



SOUTH FEATHER WATER & POWER AGENCY

TO: Board of Directors

FROM: Michael Glaze, General Manager

DATE: November 19, 2008

RE: General Information (regarding matters not scheduled on the agenda)
11/25/08 Board of Directors Meeting

Relicensing

FERC has published its draft environmental impact statement (DEIS), and copies (hardcopy and CD) are available for review. Overall, and for the most part, I am pleased with the conclusions it made. FERC staff took somewhat of a split-the-baby approach to identifying mitigations it thought were appropriate for the environmental issues being addressed. All of the conditions contained in SFWPA's application that represented consensus with the USFS and other resource agencies were accepted. Most of SFWPA's proposed alternatives to resource-agency mandatory conditions were identified as being preferable mitigations. Of special interest was the recommendation in the DEIS that Yuba County Water Agency's (YCWA) request for a reopener be denied (YCWA requested that SFWPA's license be reopened for further conditioning at the time that it commenced its own relicensing project, specifically regarding Slate Creek issues). Also appreciated was the DEIS' recommendation that there not be "any limitation on the quantity or temperature of water that can be discharged from the Kelly Ridge powerhouse...included in the license."

We'll be prepared at your meeting to discuss the impact of the DEIS on mandatory conditions that it did not recommend, as well as next steps in the relicensing process.

Recruitment – Facilities Maintenance Worker

A three-week application period produced 233 applications for the new Facilities Maintenance Worker the Board approved in September. Twenty-four applicants were interviewed on October 24. Todd Richie was the successful candidate, and began work on November 12. Given that the position's responsibilities incorporate three distinct areas of work – janitorial and building maintenance, landscape maintenance, and distribution systems maintenance and construction (as a field crew member), Mr. Richie impressed me as the most comprehensively qualified and capable of handling all three areas of responsibility. He is an Oroville High School graduate, and has most recently been working as a tile setter in the Sacramento area.

To say that he hit the ground running is an understatement. Facilities are already noticeably improved.

Community Line Domestic Water System Rehabilitation Project – Prop. 50 Grant

Many months ago we were excited to learn that this project had been approved for Prop. 50 Grant funding. (The purpose of the project is to provide potable water to Community Line customers that currently have untreated water plumbed into their homes for domestic uses.) Since then, we have learned that the Department of Public Health (DPH) staff responsible for administering the funding and approving specific project plans is either incompetently bureaucratic, or is purposefully concocting petty and inane excuses and dodges so that it can keep voter-authorized funds for its own administrative expenses and never render them available for their intended purposes.

In September, after Alex Brown and Matt Colwell had responded to numerous phone calls and emails from DPH staff wherein their questions about the project were answered and all data requested was provided, a letter was received that demanded a written report be submitted by October 10 describing “how South Feather will ensure that at least 15 eligible parcels [presently using bottled water to comply with the Constructed Conveyance Rule] will participate in the project, including the legal basis for accomplishing this.” A draft resolution-created policy was developed, with Jeff Meith’s assistance, prescribing the procedure that would be recommended to the Board by which existing bottled-water customers would be provided domestic-water service and taken off the bottled-water program. At this writing, notwithstanding the ominous deadline imposed by DPH for the report’s submittal, no response – approval or otherwise – has been received from DPH.

On November 18, another letter was received from DPH requesting SFWPA document its legal and administrative ability to build the project with its own forces. Bear in mind that doing this project by “force account” was prescribed by the Agency in its grant application, has been included as a cost-saving measure throughout its entire processing, and was the basis upon which the cost estimate was prepared. It must also be assumed (although a precarious position to take) that this is not the first project DPH has administered wherein wherein the work was to be done by the public-agency applicant’s own personnel and equipment (a common approach to maximize return by minimizing administrative and contract-management expenses). Nevertheless, DPH wants to know:

- (1) why the Agency is not subject to competitive bidding requirements;
- (2) why the use of the Agency’s own resources is cost effective and comparable to competitive bidding [duh!];
- (3) how the Agency’s record-keeping system will differentiate any work done on private property (not eligible for reimbursement from the grant); and,
- (4) that the Agency’s cost-accounting system will ensure that Agency staff won’t use grant funds inappropriately.

Further, DPH is now advising that:

- (1) plans and specifications will have to be prepared as if the project were being advertised for competitive bidding;
- (2) materials will have to be competitively bid even if force-account construction is approved; and,
- (3) a non-Agency (“third party”) inspector or project manager will have to be hired (diverting grant proceeds from construction) to ensure “independent evaluation of time, equipment, and material, as well as to ensure compliance with plans, specifications, and all requirements.”

WHY??

I am now confident that, no matter how much effort is expended to demonstrate SFWPA's experience in cost-effectively constructing million-dollar projects of this very kind while complying with all labor compliance laws, DPH will ultimately impose conditions on the receipt of the grant funds – if the project is ever actually approved for reimbursement – that will make us wish we'd never submitted the application. So, unless directed otherwise by the Board, I am advising SFWPA staff to henceforth stand down from any further efforts regarding the acquisition of Prop. 50 funds.

As for the project, it will continue to be a high priority, and staff will continue its development so that it is ready for CEQA processing and eventual future funding from hydro-generation revenue.

Small Claims Court – Loyd v. SFWPA

The judge pro tem's ruling in this matter has yet to be published.