

MINUTES

BOARD OF DIRECTORS
AMERICAN RIVER AUTHORITY
3:00 P.M. ADJOURNED BOARD MEETING
Monday, June 20, 2011

El Dorado County Government Center
330 Fair Lane
Placerville, CA 95667

ENTITY	DIRECTORS	ALTERNATES
County of El Dorado	Ron Briggs	Jack Sweeney
County of Placer	Jennifer Montgomery	Robert Weygandt
County of San Joaquin	Ken Vogel	VACANT
El Dorado County Water Agency	John Fraser	VACANT
Placer County Water Agency	Lowell Jarvis	Mike Lee
Public Member	Ken Yorde	VACANT

Ron Briggs (Chair of the Board)
John Fraser (Vice-Chair)

David Breninger (Executive Director)
Chris Williams (Legal Counsel)

A. CALL TO ORDER

The meeting was called to order at 3:02 p.m. by Chair Briggs.

1. Pledge of Allegiance
2. Roll Call & Introductions

ARA Members Present:

Ron Briggs, County of El Dorado
John Fraser, El Dorado County Water Agency
Lowell Jarvis, Placer County Water Agency
Jennifer Montgomery, County of Placer (participated via teleconference call)
Ken Yorde, Public Member (voting member)

ARA Staff Present:

Ed Horton, ARA Consultant
Joseph Parker, Treasurer
Chris Williams, Legal Counsel

3. Organizational Matters:
 - a. Recognize newly appointed members.

Action: None

- b. Appointments, if any, to the vacant Alternate positions.

Action: None

- c. Selection of Chair and Vice Chair.

Action: Motion by Director Fraser nominating Chair Briggs as Chair and Ken Yorde as Vice Chair for FY2011/2012; motion seconded by Director Jarvis and adopted by the following aye votes: Directors Briggs, Fraser, Jarvis, Montgomery, Yorde.

B. PUBLIC COMMENT:

No member of the public commented.

C. CONSENT CALENDER:

1. Approval of minutes: June 14, 2010, adjourned board meeting.

Action: Motion by Director Fraser approving Consent Calendar item 1; motion seconded by Director Jarvis and adopted by the following aye votes: Directors Briggs, Fraser, Jarvis, Montgomery, Yorde.

D. GENERAL ITEMS:

1. Report from Chris Williams, legal counsel, on San Joaquin County's signing of Amendment No. 4 Joint Powers Agreement and payment of their past dues/assessments.

Ed Horton expressed his appreciation to Ken Vogel and his staff for their diligence in submitting signed Amendment No. 4 and paying their dues/assessments.

2. Receive Independent Auditor's Report prepared by Maze & Associates for the fiscal years ended June 30, 2008, 2009, and 2010.

Joseph Parker provided an overview of the auditor's three-year report. He noted the auditor's opinion of ARA's three-year budget is clean and unqualified. He highlighted for the Board the following: Management's Discussion and Analysis, State Water Resources Control Board revocation the water rights held by the Bureau of Reclamation for the Auburn Dam project, transition of auditor/controller functions from El Dorado County to Placer County, and the need for improved timeliness of the audits.

3. Direct the Executive Director, or Treasurer, to enter into an agreement with Maze & Associates to perform an independent audit for fiscal year ending June 30, 2011.

Mr. Parker provided handout D-3: March 30, 2011 Engagement Letter from Maze & Associates regarding audit services for FY2010/2011. Mr. Parker recommended Board approval.

Director Fraser asked what the cost of the three-year audit was. Mr. Horton noted the cost was \$10,500.

Action: Motion by Director Yorde to authorize the Executive Director or Treasurer to enter into an agreement with Maze & Associates for an independent audit of the American River Authority for FY2010/2011 in the amount of \$4,000, seconded by Director Montgomery and adopted by the following aye votes: Directors Briggs, Fraser, Jarvis, Montgomery, Yorde.

4. Report on financial condition of the ARA and take action as appropriate on the following:
 - a. Presentation of proposed ARA Annual Budget for the fiscal year ending June 30, 2012 which includes no dues/assessments.

Mr. Horton recommended the Board approve the proposed annual budget for FY2011/2012. Mr. Horton asked the Board to revise the line item amount for audit services from \$6,500 to \$4,000 making the proposed total expenses \$18,000; corrected from \$20,500.

Action: Motion by Director Fraser to approve the proposed FY2011/2012 budget in the amount of \$18,000, seconded by Director Jarvis and adopted by the following aye votes: Directors Briggs, Fraser, Jarvis, Montgomery, Yorde.

5. Presentation by Michael Finnegan, Area Manager Central California Area Office and Rob Schroder, Project Manager of the Bureau of Reclamation related to progress in managing Bureau of Reclamation lands at the existing Auburn Dam site.

Mr. Horton introduced Mr. Finnegan and asked him to provide an update to the Board on the progress the Bureau of Reclamation (BOR) has made with their partners in relation to the management of the existing Auburn Dam site.

Mr. Finnegan introduced Scott Nakaji, Superintendent of the California State Parks Gold Fields District. Mr. Finnegan highlighted the following topics for the Board:

- For clarification, the budget for the Auburn State Recreation Area (ASRA) is captured under the Auburn/Folsom South Unit budget of the Central Valley Project.
- BOR is authorized to provide law enforcement, visitor management, health and public safety, and fire prevention.
- With strong local support, good working relationships and cooperation among the local elected officials, staff from our congressional delegation, California State Parks, Bureau of Land Management, and the US Forest Service there is more certainty of funding for the management of the ASRA. BOR needs two million dollars a year for basic operating expenses. For the FY2012/2013 Federal fiscal budget, 2.7 million dollars has been requested.

- Mr. Finnegan cautioned to not depend on future funding. Partnerships and securing local beneficiaries will be key to future operations/funding.
- The BOR would like to maintain State Parks under a long term agreement for managing the ASRA along the entire corridor, which includes Folsom Lake and Lake Natoma, as it would be cost effective to have one managing entity and one agreement with one set of rules. The BOR could also look into cost sharing options if State Parks manages the entire area.
- At this point, Mr. Finnegan asked Mr. Nakaji to address the Board. Mr. Finnegan noted that he will discuss fire protection, BOR administrative costs, and resource management planning after Mr. Nakaji speaks.

Mr. Nakaji stated that State Parks has been negotiating with the BOR for the last several months on a draft cost share agreement. The draft document is 2/3 complete and negotiations are still on-going. State Parks would like to continue managing the ASRA and Folsom Lake SRA for the BOR. State Parks has been an active participant in Placer County Water Agency's (PCWA) Relicensing of its Middle Fork Project and has been working alongside with the USFS, BOR, and BLM in those negotiations.

Director Yorde asked if State Parks doesn't manage the lands, who takes over those responsibilities, the BOR? Do you close the park or who will manage it?

Mr. Finnegan responded that it was looking like a possibility that the BOR was not going to be able to properly subsidize State Parks to safely maintain the area or its staff. The BOR considered contracting out those duties for public enterprise, turning it over to a different agency, enacting legislation to designate it a national monument or national recreation area. After internal BOR discussions, they decided they'd work hard to keep State Parks under contract as they have had a good working relationship over the years.

Director Yorde asked if the BOR has legal responsibilities to provide safety.

Mr. Finnegan replied that legally the BOR has a duty to fulfill the project's purpose: support recreation opportunities, provide public/visitor safety, and fire protection.

The following questions were asked by Director Fraser and answered by Mr. Finnegan:

Director Fraser: Since the State Water Resources Control Board (SWRCB) revoked the water rights for the Auburn Dam site, will you do anything to get that action reversed?

Mr. Finnegan: No, the reason for the loss was due to lack of beneficial use of the water.

Director Fraser: The BOR obtained property in and around the dam site area, but there has been no effort to proceed with the project. The BOR seems to be operating as a recreation entity rather than a water entity. How long will Congress let you do that?

Mr. Finnegan: The BOR manages the site as a potential dam site/project site. With the number of visitors that recreate in the area, we need to provide for their safety. At the same

time, the BOR does not advocate for construction of new capital improvements that would attract more people.

Director Fraser: How far does the Auburn/Folsom South Unit extend?

Mr. Finnegan: 26,000 acres. The Bureau of Land Management and the Corp of Engineers owns some parcels within the BOR lands. The dam site area also includes South Folsom Canal and other features, not just the Auburn dam site.

Director Fraser: Will the BOR return the acquired lands to the original private property owners as the land was acquired on the premise that they would be used as a water project? It's public lands, can't Congress return the lands?

Mr. Finnegan: Until Congress de-authorizes the project, these public lands will remain under the management of the BOR.

Director Fraser: If State Parks continues to partner with you and they don't have funding either, how do we reconcile that?

Mr. Finnegan: The BOR's obligation is to manage the area as a project site and we take that role seriously. Until the dam is built, we believe that State Parks is in the best position to manage the lands for us.

Director Fraser: Has the BOR done anything to promote recreation?

Mr. Finnegan: No, but we try to help to accommodate proposals/agreements for trails, etc. As it's still designated a project site and until Congress acts, the BOR remains good stewards of the lands and provides public safety.

Director Montgomery stated that Placer County's and public opinion is that since there are no water rights it's not really a dam project, so what do we do with the lands and how do we manage them in the meantime; continue with securing a contract with CalFire and State Park for funding.

At 3:44 P.M. Director Montgomery left the conference call/meeting.

Mr. Finnegan continued his presentation regarding the status the BOR has made with their partners in relation to the management of the existing Auburn Dam site by highlighting the following topics:

- BOR remains committed to continuing negotiations with State Parks and will dedicate a good portion of its Federal funding to State Parks.
- CalFire contract to be approved June 24, 2011 for a five year term. This contract includes pre-suppression work.
- The BOR is also looking to contract with the Youth Core organization and possibly the California Conservation Core for pre-suppression work, also.

- Last year the BOR worked out an in-kind agreement with the Auburn Fire Department, but that ended with mixed results.
- Currently, the BOR does not have the capability or funding for wildland fire fighting or fuels management / fire-suppression. The BOR will be working with the Department of the Interior to access and secure funds from their Wildland Fire Management Fund.

The Board asked what they could do to help with that endeavor.

Mr. Finnegan suggested contacting Senator Boxer and other local officials.

- Administrative costs include environmental work, staff time, attending meetings, and working with stakeholders.
- A major priority for the BOR is to see that any remaining funds go towards re-starting the Resource Management Planning process on a holistic basis for the long term benefit for all parks within the Auburn/Folsom South Unit. The BOR would like to see public involvement and to consider their input. As we cannot count on long term federal funding, partnerships and local beneficiaries participation will be key to this effort. Keeping in mind that at the end of the day, the Auburn Dam project prevails.

Questions and answers followed.

Director Fraser: With no hope of constructing a project for flood control, can the BOR turn over ownership of the site to another entity?

Mr. Finnegan: Yes, but likely no one would buy such a liability nor would there be potential buyers and they would request additional appropriations. Possibly, the National Park Service could become a potential candidate. Currently, State Parks owns and maintains certain infrastructure on the lands. It would be a very lengthy and costly process for such a transition. Also, a shutdown of the area would have to occur for that transition period.

Director Fraser: Can the BOR return the land to private ownership?

Mr. Finnegan: No, not until Congress de-authorizes the project can the BOR do anything with the lands.

Director Jarvis stated that PCWA has signed a letter of support for Mike Holmes to obtain funding for State Parks to continue managing the lands.

Mr. Finnegan assured the Board there would be no closure of the ASRA this year or next.

Norman Gonzales, Community Outreach Director for Congressman McClintock, addressed the Board in regards to the discussion on congressional authorization for the project dam site. He thanked Mr. Finnegan for all his efforts in providing updates to Congressman McClintock and his staff, and working with local officials and the public on securing funding. Health and public safety is the most important factor. ASRA is a byproduct of the dam, so the BOR will continue to maintain access for the public. Every effort is being made to keep the Auburn Project Lands open.

Mr. Gonzales asked the Board:

- **What is the purpose of the ARA? One of the bylaws/goals created during initial construction of the dam as one of its goals and what actions is the ARA doing to move towards construction?**

Mr. Horton explained why the ARA was formed. The people of Placer and El Dorado Counties had a common goal and joint concerns about what the project impacts would do to their communities; reduction in tax base, construction issues, and project costs. The ARA was formed to help see the project through to completion. Placer County realized it did not have any local funding. Mr. Horton provided Mr. Gonzales with a copy of the American River Authority Auburn-Folsom South Unit Summary Report, prepared by California Water Consulting, Inc. and Peterson Brustad, Inc., dated June 2008. The report outlines the effects and costs of building a current/modern dam in the community; a synopsis of the BOR's work prepared by PCWA. The end result was that it would be hard for local groups to help finance.

Mr. Gonzales asked the Board if construction of the dam remained its priority.

Director Fraser: He referred to the Joint Powers Agreement (JPA) of the ARA which sets forth the purpose of the JPA. Mr. Horton gave Mr. Gonzales of copy of the JPA.

Mr. Gonzales stated that Congressional de-authorization of the dam project is not happening any time soon. Congressman McClintock recognizes the dam as a critical project for water storage concerns that face our state today. The project would also provide flood protection/control, power production, and additional recreational opportunities. The Congressman will continue to endorse and support the funding for this area. As the Chair of the Water and Power Subcommittee, Congressman McClintock deals directly with the oversight of this issue and it will remain his top priority. Congressman McClintock will continue to work with Mr. Finnegan and his staff and locals officials to achieve this goal.

Chair Briggs stated with a vote, a majority of the County of El Dorado Board of Supervisors would support the Auburn Dam project. He understood that if the dam was built and a bridge was to be constructed today from Auburn to Cool, the Federal government would only pay for the original estimated cost. That would mean the remaining costs would need to be paid by Placer and El Dorado Counties in the amount of 70 million. This was a big concern for residents.

Director Yorde suggested a cost benefit analysis be prepared on all aspects of the dam. He also questioned why building continues in a flood plain.

Mr. Gonzales stated Congressman McClintock supports a cost benefit analysis on this project and other hydro/dam projects throughout the United States. He'd like to see a nationwide policy for cost benefit analysis for these type projects. The Auburn Dam project would fall under that nationwide policy. He also would like bring into the equation a beneficiary based model, where anyone benefitting from a project would pay for the bonds, as opposed to local communities providing the funding. Congressman McClintock will carry this model forward.

Director Fraser mentioned that the United States Fish & Wildlife Service requested a temperature control device for cold water flows in the Lower American River for Salmon passage. This is another matter for the cost benefit analysis.

6. Receive report from McNally Temple & Associates related to continuing the Authority's website.

Mr. Horton provided handout D-6: memo from McNally Temple Associates, Inc., dated June 16, 2011 regarding the costs associated with maintaining the ARA website for another year. Mr. Horton noted the site receives hits and provides useful information to the public.

Director Fraser questioned if the Board should fund the site as there's currently no dam project in foreseeable future, only recreation opportunities.

Discussion followed.

Action: Motion by Director Jarvis to continue maintaining the ARA website for another year and engaging the services of McNally Temple Associates, Inc. in the estimated not to exceed amount of \$1,500 – \$2,500, seconded by Director Yorde and adopted by the following aye votes: Directors Briggs, Fraser, Jarvis, Yorde.

7. Discussion of the future of the ARA in light of current conditions.

Mr. Horton asked the Board how they would like to proceed with continuing meetings now that the ARA is fully supported by all ARA entities since San Joaquin County has signed Amendment No. 4 and their dues have been paid.

Chairman Briggs and Director Jarvis said their respective agencies, in majority, would be in support of continuing the ARA. Director Yorde stated he would like to see the ARA continue, as well.

Chairman Briggs asked if anyone from the public had any comments on this matter.

Mel Lytle, Water Resource Coordinator, San Joaquin County (SJC). Mr. Lytle mentioned that Supervisor Vogel couldn't be in attendance today. SJC supports the dam and the extension of the Folsom South Canal into SJC. SJC supports the dam as a multiple purpose use facility. Mr. Lytle requested the ARA Board develop a plan/strategy on how ARA will move forward from this point forward in regards to financial matters, current water policies, water rights, and other issues facing our state today. SJC supports continuing ARA. SJC looks forward to meeting and partnering with other agencies, counties, and other coalitions regarding issues affecting our state.

Ken Paine, Chairman of the Auburn Dam Council, addressed the Board about continuing to build their coalition, which now includes the Northern California Power Agency. He spoke of revenues from electrical/hydro plants, delta flows, and lower American river temperature regulations. Mr. Paine would like to add ARA as part of their coalition. He encouraged the Board to continue the ARA.

Chairman Briggs noted two action items for the next agenda: 1) ARA to consider joining the Auburn Dam Council as a coalition 2) prepare a plan/strategy as ARA moves forward into the future. County agency ARA members offered their staff time to assist in drafting the document.

E. REPORTS BY ARA DIRECTORS

No reports provided. Director Fraser offered his assistance to Congressman's McClintock's staff in moving forward with the Auburn Dam project.

F. REPORT BY ARA LEGAL COUNSEL

No reports provided.

G. REPORT BY ARA EXECUTIVE DIRECTOR

No reports provided. Mr. Horton stated Mr. Breninger was unable to attend today's meeting.

H. NEXT REGULAR MEETING DATE

Mr. Horton will coordinate with ARA members to schedule the next meeting within the next six months.

I. ADJOURNMENT

Chair Briggs adjourned the meeting at 4:32 P.M.

Respectfully submitted,

Beverly Bell
Administrative Aide, Placer County Water Agency