard is more stringent than the current legislation. Some agencies want to do away with the Council's current methodology of compliance and just move ahead with the legislation. However, that scenario doesn't work for all agencies. She will monitor the item and keep the Agency Board apprised.

There are concerns about the gallons per capita per day weather normalization model. The gallons per capita per day compliance method doesn't incorporate weather factors. The model initially didn't include agencies that have high peaking factors. A weather normalization model will now be included and it could greatly benefit the Agency.

Regarding the upcoming Council election, it is the first cycle using the Three Region approach. The ballots have been sent out; candidate bios are on the Council's website.

Board inquiry and staff response followed.

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

1. Middle Fork Project Relicensing process, schedule and finances:
 - a. Relicensing update and 2012 schedule
 - b. Betterments, Improvements, and Modernizations 2011 activities and 2012 work plan

c. Power Resources Management update

2. Power generation management and finances.

Under item H.1. Resources Development Director reported an agreement was reached for relicensing and has been submitted to FERC along with NEPA analysis. The State Water Resources Control Board now must submit a Clean Water Act Section 401 water quality certification, the provisions of which must be included by FERC in the license and will bind the Agency.

He noted four years ago a suite of improvements were started on the Middle Fork Project (MFP) to make it competitive. Improvements include upgrades to communication equipment, generator controls, and efficiency of the generating units themselves.

Director of Strategic Affairs reported staff is working on a blueprint to transition. There is a preliminary contract started with PG&E. The contract defines the duties and responsibilities of the Agency, some of which have previously been the responsibility of PG&E. He noted there are additional proposed positions to be added in 2013 and 2014. The Middle Fork Project Finance Authority approved next year's budget that supports six new positions for 2012—one to be funded by PG&E.

He handed out a financial plan spreadsheet showing costs and noted financing distributions will not be distributed until 2015. For every dollar of distribution to the Agency and County a dollar will be paid to the loan.

Director of Financial Services reported there are wide variables in the plan and assumptions have been made on the scenarios. Transition years are 2012, 2013, and 2015. He pointed out the Agency contributions not paid by PG&E are overhead costs. He noted the Series A debt will end in January 2013.

Director of Strategic Affairs and Director of Financial Services provided a handout of three scenarios of what could happen to MFP revenue due to hydrologic variability and emergency scenarios.

Tom Jones noted the longer the special interests groups are in session with the Agency, the more they became cooperative. Everyone has had opportunities to be heard. The Agency is transparent. The team was referred to as the "gold standard."

I. GENERAL ITEMS

1. For the Placer County Water Agency proposed 2012 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 2012 Combined Budget.
 - b. Adopt the 2012 Agency Budget and once the financial outcome for the year ending 2011 is determined, direct the General Manager and Director of Financial Services to allocate funds to/from applicable designations.

Director of Financial Services gave an overview presentation of the budget. He noted the budget is all-inclusive and includes the capital investment program.

At 3:37 p.m. the Vice-Chair opened the hearing for public comment.

The Vice-Chair and Director Mavy thanked the Finance team for their efforts.

There was no public comment and the Vice-Chair closed the hearing at 3:39 p.m.

Motion by Director Ferreira adopting the 2012 Agency Budget and, once the financial outcome for the year ending 2011 is determined, directing the General Manager and Director of Financial Services to allocate funds to/from applicable designations; motion seconded by Director Allen and adopted by 3/1 (Mavy opposed).

2. Report on the significant issues and interests achieved in 2011 and anticipated in 2012.

Director of Customer Services gave a PowerPoint presentation of accomplishments in 2011. He summarized department responsibilities. Core achievements included:

- Initiating the Interactive Voice Response (IVR) system
- Implementing a testing procedure to double-check phone coverage for after hours
- Revising the Administrative Aide position to a Customer Services Specialist which allows consolidation of administrative duties
- In response to the Bear River Canal outage, the IVR system was used to reach 16,023 customers; there were public outreach meetings; the Agency partnered with the media; and over 70,000 letters were sent.
- All raw water applications were scanned into Questys
- Developing a program to enhance cross-training to respond to a variety of calls
- Receiving 72 applications for an additional 1,000 acre-feet of water
- Recruiting a new Deputy Director of Customer Services
- Receiving an increase of on-line automatic bill payments
- Relocating Meter Services to the Sierra Center
- Installing and utilizing wireless computer technology in vehicles
- Completing annual meter replacement project
- Water Efficiency:
 - Fully implementing 14 Best Management Practices and sponsored presentations by the Placer Nature Center
 - Issuing over 107 lawn replacement rebates, 672 toilet rebates, and 211 washing machine rebates
 - Making 3,028 water wise house calls

Interests for 2012 include:

- Investigation of automated meter infrastructure
- Continue deployment of wireless computer technology
- Target commercial accounts for water efficiency rebates
- Single source login to access the billing system

- Utilize the IVR to automate customer reminder notices
- Complete a cost benefit analysis for an instant message feature for customers
- Assess the use of Twitter for outage notifications
- Develop a “how-to” video section on the PCWA website to increase public awareness

3. Report on State and Federal legislation on regulatory matters.

Director of Customer Services reported on his attendance at the California Municipal Utilities Association (CMUA) Conference.

- CMUA’s Day in the Capitol will be January 23.
- At the upcoming election there will be a large reshuffling of 22 termed-out assembly members and 6 termed-out state senators. The projection is that the assembly will be 2 votes away from a 2/3 ratio.
- He met Mark Wolinski, Director of Government Relations from the City of Roseville, who communicated an update on a major stormwater issue.
- Discussed HR 1340—a federal bill that will allow the consumer confidence report to be posted on-line instead of printing.

J. REPORTS BY DIRECTORS:

Director Ferreira reported on his meeting with the MFP Finance Authority meeting which he and Mike Lee attended.

Vice-Chair Lee attended the Regional Water Authority’s (RWA) Board of Directors’ meeting. He noted because RWA has a large Board and every vote has to be unanimous, the Executive Director contract did not pass due to one vote. At the meeting there was a presentation by SMUD on the impacts of a 75% pass-through of flows to the Delta. SMUD had hired a consultant to do a model of what that would mean to our reservoirs. The study indicated that in a normal weather year, by the time May or June rolls around, the reservoirs would be down to minimum pool. So in the summer there would be no water in the reservoirs because it had all been flushed out through the Delta. The loss of reservoir storage could affect power generation, impact our dams, and seriously impact San Juan Water and the City of Roseville because the resulting water level of Folsom Reservoir would be below the take-out point for those contractors.

K. REPORTS BY LEGAL COUNSEL

Legal Counsel noted if all reservoirs are a dead pool by the beginning of summer it will “cook” all the fish, negating the presumed environmental benefits of establishing the natural hydrograph.

The Delta Stewardship Council has extended the comment period for their 2,400 page Delta Plan Draft EIR to February 2.

Legal Counsel reported on the new land use fees proposed by FERC, which had been released that morning. In the past, FERC had set land use fees that quadrupled the fees the Agency would have to pay. A group of hydroelectric producers went to court to get the fees reduced, and the matter

was remanded to FERC for development of a new proposal. The new proposal released this morning is marginally better but not truly reflective of the land value in the steep rocky areas.

L. REPORTS BY GENERAL MANAGER

Director of Administrative Services noted the Governor released his pension reform plan. Last week the Independent Legislative Analyst Office issued an initial response to the Governor's proposal. (Handout provided)

M. ADJOURNMENT

At 4:11 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