

Minutes of the Regular Meeting of the Board of Directors of the Kings River Conservation District held July 14, 2009.

President McKean called the meeting to order at 1:30 P.M.

**DIRECTORS PRESENT**

Mark C. McKean, President  
 Brent L. Graham, Vice President  
 David Cehrs, PhD  
 Ceil Howe Jr.  
 Gildo Nonini  
 Norman B. Waldner  
 Mike Yoshimoto

**DIRECTORS ABSENT**

None

**OTHERS PRESENT**

KRCD Staff & Consultants:

Margaret Clayton  
 John Moore  
 David Orth  
 Donna Pepper  
 Randy Shilling  
 Steve Stadler  
 Brian Trevarrow  
 Cristel Tufenkjian

Others:

Jeff Adolph, Pacific Gas & Electric Co.  
 Lisa Bischel, Madrid-Salazar Marketing & PR

**ADDITIONS TO OR DELETIONS FROM THE AGENDA**

There were no additions to or deletions from the Agenda.

**PUBLIC PRESENTATIONS**

None

**APPROVAL OF MINUTES**

It was moved by Director Howe, seconded by Director Waldner and unanimously carried that the Minutes of the June 9, 2009 Regular Board meeting and the June 26, 2009 Special Board meeting be approved, as presented.

**WATER CONDITIONS**

Written report only.

**DIRECTORS' REPORTS**

President McKean and Director Waldner reported on their attendance at the Ten Year Anniversary and Program Renewal ceremony for the Kings River Fisheries Management Program. The event was held at Avocado Lake on June 26, 2009 to commemorate the success of the last ten years of working together to enhance the river and its habitat, and the extension of the agreement between KRCD, Kings River Water Association (KRWA), and the California Department Fish and Game (CDFG.)

Director Cehrs distributed an article written by him and published in the April 2009 issue of Tehipite Topics entitled Our Unsustainable Water Demand.

### **GENERAL MANAGER'S REPORT**

David Orth directed the Board to the General Manager's monthly status report for the month of June 2009 and highlighted the following:

**Community Choice Aggregation (CCA)**: Mr. Orth reported the San Joaquin Valley Power Authority (Authority) met on June 25<sup>th</sup> at which time it adopted a resolution temporarily suspending efforts to implement Community Choice due to several factors including fiscal uncertainty, energy market conditions and the ongoing development of renewable and capacity regulations which impact Authority objectives of discount and stability. Mr. Orth further reported KRCD will monitor market conditions and continue efforts to develop local renewable energy projects and energy efficiency projects on behalf of Authority Members.

Mr. Orth presented an update on a proposed initiative of Constitutional Amendment entitled the Taxpayers Right to Vote Act submitted to the office of the California Attorney General in May 2009. Mr. Orth further reported the Initiative proposes to guarantee ratepayers and taxpayers the right to vote any time a local government seeks to use public funds or other financing to start or expand electric delivery service, or implement a plan to become an aggregate electricity provider and would also require a two-thirds voter approval. Mr. Orth noted this is of significant concern to those parties, including KRCD, who are looking at Community Choice Aggregation as an opportunity for local government to become energy providers in California. Mr. Orth also reported the proposed initiative has support from Pacific Gas & Electric Company (PG&E) and extensive concern from the municipal and Community Choice Aggregation communities. The Authority sent a letter to the Attorney General and the Legislative Analyst Office supporting comments of concern which were expressed by Sonoma, San Francisco, and East Bay.

**Irrigated Lands Regulatory Program (Ag Waiver)**: Mr. Orth reported the Southern San Joaquin Valley Water Quality Coalition (Coalition) is the only remaining coalition in the central valley region that does not have an approved Monitoring and Reporting Plan (MRP) with the Central Valley Regional Water Quality Control Board. Meetings with representatives from the Regional Board are focusing on monitoring sites and strategies. Mr. Orth anticipates the Coalition will have an approved MRP by the end of August 2009.

**Community Power Plant**: Mr. Orth reported the California Energy Commission licensing proceeding for the Community Power Project is suspended until October 30, 2009. Staff continues discussions with the California Independent System Operator (CAISO) which has issued the Final Interconnection System Impact Study and held a teleconference meeting on June 16<sup>th</sup> to discuss the results. Mr. Orth further reported increases in unit costs and differences in work scope have increased the estimated total project interconnection cost. The next step in the interconnection process will be to complete the Interconnection Facilities Study.

**Malaga Peaking Plant**: Mr. Orth reported PG&E and the Department of Water Resources (DWR) have provided KRCD with a draft confidentiality agreement to protect future conversations regarding possible novation of the Malaga Power Purchase Agreement (PPA). Novation or replacement of DWR power contracts is currently under review by the California Public Utilities Commission. Mr. Orth further reported he is working with legal counsel to send a letter to DWR communicating our position and concern regarding a specific requirement within the PPA that requires any counter party to a replacement agreement must preserve tax exempt status.

### **LEGISLATION**

Mr. Orth reported the California State Budget continues to be unresolved and the property tax shift from local governments remains on the negotiation table.

**SB 460 (Wolk) Water Conservation:** Mr. Orth reported SB 460, a bill also sponsored by ACWA, would require urban water suppliers and agricultural water suppliers to include additional information in their respective reports. Mr. Orth reported SB 460 failed to pass the Senate Committee on Natural Resources and Water.

**AB49 (Feuer) and SB 261(Dutton / Ducheny) Water Use:** Mr. Orth further reported ACWA and a broader ag coalition are working with authors of AB 49 and SB 261 to amend provisions acceptable to agriculture. Thus far, efforts have not been completely successful and it is anticipated that the Governor will not support a water conservation/water use efficiency bill unless a broader water supply package is included.

### **PUBLIC INFORMATION**

Ms. Cristel Tufenkjian, Manager of Community and Public Relations, presented a overview of the Ten Year Anniversary and Program Renewal ceremony for the Kings River Fisheries Management Program held June 26, 2009. The event was to commemorate the success of the last ten years and the extension of the agreement between KRCD, Kings River Water Association, and the California Department Fish and Game. Ms. Tufenkjian reported the ceremony held at Avocado Lake was well attended by representatives from all agencies involved in the agreement.

### **CORRESPONDENCE, MEETINGS AND CONFERENCES**

Mr. Orth advised the Board of the following correspondence, meetings and conferences:

1. Letter from Keith Forbes, Senior Risk Management Consultant, Joint Powers Insurance Authority (JPIA) dated June 29, 2009.
2. Letter from Randy Shilling, Deputy General Manager of Finance & Admin Services, dated July 7, 2009 to the JPIA in response to the letter listed above.

### **STAFF STATUS REPORTS AND PRESENTATIONS**

**Power Resources:** Mr. John Moore, Manager of Power Generation, presented an overview of the activities of the Power Resources division. Mr. Moore also presented a status report on the operations at the Jeff L. Taylor Pine Flat Power Plant reporting generation totaled 99,062 MWh during the month of June. Mr. Moore reported the Pine Flat Reservoir began the month of June at an elevation of 904.95 feet (ft.) and storage of 746,064 acre-feet (AF), as of July 1<sup>st</sup> the reservoir elevation was 875.31 ft. Storage was 605,243 AF and turbine discharge was 342,292 AF for the month of June. There was no discharge through the turbine bypass system, spill from the dam was 5,165 AF, and no recordable flow from Mill and Hughes Creeks.

Mr. Moore also presented an overview of operations at the Malaga Peaking Plant reporting the plant for June 2009 had eight fired starts and 70.8 fired engine hours for Unit #1, and eight fired starts and 68.8 fired engine hours for Unit #2. The plant generated a total of 6,364 MWh for the month.

### **RECOATING GENERATING UNIT NO. 3 WATERWAYS**

Mr. John Moore, Manager of Power Generation, presented a summary of the project and bidding process for the Recoating of Generator Unit No. 3 Waterways. Mr. Moore reported four bids had been received and ranged from \$746,931 to \$1,396,825, and he anticipated work could begin in November that would include the recoating of the penstock head works, penstock lining, scroll case and draft tube areas. Mr. Moore further reported the lowest bid in the amount of \$746,931.00 had been submitted by Certified Coatings Company of Concord, California.

After some discussion, it was moved by Director Cehrs, seconded by Vice President Graham and unanimously carried, to authorize the General Manager to accept the bid and sign the contract with Certified Coatings Company.

**RESOLUTION No. 09-05**

President McKean reported the Association of California Water Agencies (ACWA) is accepting nominations from member agencies for representation to ACWA's Regional Boards. The District is represented by ACWA Region 6 and has been actively involved with Region 6 activities for many years. President McKean requested the Board consider supporting the nomination of General Manager Orth for the ACWA's Region 6 Board.

It was moved by Director Cehrs, and seconded by Director Waldner to approve Resolution No. 09-05 supporting the nomination of General Manager Orth for ACWA's Region 6 Board.

**ANNUAL REPORT OF REIMBURSEMENTS**

Randy Shilling, Deputy General Manager of Finance and Administrative Services, reported Government Code Section 53065, states each Special District, as defined by subdivision (a) of Section 56036, shall, at least annually, disclose any reimbursement paid by the district within the immediately preceding fiscal year of at least one hundred dollars (\$100) for each individual charge for services or product received. "Individual charge" includes, but is not limited to, one meal, lodging for one day, transportation, or a registration fee paid to any employee or member of the governing body of the district.

Mr. Shilling reported further the disclosure requirement must be fulfilled by including the reimbursement information in a document published or printed, at least annually, by a date determined by the District and shall be made available for public inspection. Mr. Shilling presented the Annual Report of Reimbursements pursuant to Government Code Section 53065 and requested the Board receive the report as presented with no action necessary.

**NEW CLEAN RENEWABLE ENERGY BOND (CREBS) VOLUME CAP ALLOCATION**

Steven Stadler, Chief Engineer presented an overview of the New Clean Renewable Energy Bond which can be used to finance qualified renewable energy facilities that produce energy. The facilities must be owned by public power providers, governmental bodies such as KRCD, or cooperative electric companies.

Mr. Stadler further reported submission of the CREBS application does not commit KRCD to the construction of either project should KRCD be awarded an allocation of the limitation.

It was moved by Director Howe and seconded by Director Nonini to authorize the General Manager to take action as required to submit one or more applications to the Internal Revenue Service for an allocation of the New Clean Renewable Energy Bond Volume Cap.

**FINANCE AND ADMINISTRATION**

Randy Shilling, Deputy General Manager of Finance and Administrative Services, presented an expenditure to budget comparison report for the period ending June 30, 2009.

It was moved by Director Howe, seconded by Director Waldner and unanimously carried, bills in the amount of \$1,813,428.54 as presented in the schedule of Disbursements and Current Accounts Payable, were approved and ordered paid.

**ADJOURNMENT**

There being no further business, President McKean adjourned the meeting at 2:37 P.M.

Respectfully submitted,

David Orth  
Secretary

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Approved

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BEFORE THE BOARD OF DIRECTORS  
OF THE KINGS RIVER CONSERVATION DISTRICT  
FRESNO, CALIFORNIA

**RESOLUTION NO. 09-05**  
**NOMINATION FOR MEMBER OF ASSOCIATION OF CALIFORNIA**  
**WATER AGENCIES (ACWA) REGION 6**

WHEREAS, the Kings River Conservation District (District) is a member agency of ACWA, and;

WHEREAS, the District is represented by ACWA Region 6, and;

WHEREAS, General Manager David Orth is actively involved with ACWA and is currently serving as a member of ACWA Region 6, on the ACWA Groundwater Committee and ACWA Energy Committee, and;

WHEREAS, the Board of Directors of the District does encourage and support participation in ACWA activities, and;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the District does place its full and unreserved support in the nomination of David Orth to serve as a member of ACWA Region 6, and;

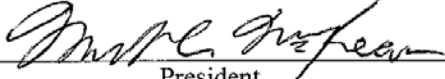
BE IT FURTHER RESOLVED, that the Board of Directors of the District does hereby determine that the expenses attendant with said service of David Orth in ACWA Region 6 shall be borne by the District, and;


THE FOREGOING RESOLUTION was passed and adopted by the Board of Directors of the Kings River Conservation District this 14th day of July 2009, by the following vote:

AYES: President McKean, Vice President Graham, Directors Howe, Nonini, Cehrs, Waldner, and Yoshimoto

NOES: NONE

ABSENT: NONE

  
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President

ATTEST:  
  
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Secretary

KINGS RIVER CONSERVATION DISTRICT  
 Schedule of Disbursements and Current Accounts Payable  
 Presented July 14, 2009  
 (For Expenditures in the Month Ending June 30, 2009)

Employee Payroll	06/05/09	5,521.50	
Director's Payroll	06/09/09	4,795.33	
Employee Payroll	06/10/09	77,895.41	
Director's Payroll	06/17/09	46.46	
Employee Payroll	06/24/09	75,849.69	
			164,108.39
Accounts Payable (KRCD)		1,580,529.13	1,580,529.13
	Sub-Total		1,744,637.52
Ready-Tax Electronic Funds Transfers:			
Employee Tax Deposits	06/03/09		30,350.74
Employee Tax Deposits	06/05/09		4,167.00
Director's Tax Deposits	06/12/09		2,173.98
Employee Tax Deposits	06/17/09		32,099.30
	TOTAL		<u>1,813,428.54</u>

Minutes of the Special Meeting of the Board of Directors of the Kings River Conservation District held July 21, 2009.

President McKean called the meeting to order at 1:30 P.M.

**DIRECTORS PRESENT**

Mark C. McKean, President  
Brent L. Graham, Vice President  
David Cehrs, PhD  
Ceil Howe Jr.  
Norman B. Waldner

**DIRECTORS ABSENT**

Director Nonini  
Director Yoshimoto

**OTHERS PRESENT**

David Orth, KRCD

**ADDITIONS TO OR DELETIONS FROM THE AGENDA**

There were no additions to or deletions from the Agenda.

**PUBLIC PRESENTATIONS**

None

**CLOSED SESSION**

President McKean reported the Board will meet with District Counsel in Closed Session pursuant to Government Code Section 54956.9(b)(1) to discuss threatened litigation regarding real property owned by the District at Excelsior and 26-1/4 Avenues, and identified as APN 004-010-09 and APN 004-030-01.

**RECONVENE TO OPEN SESSION**

President McKean reconvened to Open Session at 2:00 P.M. and reported the Board took no action regarding real property owned by the District at Excelsior and 26-1/4 Avenues, and identified as APN 004-010-09 and APN 004-030-01.

**ADJOURNMENT**

There being no further business, President McKean adjourned the meeting at 2:05 P.M.

Respectfully submitted,

David Orth  
Secretary

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Approved  
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