



SOUTH FEATHER WATER & POWER AGENCY

TO: Board of Directors

FROM: Michael Glaze, General Manager

DATE: December 15, 2009

RE: General Information (regarding matters not scheduled on the agenda)
12/22/09 Board of Directors Meeting

Relicensing

Kathy Zancanella and I have reviewed and commented on the draft CEQA Initial Study prepared by SFWPA's consulting team. The State Water Resources Control Board will use this document as a basis to issue its 401 Water Quality Certificate for the new license. After a preliminary review by Jeff Parks of the SWRCB it will soon be ready for public review and comment.

ACWA/JPIA Award

Once again SFWPA has been honored by the ACWA Joint Power Insurance Authority "for achieving a low ratio of 'Paid Claims and Case Reserves' to 'Deposit Premiums' for both workers compensation and property insurance programs. Copies of the recently-received awards are attached.

Cost-Sharing Agreement – PG&E

In 2004, in response to changes to the basic hydrologic criteria used in assessing Agency dams for compliance with Federal and State safety rules, the AECOM/DMJM Harris consulting team was retained by SFWPA to provide engineering investigation, analysis and design modifications to Sly Creek and Lost Creek dams. These are considered "high hazard" facilities under the governing criteria of both the California Division of Safety of Dams and FERC, requiring that they be evaluated for compliance with the guidelines when subjected to the probable maximum flood (PMF). The result of the initial assessment was the determination that both dams will require modifications in order to safely pass the anticipated PMF inflows.

In 2007, the consultants estimated the cost for the Lost Creek Dam crest modifications to be between \$12.5 and \$13.5 million. This project is scheduled for construction after 2010. However, the Sly Creek Dam crest modifications are scheduled for construction next year and the 2010 Power Division budget includes \$7,725,000 for this project.

Under the present contract with PG&E that expires on June 30, 2010, capital improvement projects such as these are 100% funded by PG&E. However, because construction of the first of the two will not be completed until after the present contract expires, and because the life expectancy of the completed projects is 70+ years beyond the end of the present contract, demanding that PG&E pay 100% of the cost would most likely be a futile exercise. Nevertheless, the Sly Creek project comes at a difficult time for SFWPA, just as it is beginning the new power-purchase contract with PG&E and before enough net revenue can be generated from the sale of power to cover project expenses.

Discussions have been ongoing with PG&E for about two years regarding this issue, and a tentative agreement has now been reached for funding the Lost Creek Dam project (the Sly Creek Dam Crest Modification Project will be handled by a similar but separate agreement once the Lost Creek agreement is finalized). The Agency has submitted its final "word-smithing" revisions for PG&E's consideration, and the agreement is close for Board consideration. It will probably be on the January agenda. In its present form, the project's expenses from January 1, 2009 forward will be split on a 60-40 basis, with SFWPA picking up the 60% share, and PG&E paying for 100% of all project costs that were incurred prior to January 1, 2009 (\$506,900).

The agreement also includes the provision that PG&E would provide up-front funding for all of the project's costs, with SFWPA paying back its 60% share, plus interest, by July 31, 2015.

Annual Safety Dinner

Approximately 20 years ago, OWID began to realize it needed to make employee safety a higher priority. This probably came as a result of new laws and OSHA regulations promulgated at that time. Several programs were initiated to focus the attention of employees on the importance of working safely, including a "safety buck" each month for employees who did not have a lost-time injury, and a dinner at the end of the year at which the safety records of the Water Division and Power Division resulted in one of the divisions "winning" that year's safety award. Some employees recall that the first dinner was initiated after the District received a reimbursement from its workers compensation insurance carrier as a result of a low "mod" rate for the year, and put the dinner on to express appreciation to employees for their efforts regarding safety.

Safety bucks and dinners have long since been replaced as the Agency's method of increasing employee safety awareness by a more comprehensive program of safety training, providing appropriate safety equipment, and regulatory compliance coordinated and managed by a full-time Environmental and Safety Manager. Nevertheless, the safety buck and annual dinner have become part of the Agency's culture and are even codified in two of the MOUs with bargaining units.

Through the years the annual dinner has experienced numerous makeovers in an effort to encourage attendance and make it relevant and enjoyable. While it always involves a social hour and subsequent dinner, it has been remodeled from year to year by the addition of motivational speakers, comedians, DJs, and/or prizes. In recent years, a committee of employees took on the job of organizing and putting on the event, and management employees were relegated to a less involved role.

After the most recent dinner, a meeting was held to discuss the pros and cons of the event, and what its future should be. In attendance were those who had been on the dinner's organizational committee this past year, shop stewards, and members of the management team. At the end of the hour-long discussion, I proposed, and there was general agreement, that the future scope, format and purpose of the event should change along the following lines.

The 2010 event will be an Employee Appreciation Dinner, rather than a Safety Dinner. The inter-divisional competition about safety has actually resulted in some divisiveness between Power and Water division employees, and may have even caused some accidents or potential accidents to go unreported to improve a particular division's chances of winning that year's recognition. Naming the dinner "Safety" does nothing to enhance safe working conditions in comparison to the full-time efforts of the Agency through the year to ensure a safe working environment for employees. The benefit for the Agency in providing the dinner is actually the opportunity to recognize employees for their hard work, efficiency and customer service during the previous year. This is the focus the event will have in the future, and safety will be attended to in other, more appropriate ways during, rather than at the end of the year.

While there will continue to be a committee of representative employees who will assist in planning the event's social aspects, the management team will reassume responsibility for its implementation, with the General Manager being the event leader and master of ceremonies.

The 2010 Employee Appreciation Dinner will be held at the Gold Country Casino on Friday, December 10. Mark your calendar and plan to attend.