

MINUTES

BOARD OF DIRECTORS
AMERICAN RIVER AUTHORITY
3:00 P.M. ADJOURNED REGULAR BOARD MEETING
Monday, March 5, 2012

ENTITY	DIRECTORS	ALTERNATES
County of El Dorado	Ron Briggs	Ray Nutting
County of Placer	Jennifer Montgomery	Robert Weygandt
County of San Joaquin	Ken Vogel	VACANT
El Dorado County Water Agency	Ron Briggs	Richard Englefield
Placer County Water Agency	Lowell Jarvis	Mike Lee
Public Member	Ken Yorde	VACANT

Ron Briggs (Chair of the Board)
Ken Yorde (Vice-Chair)

David Breninger (Executive Director)
Chris Williams (Counsel)

ARA Members Present:

Ron Briggs, Chair of the Board, County of El Dorado
Richard Englefield
Lowell Jarvis
Jennifer Montgomery
Ken Yorde, Vice-Chair
Ken Vogel

ARA Staff Present:

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

Guest Speakers:

John Kingsbury, Executive Director, Mountain Counties Water Resources Association
David Eggerton, General Manager, El Dorado County Water Agency
Brandon Nakagawa, Senior Civil Engineer, Water Resources and Stormwater Management, San Joaquin County
Ken Paine, Chairman, Auburn Dam Council

A. CALL TO ORDER

Chair Briggs called the meeting to order at 3:01 p.m. in the El Dorado County Government Center, 330 Fair Lane, Placerville, California.

1. Pledge of Allegiance:

Led by Director Jarvis

2. Roll Call & Introductions:

Roll called was conducted. There were no introductions.

3. Organizational Matters:

- a. Recognize newly appointed members

Chair Briggs introduced Director Englefield who represents El Dorado County Water Agency and serves on the Board of the Grizzly Flats Water District.

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

No reports or comments received.

- c. Selection of Chair and Vice Chairman for 07/01/12 through 06/30/13

There was brief Board comment on who should be the Chair and Vice-Chair.

Action: Motion by Director Vogel nominating Director Briggs as Chair and Director Yorde as Vice-Chair for fiscal year 2012/2013; motion seconded by Director Montgomery and adopted by unanimous vote of Directors present.

B. PUBLIC COMMENT:

No member of the public commented.

C. CONSENT CALENDER:

1. Approval of minutes: June 20, 2011, adjourned board meeting.

Action: Motion by Director Jarvis approving Consent Calendar item 1; motion seconded by Director Yorde and adopted by unanimous vote of Directors present.

D. GENERAL ITEMS

1. Receive Independent Auditor's Report prepared by Maze & Associates for the fiscal year ended June 30, 2011.

Mr. Horton introduced the item.

Mr. Parker pointed out the Auditor's Report is in the agenda packet and bound copies were mailed to the Board members. He pointed out the following items: The Independent Auditor's unqualified opinion, the Management's Discussion and Analysis, The Statement of Net Assets, Statement of Activities; revenue and expenses for the year; financial statement, disclosure, internal controls, and required communications.

Action: Motion by Director Jarvis to receive and file the audit; motion seconded by Director Montgomery and adopted by unanimous vote of Directors present.

2. 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, 2012 not to exceed \$4,000.00.

Mr. Horton noted the ARA is current on its audits.

Mr. Parker noted the internal controls are Placer County Water Agency's internal controls. Doing a stand-alone audit would be more costly.

Action: Motion by Director Montgomery to authorize the ARA Executive Director or Treasurer to enter into an agreement with Maze & Associates to perform an independent audit for fiscal year ending June 30, 2012, not to exceed \$4,000; second by Director Vogel and adopted by unanimous vote of Directors present.

3. Update on the Bureau of Reclamation's management of lands at the existing Auburn Dam site.

Mr. Horton noted there has been a struggle for a number of years with the issue of which entity should manage the lands at the existing Auburn Dam site project because the land purchased for the construction of the project taken out of private ownership and then management of those lands was difficult.

He reported the history of the issue: The Army Corps announced they might close Lake Clementine due to lack of funding. The community got together and discussed that the lands needed to be properly managed. The Congressman got involved and through his efforts and local community efforts a program was put together between the Bureau of Reclamation and the California State Parks. An agreement between the parties was signed January 24, 2012, and provides for management of the lands for 25 years. (Handout provided)

Director Montgomery noted this item has been critical to constituents in the Fifth District and Placer County and is a shining example of how governments can and should work together but be driven by community input. The California Conservation Corps has a contract to do defensible-prescriptive work. CALFIRE will respond in case of a fire, however, there are still fire issues that need to be worked through. Each year funding for the Auburn State Recreation Area comes up in front of Congress, so pressure needs to be put on Congress to make sure funding continues. We need to identify how local jurisdictions and Auburn State Recreation Area users can help fund some of the ongoing costs. She noted PCWA was helpful in getting to a solution everyone can live with.

Director Jarvis thanked Director Montgomery and Auburn City Council member Mike Holmes for their work on the project.

He noted the area also includes Folsom and Auburn State Recreation areas.

Action: None

4. Briefing by El Dorado County Water Agency representatives on current water development plans and progress.

Introducing items 4 and 5, Mr. Horton noted the Auburn Project is on hold as far as constructing a dam. The Congressman has said all federal dam sites in U.S. should be reevaluated to see which ones could be buildable.

The ARA began in the 1980s to make sure local people had input in what was going to be built in their backyards by the federal government.

Dave Eggerton, General Manager of El Dorado County Water Agency (EDCWA), noted how interconnected the water system is. We look at it from the perspective of the upper watershed and like to think the source water has a lot of the answers to the statewide issues. We are more than just a remedy to what is happening in the Delta. He noted EDCWA is a water planning and water rights organization. They are working hard to understand the concerns and issues of the local regional agencies. They don't operate any water systems, but provide support to El Dorado Irrigation District, Grizzly Flats Water District, Georgetown Divide Public Utility District (GDPUD), South Tahoe, Tahoe City, and portions of El Dorado County not served by public water systems.

He noted El Dorado County is blessed to be an area-of-origin county and have tremendous water resources. Thankfully infrastructure was developed in the mining era and they have senior pre-1914 water rights.

To meet their planned development in the County, they will continue to apply for new water rights and seek new supplies. Much of the new water would support county agriculture.

EDCWA is working, through the El Dorado Water and Power Authority, on the supplemental water rights project. They had agreements in 1957 and 1961 with Sacramento Municipal Utility District (SMUD) to make use of their facilities. In 2005, as part of relicensing of the Upper American River Project (UARP), they entered into a cooperation agreement with SMUD to clarify how to make use of the storage and procedurally how to make up for the power foregone that SMUD would have to bypass for EDCWA to be able to divert water upstream of their powerhouse, which wasn't spelled out in the old agreements. It gave EDWCA the right to store 15,000 acre-feet of carryover storage in the UARP that is vital for drought protection for El Dorado County. They have storage rights to store 40,000 acre-feet. They have filed an application for water rights with the State; a draft EIR has been issued; comments and protests have been received.

They are working on the Alder Reservoir project. It could be 175,000 to 200,000 AF storage and hydropower component. It would provide drought protection to the County, flood control, and cold water pool storage upstream. They have submitted for grant funding for a study on the project.

Board inquiry and staff response followed.

Action: None

5. Briefing by San Joaquin County representatives on current water development plans and progress.

Director Vogel gave an overview: San Joaquin County is a mixed-use county when it comes to water. They have a good amount of ground and surface water. They have five or six water/irrigation districts that have water rights to different rivers and systems and they have riparian rights in the Delta. They have seven cities, 685,000 people, and agricultural production of \$2.1 billion. The County is leading the way with filing on the Mokelumne River for rights on wet years. The project is to develop an off-stream reservoir. They are pumping a lot of water for agriculture because there is not enough surface water for agriculture.

During the Central Valley Project when the Folsom South Canal was being discussed, they were directed to look to the American River as a source of water. That's why they have a filing on the American River for water.

They are looking at East Bay Municipal Utility District's (EBMUD) transmission line that runs from Freeport on the American River to Lake Comanche and is pumped to their main pipeline in eastern San Joaquin County. EBMUD can use it on certain years. San Joaquin County is proposing to use the water in the off years.

The City of Stockton is nearing completion of a \$250 million water treatment plant that draws water from the Delta. Part of their concern includes the salt water intrusion reaching Stockton in groundwater surface strata. They want surface water in east San Joaquin County because there are salt deposits down deep, so they need to recharge water.

He noted HR 1837 language is consistent with San Joaquin County's long-held view that federal law should specifically and fully recognize and respect California's water rights priority system and statutory protection for areas-of-origin. But they are questioning the idea that the law is turning contractual water rights, which are junior to senior water rights, into the same level as senior water rights. It appears HR 1837 would nullify the San Joaquin river restoration, which they were counting on to refresh the water in the South Canal.

Board inquiry and San Joaquin staff Brandon Nakagawa responded.

Action: None

6. Update on Bay Delta Conservation Plan and the Delta Stewardship Council activities related to area of origin water supplies.

Mr. Horton noted each district is very active in protecting its interests and joint interest on matters related to the Bay Delta Conservation Plan (BDCP) and the Delta Stewardship Council (DSC) and a variety of other groups that are trying to figure out how to better manage the Delta area. (Three handouts provided).

We are doing the best we can collectively to make sure our concerns are heard.

He introduced John Kingsbury, Executive Director, Mountain Counties Water Resources Association.

Mr. Kingsbury noted MCWRA members have 65% of the developed water supply, but 2/3 of the people are in So. California. The BDCP and DSC were created by 2009 legislation. The groups are tasked with developing a plan to develop co-equal goals to restore water reliability to the State and to

improve the Delta ecosystem. The BDCP is developing a project and a plan to restore the Delta.

The State Water Resources Control Board (SWRCB) is looking at unimpaired flows to improve the Delta. MCWRA members are concerned because 75 percent of unimpaired flow would dry up our system in the summer. We are concerned about water reliability and storage. From counties perspectives, it's all about development and growth. In the DSC process—they are working through seven draft plans and are on the fifth plan right now. It still fails to meet foundation principals. A 2,200 page EIR has also been released. There were over 5,500 pages of comment letters. MCWRA is working with the Ag-Urban Coalition and on the Sixth Draft Plan. If you don't protect the watershed, nothing else matters. The BDCP process is underway and community meetings are being held. There are ten alternatives for projects. The SWRCB has to do flow projectives.

He noted there is a MCWRA on March 9 at The Ridge in Auburn.

Board discussion, inquiry and staff response followed.

Action: None

7. Request by Ken Paine, Chairman of the Auburn Dam Council, that the ARA join their coalition.

Mr. Paine noted the Auburn Dam Council (ADC) is building a coalition and said the ARA would be a critical commission of the coalition.

The coalition has been invited to be part of other water groups including to comment on the quantifying public benefits for the California Water Commission on their SB X7-2 legislation for the proposed storage project and how to divide the select projects.

There is the option of making Auburn/Folsom upstream storage to provide water to maintain temperatures and flows in the lower American River and increase flow requirements for the Delta.

He reported on Norm Gonzales presentation to the ADC, which included increasing public education, environmental position for the dam, creating political will, and making a new image for the project.

Mr. Horton noted he checked with legal counsel to see if ARA funds could be expended to be part of the ADC coalition.

Mr. Williams noted his conclusion of a public entity joining a non-public entity has potential problems because there are certain things the ARA cannot do, such a lobbying on ballot initiatives.

Board comment, inquiry, and staff response followed.

Action: None

8. Discuss combining the ARA website with the Mountain Counties website.

Mr. Horton noted the website is inactive, which the ARA is supporting for a modest cost. The ARA can

get out of the current website for minimal cost. He recommended keeping the domain name and suggested, as the website gets phased out, to include links and suggest other sites that people can go to.

Board inquiry and staff response followed.

Director Englefield offered to get together with John Kingsbury to iron out any website issues in transferring over to MCWRA. The item will be brought back to the next meeting to report out who is hosting who, how the links can be moved across, and the cost savings.

Action: the Board directed staff to do so.

9. With the Auburn Dam and Auburn-Folsom South Unit Project on hold, discuss areas of common interests and benefits the ARA can provide for its members.

Mr. Horton asked, "Should the ARA continue? Is today's meeting beneficial to the members?"

The Board (all areas represented) responded the meetings are of a benefit to meet once a year just in case things change.

Board inquiry and staff response followed.

Action: The Board directed staff that the Board wants to continue to meet once a year.

10. Approval of proposed ARA Annual Budget for the fiscal year ending June 30, 2013 which includes no dues/assessments.

Mr. Horton briefly went over the proposed budget.

Board inquiry and staff response followed.

Action: Motion by Director Montgomery approving the ARA Annual Budget for the fiscal year ending June 30, 2013; motion seconded by Director Vogel and adopted by unanimous vote of Directors present.

E. REPORTS BY ARA DIRECTORS

There were no reports received.

F. REPORT BY ARA LEGAL COUNSEL

There were no reports received.

G. REPORT BY ARA EXECUTIVE DIRECTOR

There were no reports received.

H. NEXT REGULAR MEETING DATE:

To be determined

I. ADJOURNMENT

Chair Briggs adjourned the meeting at 4:45 p.m.

Respectfully submitted,

/s/ Cheri Sprunck

Cheri Sprunck
Agency Secretary/Clerk to the Board
Placer County Water Agency