

MINUTES

BOARD OF DIRECTORS PLACER COUNTY WATER AGENCY

Thursday, November 15 2018
2:00 p.m. Regular Meeting

Board Members Present: Chairman JOSHUA ALPINE, Vice-Chair GRAY ALLEN, ROBERT DUGAN, and MIKE LEE

Board Members Absent: PRIMO SANTINI

Agency Personnel Present Who Spoke: EINAR MAISCH, General Manager; SCOTT MORRIS, General Counsel; CHERI SPRUNCK, Agency Secretary/Clerk to the Board; MARIE DAVID, Agency Consultant; ANDY FECKO, Director of Strategic Affairs; DARYL HENSLER, Director of Field Services; JOSEPH PARKER, Director of Financial Services; CARRIE PARKS, Finance Manager; BRENT SMITH, Director of Technical Services

A. CALL TO ORDER

1. Roll Call

Chairman Alpine called the regular 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.

2. Pledge of Allegiance

Marie Davis led the Pledge of Allegiance.

3. Announcements, introductions, and recognitions

Chair Alpine presented Jim Branham, Executive Director of the Sierra Nevada Conservancy, with a resolution honoring him upon his retirement. Marie Davis read the resolution.

Director Dugan, Director Allen, and Chair Alpine each commended Mr. Branham for his service.

Mr. Branham said PCWA has been a great partner. He commended Marie Davis for being such a great spokesperson for the watershed. He thanked the Board for the good work they do. He acknowledged the work that has been done in the past year to help protect the forests.

B. PUBLIC COMMENT:

The Chair invited the public to comment. None was given.

C. REPORTS BY DEPARTMENT HEADS

Director of Technical Services reported last week the Agency received notification from the U.S. Bureau of Reclamation about successfully being awarded a \$75,000 grant. It is for construction and installation of automated delivery gates on the raw water system and will be connected to the SCADA system to allow the system to be better managed. Funding for the Agency portion is in the 2019 budget.

Director of Field Services showed an award plaque that Field Services staff received from the American Water Works Association for invention of a "speed" key. It is an ergonomic device and also helps speed up work.

D. AGENDA CHANGES AND REVIEW

No changes.

E. CONSENT CALENDAR:

Action:

1. Consider approving an employee's reimbursement claim pursuant to Chapter 3, Article 1, Section 3003, of the Agency's Personnel and Administrative Manual:
 - a. Kelly Shively's business expense incurred in July 2018 in the amount of \$60.
2. Consider authorizing out-of-state travel and related expenses for the Treated Water Supervisor and a Maintenance Worker II of the Field Services Department who attended the American Water Works Association 2018 Water Infrastructure Conference & Exposition, October 28-31, 2018, in Atlanta, Georgia.
3. Consider authorizing out-of-state travel and related expenses for Geographic Information System (GIS) Analyst and GIS Technician of the Technical Services Department to attend the Esri Water GIS Conference February 4-6, 2019, in Nashville, Tennessee.

Information, Receive and File:

4. Check Register 18-22 expenses disbursed.
5. Board of Directors' expenses for October 2018.

Motion by Director Lee approving Consent Calendar items 1, 2, 3, 4, and 5; motion seconded by Director Allen and adopted by unanimous vote of Directors present.

F. AGREEMENTS AND CONTRACTS:

Action:

1. Consider correction to previous Board action on September 6, 2018, awarding Construction Contract No. 2018-05 to Mountain G. Enterprises, Inc. for sediment removal and disposal services at the North Fork and South Fork Long Canyon Diversion Dams, correcting the contract amount from \$809,300 to \$809,690.
2. Consider approving Amendment No. 1 to the 2017 On-Call Agreement with Andregg PSOMAS for land surveying for construction, locating property boundaries, easements, topography, preparation of legal descriptions and maps related to the surveying, in the amount of \$100,000, which will increase the not-to-exceed total from \$100,000 to \$200,000 and extend the contract date to December 31, 2019.
3. Consider approving a one year Professional Services Agreement with Mesa Associates, Inc. in the amount of \$31,111 to prepare and facilitate the Federal Energy Regulatory Commission (FERC) required Emergency Action Plan Functional Exercise 2019.
4. Consider approving the 2018 software version upgrade of Power System's existing Adept Document Management Software by Synergis Technologies, LLC in the amount of \$33,193.
5. Consider approving water service application for Facilities Agreement 2693, Sierra Pine, Rocklin, 132.2 Equivalent Dwelling Units.
6. Consider approving a Design Professional Services Agreement with GEI, Inc., for engineering services for design modifications and assistance in receiving authorization from the FERC and California's Division of Safety of Dams for the Hell Hole Core Raise Project in the amount of \$381,024.

Information, Receive and File:

7. Progress Pay Estimate and Non-discretionary Contract Change Order Summary for the period October 15, 2018, through October 28, 2018.

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

G. ADMINISTRATION

1. For the Placer County Water Agency Proposed 2019 Combined Budget, consider the following:
 - 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 2019 Combined Budget.
 - b. Adopt the 2019 Agency Combined Budget and, once the financial outcome for the year ending 2018 is determined, direct the General Manager and Director of Financial Services to allocate funds to/from applicable reserves.

Director of Financial Services reported on the combined Budget. He noted the Finance Committee meetings held to go over the proposed budget. Budget units are Power, Water, and Agency-wide. The total combined budget, including capital, is \$116 million. Agency-wide operating is \$2.6, Power operating is \$25.9, and Water operating is \$40 million. The Agency Wide Budget revenue is 2.8 percent more because interest earnings have increased and property tax revenues are up. Operating expenses overall are down \$34,000 net. The cost allocation plan was extensively reviewed and adjustments made to the model. This resulted in changes to Water and Power allocations.

The Board's expenses are down because of anticipated reductions in outside legal expenses. Administrative Services is up \$340,000 because of software licensing, actuarial audit, and additional IT labor and benefits. Customer Services is up \$28,000 and included in the Agency - Wide budget because Public Relations, formerly included Administrative Services, is now in that department. Financial Services is up \$89,000 primarily for labor and benefits. The Financial Assistance Program expenses were reviewed and \$165,000 is budgeted for 2019. Legal Services costs are down. Strategic Affairs is up \$139,000 due to cost share partnerships and a redistribution of labor from the Power Division. Energy Marketing is established in Agency Wide to support Strategic Affairs with projects related to water rights. Technical Services is down by \$10,000 due to less time planned to spend on the Sustainable Groundwater Management Act project. Routine capital, which includes computer and office furniture replacement, is the same as last year. Capital projects are similar to the past. The American River Water Rights extension is the most significant project at \$710,000. Reserve use includes \$1,335,000 for capital projects.

Reserves are \$14.7 million and he anticipates having \$13.5 million in Agency Wide reserves at the end of 2019.

Power Division Budget:

Operations are up \$3.6 million because of changes in Power Generation, labor, benefits, overtime for outages, equipment rental, blasting for rock slides, helicopter service, and consulting services. Technical Services is up \$1.4 million; however, \$1.1 million is for additional studies and monitoring for the anticipated issuance of the FERC license, also \$200,000 for weather modification services. The service level support is up \$970,000 based on the updated cost allocation plan. Capital Projects: The largest is the Middle Fork Powerhouse Reliability Upgrade at \$2.7 million. The Hell Hole Dam core raise is a half million in the 2019 budget. There are no reserves in the Power Division as reserves are held by the Middle Fork Project Finance Authority.

Water Division Budget:

Water Division revenue is increased \$1.5 million overall in 2019. Treated and Untreated Retail Fixed Charge and Renewal and Replacement Revenue are increased 3.5%. Treated and Untreated Resale Fixed Charge and Renewal and Replacement Revenue are also increased. There are no increases in commodity revenue required in 2019 due to increased water consumption.

He spoke about water sales revenue, resale commodity, and expenses.

He noted the increases in each department and reason for increases.

Capital projects have increased primarily because of the Foothill Raw Water Supply Line. Field Services is going to work on more projects in house because they can do them cheaper. He noted functional expenses by category. He pointed out five years of anticipated Renewal and Replacement projects. Water Connection Charge (WCC) project funds are in a restricted account for projects. He went over five year projected WCC capital and resource needs. Debt service is trending down due to recent debt refinancing.

Water reserves are \$57.6 million. He anticipates utilizing \$6.8 million for the raw water pipeline.

He highlighted capital investment projects.

At 2:58 p.m. the Chair opened the hearing. There was no public comment. The Chair closed the hearing at 2:58 p.m.

Motion by Director Lee adopting the 2019 Agency Combined Budgets and, once the financial outcome for the year ending 2018 is determined, directing the General Manager and Director

of Financial Services to allocate funds to/from applicable reserves; motion seconded by Director Allen and adopted by unanimous vote of Directors present.

2. Consider adopting Resolution 18-35 Adopting Rates, Fees and Charges for Water Service for Zone 6 to be Effective January 1, 2019.

The General Manager noted the proposed resolution is to implement the rate changes that were assumed approved in the budget, which is a 3.5 percent increase to the fixed charge and the renewal and replacement charge. This ends up being a 2.1 percent increase in rates, which is less than the Consumer Price Index and we have demonstrated that our costs have increased by at least that much.

Motion by Director Allen adopting **Resolution 18-35 Adopting Rates, Fees and Charges for Water Service for Zone 6 to be Effective January 1, 2019**; motion seconded by Director Dugan and adopted by unanimous roll call vote of Directors present.

3. Consider providing direction to staff regarding possible amendments to the Agency's out-of-state travel policy.

The General Manager reported a lot of time is spent approving out-of-state travel. Last year the Board approved over 30 items. He reviewed the current policy. There reasons for out-of-state travel include promoting Agency lobbying efforts, education and training, and factory testing. Travel on Agency business, whether in state or out, has become routine.

Board discussion followed. Staff will bring a resolution back to the Board.

Don Anderson, public member, agreed with the hybrid plan that was discussed. He asked if items like E.1. are also something to consider changing. Staff responded.

H. REPORTS BY DIRECTORS:

Director Lee reported on the Placer County Transportation Planning Agency workshop. The meeting included the Sacramento Area Council of Governments (SACOG). The two agencies are working together to meet the state's requirements, especially for local transportation agencies, to upgrade their transportation element plan every five years. It is important for the Agency to know the anticipated future of land use development. The reported included information about multiple modes of transportation and funding.

Director Dugan reported on legislative regulatory items. He had a conversation with Assemblyman Kiley about forest health, the work the Agency just had done in the forests, and the Camp Fire. The Assemblyman would like a tour of the work being done by PCWA.

Chair Alpine reported the Placer County LAFCo approved the Roseville annexation of the Amoruso Ranch Specific Plan. There were public comments at that meeting about groundwater issues. He suggested we do effective messaging so people can understand what is happening in the watershed, the water supply in the Sacramento region, about Placer County's great resource of water, the responsible use of water, forest health, and effects of water.

I. REPORTS BY LEGAL COUNSEL:

Legal Counsel reported on a new California law that requires the state to approve any transfer of land by the federal government. This was challenged by the federal government, and the District Court in Sacramento said the law was illegal and unconstitutional. The Court also ruled that it was illegal for the state to require the landowners to get permission from the state to transfer land to or from the federal government or be subject to a fine.

J. REPORTS BY GENERAL MANAGER:

General Manager reported Nevada Irrigation District (NID) reached an agreement for transfer of the Deer Creek Powerhouse from PG&E.

He noted at the end of a recent NID Board meeting a Board member made a motion to approve a resolution and the Board adopted it. The South Yuba River Citizen's League claims that NID violated the Brown Act by not providing copies of the resolution to the public at the meeting. He commended the Agency's Clerk to the Board for her diligence in keeping the Agency's Board on track to not be in violation of the Brown Act.

At the November 7 State Water Resources Control Board (SWRCB) hearing, the SWRCB was poised to implement staff's recommendation on unimpaired flows for the San Joaquin River, which would have been devastating to the communities and agriculture interests that would have been affected because it would have been a dramatic increase in flow requirements and would have left them with a whole lot less water to deliver for consumptive uses. The Governor and Governor-elect sent a joint letter and asked the SWRCB to postpone the action until December 11 to give state staff time to develop voluntary agreements which would be substantially similar to what the SWRCB action was going to be. Then the Delta Stewardship Council made the determination that the California WaterFix Plan is inconsistent with the Delta Plan that they adopted.

Chair Alpine called for moment of silence for the victims of the Camp Fire.

K. CLOSED SESSION

With all members present, as heretofore designated, the meeting adjourned to closed session at 3:26 p.m. to consider the following:

1. **Conference with Legal Counsel - Existing Litigation** - Pursuant to subdivision (a), Section 54956.9 of the Government Code.

Name of case: California WaterFix

Case No. State Water Resources Control Board Administrative Proceeding

L. REPORT FROM CLOSED SESSION

The Board returned from closed session at 4:30 p.m. There was nothing to report on item K.1. Direction was given to staff on item K.2.

M. ADJOURNMENT:

At 4:30 p.m. the Chair adjourned the meeting

ATTEST:

Cheri Sprunck, Clerk to the Board
Placer County Water Agency