

SITES PROJECT AUTHORITY
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MAXWELL, CALIFORNIA 95955
www.SitesProject.org

Board of Directors

FRITZ DURST, RECLAMATION DISTRICT 108, CHAIR
GRAY ALLEN, PLACER COUNTY WATER AGENCY/CITY OF ROSEVILLE, VICE-CHAIR
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DON BADER, U.S BUREAU OF RECLAMATION (*COST-SHARE PARTNER, NON-VOTING*)
ROB COOKE, CA DEPARTMENT OF WATER RESOURCES (*EX-OFFICIO, NON-VOTING*)

JIM WATSON, GENERAL MANAGER
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Associate Members (NON-VOTING)

GREG JOHNSON, WESTERN CANAL WATER DISTRICT
JAMIE TRAYNHAM, TC 4 DISTRICTS

November 25, 2019 1:30 p.m.

Sites Project Authority

Minutes

The Sites Project Authority Board of Directors met in Regular Session on November 25, 2019 at the hour of 1:30 p.m. **Directors Present:** Fritz Durst, Chairman, Gary Evans, Don Bransford, Doug Parker, Jeff Sutton, Joe Marsh, Rob Cooke and Don Bader. **Directors Absent:** Gray Allen, Leigh McDaniel and Kerry Schmitz. **Alternate Directors Present:** Natalie Wolder. (Other Alternate Directors that may be listed as present below, did not participate in the decision-making process). **Associate Members Present:** Greg Johnson and Ted Trimble.

Staff Present: Jim Watson, General Manager
Scott Kuney, General Counsel
Jamie Traynham, Treasurer & TC-4 District Alternate
Kevin Spesert, Ali Forsythe, Lee Frederiksen, Sites Project Authority
Yolanda Tirado, Clerk

Others Present: Robert Boling, John Spranza, HDR
Marcia Kivett, JP Robinette, Brown & Caldwell
Ed Horton, PCWA
Charlene Vaughn, KCOE-Isom
Brian Bullock, PSOMAS
Juleah Cordi, Assemblyman Gallagher's Office
Scott Brown, LWA
Christy Scofield, Arbuckle resident
Oscar Serrano, CICC
Tami Corn, USBR

Pledge of Allegiance.

INTRODUCTIONS:

Chairman Durst asked those present to introduce themselves.

AGENDA APPROVAL:

Chairman Durst called for approval of the November 25, 2019 Sites Project Authority Agenda. He stated the Closed Session conference with legal counsel regarding significant exposure to litigation or adjudicatory proceedings (Govt. Code 54956.9(d)(2) and (4) (2 items)) would not be considered.

Action: It was moved by Director Bransford, seconded by Director Marsh to approve the November 25, 2019 Site Project Authority Agenda, as amended. Motion carried: All Directors present voted yes.

MINUTES APPROVAL:

Action: It was moved by Director Evans, seconded by Director Bransford to approve the October 21, 2019 Sites Project Authority Minutes, as presented. Motion carried: All Directors present voted yes.

ANNOUNCEMENT OF CLOSED SESSION:

None.

PERIOD OF PUBLIC COMMENT:

Chairman Durst called for a period of public comment. Hearing none, he closed the period of public comment.

1. CHAIRPERSONS' REPORT:

This time is set aside to allow the Chair and/or Vice-Chair an opportunity to disclose/discuss items related to the Sites Project; including any meetings with external stakeholders to advance the Sites Project.

Chairman Durst stated elections for Board positions would be considered at the January 2020 Authority Board Meeting.

- 1.1 Consider approval to extend the contract with J.C. Watson, Inc., through June 30, 2020 and provide a cost of living monthly fee adjustment. **(Attachment 1-1-A)**

Chairman Durst declared time to consider extending the contract with J.C. Watson, Inc. He stated the Personnel Committee had not had a chance to discuss the amount of the cost of living adjustment and requests the extension of the contract be approved and delegate the Personnel Committee to discuss and approve the cost of living adjustment.

Director Bransford expressed concern in approving the extension of Mr. Watson's contract without knowing the actual amount of the cost of living adjustment. He suggested approving the extension of the contract through December 31, 2019 to allow the Personnel Committee to meet and return with a recommendation of the actual cost of living adjustment. Brief discussion followed.

Action: It was moved by Director Bransford, seconded by Director Sutton to extend the contract with J.C. Watson, Inc., through December 31, 2019 to allow the Personnel Committee to discuss and return with the actual amount

of the cost of living adjustment increase at the next Authority Board Meeting on December 20, 2019. Motion carried: All Directors present voted yes.

1.2 Discussion on the process to finalize the proposed Authority Employee Handbook. (Attachment 1-2A)

Ms. Traynham distributed a document titled "Sites Project Authority Staff Comment Summary" regarding the proposed Authority Employee Handbook and spoke to key items as follows:

- Vacation.
- Field/O&M crews.
- Starter set of policies and procedures.
- Health and retirement plans.
- Conflict between state and federal requirements (vacation/military leave/floating holidays).
- Credit or Compensation time.
- A consistency review of key terms (e.g. Handbook and Policy are interchangeable).
- Items related to personnel to become an employee:
 - Management and key supervisory functions such as the General Manager, Environmental, Communications, Real Estate, Project Controls and Engineering.
 - Account Receivable and Payable functions.
 - Administrative support.
 - Compliance functions (e.g. Form 700 and eventually permits/licenses).

Discussion followed.

Action: It was moved by Director Sutton, seconded by Director Evans to adopt the Authority Employee Handbook. Motion carried: All Directors present voted yes.

2. BOARD MEMBER REPORTS: (No action will be taken)

This time is set aside to give the Directors an opportunity to disclose/discuss items related to the Sites Project; including any meetings with external stakeholders to advance the Sites Project.

Director Bransford stated Mr. Spesert spoke at the K-COE Isom Appreciation Dinner regarding the Sites Project and commented on the analogies he used which made it easier for the people to understand.

3. CONSENT AGENDA:

None.

4. MANAGER'S REPORT:

4.1 Discussion and possible direction to staff regarding the Sites Project's monthly status report. (**Attachment 4-1A**)

Mr. Watson thanked Ms. Kivett for finding surplus furniture within Brown & Caldwell for the Maxwell office at no expense to the Authority.

Mr. Watson provided a review of project activities performed in the months of October and November 2019 as follows:

- Continued discussions with CDFW.
- Continued support of Reclamation on the Feasibility Report.
- Continued to advance the Affordability Analysis.
- November 6, 2019, tour of the Sites Project by Zone 7 Board Members and some of their bigger retailers.
- November 13, 2019, participated in a meeting with River Garden Farms which included members from the Environmental community to advance public policies through California's concept of a freshwater ecosystem water budget.
- November 15, 2019, workshop regarding the Value Planning.
- November 20, 2019, Congressman Garamendi met with Reclamation Commissioner Burman to discuss Sites.
- November 20, 2019, Secretary Crowfoot attended the Gray Lodge Water Supply Project Opening Ceremony and in his opening remarks mentioned the need for Sites Reservoir.

4.2 Discussion and possible direction to staff regarding Proposition 1, WSIP activities and WIIN Act Funding.

Mr. Watson provided a review of Proposition 1, WSIP activities and WIIN Act Funding as follows:

- Water Commission met November 20, 2019 and consider the following matters:
 - Commissioner Byrne's resignation after 12 years.
 - Commission reviewed their draft Strategic Plan and will consider adoption of the Plan at their December 2019 meeting.
 - Dwayne Chisum from the Antelope Valley–East Kern Water Agency presented their case for consistency determination with the WIIN Act to allow the South-North Intertie Pipeline to be consider eligible for WIIN funding. The Commission approved their request.
 - DWR staff briefed the Commission on its new Division of Multi-Benefit Initiatives.
 - Update on construction activities for the State Water Project.
 - Presentation on the status of SGMA implementation.
- WSIP:
 - Early Funding Agreement invoices submitted, with a 3rd invoice to be submitted in early December 2019.

- Submitted 5th Quarterly Report and a summarized comparison of the quarterly report for all eight eligible projects.
- Prepared an Analysis of the state investments under Proposition 1 Ecosystem Water Budget.
- USDA:
 - Staff will be preparing an end of year status report in early 2020 to advance the Sites Reservoir project.
- WIIN Act:
 - Continue to work with Reclamation on the Feasibility Report and Reclamation Funding-related Agreements.
 - Sites executed and signed the Agreement and is waiting for a countersignature.
 - Staff is meeting with Mid-Pacific on the Financial Assistance Agreement.

5. 2019 FINANCE & BUDGET AD HOC COMMITTEE:

5.1 Accept the Treasurer's Report. (**Attachment 5-1A**)

Action: It was moved by Director Bransford, seconded by Director Sutton to accept the Treasurer's Report, as submitted. Motion carried: All Directors present voted yes.

5.2 Consider approval of the monthly Payment of Claims. (**Attachment 5-2 A&B**)

Action: It was moved by Director Evans, seconded by Director Bransford to approve the monthly Payment of Claims, as submitted. Motion carried: All Directors present voted yes.

5.3 Consider approval of a modification to the AECOM contract period of performance by extending the contract from December 31, 2019 through June 30, 2020, with no change in cost. (**Attachment 5-3 A**)

Action: It was moved by Director Evans, seconded by Director Bransford to approve a modification to the AECOM contract period of performance by extending the contract from December 31, 2019 through June 30, 2020, with no change in cost and authorize the General Manager to sign. Motion carried: All Director present voted yes.

5.4 Consider approval of an amendment to the Montague DeRose and Associates (MDA) contract to expand the scope of work and increase the contract amount from \$600,000 to \$770,000. (**Attachment 5-4 A**)

Action: It was moved by Director Sutton, seconded by Director Bransford to approve an amendment to the MDA contract expanding the scope of work and increasing the contract amount from \$600,000 to \$770,000 and authorize the General Manager to sign.

5.5 Discussion and possible direction to staff regarding the Authority budget for Authority-funded activities in fiscal year 2020, which occurs between January 1, 2020 and December 31, 2020.

Mr. Watson stated staff developed a set of working revenue and expense assumptions for use in developing a 2020 budget for the Authority and requests input from the Board Members so a final budget can be brought to the Board for possible approval.

Discussion followed regarding the revenue and expense assumptions, with direction given to staff to return with the 2020 Budget in December 2019 for further consideration.

6. Phase 2 (2019) RESERVOIR COMMITTEE:

6.1 Report on the November 21, 2019 Phase 2 (2019) Reservoir Committee meeting (*Attachment 6-1A*).

Mr. Watson provided a review of actions approved and matters discussed at the November 21, 2019 Phase 2 (2019) Reservoir Committee Meeting and the Joint Authority Board/Reservoir Committee Meeting.

Discussion followed with no action taken.

6.2 Consider approval of the "First Amendment to [the] 2019 Reservoir Project Agreement by and Among [the] Sites Project Authority and the Project Agreement Members Listed Herein, dated as of January 1, 2020" (2019 Agreement). (*Attachment 6-2 A*).

Action: It was moved by Director Marsh, seconded by Director Bransford to approve the "First Amendment to [the] 2019 Reservoir Project Agreement by and Among [the] Sites Project Authority and the Project Agreement members Listed Herein, dated as of January 1, 2020" (2019 Agreement) and authorize the General Manager to sign. Motion carried: All Directors present voted yes.

6.3 Discussion and possible direction to staff regarding consultation discussion with the California Department of Fish and Wildlife (CDFW).

Ms. Forsythe provided an update regarding progress with the CDFW. Lengthy discussion followed regarding the Cal Water Fix and voluntary agreements.

6.4 Review of the November 15, 2019 Workshop regarding the value planning exercise. (*Attachment 6-4 A*)

Mr. Watson provided a brief review of the November 15, 2019 Workshop regarding the value planning exercise i.e., cost for some of the value planning options, diversions, deliveries and affordability of the project.

Brief discussion followed with no action taken.

Chairman Durst encouraged the Board members to understand the value planning exercise and stated further should their Board members not understand it they reach out to the Authority for further explanation.

6.5 Discussion and possible direction to staff on the revised Phase 2 (2019) Work Plan supporting a revised completion date from December 31, 2019 to June 30, 2020. (*Attachment 6-5 A*)

Mr. Watson provided an update on the revised Phase 2 (2019 Work Plan) supporting a revised completion date from December 31, 2019 to June 30, 2020. He stated Attachment 6-5 A was used at the Joint Workshop of November 15, 2019 and coming out of the Workshop direction was given to staff to pursue a cash call beyond June 30th. He noted it would mean essentially amending and extending the current agreement through the end of 2021. He further stated staff are working on a work plan that would attempt to meet the priorities on the operations certainty and cost certainty for further Board consideration at the December 2019 meeting.

Brief discussion followed with no action taken.

7. 2019 POLICY & GOVERNANCE AD HOC COMMITTEE:

Chairman Durst provided a brief update regarding the following matters:

- Call from federal and state people who did not understand the status of the Sites Project.
- Scheduled a meeting with Cal Water Service regarding reimbursement.
- Discussions with some members of the Reservoir Committee who have concerns re: governance i.e. decision making and need to revise the organization chart.

Discussion followed with Chairman Durst stating a revised organizational chart would be brought to the Authority Board members for further consideration at their December 2019 meeting.

8. 2019 LEGISLATIVE & OUTREACH AD HOC COMMITTEE:

- 8.1 Discussion and possible direction to staff regarding federal and state governmental affairs/legislative, stakeholder engagement and communications activity.

Director Sutton provided an update regarding federal and state governmental affairs/legislative, stakeholder engagement and communications activity as follows:

- Appropriations: a continuing resolution was passed November 20, 2019 to keep the Government open to December 20, 2019.
- Garner/Feinstein Bill regarding WIIN Act Funding which would double the funding up to \$670 million.
- Letter regarding WIIN Act funding and attempt to relegate Sites to a 2nd tier not as prepared status.
- Conversation with Commissioner Burman regarding needs and efforts related to CVP related to integration and finalizing feasibility. Possible trip to DC to address this issue with the Department of the Interior and the Bureau of Reclamation on how to move the project forward to allow for WIIN Act opportunities

Brief discussion followed with no action taken.

9. 2019 LAND MANAGEMENT AD HOC COMMITTEE:

- 9.1 Discussion and possible direction to staff regarding the real estate, land management, site facility activities and early geotechnical explorations.

Director Evans and Mr. Spesert provided a brief update on the status of engagement and outreach efforts as well as geotechnical activities.

Brief discussion followed regarding the value engineering process and the ability to approach people being affected by the project and keeping them informed with no action taken.


10. CLOSED SESSION:

None.


11. REPORT FROM CLOSED SESSION:

None.

Chairman Durst adjourned the meeting at 3:14 p.m. to reconvene on December 20, 2019 at the hour of 9:00 a.m.



Fritz Durst, Chairman



Yolanda Tirado, Clerk