



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

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**TO:** Board of Directors

**FROM:** Michael Glaze, General Manager

**DATE:** April 13, 2010

**RE:** General Information (regarding matters not scheduled on the agenda)  
4/27/10 Board of Directors Meeting

### **Relicensing**

Patricia Nelson, HDR's Manager of Environmental Services, provided the following relicensing update.

#### California Environmental Quality Act (CEQA)

*The Project Draft Initial Study/ Mitigated Negative Declaration (ISMND) was submitted to the state Governor's Office of Planning and Research, State Clearinghouse (SCH) on February 1, 2010 that initiated the public comment period (February 2, 2010 through March 3, 2010). The public comment period was extended through March 17, 2010 to accommodate the California Department of Fish and Game (CDFG), per their February 25, 2010 request. Three sets of comments were received, one each from the California Department of Water Resources (DWR), dated March 2, 2010; State Water Contractors (SWC)/Metropolitan Water District (MWD), dated March 3, 2010 and also filed with the FERC; and the CDFG, dated March 17, 2010.*

*The comments received from these organizations were similar to those that were addressed during the Project Relicensing process and as part of the FERC Final Environmental Impact Statement (FEIS), on which the ISMND was based. On behalf of South Feather Water and Power Agency (SFWPA), Winston & Strawn, LLP, prepared a response to the comments the SWC/MWD submitted to FERC. HDR|DTA is assisting the SFWPA to develop an addendum to the ISMND to address the comments received and will be available by the month's end.*

#### CWA Section 401 Water Quality Certification

*In light of the need to address the comments on the ISMND, Jeff Parks of the State Water Resources Control Board (SWRCB) recommended that the SFWPA withdraw and resubmit its CWA Section 401 Water Quality Certification Application, which was done on April 12, 2010.*

### **Water Transfer – San Diego County Water Authority**

San Diego County Water Authority has officially withdrawn from the agreement for a water transfer this year. A copy is attached of its letter advising that it is electing not to exercise its option to proceed with the purchase of 10,000 acre-feet of water.

Subsequently, Kathy Zancanella advised the State Water Resources Control Board that SFWPA was withdrawing its application for a permit for the proposed water transfer. Steve Wong will be sending SDCWA an invoice for expenses the Agency incurred in processing the transfer.

### **Upper Forbestown Ditch Pipeline Project**

North Yuba Water District's board of directors held a special meeting on April 9 to approve a couple consulting-services agreements that will formally initiate its plan to realign and pipe the Upper Forbestown Ditch from SFWPA's SF-14 (diversion from Woodleaf Penstock) to NYWD's Forbestown Treatment Plant. Michael D. Brown Consulting Engineers and Magis Advisors Public Finance Consultants are being retained by the district for this project.

Kathy Zancanella and I attended a meeting at NYWD's office on January 25 at which the proposed project was explained by Mr. Brown to a two-director committee of NYWD's board. As I verbally reported at your February meeting, the project utilizes a public/private partnership for financing and a design/build approach for construction. For some inexplicable reason, NYWD believes it is imperative to move as quickly as possible to eliminate the open-channel ditch to avoid future maintenance/repair problems that they seem to view as significantly more risky and expensive than SFWPA's experience has proven them to be over the past 90 years of operations. NYWD has also been convinced by this consulting team that the public/private financing partnership will "fast-track" the project and save money.

I think they're making an unnecessary and very expensive mistake and, as I told them on January 25, I'd never recommend such a project to SFWPA's board if that section of ditch was to continue being SFWPA's responsibility. There is no urgency for NYWD to pipe the ditch. It's in good shape and inevitable future repairs will not be overly difficult or extremely expensive to make (compared to the cost to replace it all with a piped system). NYWD's share of the power-generation value of the water that will be conserved once the pipeline is installed will not come anywhere close to offsetting the pipeline project's cost for many decades. Further, the public/private financing partnership will drive the ultimate cost of the project up and make it more complex than necessary for NYWD, compared to a project that could be financed through normal means in the future when NYWD's power-generation revenues would be sufficient to pay the debt service.

If I had been asked (and I wasn't), my recommendation would have been for NYWD to continue operating the Upper Forbestown Ditch as SFWPA has been doing for decades and save its share of power-generation revenues for improvements to and expansion of its domestic and raw-water distribution systems, development of an equipment replacement and upgrade program, together with funding for all the other projects that are and have been priorities for NYWD for many years, and that would make its operations more secure and efficient. Then, in time, once higher priority issues were resolved, finance the pipeline project with power-generation revenue securing the debt service.

This is akin to the kind of spending mistakes people make when they win the lottery.

### **Annual Facilities Tour**

We have begun the planning process for this year's facilities tour. And what would a tour be without guests? Therefore, the first effort is to develop an invitation list. So, between now and May 14, begin thinking of neighbors, acquaintances, business people, politicians, community leaders, etc., who you think would benefit from knowing more about South Feather Water and Power Agency. Get your list to Art Martinez (phone, email,

fax, personal delivery, mail) and he will begin the process of sending out invitations. Addresses and phone numbers would be helpful, but if they aren't readily available to you, Art will track those down (he is the manager of "information" after all). Staff will also be putting names on the list.

The itinerary this year will be a little different due to the fact that construction at Sly Creek Dam will prevent the nearby campground being used for the lunch event. Alternatively, the tentative plan is to have the BBQ at Long Creek Winery, and include a tour of the winery and vineyard irrigation system as part of the program.

Tuesday, June 29 is the tentative date for this year's tour. So, mark your calendars.