

Minutes of the Regular Meeting of the Board of Directors of the Kings River Conservation District held November 10, 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:

David Cone
Steve Haugen, KRWA
Rick Hoelzel
Randy McFarland
John Moore
David Orth
Donna Pepper
Keith Seligman
Randy Shilling
Steve Stadler
Brian Trevarrow
Cristel Tufenkjian

Others

Fausto Hinojosa, Price, Paige & Company

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 Nonini, seconded by Director Waldner and unanimously carried that the Minutes of the October 13, 2009 Regular Board meeting be approved, as presented.

WATER CONDITIONS

Steve Haugen, KRWA, summarized a report on water conditions stating storage in the Pine Flat Reservoir (Reservoir) as of 2400 hours on November 9, 2009 was 348,825 acre-feet with vacant space of 845,175 acre-feet. On that date, the calculated natural inflow to the Reservoir was 335 C.F.S.

ANNUAL AUDIT REPORT

Randy Shilling, Deputy General Manager of Finance and Administrative Services introduced Mr. Fausto Hinojosa, Price, Paige & Company CPAs, who presented an overview of the results of the independent audit for fiscal year ended June 30, 2009. Mr. Hinojosa reported the audit was conducted in accordance with Generally Accepted Accounting Principles as determined by the Government Accounting Standards Board, and he reported further that an unqualified "clean" audit opinion letter was issued. Mr. Hinojosa reported that the financial statements included a new required disclosure of post retirement benefits other than pensions. He referred the Board to Note 14 of the financial statements, noting that an actuarial study was performed on the cost of District paid retiree healthcare to certain employees and board members. Mr. Hinojosa noted an actuarial liability for these benefits, all of which is unfunded, of approximately \$3.0 million. Mr. Orth and Mr. Shilling stated that staff will further evaluate this issue and make recommendations to the Board's Budget committee during preparation of next year's budget. Mr. Hinojosa discussed a few other items from the financial statements and answered questions from the Board.

DIRECTORS' REPORTS

Director Cehrs distributed an article from the International News regarding emerging economies purchasing farmland and an article written by Robert Glennon on America's water crisis. Director Cehrs also reported on his attendance at the Groundwater Withdrawal – Induced Land Subsidence conference on November 4, 2009 in Fresno.

President McKean asked for a moment of silence in remembrance of Garvin White who died October 15, 2009. Garvin White served the District for 33 years on the Board of Directors, and was an advocate for good river stewardship, effective water management, power development and additional water storage.

GENERAL MANAGER'S REPORT

David Orth, General Manager, presented a slide presentation titled "Developing Flood Issues."

Mr. Orth outlined events starting in 1959 when District agreed to become local project sponsor for the Kings River Channel Improvement Project (Project) which was constructed by the U.S. Army Corps of Engineers (ACOE). The project was roughly 140 levee miles designed to provide protection from floods occurring less frequently than once in 100 years and the responsibility to maintain and operate the project was transferred to the District in 1971.

Mr. Orth reported that prior to 1995 there were annual project inspections performed by the Department of Water Resources (DWR) for the Reclamation Board with exceptionally high ratings of levee condition. Mr. Orth stated after 2005 the ACOE adopted a new rating standard

for the inspections of project levees and in 2005 the rating given the Project levees was "Unacceptable" for reasons of erosion, vegetation and encroachments.

Mr. Orth further reported in 2007 FEMA/ACOE Provisionally Accredited Levee Program (PAL) was offered which would issue a one year "grace period" to achieve ACOE "Acceptable" status. The PAL was considered by the District Board in July of 2007 with a decision not to enroll due to impossibility of performance and high cost. The District filed a Corrective Action Plan with ACOE in late 2007 and in 2008 a follow up inspection was performed by the ACOE with no response being received by the District as of this date. The ACOE has indicated another inspection will occur before the end of 2009. The corrective actions prepared and under review by District management for the erosion component are estimated at \$1.0 million and will take two years to complete.

Mr. Orth reported the updated FEMA Flood Map, effective earlier this year (2009), were based on elevations and approximate methods. Due to the "Unacceptable" status and lack of Accreditation of Flood Project, levees were not considered in the mapping process that created significant expansion of Flood Zone and insurance obligations to landowners.

Mr. Orth also reported on the DWR Central Valley Flood Management Planning Program (FloodSafe) that was authorized by 2007 Flood Legislation, excluded lands lying in the Tulare Lake Basin, including the Kings River. Mr. Orth further reported current DWR mapping and analysis includes area between the San Joaquin River and the Kings River. Expansion of the flood planning area creates risk for flood district fees, liability to the District, restrictions on Land Use planning for affected areas, increased insurance costs to landowners and many other issues. Mr. Orth reported the District is working with Fresno Metropolitan Flood Control District and City of Fresno on many of the issues. Mr. Orth noted an important effort may be to compel DWR to remove the area in the Tulare Basin from jurisdictional area as well as pursuing corrective actions when the budget permits, elevation based mapping/remapping and political action.

LEGISLATION

Mr. Orth presented an overview of the California Legislature's 2009 Comprehensive Water Package which consists of a Policy component and a \$11.14 billion Water Bond. Although the Policy Law becomes effective January 1, 2010 the Water Bond is contingent upon voter approval in November 2010. Mr. Orth explained there were four areas of the Policy component; Delta Governance & Plan, Water Conservation, Groundwater monitoring and Water Diversion & Use.

PUBLIC INFORMATION

Mr. Orth announced the District has been honored with the ACWA Region 6 Outreach award that is given to the lead agency in the region for outreach under the ACWA program. Mr. Orth explained the District was active politically with letters on behalf of the Kings River system.

Cristel Tufenkjian, Manager of Community and Public Relations, distributed the new issue of the Fisheries News which included an article on the ten year anniversary and the extension agreement of the Fisheries Management Program. Ms. Tufenkjian also distributed a copy of an article published in the Fresno Bee newspaper regarding the Upper Kings Basin Integrated Regional Water Management Authority, which described how local agencies and organizations are dealing with water issues.

CORRESPONDENCE, MEETINGS AND CONFERENCES

There were no correspondences, meetings, or conferences to report.

STAFF STATUS REPORTS AND PRESENTATIONS

Power Resources: Mr. John Moore, Manager of Power Generation, presented a status report on the operations at the Jeff L. Taylor Pine Flat Power Plant reporting the Pine Flat Reservoir began the month of November at an elevation of 759.43 ft and storage was 199,750 AF. As of November 1, 2009 the reservoir elevation was 783.75 ft. There was no discharge from the Turbine Bypass for the month and no recordable flow from Mill and Hughes Creeks. Mr. Moore reported Hayesco Inc. resealed concrete seams that had been leaking in the plant under the main power transformer and also presented photos showing the repairs.

Mr. Moore also presented an overview of operations at the Malaga Peaking Plant reporting the plant for October 2009 had 17 fired starts and 214.4 fired engine hours for Unit #1, and 19 fired starts and 230.5 fired engine hours for Unit #2. The plant generated a total of 20,418 MWh for the month.

FINANCE AND ADMINISTRATION

Randy Shilling, Deputy General Manager of Finance and Administrative Services, distributed to the Board a copy of the Department of Fair Employment and Housing's Definition of Sexual Harassment which also explains employer obligations and how employees may file a complaint. Mr. Shilling reported the document is distributed every year to all employees of the District, and every two years class or online training is provided. Mr. Shilling then presented an expenditure to budget comparison report for the period ending November 30, 2009.

It was moved by Director Nonini, seconded by Director Cehrs and unanimously carried, bills in the amount of \$1,547,963.08 as presented in the schedule of Disbursements and Current Accounts Payable, were approved and ordered paid.

CLOSED SESSION

Before the Board adjourned to Closed Session, Mr. Orth introduced Bob J. Morgan, who had requested an opportunity to speak to the Board regarding the District owned property identified as APN 004-010-09 and APN 004-030-01. Mr. Morgan explained in 1999 he sold to the District what he assumed was 140 acres of land inside the reclamation levees. In 2008, while attempting to sell another parcel of land, he became aware it was actually 180 acres that was transferred to the District. Mr. Morgan stated the small parcel of land, approximately 40 acres, is a necessary piece of the water supply and runoff for the farmland he previously sold and to the farmland he now owns. Mr. Morgan then proposed to the Board that he would purchase from the District approximately 15-20 acres of the land south of the Crescent canal. Mr. Morgan said he has an appraisal from an appraiser of \$1,000 - \$3,000 per acre value on the property and he would provide a copy of the appraisal to the District. Mr. Morgan offered to purchase the land for \$25,000 and he would also pay for the lot line adjustment that would be required. Mr. Morgan then answered questions from Board members after which President McKean thanked Mr. Morgan and reported the Board would discuss the matter in Closed Session.

The Board adjourned to Closed Session at 3:35 P.M., pursuant to Government Code Section 54956.8, to provide direction to the General Manager or his designee 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.

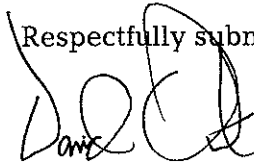
RECONVENE TO OPEN SESSION

President McKean reconvened to Open Session at 4:25 P.M. and reported the Board took no action in Closed Session.


ADJOURNMENT

There being no further business, President McKean adjourned the meeting at 4:27 P.M.

Respectfully submitted,



David Orth
Secretary



Approved

/

/

/

/

/

KINGS RIVER CONSERVATION DISTRICT
 Schedule of Disbursements and Current Accounts Payable
 Presented November 10, 2009
 (For Expenditures in the Month Ending October 31, 2009)

Employee Payroll	10/14/09	75,531.24	
Employee Payroll	10/28/09	74,981.85	
Employee Payroll	10/29/09	1,802.03	
			152,315.12
Accounts Payable (KRCD)		1,337,981.72	1,337,981.72
	Sub-Total		1,490,296.84
Ready-Tax Electronic Funds Transfers:			
Employee Tax Deposits	10/07/09		28,880.46
Employee Tax Deposits	10/21/09		28,785.78
	TOTAL		<u>1,547,963.08</u>