



## ***SOUTH FEATHER WATER & POWER AGENCY***

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**TO:** Board of Directors

**FROM:** Michael Glaze, General Manager

**DATE:** June 27, 2008

**RE:** General Information (regarding matters not scheduled on the agenda)  
7/22/08 Board of Directors Meeting

### **Relicensing**

FERC continues its environmental review processing of the license application with no findings or conclusions yet published.

### **Power Marketing**

Now that a tentative agreement has been reached with PG&E for the next power-purchase agreement, its legal department has been working on a draft agreement for SFWPA's review. We anticipate receiving the initial draft early in August. I suspect the review and amendment process will take several months.

### **Exploring Opportunities for Collective Power Marketing**

On July 1, the CAPP (hydro-producing PG&E-partnership agencies) meeting I initiated was held in Auburn to discuss the future of power marketing and to evaluate the pros and cons of creating a joint powers authority (JPA) of public hydropower-producing agencies like SFWPA, and how a JPA functions and serves its members through synergistic sharing of technical resources and connecting hydro resources to loads. Jim Edwards and Kathy Petersen joined me, together with representatives of all but one of the CAPP members..

It was a good and well-attended meeting. Northern California Power Authority (NCPA) representatives were there in force and presented a lengthy and comprehensive explanation of their organization. But, although blowing their own horn loudly, I think they failed to answer the obvious questions in the minds of CAPP members: "Why would joining NCPA be better than a contract with PG&E or with a power marketer?"

After the presentation, the CAPP members met sans NCPA for 45 minutes to discuss basic impressions and next steps. I think it's safe to say there wasn't any agency there wanting to rush into NCPA membership (well, except for PCWA, which is already an associate member). But there was interest in continuing to discuss CAPP-JPA concepts, benefits, obstacles, and procedure.

There was agreement that we should meet again in three months or so to continue the discussion.

## **State Budget v. Local Property Tax Revenue**

The good news is that neither the Governor's proposed budget nor the State Assembly's Budget Conference Committee's approved budget contained provisions for suspending Proposition 1A (protection for local property taxes). Unfortunately, the budget has yet to be approved by the legislature. The attached joint letter from the statewide associations respectively representing cities, counties, and special districts provides additional information.



July 10, 2008

Honorable Arnold Schwarzenegger, Governor  
Honorable State Senators  
Honorable State Assembly Members  
State Capitol  
Sacramento, CA 95814

**SUBJECT:** Adopting a Balanced State Budget Without Local Revenues

Dear Governor Schwarzenegger and Members of the Senate and Assembly:

Now that the Budget Conference Committee has finished its work and negotiations move to the leadership level, we wanted to express our appreciation for the fact that neither the Governor's proposed budget nor the budget approved by the Conference Committee contain provisions that suspend Propositions 1A or 42.

When the voters protected local revenues in 2004 by passing Proposition 1A by a wide margin, local leaders were gratified that the public acknowledged the importance of local programs and services. However, in this difficult economic climate, local elected officials are faced with tough choices – cutting or eliminating services, laying off staff, and raising revenues (often with 2/3 voter approval) to adopt responsible spending plans. We are mindful that state budget proposals to borrow local revenues and a protracted state budget stalemate will only serve to prolong the state's ongoing structural deficit and to further harm the services our shared constituencies rely upon: health and human services, law enforcement and fire protection, and transportation services, to name a few.

California's economy and quality of life today and into the future requires the state to address its fiscal challenges in a straightforward fashion. We believe Californians will respond well if their elected leaders are honest with them about the depth of the budget crisis and the difficult choices needed to resolve it – whether those choices are responsible program reductions or revenue increases. To be clear, suspension of constitutional protection of local revenues is an inappropriate means to accomplish a short-term goal at the expense of much-needed long-term stability.

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Our associations collectively represent thousands of local elected officials who recognize that there are no easy answers to our respective budget dilemmas. A budget resolution does, however, require a joint commitment to find common ground and move beyond the rhetoric of the past. As your elected colleagues, we support your efforts to reach a responsible state budget compromise, and we encourage you to work together to tackle this formidable challenge.

Thank you for your hard work on behalf of the people of California. We look forward to continuing our partnership in service to California's 38 million residents.

Sincerely,



Jim Madaffer  
President  
League of California Cities



Rich Gordon  
President  
California State Association of Counties



James Acosta  
President  
California Special Districts Association