



REGULAR BOARD MEETING MINUTES

Tuesday April 30, 2024
4 p.m. – Closed Session
5:30 p.m. – Regular Meeting

Utica Headquarters | 1168 Booster Way, Angels Camp, CA 95222

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UTICA BOARD OF DIRECTORS

Ralph Chick – Chair
Caroline Schirato – Vice Chair
Jennifer Herndon – Secretary
Gary Conrado – Director
Tom Quincy – Director

ORDER OF BUSINESS

1. Call to Order / Pledge of Allegiance

- The meeting was called to order at 4:07 p.m.

2. Roll Call

- **Directors Present:**
 - Director Herndon
 - Director Schirato
 - Director Chick

- Director Quincy
- Director Conrado
- **Directors Absent:**
 - None
- **Utica Staff Present:**
 - Joel Metzger, General Manager
 - Stacie Walker, Administrative Specialist
 - Kyle Rasmussen, Conveyance Supervisor
 - Frank Fields, O&M Superintendent
 - Ryan Heryford, Conveyance and Compliance Specialist
 - Jeremiah Hyde, Hydroelectric Operations Technician
- **Others Present:**
 - Michael Manwaring, Stantec, consultant (virtual)
 - Kirby Gilbert, Stantec, consultant (virtual)
 - Shawn Koorn, HDR, Consultant (virtual)
 - Rebecca Callen, COA City Administrator (virtual)
 - Bertha Underhill, CCWD Board Director
 - Michael Minkler, CCWD General Manager
 - Jessica Self, UPUD General Manager
 - Michelle Gonzalez, COA Financial Officer

3. Approval of Agenda

- **Board Discussion:** None
- **Public Comment:** None
- Director Herndon **made a motion to approve** the agenda
- **Second:** Director Quincy
- **Vote:** 5-0-0
- **Ayes:** Director Herndon, Director Schirato, Director Chick, Director Quincy, Director Conrado
- **Noes:** None
- **Abstain:** None
- **Absent:** None

4. Closed Session

- Meeting adjourned to closed session at 4:09 pm

A. Public Employee Performance Evaluation. Government Code §54957. General Manager

- Closed session adjourned at 5:26 p.m.
- Public session called to order at 5:30 p.m.

5. Reportable Action from Closed Session

- Nothing to report

6. Public Comment

- No Public Comment

Members of the public may address the Board on items not listed on the agenda. Comments are limited to five minutes. No action will be taken on items not on the agenda. The public is encouraged to work with staff to put items on the agenda for Board consideration.

7. Consent Calendar

These items are expected to be routine and non-controversial. Unless a Board member pulls an item, all items will be approved together at one time without discussion.

- A. Approval of minutes from the March 26, 2024, Regular Board Meeting
(Stacie Walker, Administrative Specialist)
- B. Financial reports for March 2024
(Stacie Walker, Administrative Specialist)
- C. Generation report for March 2024 (Walker)
(Stacie Walker, Administrative Specialist)
- D. Operations Report
(Frank Fields, Operations and Maintenance Superintendent)
- E. Water Conveyance Report (Rasmussen)
(Kyle Rasmussen, Water Conveyance Supervisor)
- F. Water supply conditions report

Director Conrado pulled item 7B from the consent agenda for further discussion.

- **Board Discussion:** None
- **Public Comment:** None
- Director Schirato **made a motion to approve** consent agenda items 7A, 7C, 7D, 7E, and 7F
- **Second:** Director Herndon
- **Vote:** 5-0-0
- **Ayes:** Director Herndon, Director Schirato, Director Chick, Director Quincy, Director Conrado
- **Noes:** None
- **Abstain:** None
- **Absent:** None

- **Board Discussion:** Director Conrado asked what Freedom Energy Corp. was paid for in March since the admin team isn't actively seeking

grants. Mr. Metzger replied that it was for work performed on the WaterSMART grant (a grant Utica has had success with previously) and working with T-Stan (a local water resource management group). Director Conrado asked if the submission to WaterSMART was for wastegates or canal lining. Mr. Metzger said it was to secure canal lining funding, a 50% grant. The application has been submitted, but Utica hasn't received a determination.

- **Public Comment:** None
- Director Conrado **made a motion to approve** consent agenda item 7B
- **Second:** Director Quincy
- **Vote:** 5-0-0
- **Ayes:** Director Herndon, Director Schirato, Director Chick, Director Quincy, Director Conrado
- **Noes:** None
- **Abstain:** None
- **Absent:** None

8. Regular Agenda (Expected start time: 5:30 p.m.)

E. Discussion / action regarding a resolution of support for Highway 4 agencies collaboration and partnership.

(Joel Metzger, General Manager)

Resolution 2024-04

- Mr. Metzger reminded the Board of the monthly meetings between local water utility managers along Highway 4. Calaveras County Water District (CCWD), Union Public Utility District (UPUD), City of Angels (COA), and Utica have been meeting monthly to discuss water sources, reliability, ways to provide more efficient water service, and identifying studies that would help potential partnerships among agencies. All agencies are bringing resolutions of support to each governing body. As of today's meeting, CCWD and UPUD have passed the resolution.

- **Public comment:**

- Ms. Underhill, Director for CCWD, said that CCWD discussed this in their Board Meeting last week, and are thrilled to see collaboration between the four agencies. Ms. Underhill recalls the history of the agencies not getting along, and she noted that the CCWD Board appreciates seeing a real effort to join together. She recognizes that CCWD is a bigger player and ensures it wants to work with each one of the agencies to the best of its ability.
- Mr. Minkler, General Manager for CCWD, agreed with Ms. Underhill that CCWD had a good discussion at their board meeting. He confirmed that even CCWD Directors with prior reservations are supportive. Mr. Minkler said this is an important resolution, and he apologized for some of the past disagreements between the

agencies. Mr. Minkler wants to assure the Utica Board of Directors that CCWD is on board with collaboration and they are all excited to work on this together.

- Ms. Self, General Manager for UPUD said this collaboration is important for the long-term reliability of water resources for the Highway 4 community, and keeping local control is one of the main priorities. The state water resource dashboard ranks water systems, and it shows UPUD and COA having a water system with the potential to fail, mostly due to the absence of a backup water supply. Ms. Self stated her biggest concerns are addressing the need for backup supply and ensuring affordability to customers. Ms. Self believes in working together and starting a study that could address the key issues.
- Ms. Callen, Administrator for COA, said that agency collaboration has been an ongoing conversation since she started in 2022. All the Joint Power Authority (JPA) managers were meeting monthly and concerns about water access, sustainability, and reliability have been at the forefront of conversations. Ms. Callen said that finding alternative water sources is in the City's Hazard Mitigation Plan, and with the scope of what is needed, she feels agencies can't succeed individually due to lack of resources and funding. Working together could help secure grant funding, as funding opportunities are favorable for multi-agency projects. Working together makes sense, and it is in line with the City's Strategic Plan. Ms. Callen said this item will be heard at the next City Council meeting.

- **Board Comment:** None
- Director Quincy **made a motion** to adopt Resolution 2024-04 supporting the Highway 4 Regional Water Supply Partnership.
- **Second:** Director Conrado
- **Poll:**
 - **Director Herndon:** Aye
 - **Director Schirato:** Aye
 - **Director Chick:** Aye
 - **Director Quincy:** Aye
 - **Director Conrado:** Aye
- **Vote:** 5-0-0

A. Discussion / action regarding draft FERC Conduit Exemption Application comments review, recommendations for studies, anticipated costs, and expected timelines.

(Joel Metzger, General Manager)

- Mr. Metzger reviewed the steps taken to develop Draft Federal Energy Regulatory Commission (FERC) Conduit Exemption applications. Mr. Metzger said Stantec will provide an overview of what was requested by regulatory agencies during the comment period and the potential impacts of those requests. There is a time-sensitive study of foothill yellow legged frogs (FYLF) that will need to be acted on quickly, and staff is asking the Board to fund that study. Additionally, Utica's FERC Committee has met once and will meet again to refine recommendations further support on the FERC Exemption process. Mr. Metzger introduced Mr. Michael Manwaring with Stantec who shared a presentation that outlined the comments received from potentially interested parties on the draft FERC Conduit Exemption Applications for Utica and Angels. Mr. Manwaring provided initial recommendations for studies and other action items to move the application process forward..
- Director Quincy asked what needs to be done for wildlife entrapment. Mr. Manwaring said this study is marked to be modified, and stated that Utica has a procedure in place that tracks wildlife mortality events, which could be enough to provide a response to the resources agency.
- Ms. Self asked where in the project the Foothill Yellow Legged Frog (FYLF) has been documented. Mr. Metzger said that habitat locations are not clearly documented and would be identified during reconnaissance, and there is a need for a preliminary study to locate habitats. Mr. Manwaring said there is only one documented occurrence of FYLF and it was many years ago – even so, there is habitat along Mill Creek and Angels Creek that could support FYLF, according to CDFW field staff.
- Mr. Metzger gave detail on the approach to the State Historic Preservation Office (SHPO), stating that the plan is to look at the existing FERC licenses to find any existing useable data and updating where needed. Mr. Manwaring added that if the existing data is useable, the cost of completing a SHPO Section 106 consultation process would be reduced considerably. Mr. Manwaring said he expects to identify savings in many areas using the phased approach, and he said Utica may consider going to bid on various studies to ensure costs are kept as low as possible.
- Mr. Hyde asked if the studies would be valid when relicensing if Utica was unsuccessful with the Exemption. Mr. Metzger said that most of what is being done for the Exemption would be useful for a relicensing process. Mr. Gilbert said the data collected would be very useful for both efforts. Mr. Gilbert said biological studies may discover sensitive resources that would signal further monitoring, but about 85% of the studies would be relevant for relicensing. Mr. Manwaring stated most of the requested studies are required for relicensing, a process regulatory agencies are familiar with. Mr.

Gilbert said the study requests that came in through the comment process are standard for hydropower system owners, but what is unique about Utica is that it is not a typical project. He said the Utica project doesn't adversely impair Angels or Mill Creeks – Utica is actually improving the condition for a habitat by bringing in water from the North Fork Stanislaus River when those streams would normally be dry.

- Director Herndon asked if the location of the FYLF survey is predetermined by CDFW. Mr. Manwaring said the biologist hired by Utica will determine the study area.
- Director Conrado asked what happens if frogs are found. Mr. Gilbert said the biologists will study the effects of the instream flows and incidental spills due to hydropower to determine if operations impact the frogs and their habitat.
- Ms. Callen asked if completing the studies now would eliminate the need for future studies, or if these are initial studies that will signal ongoing monitoring. Mr. Gilbert said there could be continued monitoring, even if frogs aren't found.
- Director Herndon asked if the Division of Safety of Dams (DSOD) asks for these kinds of studies. Mr. Metzger said no, but Utica should have a conversation with CDFW about how often they would want FYLF monitoring.

B. Discussion / action regarding Budget Adjustment 3 to the Fiscal Year 2023-2024 Budget.

(Joel Metzger, General Manager)

Resolution 2024-03

- **Board Discussion:** None
- **Public Comment:** None
- Director Herndon **made a motion to adopt** Resolution 2024-03 the Third Budget adjustment to amend this year's fiscal budget to include \$75,000 for Stantec to begin the FYLF Study with funds coming from the FERC Exemption / Relicensing Reserve.
- **Second:** Director Quincy
- **Poll:**
 - **Director Herndon:** Aye
 - **Director Schirato:** Aye
 - **Director Chick:** Aye
 - **Director Quincy:** Aye
 - **Director Conrado:** Aye
- **Vote:** 5-0-0

C. Discussion / direction regarding the draft FY 2024-2025 Budget, Utica Financial Analysis, and 5-Year JPA Funding Agreement.

(Joel Metzger, General Manager)

- Mr. Metzger presented slides that recapped the April 18, Utica Budget Committee Meeting, and reminded the Board that the decisions will not be made tonight. Staff is seeking direction from the Board to help refine the draft FY 2024-2025 budget. Mr. Metzger explained the different adjustments that could be made to balance the budget which had a \$138,000 deficit at the time of the meeting.
- Mr. Metzger asked the Board to weigh in on the direction of Cost of Living Adjustment (COLA) and step increases. The Board opted to revisit the COLA conversation later in the meeting.
- The Board discussed the powerhouse projects list on the Capital Improvement Plans (CIP) with Mr. Fields, O&M Superintendent. They talked about the relay project, the backup transformer project, and the static exciter project. It was determined that the Murphys Powerhouse (MPH) Static Exciter project is the top priority for powerhouse operations due to hard-to-source materials and the long lead times for critical components. Director Schirato asked if investing in the powerhouses makes sense because the Exemption is not guaranteed. Mr. Metzger said it does because MPH is the primary source of revenue for Utica, and it is important to address powerhouse CIP before Mr. Fields retires, as his knowledge allows for in-house work, which reduces projects costs significantly.
- Director Schirato asked about water conveyance CIP and where it fits in with power-related CIP. Mr. Metzger said the conveyance CIP consists of automatic wastegates, trash rack upgrade/replacement, and new gaging stations. Director Schirato asked what the priority is between water and the power CIP projects, so they could look to bridge the FY 2024-25 Budget deficit by deferring projects. Mr. Rasmussen, Waer Conveyance Supervisor, explained that the Trash Rake Upgrade Project is one of his top priorities because the old equipment is faulty, which presents a risk to staff. He said when the equipment fails debris passes into the reservoir which reduces the storage capacity. Director Schirato asked if the work could be completed in the budget timeframe. Mr. Rasmussen said the project could be done, because most of the work for the trash rack can be done without turning the water system off. Director Schirato asked staff to prioritize all water and power CIP projects in the same list for further review at upcoming meetings.
- Director Herndon asked if modifying the reserve policy is an option to balance the budget, or if a new policy would be needed. Mr. Metzger said a one-time change could be adopted with the budget resolution, but if the Board wishes to change the policy to accommodate a five-year funding plan a new policy would be needed.

- Director Schirato said she additional recommendations to apply to the Draft FY 2024-25 budget at the next meeting that could also reduce the deficit.
- Director Conrado stated he does not like the idea of taking on debt.
- 5-Year JPA Funding Agreement Presentation and Discussion
- Mr. Metzger introduced Mr. Shawn Koorn, the financial consultant from HDR who reviewed Utica's budget and developed a financial analysis that provides recommendations for funding Utica for the next five years. Mr. Koorn presented a series of slides to the Board.
- Mr. Metzger said it is important to note that the difficulty balancing the budget today goes back to when Utica purchased the system in 1995, took on \$4 million in debt, paid that debt off over the first 20 years, no contributions from UPUD or COA over the first 18 years, and decisions to defer CIP projects. Mr. Metzger said with JPA financial support over the first 18 years, Utica could have put money in reserves and completed critical CIP projects while paying off the debt. With that approach, the current financial situation would be much less challenging. Utica has received financial support from the JPA for the past 10 years (ranging from \$40,000 from each member entity up to \$490,000 from each) and those payments have been vital. The JPA contributions help Utica to complete capital improvement proactively rather than wait for infrastructure to fail, place money into reserves to prepare for future expenses, and invest in retention of excellent staff. Mr. Metzger fears that if the JPA isn't willing to continue providing a responsible level of financial support in the coming five years, the budget will have to be cut drastically, and the cycle of deferring maintenance, cutting CIP, and slashing reserves, will continue once again. Mr. Metzger understands the difficulties all the agencies are facing and the impacts of raising rates on the community, but he said as tough as it is, it's the responsible thing to do. Staff recommends the Board consider a 5-year JPA Funding Plan, which begins with each member agency contributing \$400,000 in year one (FY 2024-2025) with a 10% annual inflator through FY 2028-2029.
- Director Quincy asked if the member agencies were involved in the creation of the scenario and recommendation because he feels that this decision isn't for the Utica Board to figure out. Mr. Metzger said he has met regularly with the managers of UPUD and COA over the past few months, and they are aware of Utica's financial needs. He said the final agreement will be a difficult decision and elected Board members will ultimately have to make a decision. Mr. Quincy asked if Utica is ready for this analysis to go to member agency Boards for discussion. Mr. Metzger said unless the Utica Board wants to make adjustments, these are the numbers staff is

recommending and it is ready for discussion with the UPUD Board and COA Council.

- Director Conrado asked what the difference in revenue is between a water year 1 and 2.5. Mr. Metzger said about \$300,000. Director Conrado asked what the normal water year is. Mr. Metzger said the average over Utica's history between 2 and 3. Director Conrado asked Ms. Self if the Utica fee would be an item in the bill of UPUDs new Prop 218. Ms. Self said UPUD may put the Utica fee inside the base rate, but it hasn't been decided. Currently, the Utica fee is separate, and the City of Angels is the same way.
- Mr. Rasmussen said staff initially wanted to call it the Utica fee a water delivery fee. He thinks the name of the fee is what bothers people, and it may be as simple as calling changing the name. Director Conrado said he gets questions about the Utica fee often.
- Ms. Gonzalez, Finance Director for COA, stated that COA would only be collecting a little over \$400,000 this year. She believes the \$440,000 given to Utica to use in the financial model was likely a budgeted number. Mr. Metzger said the City Administrator has said the City expected to generate \$440,000 in Utica fees, and this is the first time the \$400,000 number has been mentioned.
- Ms. Self said that the UPUD Board has to think about the proposed JPA funding agreement. They would be using \$30,000 for the Utica contribution from their Utica reserve account. Ms. Self also expressed concerns about the percentage increases in the proposed funding agreement. Ms. Self will discuss this with UPUD's rate consultant.
- Director Schirato said this scenario the staff-recommended scenario is the most reasonable approach she has seen so far and pointed to the cost savings associated with the FERC Exemption. Mr. Metzger said the Exemption would help the financial situation tremendously.
- The Board discussed the volatility of hydropower revenues based on the water years. Director Herndon pointed out that the consultant said even in a Water Year 1 and increased JPA contributions, a projected budget shortfall remains.
- Director Conrado said that the financial analysis was done to inform the JPA member entities for their Proposition 218 rate studies. Mr. Metzger said Utica was working with the rate consultant to provide the information in a defensible way, and the Boards will need to work together to find a number. Mr. Metzger reiterated the scenario presented at the meeting is Utica's staff recommendation.
- The Board agreed to continue the discussion regarding the JPA 5-Year Funding Plan after feedback is received from the UPUD Board and City Council.

D. *Informational update regarding the Murphys Powerhouse Governor Project.
(Jeremiah Hyde, Hydroelectric Technician)

- Jeremiah Hyde presented a slideshow that reviewed the MPH Governor Project, which was completed by staff during the Spring 2024 maintenance outage.

E. This item was moved by the Board Chair to be heard first.

F. Discussion / direction regarding appointing Directors with check signing authority for check run.

(Joel Metzger, General Manager)

- **Board Discussion:** Director Quincy offered to take on this role.
- **Public Comment:** None
- Director Herndon **made a motion to nominate** Director Quincy to be authorized to sign checks on behalf of Utica.
- **Second:** Director Schirato
- **Vote:** 5-0-0
- **Ayes:** Director Herndon, Director Schirato, Director Chick, Director Quincy, Director Conrado
- **Noes:** None
- **Abstain:** None
- **Absent:** None

G. Discussion / direction regarding the designation of Board director for the vacant communications role in Utica's Emergency Action Plan.

(Joel Metzger, General Manager)

- Mr. Metzger said Utica needs an additional Director to fill the vacant communications role.

- **Board Discussion:** None
- **Public Comment:** None
- Director Herndon **made a motion to nominate** Director Schirato to fill the vacant communications role in Utica's Emergency Action Plan.
- **Second:** Director Quincy
- **Vote:** 5-0-0
- **Ayes:** Director Herndon, Director Schirato, Director Chick, Director Quincy, Director Conrado
- **Noes:** None
- **Abstain:** None
- **Absent:** None

9. Correspondence, Board / General Manager Reports, Future Agenda Items

A. Correspondence

B. General Manager Report

- FEMA Update
 - Five of the six projects submitted by staff are obligated, which is good news. It's not clear when payments would be received by Utica.

C. Board reports

- COA Reports
 - The Utica Park Project is progressing.
 - Booster Way Sewer Project will begin soon.
- UPUD Reports
 - A rate consultant was selected.

D. Future agenda items

- Director Schirato asked for formatting updates to the agenda packet to make navigating online easier, specifically numbering for each item on the agenda. Both Director Schirato and Director Herndon said they do not want hard copies of agenda packets – they'll view them digitally.

10. Upcoming Board Meetings and Calendar Events

- Tuesday May 28, 2024, at 5:30 p.m.
- Tuesday June 25, 2024, at 5:30 p.m.
 - Director Conrado will be unavailable for the June meeting.

11. Adjournment

- **Board Discussion:** None
- **Public Comment:** None
- Director Herndon **made a motion to adjourn.**
- **Second:** Director Schirato
- **Vote:** 5-0-0
- **Ayes:** Director Herndon, Director Schirato, Director Chick, Director Quincy, Director Conrado
- **Noes:** None
- **Abstain:** None
- **Absent:** None

- The meeting was adjourned at 8:21 p.m.

Utica Mission Statement

We are committed to preserving and protecting local control of our water resources through effective fiscal and operational management and assuring a safe and reliable water supply for municipal and agricultural stakeholders, while ensuring the quality and quantity of this precious resource for generations to come.

Americans With Disabilities Act

In compliance with Title II of the Americans with Disabilities Act, 28 CFR Part 36, if you need special assistance to participate in this meeting, please contact the Utica office at (209) 736-9419 or email your request to admin@uticawater.com. Notification in advance of the meeting will enable Utica to make reasonable accommodations to ensure accessibility to this meeting. Any materials distributed to the Board that relate to an item on the agenda are available at the Utica office 72 hours prior to the scheduled meeting.

Questions?

Contact Utica at admin@uticawater.com or (209) 736-9419.

**Indicates no paperwork is included in the agenda packet.*

Approved at the May 28, 2024, regular board meeting:


Ralph Chick (May 29, 2024 12:58 PDT)

Ralph Chick, Board Chair

Attest:


Stacie Walker, Board Clerk

7A - April 30, 3034 - Regular Meeting Minutes (SW)(JM)

Final Audit Report

2024-05-29

Created:	2024-05-29
By:	Utica Water and Power Authority (admin@uticawater.com)
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"7A - April 30, 3034 - Regular Meeting Minutes (SW)(JM)" History

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