

MINUTES

BOARD OF DIRECTORS PLACER COUNTY WATER AGENCY

**Monday, December 5, 2011
2:00 p.m. Adjourned Meeting**

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

Board Members Absent: None

Agency Personnel Present: DAVID BRENINGER, General Manager; JAY CORREA, Administrative Specialist, JANET GOLDSMITH, General Counsel; BEVERLY BELL, Acting Clerk to the Board/Administrative Aide; ANDY FECKO, Resource Planning Administrator; MIKE NICHOL, Director of Field Services; BRIAN MARTIN, Director of Technical Services; JOSEPH PARKER, Director of Financial Services; MICHAEL WILLIHNGANZ, Director of Administrative Services; GREG YOUNG, Deputy Director of Administrative Services; MATT YOUNG, Director of Customer Services

A. CALL TO ORDER

Chairman Jarvis called the December 5, 2011, adjourned 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.

1. Roll Call
2. Pledge of Allegiance

Led by Megan Krekorian, Executive Director, Placer Nature Center

3. Introductions & Presentations

None

B. BOARD ORGANIZATIONAL MATTERS

1. Annual organizational matters;
 - a. Selection of Board Chairman and Vice-Chairman; adopt Resolution 11-41 Electing a Chair and Vice Chair;
 - b. Exchange of gavel and recognition of outgoing Chairman;
 - c. Comments by Chairman and Directors;
 - d. Affirm seating location of Directors at regular Board meetings;
 - e. Affirm day, time and location of regular Board meetings; adopt Resolution 11-42 Providing for the Time and Place of Holding Regular Meetings, and Providing for the Manner of Calling Special Meetings;
 - f. Consider Board member assignments to committees and organizations;
 - g. Other Board organizational matters as the Board may find necessary

Legal Counsel advised the Board that all resolutions provided in today's agenda packet will be corrected to state that the resolutions were duly passed at an adjourned meeting not a regular meeting.

Under Item B.1.a. Motion by Director Allen to elect Director Lee as 2012 Chairman and Director Mavy as 2012 Vice-Chairman; motion seconded by Director Ferreira and adopted by unanimous vote of Directors present.

General Manager presented Director Jarvis with an engraved serpentine rock from the American River Pump Station area recognizing Director Jarvis for his outstanding work as Chair for 2011. Chair Lee thanked Director Jarvis for his outstanding job as Chair.

Chair Lee thanked the Board for their support and confidence in nominating him for Chair.

Under Item B.1.c. Director Mavy thanked Lowell for his service for the past year. Director Mavy appreciated his dedication and intelligence he provided as Chair for 2011. Director Mavy provided a handout. The handout was an article dated November 7, 2011, by Jeff Ackerman, entitled, "The great and powerful board may just have it backward". Copies were provided to the Board and the public.

Director Jarvis thanked staff, General Manager, PCWA's partners, and the public for their hard work and support during the Bear River Canal break in the spring of 2011.

Under Item B.1.d. The Board members were content with their current seating arrangements and no seating changes were made.

Under Item B.1.e. Motion by Director Ferreira to adopt **Resolution 11-42 Providing for the Time and Place of Holding Regular Meetings, and Providing for the Manner of Calling Special Meetings**; seconded by Director Allen and adopted by a 4/1 vote (Mavy opposed).

Under Item B.1.f. Chair Lee asked Director Jarvis if he would be the primary for the Regional Water Authority and Chair Lee the alternate and it was agreed. Chair Lee will serve as a member of the Audit Committee and Director Jarvis will serve as member of the Finance Committee. The 2012 Board Member Assignments to Committees and Organizations list will be updated and provided at the next Board meeting for finalization.

C. PUBLIC COMMENT

No member of the public commented.

D. REPORTS BY DEPARTMENT HEADS

Item D. reports were given following item H.

Director of Technical Services advised the Board on an issue he was asked to follow up on that arose during the September 29, 2011, East Slope Board Meeting. At that meeting staff became aware that Tony Laliotis, Tahoe City PUD Director of Utilities, was working with Tahoma Meadows to hookup to their treated water system due to a water quality problem. Tahoma Meadows had originally asked McKinney Water District for assistance, but is unwilling to have Tahoma Meadows within their service area, even though they share an intertie. According to McKinney Water District, County Health has issued a compliance order sighting arsenic in their wells. Within the last five years, the state has raised the arsenic level standards substantially and Tahoma Meadows is out of compliance. It is expensive to remove arsenic and even more expensive to dispose of it as arsenic is considered toxic. Director of Technical Services wrote a letter to McKinney Water District Board stating it would make sense for Tahoe Meadows to connect to their system and to reconsider, but they are still unwilling. The Board did mention they would consider selling water to serve Tahoma Meadows. A neighboring private water entity, Tahoe Cedars, is in the process of drilling a new well and they might be willing to assist Tahoma Meadows. Director of Technical Services will attend the McKinney Water District Board meeting in January along with representatives from Tahoe City PUD to discuss the matter further and staff will keep the Board informed of any new developments.

Zone 4 Martis Valley System - PCWA is preparing a joint groundwater management plan with Northstar Community Service District and Truckee Donner PUD. Through the BOR, PCWA is utilizing the services of the Desert Research Institute who will prepare groundwater and service/climate change models. The Lawrence Livermore Laboratory found out about the study and have offered the grant funds they've received from DWR for high mountain groundwater areas to study the age of the water. This information will validate our model regarding recharge data and will help to understand the groundwater basin. The data will be available in a year or so. Staff will provide updates to the Board as the information is received.

Foresthill Public Utility District (FHPUD) - Resource Planning Administrator noted PCWA has been in contact with their new General Manager, Leo Havener. FHPUD was able to implement a Consumer Price Index increase for the upcoming coming year, about a 5.2% increase, but not enough for their renewal and replacement program. LAFCO is invited to speak at their December 14 Board meeting to discuss options for FHPUD if they can't meet their current and future obligations and to discuss the process of dissolution. Discussion followed on how FHPUD's rate structure works and the current and future challenges they face.

FERC's Land Use Fees – Resource Planning Administrator reported on FERC's recent decision regarding their revised methodology used for the calculation of fees. These fees are based on the number of acres within the MFP FERC boundary. PCWA received a significant decrease in fees; however, these fees are calculated every five years and are now based on agricultural land use values of the county in which the Project resides. Placer County's agricultural land value is high and is not stationary in value due to its use. This nation-wide ruling is not final and FERC is accepting comments. PCWA's Legal Counsel in Washington D.C. is working on preparing draft comments. Discussion followed. Staff will keep the Board apprised.

PG&E's Fall Outage – Director of Field Services updated the Board of PG&E's annual fall outage schedule. The schedule was extended by five weeks so approximately 2,000 feet of canal structural work could to be repaired. During that time, PCWA pumped water to keep customers in water. All

work will be complete tomorrow, but due to the high winds we've experienced, debris in the canals will need to be removed and damage repaired before water will be flowing fully to 450 cfs. Work on the South Canal below the Foothill Water Treatment Plant will start shortly. With the diversion structure in place, the Boardman Canal and Foothill WTP can remain in water while they work downstream on other sections of the canal. All customers are in water and work on the remaining sections of the canal will be done by the 16th or 17th of December.

Raw Water Sales – Director of Customer Services informed the Board of the 80 new requests for raw water. With 70 new applications still to be processed, about 150 new customers will be receiving raw water which amounts to approximately 700 - 1,000 AF of water.

E. AGENDA CHANGES AND REVIEW

Mr. Breninger advised the Board of an addendum that has been added to the agenda, an interim contract with the United States, which was posted on December 5, 2011, and will be heard under H.3.1.a.

F. CONSENT CALENDAR

1. Approve and file:
 - a. Check Register 11-23 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. Board of Directors' expenses for previous months.
 - d. General Manager's expense reimbursement claim summary.
2. Adopt **Resolution 11-43 declaring certain Agency items to be surplus property and no longer necessary for Agency use and authorizing sale thereof.**
3. Approve Manta Test System as a sole source vendor for the MTS-5000 Protective Relay Test System and authorize the procurement of the equipment.

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

G. AGREEMENTS AND CONTRACTS:

Award:

1. Award contract to Alpha Omega Wireless, Inc. for the purchase, licensing, and installation of permanent Non-Line of Sight Wireless radios and Ethernet Bridge for the SCADA communications in an amount not to exceed \$53,336.02.
2. Authorize the Chairman to sign a professional services contract with Remy, Thomas, Moose, & Manley, LLP for the American River Water Rights Extension Project.
3. Award a Construction Contract to the lowest responsible bidder, Sacramento Prestige Gunite, Inc. for the On-Call Canal Gunite Installation, Contract #2011-11, in the amount of \$1,097,775.

4. Authorize PG&E's services for Middle Fork Project Governor Upgrades in an amount not to exceed \$100,000.

Existing:

5. Approve Amendment No. Six to the contract with L&S Electric, Inc. for the Middle Fork Powerhouses Governor Upgrade Project, in the increased amount of \$14,204.
6. Approve Amendment No. Three to the contract with Northstar Community Services District for operations and maintenance of the Agency's Zone 4 water system.
7. Approve Progress Pay Estimate No. Six for the Boardman Canal Pacific Heights Siphon, Contract #2009-06, with Marques Pipeline, Inc. in the amount of \$227,428.
8. Approve the following task orders for the Middle Fork Project Relicensing (MFPR), Betterments, Improvements, and Modernizations, and Power Resources Management:
 - a. Approve Task Order 2012-1 to the Consulting Services Contract with Cardno ENTRIX for MFPR project management, environmental services, and miscellaneous related services in an amount not to exceed \$1,220,000.
 - b. Approve Task Order 2012-1 to the Consulting Services Contract with ECORP Consulting, Inc. for MFPR hydrology simulation modeling and hydrology field services, forecast model development for Betterments, Improvements, and Modernizations and power market scenario modeling for Power Resources Management, and miscellaneous related services. The budgeted amount for 2012 is \$400,000.
 - c. Approve Task Order 2012-1 to the Consulting Services Contract with Rainwater & Associates, LLC for MFPR and related facilitation services. The budgeted amount for 2012 is \$25,000.
 - d. Approve Task Order 2012-1 to the Independent Contractor Consulting Agreement with Davis² Consulting Earth Scientists, Inc. for consulting services for the MFPR, watershed related issues, and miscellaneous related services. The budgeted amount for 2012 is \$190,000.
 - e. Approve Task Order 2012-1 to the Consulting Services Contract with Thomas Johnson, LLC for Betterments, Improvements, and Modernizations, Power Resources Management, and miscellaneous consulting services. The budgeted amount for 2012 is \$300,000.
 - f. Approve Task Order 2012-1 to the Agreement for GIS and Surveying Services with Andregg Geomatics for MFPR and related work. The budgeted amount for 2012 is \$25,000.

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

General Manager suggested Item No. H.3.d.1 be heard before H. Water Availability and Water Supply.

Under Item H.3.d.1. General Manager asked Director of Financial Services and Director of Customer Services to provide the Board with a staff report on PCWA's tour of the Placer Nature Center (PNC).

General Manager introduced Megan Krekorian, Executive Director of the PNC. He noted PCWA has been looking to partner with the Regional Water Authority and other entities to assist with funding for PNC. Previous funding requests were for facility improvements; this request is for watershed educational programs. Staff Directors and Director Jarvis toured the watershed education center which provides a scaled model of the local watershed. The facility also includes an education garden where water use and conservation are explained.

Staff feels this request from PNC is an important program to contribute to as funding is limited. Best Management Practices mandate our involvement in educational programs and this request, if approved by the Board, goes above and beyond the BMP's water conservation requirement.

Director of Financial Services stated this program provides a unique environment for students and the public to view and understand the watershed without actually going to the watershed.

Ms. Krekorian provided an overview of the water education programs they provide to school age children. These programs help to bring complex information to a grade level understanding. PNC works alongside the Placer County Office of Education for promoting their programs and they also reach out to the PTA and home school groups.

Director Jarvis expressed how impressed he was with their facility and programs they offer. He appreciated the 'hands on' approach, the amount of students they reach, and the advanced technology they have installed since the last time he visited the PNC. Director Jarvis stated he supports PCWA providing funding to PNC.

Chair Lee noted this is an agency wide benefit.

Director Allen discussed that it's more than just water conservation that needs to be addressed. There is a 'water war' going on in this state and that the lack of understanding and knowledge regarding where our water comes from is evident. This area is a viable source of water for Northern California and we, as an Agency, will benefit by helping PNC to help others understand the importance of where our water comes from.

Director Ferreira asked if the California Conservation Core (CCC) is still involved with the PNC. Ms. Krekorian affirmed the CCC is an actively involved partner. Under an Action to Awareness Grant, the CCC has assisted in helping restore the banks along the Auburn Ravine to maintain erosion control to keep habitats healthy.

Chair Lee said this outreach program is an agency wide benefit and suggested the Agency provide more than the recommended amount. Director Jarvis stated \$4,000 would be appropriate. Director Allen asked how the Agency arrived at the \$2,000 amount. Director of Financial Services stated he looked back at other sponsorships, on an average, the Agency has provided over the years. This is a unique request because of its educational purposes. Funds would be provided from the Agency Wide account.

Director Mavy discussed his concerns regarding using ratepayer's money for sponsoring this program.

Motion by Director Allen to provide sponsorship in the amount \$4,000 to the Placer Nature Center; seconded by Director Ferreira and adopted by a 4/1 vote (Mavy opposed).

General Manager asked Ms. Krekorian to work with the Director of Financial Services to provide a statement to the Agency for billing purposes.

H. WATER AVAILABILITY AND WATER SUPPLY

1. Zone 1 water service:
 - a. Treated Water:
 - 1) One Facilities Agreement (FA) for a total of 2.2 acre-feet or 3.4 equivalent dwelling units (EDUs)
FA 2504, Advocates for Mentally Ill Housing, Inc., Auburn
 - 2) Single Connections (In fill): two applications for a total of 1.3 acre-feet or 2.0 EDUs
 - b. Raw Water: eight applications for service for a total of 18.0 acre-feet or 27.5 EDUs

Director of Technical Services reported the applications for facilities agreements, single connections, and raw water would equal an increase of 21.5 acre-feet of water service commitment in Zone 1. There has been 2.6 acre-feet reductions in customer commitments. Remaining in the water availability account is 1,581 acre-feet of water.

Motion by Director Jarvis approving Facilities Agreement 2504, applications for single connections, and raw water in the total amount of 21.5 acre-feet; motion seconded by Director Mavy 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
 - (1) Adopt Resolution No. 11-44 approving an interim renewal contract with the United States for water service and authorizing its execution
 - b. Land use and water policy
 - c. Water supply, service, and infrastructure system
 - d. Water use education, efficiency and conservation
 - (1) Consider request from Placer Nature Center for funding
 - e. Water financial matters
 - f. Regional, Delta and State water matters

Under Item H.3.a.(1) - Legal Counsel reported on the status of the Bureau of Reclamation (BOR) and PCWA interim renewal contract and a provision in Article 3 of that contract. The Agency originally had entitlement to 117,000 AF of CVP water. As stated in the latest 2001 amendment, the Federal Government asked the Agency to reduce that amount to 35,000 AF, due to the fact that at that time the Auburn Dam was likely not going to be built for the delivery of CVP water. PCWA agreed to reduce its contract entitlement, but negotiated a provision that if the dam is built and a diversion is built off the Sacramento River, the BOR would agree to open negotiations to increase the water supply back to 117,000 AF. Since that time, as no progress was made on the construction of the dam, the BOR lost their water rights for the Auburn Dam. When the Agency received the first draft of the interim renewal contract, it contained no mention of that provision to re-open negotiations. Staff and Legal Counsel worked with the BOR to have that wording re-instated. The BOR agreed to include wording that "all claims are preserved" into this interim renewal contract. Legal Counsel wanted to ensure the historical and contractual relationship between PCWA and BOR for preservation of claims to be memorialized in the contract. All discussion and history regarding the negotiations of this interim renewal contract (which are valid for two years) are submitted as an exhibit to the negotiations for the Interim Contract. Legal Counsel and PCWA staff wanted to keep the history of these negotiations on record for the next round of discussions.

Motion by Director Mavy adopting **Resolution No. 11-44 approving an interim renewal contract with the United States for water service and authorizing its execution**; motion seconded by Director Allen and adopted by unanimous vote of Directors present.

Legal Counsel advised the Board the resolution will be corrected to state that today is an adjourned meeting.

The General Manager and Directors noted that negotiations with the BOR are always well received due to the good working and highly professional relationship PCWA has maintained with the BOR over the years.

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

1. Relicensing process, schedule and finances;
2. Power generation management and finances;

No reports received.

J. GENERAL ITEMS

1. Report on State and Federal legislation on regulatory matters;

K. REPORTS BY DIRECTORS

Director Mavy reported on the Water System Master Plan meeting he attended today with the Director and Deputy Director of Technical Services and Colfax/Meadow Vista/Applegate area

residents. They discussed the status the county-wide water master plan and everyone is very pleased with the progress to date.

ACWA Conference Report:

- Director Allen discussed a presentation he heard on demographics and political demographics in California and its effect of upcoming elections.
- Chair Lee reported on the role the Endangered Species Act is playing on other relicensing applications and its potential monetary effects.
- General Manager discussed Delta issues, Ex-Judge Wanger and Westlands Water District, PCWA's on-going goal and interest to keep water in Placer County, contract water with PG&E & NID, and helping the BOR get up-to-speed on understanding the current water issues facing our region and its effect on them.

L. REPORTS BY LEGAL COUNSEL

Legal Counsel discussed the impacts of the potential State Water Resources Control Board cutbacks on storage above Folsom, impacts to BOR's/Yuba Bear's water supplies to their customers, and the ability to meet Lower American River fish standards.

She advised the Board that 2012 shapes up to be a heavy water legislative year. The Sacramento Regional Water Alliance has already begun meeting with various members of the legislators to set forth upstream areas to get facts out for water use, conservation, and efficiency. Legal Counsel met this morning with Assembly member Mr. Roger Dickinson to begin addressing these issues.

M. REPORTS BY GENERAL MANAGER

General Manager asked staff about reporting on the Agency's 2011/2012 Issues and Interests. Director of Administrative Services stated department reports will be provided at upcoming Board meetings.

General Manager noted he received the National Water Resources Association President's Award.

He discussed how water sales by individual/private/public water purveyors are threatened by new regulations proposed by the state, federal, and Delta Stewardship Council.

Direction Mavy asked about the possibility of the Board discussing labor negotiations in public. Legal Counsel was not prepared to answer this question and will get back to the Board on an opinion.

N. CLOSED SESSION

With all members present, as heretofore designated, the meeting adjourned to closed session at 3:31 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 Michael Willihnganz

Employee organizations: Power, Water, Confidential, Management Team

O. REPORT FROM CLOSED SESSION

The Board returned at 3:59 p.m. There was no reportable action.

P. ADJOURNMENT

At 4:00 p.m. Director Allen made a motion to adjourn; motion seconded by Director Jarvis and adopted by unanimous vote of Directors present.

ATTEST:

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