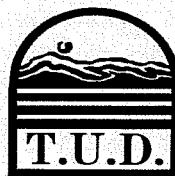


LAND STEWARDSHIP PROPOSAL
FOR THE
LYONS RESERVOIR PLANNING UNIT
SUBMITTED BY:

TUOLUMNE UTILITIES DISTRICT



SUBMITTED TO:
THE PACIFIC FOREST AND WATERSHED LANDS
STEWARDSHIP COUNCIL

MAY 2011

Tuolumne Utilities District

Part 1- Organizational Information

Contact Information:

A. Primary:

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B. Secondary:

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C. Additional Contact

Robert Behee
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Executive Summary

2. The Tuolumne Utilities District, (TUD), owns and manages hundreds of acres of land throughout Tuolumne County. We oversee the management of 55 miles of ditches that weave through the property of interest and elsewhere from nearly 4,000 feet in elevation to less than 1,000 feet. These ditches cross through a wide variety of terrain and vegetation. These ditches are used by many county residents for a variety of recreational activities such as fish, walking running and biking.

The District is interested is in the 39 acre parcel, ID#1019, within the Stanislaus River Watershed, Lyons Reservoir Planning Unit. Our first objective for this parcel is the construction of an off-stream, raw-water storage reservoir. If that objective is not acceptable to the Stewardship Council, the District would be interested in acquiring the parcel as open space.

The District owns the 45 + acre parcel of land to the west of Parcel ID#1019. As a treated-water purveyor, access to water for treatment is one of our main objectives.

The 39 acre parcel has the potential to allow the construction of an off-stream, raw-water reservoir to support a future water treatment plant on our property to the west and to supply water to other existing water treatment plants. A reservoir at this site would be of significant benefit to the community and improve the overall reliability of the treated and raw-water systems.

The District receives 95% of the water that it treats for drinking-water delivery from PG&E via the PG&E Main Tuolumne Canal. In 2009, the District's South Fork Stanislaus River Water Supply Reliability Project determined that 1) the PG&E main canal could be lost to a fire in less than 24 hours, and 2) 60% of the District's existing customers would be out of water within two weeks of the fire. This would mean entire communities would be without water.

This loss of water would also impact both the recreation / tourism industry and would cut all water for agricultural use in the county. In 2006, tourism dollars in the County totaled \$158 million, and agricultural operations generated an estimated \$38 million dollars.

The District has undertaken emergency response planning to address the potential failure or loss of the PG&E delivery system. One of the elements of that plan is additional raw-water storage that could be provided on the requested parcel. In light of the recent loss of the PG&E water supply to Placer County Water Agency and the Nevada Irrigation District, TUD has an opportunity to provide an increased reliability to its customers. A reservoir at this site could provide time to implement other elements of the emergency response plan and provide water to our customers.

The District accounts for its operations in an enterprise fund using an economic resources measurement focus and the accrual basis of accounting. The District has capital assets at historical cost of over \$82 million. In the past eight years, three large water bonds have been passed by the state's voters and the District has been successful in receiving funds from the first two.

The District currently maintains a full time staff of 74. Our personnel include registered engineers, Certified Public Accountants, State certified water, wastewater and distribution operators, accounting and engineering staff, billing clerks, equipment mechanics and ditch tenders. We currently manage four reservoirs, over 140 acres of range land, 17 water treatment plants, hundreds of water pump stations, 80 + water storage tanks, 2 wastewater treatment plants, dozens of sewer lift stations and agricultural recycled water system.

Organizational Information:

3. The Tuolumne Utilities District is a California Special District formed pursuant to California Water Code and governed by five directors, who are elected at large to four-year terms.
4. The District is not subject to State or Federal Taxation. Its Tax ID # is 77-0313842
5. The District's legal name is Tuolumne Utilities District.

6. Within most written documents, "District" is utilized and we are commonly referred to as "TUD" in both written and verbal communication.

7. Attached are the Board minutes from the Tuolumne Utilities District regular meeting of April 26, 2011. II. Consent Calendar item number 11; Authorize District Staff to submit a proposal for one segment of the Lyons Reservoir Planning Unit through the Pacific Forest and Watershed Lands Stewardship Council and endorse various governmental organizations as land donees for various segments of the Lyons Reservoirs Planning Unit through the Pacific Forest and Watershed Lands Stewardship Council.

Rationale for Application:

8. Parcel, ID#1019, can provide critical infrastructure that can be of significant importance to the quality of life to over 33,500 residents, approximately 56% of the total County population. This parcel can provide water storage that will allow, in times of PG&E Main Canal failure, these residents to remain in their homes and businesses to continue to operate. With the recent ditch failure in Placer County, it is clear that any water agency that has a contract with PG&E should be prepared to react to a major water supply interruption.

The Districts emergency response planning indicates that additional raw-water storage could be provided on the requested parcel. This raw water storage could be the difference between no water available to these residents within two weeks and having enough water to ration until an emergency supply could be restored. This will impact every customer in the area they include the dementia care home and restaurants and schools as well as individual homes.

Organizational Mission:

9. In 2007, TUD developed a 5 year Strategic Plan with the following Mission Statement:

MISSION OF THE TUOLUMNE UTILITIES DISTRICT

"To responsibly manage District resources in order to provide our community with reliable, high quality water, wastewater and other utility services."

A portion of the DISTRICT VISION IS

- maximize available water supplies and secure additional supplies to meet current and future needs,
- practice environmental stewardship for multiple benefits and protect our resources,
- recognize the importance of local cultural and historic resources in our planning efforts,
- cooperate with strategic partners to protect regional water resources for the people we serve.

Environmental stewardship, protection of our resources, and recognizing the importance of local cultural and historic resources all are consistent and supportive of the BPVs.

A PROTION OF THE DISTRICT CORE VALUES ARE

- Public Health
- Stewardship of the Environment and our Heritage
- Sustainable Infrastructure

Stewardship of the environment and our heritage are consistent and supportive of the BPVs.

Additionally, the use of the parcel for water storage is very consistent with our vision and core values of maximizing available water supply, cooperating with strategic partners, public health and sustainable infrastructure all of which will benefit the public.

Geographic Focus

The District and its predecessors have a long history that demonstrates our ability to serve the public and meet its changing needs. TUD and its predecessors have been providing water services utilizing the South Fork Stanislaus River water since 1852. Our predecessors and the District have demonstrated flexibility by transitioning from providing water for mining purposes to providing water to meet all needs within our county. The District expanded its capabilities to include a regional wastewater collection and treatment system when the need arose in the mid 1970's.

The District owns and effectively manage over a hundred parcels of land that vary in size from 140 acres to less than a tenth of an acre, not including our ditch system that covers over 650 acres. Some of these parcels are in remote locations and others are within residential and commercial locations. The District has experience in being able to meet the goals of the District and also adjusting our methods to meet the public needs in a variety of locations. Through the operation of our systems and on our land the District has learned to:

- maintained the historic value of our resources,
- enhanced agricultural uses,
- preserved open space,
- provided locations for public recreation,
- maintained and enhanced water quality that improved fish and wildlife habitat.

Organizational Experience and Capacity

11. **Phoenix Lake** is the primary drinking water source for the communities of Sonora, Jamestown, Scenic View and Mono Village in Tuolumne County and provides agricultural water storage. Constructed in 1852, the 88 surface acre reservoir is the largest, most critical storage facility in the District's raw water conveyance system. In addition to supplying a large customer base with drinking water and agricultural water, the lake serves as a principle fill source for CAL FIRE helicopter operations, is a scenic

and ecologically important aquatic habitat and wetland, and is used for non-motorized, non-contact recreation by adjacent homeowners and by the general public.

The Phoenix Lake Task Force (PLTF), a community based group of Phoenix Lake property owners, public agency representatives, technical advisors and TUD staff, have been meeting to discuss the condition of Phoenix Lake and, in this collaborative setting, develop potential improvement alternatives. In July of 2009 the District, with input from the PLTF, received a matching grant from the Sierra Nevada Conservancy to develop a preliminary design plan for the preservation and restoration of Phoenix Lake. The goals of the grant are to develop conceptual plans to:

- improve water quality,
- increase water storage,
- reduce future silt buildup,
- increase wetlands habitat value and functionality,
- evaluate public access,
- improve fire protection
- educate property owners surrounding the lake about appropriate land maintenance practices.
- determine and describe the necessary level of environmental analysis and permitting requirements for potential construction and maintenance projects developed in the conceptual plan.

Currently the District is in the process developing the plan to fully implement the grant.

This project is an example of all of the BPV's except Sustainable Forestry.

Raw Water Conveyance System:

TUD owns and operates about 55 miles of ditches and four raw-water storage reservoirs, Phoenix, Matelot, Kincaid and O'Neil, most of which were constructed prior to 1900. TUD delivers raw water to several small water companies and to 600 agricultural and residential customers.

The District is working on a long term plan, the Ditch Sustainability Project, to provide sustainable water service to untreated and treated water customers while ensuring the long term sustainability and efficiency of the ditch system. The District has received a grant from the Sierra Nevada Conservancy to develop a comprehensive, programmatic operation, maintenance and improvement plan which will ensure balance between the value of the ditch system as both a water delivery system and a community historic, recreational and biological resource. Additionally, it will develop outreach/education programs to assist with the creation of innovative methods to increase efficiency and offset costs. The plan will evaluate the possibilities and opportunities to expand the use of the ditch system and financial support of the ditch system beyond the existing District water customer base. Three main products of this project will be a comprehensive resource management plan, which would include an operation and maintenance element, a Geographic Information System (GIS) to evaluate and manage decisions

related to the ditches, and a capital improvement program. This project is currently partially funded by a grant from the Sierra Nevada Conservancy.

The recognition, preservation and enhancement of our ditch system through the Ditch Sustainability Project is an example TUD's understanding of BPV's; open space preservation, fish, plant, and habitat protection, outdoor recreation and historic values.

Regional Reclamation System:

Since 1976 TUD has owned and operated the county's largest wastewater collection and treatment system which currently serves approximately 8,900 connections. 140 miles of sewer pipeline take wastewater from the county's most populated corridors to the regional treatment facility in Sonora. From there the effluent is piped to Quartz Reservoir, which provides 1,500 acre-feet of storage. The treated wastewater is distributed to public and privately owned properties for agricultural land application. The total acreage of privately-owned agricultural application area is approximately 630 acres.

In 2008, TUD purchased 140 acres near Quartz reservoir for a future storage reservoir site and expanded agricultural use. Additionally, the location will allow expansion of the reclamation system to allow additional private agricultural lands to have recycled water available for land application.

This project is an example of BPV's; open space preservation, historic values and agricultural use.

12. The District owns significantly more than ten parcels of land so this section will address a few more parcels other than those listed above that demonstrate our management experience and style. In 1998 the District purchased an 80 acre parcel known as the Egan Ranch located southwest of Jamestown. The land is used for recycled water distribution and is leased to a local rancher for cattle grazing. The District has had cultural and historic studies performed to ensure that the irrigation and grazing does not impact the resources on the property. Additionally, a botanical survey was performed to locate the Red Hills Onions that are on the site. The result of the study was the redesign of the irrigation system to eliminate irrigation in the area of the onions.

In 2007 the District purchased the abandoned Sierra Pines Golf Course which is adjacent to one of the parcels that is in Stanislaus River Watershed Area. Prior to the purchase of the 48 acre parcel, the District had wetland and ornithology studies performed. These studies were done as part of our due diligence and because staffs experience indicated that there were wetlands on the site and the potential for owl habitat. The studies confirmed the wetlands and that there were no owls in the area during the two year study period. Any future projects on the site will take the wetlands and potential habitat into consideration.

Organizational finances

13. See attachment....

14. NA

15. Since 2003 the District has received the grant funds listed below which were used on a variety of water and wastewater projects;

• Proposition 50	\$567,976
• Proposition 13	\$6,720,0000
• Small Community Waste Water Grant	\$94,187
• American Reinvestment and Recovery Act	\$3,899,852

Additionally, the District has and will continue to utilize the State Revolving Fund program for both water and wastewater projects.

It is a function of the Districts Engineering department to be aware of what funding opportunities are anticipated or are available and to match the Districts needs to those funding sources whenever possible.

16. The District as a whole, not any particular department within the District, would acquire the fee title.

Any funds, regardless of the source would be restricted for use on the parcel. The District does this on a regular basis for funds that it receives for State or Federal sources. It is a common accounting practice within the District.

Key personnel / Staff

17. The District has a fulltime staff of 79 personal and hires temporary field personal to assist in the maintenance of the ditch system each fall. A copy of our organizational chart is attached. Some of our key personal are;

Pete Kampa, General Manager, is responsible for the overall direction of the District, some contract administration and serves at the pleasure of the Board of directors.

Tom Scesa P.E., District Engineer, oversees all design, construction management and most contract administration. Mr. Scesa was responsible for the Egan Ranch and Sierra Pines land accusations and the studies performed on those projects. Starting in July of 2003, Mr. Scesa became responsible for most grant writing for the District. Since that time he has been successful in acquiring over 4.5 million dollars in grant funding and an additional 2 million dollars in low interest loans.

Leonard Mauro, Operations Manager, oversees all field operations. Mr. Mauro has over 20 years of experience with the District including the ditch system and all storage reservoirs. Under Mr. Mauro's guidance the field operations staff have increased their understanding and sensitivity to environmental issues that they encounter while performing their daily tasks.

John Barnhart, Finance Director, oversees the finances of the District and has over 25 years in public accounting and auditing experience. Mr. Barnhart and his staff assure compliance with State and Federal statutes and prepare all District financial reports.

Eric Hall, Water Master, is responsible for the day to day operation of the ditch system including the reservoirs. Mr. Hall has over 10 experience in the maintenance of the ditches and is well aware of their historic significance. Additionally, Eric has many years of construction and maintenance experience.

Community Engagement and Collaboration

18. The District is involved in the Integrated Regional Water Management Plan process for the Upper Tuolumne-Stanislaus River Watershed Region with Tuolumne and Calaveras Counties, the Phoenix Lake Task force and other Public Advisory Committees to ensure public and partnership involvement.

19. The District uses stakeholder input for many of its projects or studies. The District staff develops a written procedure outlining the roles, responsibilities and operation of the stakeholders for the specific project which is then approved by our Board of Directors. Attached are the documents for the latest stakeholder group for the Urban Water Management Plan.

Legal compliance and Best Practices

20. The District holds open meetings on the second and fourth Tuesday of the month. All meetings are publicly noticed, and the minutes of the meetings are posted on our website. Our Board of directors are trained in, are subject to and follow the Brown Act. Our meetings are live video streamed on the internet. The videos are archived and are viewable through the District website.

In addition to the mission, vision and core values listed above which make our commitment to the public clear, our Strategic Plan details what our management objective and strategy is. It states;

“Our objective is to provide supportive and effective policies, procedures and practices that will assure that the District operates in an open and effective manner. Our strategy is to regularly monitor and improve these to improve operational efficiencies and address emerging needs.”

21. The District has no provisions for another public agency to assume management of the District.

22. The District has no violations of law.

23. There are no known laws or policies that preclude the District from accepting a conservation easement on the land that we are seeking fee title
Conflict of Interest

24. There are no known actual or potential conflicts of interest in our organization with the Stewardship Council.

PART 2 – LAND STEWARDSHIP INFORMATION

Land Interest Sought

25. The District is interested in the 39 acre parcel, ID#1019, within the Stanislaus River Watershed, Lyons Reservoir Planning Unit.

26. Parcel, ID#1019, will require a parcel split because there are portions of the property that are within the FERC boundary necessary for the operation of the PG&E facility. The District has a Licensed Land Surveyor on staff and would provide the necessary surveying and mapping at no cost to the Stewardship Council.

The parcel split would allow the District to enhance the BPV's over the base line condition by providing;

1. Increased outdoor recreation opportunities around the storage reservoir.
2. Protection of the natural habitat of fish, wildlife and plants.
3. Sustaining the forest by developing and implementing a fuels management program.
4. Preservation of open space by applying a permanent conservation easement on a portion of the property.

27. The District has acquired many parcels of land over the years from ranging from agricultural lands for recycled water use to complete water companies. The process is tailored to meet the needs of each land acquisition. The District Board of Directors have already determined that the parcel is of high benefit to the community that it serves and have voted to move forward with the SLP. Due to the fact that the parcel is of such high importance to our community the Board has also authorized geotechnical exploration of the site. For the parcel in question the process would generally entail;

1. Discussion / negotiations with the Stewardship Council for acceptance of the Districts proposal.
2. Discussion / negotiations with the conservation easement holder for activities to occur on the parcel.
3. Discussion / negotiations with PG&E for modification of the FERC boundary for the spill off of the Main Canal.
4. Additional geotechnical and cost evaluations of the site.
5. TUD's survey and parcel map defining the parcel between TUD and PG&E.
6. Fee title transfer.

Baseline and Enhanced Land Management

28. The District receives 95% of the water that it treats for drinking-water delivery from PG&E via the PG&E Main Tuolumne Canal. In 2009, the District's South Fork Stanislaus River Water Supply Reliability Project determined that 1) the PG&E main canal could be lost to a fire in less than 24 hours, and 2) 60% of the District's existing

customers would be out of water within two weeks of the fire. This would mean entire communities would be without water.

This loss of water would also impact both the recreation / tourism industry and would cut all water for agricultural use in the county. In 2006, tourism dollars in the County totaled \$158 million, and agricultural operations generated an estimated \$38 million dollars.

The District has undertaken emergency response planning to address the potential failure or loss of the PG&E delivery system. One of the elements of that plan is additional raw-water storage that could be provided on the requested parcel. In light of the recent loss of the PG&E water supply to Placer County Water Agency and the Nevada Irrigation District, TUD has an opportunity to provide an increased reliability to its customers. A reservoir at this site could provide time to implement other elements of the emergency response plan and provide water to our customers.

From a background perspective, the parcel in question has residential development on north, east and south sides with TUD adjoining to the west. It is what would generally be described as urban forest interface. It is the north facing slope of a saddle on the transition from small lot subdivisions to larger residential parcels. It is not a meadow or un-disturbed forest area. This parcel has an un-natural deep ravine that appears to be from a long past ditch breach. The past actives, by PG&E, on the portion of the property that the District is interested in, have been minimal. PG&E has been, understandably, focused on the portions of the property that are related and vital to the function of the FERC facilities. The Districts interest lies in the remaining portion of the property.

The District has field staff dedicated to the ditch, its system and water treatment facilities in the area. This staff is already traveling to this area, the intersection of the PG&E Main Canal and the TUD Section 4 ditch, on the daily basis. To add to their duties additional observations and patrol would not be an excessive burden.

As a baseline management activities the District would;

1. Provide daily observations of the property,
2. Monthly patrol of the parcel.

The ditch system in Tuolumne County was built in 1852 for mining purposes and then went on to serve agriculture and lumbering operations. Our proposal can meet the historical uses and some of the BPVs of the council. Specifically we can;

1. Provide outdoor recreation to the general public by;
 - a. Developing fishing access to the storage reservoir.
 - b. Developing picnic area near the reservoir.
 - c. Developing a walking path around the reservoir.
 - d. Developing signage to inform the public on the importance of the current use of the water and to minimize trespassing on private lands.

2. Preserve open space by;
 - a. Applying a permanent conservation easement on the remaining portion of the parcel.
3. Sustain the forest by;
 - a. Developing a fuels management plan on the remaining portion of the property to ensure long-term health of the timber on the property.
4. Preservation of historic values by;
 - a. Developing signage to inform the public on the importance of water to the history of Tuolumne County.

Physical Enhancements / Capital Improvements

29. The major capital improvement will be the construction of the reservoir. It will be able to meet some of the objectives listed in Volume II. Specifically it will;

1. Be able to "enhance the recreation experience" by expanding the available fishing area for the public. It will be expanded from just ditch fishing to include fishing around the pond.
2. It can be used to "enhance habitat" by creating additional and alternative habitat in the reservoir. In existing District raw water reservoirs there are turtles and frogs.
3. It can "support opportunities for public education" by having interpretive signage around the ditch and reservoir that educate the public on the history of the ditches and water in Tuolumne County.

The timeline for this project has several large variables. In general they are;

1. Determination of the soils to support the structure. 6 months or more.
2. Funding for the environmental and design work. 6 to 24 months.
3. Environmental clearance and permitting for the project. The permit from the State for the dam will take approximately 12 to 18 months. The environmental documentation and additional 12 months or so.
4. Funding for the construction of the project 12 to 24 months.
5. Project construction approximately 8 months.

Land Conservation Partners and Youth Opportunities

30. The District has a youth education program for water conservation focusing on the 3rd grade. We envision opportunities for this program and others to utilize the site for education about water, mining and lumber activities that have and do occur in our committee.

31. We do not know who the land conservation partner will be at this time. Although we have worked with many organizations in the past and are confident that we be able to work who is chosen.

32. No letters available at this time.

Public Input

33. At the public meeting in Sonora the Council staff received input from John Buckley, Executive Director of the Central Sierra Environmental Resource Center, on the positive merits of the District proposal. We heard no comments that are in conflict with what is in this LSP from the public. However, we are open to considering any comments that may arise.

Budget and Funding Plan

34. The District is not seeking any funding from the Council. We believe that we will be able to obtain outside funding adequate to support the projects that we foresee on this property.

Part 3- Supporting Documentation

1. Internal Revenue Service Determination Letters- ***Not Applicable***

2. Attached are the Board minutes from the Tuolumne Utilities District regular meeting of April 26, 2011. II. Consent Calendar item number 11; Authorize District Staff to submit a proposal for one segment of the Lyons Reservoir Planning Unit through the Pacific Forest and Watershed Lands Stewardship Council and endorse various governmental organizations as land donees for various segments of the Lyons Reservoirs Planning Unit through the Pacific Forest and Watershed Lands Stewardship Council.

3. Operating Budget

4. Financial statements for the past three years

5. Attached are the documents for the latest stakeholder group for the Urban Water Management Plan.

6. Letter of Support from Tuolumne County

**TUOLUMNE UTILITIES DISTRICT
REGULAR MEETING
APRIL 26, 2011**

A regular meeting of the Board of Directors of Tuolumne Utilities District convened at 7:00 p.m. at the District Office, 18885 Nugget Blvd., Sonora, California.

The following Directors and staff were present:

Bob Behee, President
Barbara Balen, Vice President
Joseph Day
Ralph Rutherford
Delbert Rotelli

Pete Kampa, General Manager
Erik Johnson, Associate Engineer
Glen Nunnelley, Engineering Assistant
Sheri Barnett, Human Resources Director
Abby Parcon, Safety Compliance Coordinator
Casey Prunchak, District Secretary

Call to Order

Pledge of Allegiance

Members of the press and public were also present.

I. Public Forum

Pete Kampa reported that Ron Ringen, a concerned rate payer, submitted a letter to the editor in the Union Democrat regarding TUD's proposed water rate increase. Mr. Kampa indicated the letter highlighted that legislative representatives in Sacramento are trying to implement a "Public Goods Charge for Water"; noting that is the water that everyone uses. That money would go to the state to fund different kinds of solar, wind and other schemes, and Mr. Ringen questioned what does our water use have to do with solar and wind energy projects. The letter ended by requesting that the public get involved now or enjoy the proposed TUD rate increase.

II. Consent Calendar

1. Minutes of the Regular Board Meeting of April 12, 2011
2. Approval of Claim Summary No. 10 - 1 for April 2011
3. Authorization to Cancel the Regular Board Meeting of Tuesday, May 10, 2011 Due to a Lack of a Quorum
4. Resolution Approving Consent and Waiver Agreement for a Sewer Connection and Authorizing the District Secretary to Accept a Grant of Easement for a Sewer Line - Neunzig
5. Resolution Approving Agreement Regarding Construction and Transfer of Water and Sewer Mains to Serve Four Proposed Parcels on Hope Lane - Minners

Director Rotelli requested that item 6 be removed from the consent calendar for additional discussion.

Director Balen moved to approve items 1, 2, 3, 4, and 5 of the consent calendar. Director Rutherford seconded the motion and it was approved unanimously.

6. Reject Claim for Damages #11-06 - Hajduk

Director Rotelli questioned whether Mike and Nancy Hajduk's claim for damages is connected with the two claim for damages submitted by the Baldwins. Pete Kampa indicated that all three claim for damages (Mike Hajduk, John Baldwin and Bill Baldwin) are potentially due to the same March 2011 storm.

Director Balen questioned whether District staff went to the Baldwins / Hajduk properties to asses the damages first-hand. Pete Kampa responded that he, Sheri Barnett and Tom Scesa did visit their properties on April 22, 2011.

Director Rotelli moved to reject Claim for Damages #11-06 for an amount exceeding \$25,000 submitted by Michael and Nancy Hajduk, and direct staff to forward to the District's insurance carrier, Special District Risk Management Authority (SDRMA). Director Rutherford seconded the motion and it was approved unanimously.

III. Regular Business

7. Provide a Brief Discussion of the Current TUD Surface Water Supply Status from an Operational Standpoint

Glen Nunnelley reviewed the following:

Strawberry Reservoir - approximately 17,000 acre feet

Strawberry (elevation) - approximately 5,613 feet

Lyons Reservoir - approximately 4,000 acre feet

Sonora Accumulate precipitation - approximately 45 inches

Lower Relief Valley, water content of snow - approximately 51 inches

District staff responded to questions from the Board.

8. Presentation of the District's Safety Program Progress and Proposed Future Plan

Abby Parcon presented to the Board the District's 2011 Safety Plan of Action and the 2011 Safety Program Activities.

Director Behee inquired if the confined space entry simulated rescue exercise slotted for June 2011 was being coordinated with the local fire rescue. Abby Parcon responded that currently local fire rescue does not conduct confined space entry rescue exercises - only non-entry rescue exercises.

Abby Parcon reported that the total number of cases with days away from work in 2011 (to date) is three days; work restriction is 65 days; and the total injury/illness to date is three days.

Abby Parcon indicated that the 2011 Plan of Action is a working document, noting that trainings and safety activities are being added to the Plan of Action as they come up.

Abby Parcon responded to questions from the Board.

Directors thanked Mrs. Parcon for her hard work, a well implemented safety program and informative presentation.

9. Resolution Approving Agreement and CEQA Notice of Exemption Regarding Construction of and Reimbursement for a Raw Water Pipeline and Fire Hydrant at Sonora Elementary School

Erik Johnson reported that this summer, Tuolumne County will be widening Greenley Road, constructing a new entrance and a traffic signal to serve the Sonora Elementary School. Mr. Johnson explained that at the end of the project, Greenley Road is scheduled to receive a full width overlay. While all of this activity is occurring in Greenley Road, the school will be undertaking a project of its own to improve parking and circulation within the campus. In talking with school officials, it became apparent that they would like to improve their fire flow to the campus. Mr. Johnson indicated that TUD has a raw water pipeline on the opposing side of Greenley Road that could be extended across Greenley Road to supplement existing fire flows from the school's potable water system. It seems prudent to extend the raw water line prior to the County overlaying Greenley Road. Mr. Johnson noted that this project is exempt from CEQA requirements, and all project costs will be reimbursed by Sonora Elementary School.

Erik Johnson responded to questions from the Board.

Director Balen questioned if Sonora Elementary School considered using irrigation water for their fields and other outdoor needs. Erik Johnson indicated that the School and District staff initially addressed the issue of utilizing raw water for their irrigation purposes, however the possibility of children drinking out of the irrigation lines is a great concern for everyone. Mr. Johnson noted that the raw water line will be constructed on the School side of Greenley Road, therefore the raw water will be accessible for their consideration.

Director Balen moved to adopt Resolution No. 18-11 Approving Agreement and CEQA Notice of Exemption Regarding Construction of and Reimbursement for a Raw Water Pipeline and Fire Hydrant at Sonora Elementary School. Director Rotelli seconded the motion and it was approved unanimously.

10. Resolution Approving Consultant Services Agreement for the Integrated Regional Water Management Plan - Kennedy/Jenks Consultants

Pete Kampa reported that the District has been working consistently over the past 2 1/2 years, leading a group of stakeholders toward the preparation of a water management plan for the Tuolumne and Stanislaus River region. On behalf of this group, in September, 2010, the District submitted a grant application to the State Department of Water Resources for funding to prepare an Integrated Regional Water Management Plan (IRWMP). Mr. Kampa explained that this plan serves many important purposes for the District including providing funding opportunities for major water and wastewater projects, as well as resolving conflicts, noting that the plan will integrate activities, increase environmental education and stewardship, and reduce litigation potential.

Pete Kampa indicated that on December 14, 2010, the District was notified that we had successfully been awarded \$636,380 from the Department of Water Resources, Proposition 84 funds for preparation of the Tuolumne-Stanislaus Integrated Regional Water Management Plan, pending receipt of a funding contract with the state. Mr. Kampa explained that the project must be completed within two years of execution of the funding

contract with the state, which is a relatively aggressive effort and schedule. The plan will be prepared by an engineering firm capable of effectively facilitating meetings consisting of diverse stakeholders, in depth understanding of California and Sierra Foothill water resource and wastewater issues and laws, knowledge of regional land use planning, experience in working with state and federal agencies (land managers).

Pete Kampa reported that Kennedy/Jenks Consultants has prepared the successful grant application and its associated scope of work, has extensive experience in preparation of IRWMPs, and has worked extensively in the Sierra in water and wastewater issues with agencies such as the Forest Service and Yosemite National Park, TUD, Calaveras County Water District, Amador Water Agency and many others. Mr. Kampa noted that Kennedy/Jenks is currently working successfully and cooperatively with the District in preparation of our TWSOP and Wastewater Reclamation study, noting that the Tuolumne - Stanislaus IRWMP group endorsed TUD entering into a contract with Kennedy/Jenks at its April 20, 2011 meeting.

Pete Kampa indicated that the District will not issue a notice to proceed on this project until this Board has approved the funding contract with the state, estimated to be June or July 2011, noting that the grant funding contract will cover the entire cost of the contract with Kennedy/Jenks.

Tim Williams, Principal for Kennedy/Jenks Consultant addressed the Board explaining the project criteria process, noting that project criteria has to improve the state water system and help other areas with their water supply.

Tim Williams and Pete Kampa responded to questions from the Board members.

John Maciel addressed the Board stating that the IRWMP process is a great idea, and he supports TUD moving forward on this plan. Mr. Maciel inquired whether the MOU has a time line for all the deliverable and products in order to keep the project moving forward. Pete Kampa responded that the scope of work outlines a very detailed preparation scheduled and deliverables will be developed for each task.

Director Day moved to adopt Resolution No. 19-11 Approving Consultant Services Agreement for the Integrated Regional Water Management Plan - Kennedy/Jenks Consultants. Director Rutherford seconded the motion and it was approved unanimously.

11. Authorize District Staff to Submit a Proposal for One Segment of the Lyons Reservoir Planning Unit through the Pacific Forest and Watershed Lands Stewardship Council and Endorse Various Governmental Organizations as Land Donees for Various Segments of the Lyons Reservoir Planning Unit through the Pacific Forest and Watershed Lands Stewardship Council

Pete Kampa reported that on February 27, 2007, the Board of Directors authorized staff to register its interest in becoming a donee for one or several available parcels in the Lyon's Reservoir area. Of the 1,088 acres within the Lyon's Reservoir Planning Unit, PG&E is seeking to divest 786 acres as part of its bankruptcy settlement. The District successfully registered as a potential donee, has been determined to be a viable candidate for receipt of the properties to be donated and now must submit a land stewardship proposal, which if selected, would enable the District to receive some of the property being divested. Mr. Kampa questioned whether the District should continue in the process and submit a land stewardship proposal.

Pete Kampa indicated that in order to provide a good recommendation to the Board, staff

met with the other organizations currently interested in receiving donated land. None of the organizations are applying for the entire planning unit.

The current list of potential land donees include: - County of Tuolumne (County)

- Tuolumne Utilities District (TUD)
- State Department of Fish & Game (DF&G) - California Department of Forestry and Fire Protection (CAL FIRE)
- United States Forest Service (USFS)

Pete Kampa reviewed the three maps that show the various parcels available for donation.

Map 1: Rushing Meadows - this area consists of four separate parcels totaling 628 acres in an area referred to as Rushing Meadows. DF&G, CAL FIRE, and the USFS have all expressed interest in pursuing these parcels for various purposes.

Map 2: Lyon's Reservoir - as the major source of Tuolumne County's drinking water, the Lyon's Reservoir area is critically important to the County of Tuolumne and the District. If no entity pursues the Lyon's Reservoir Parcel, PG&E would retain ownership for hydroelectric and related purposes.

Map 3: Twain Harte Parcel - this 39 acre parcel off of Middle Camp Road in Twain Harte is adjacent to the former Sierra Pines Golf Course, which is currently owned by the District. The District appears to be the only interested land donee.

Director Balen expressed her concern regarding TUD endorsing any organization for the Rushing Meadows property, noting that TUD should not take sides in this matter. Pete Kampa indicated if the District chooses not to endorse an organization as land donees, and remain neutral, that is a perfectly acceptable action. Director Balen recommended that the motion be revised to not endorse any governmental organizations as land donees for the various segments of the Lyons Reservoir Planning Unit.

John Maciel addressed the Board stating that the potential PG&E property should be kept in local hands for better active control, rather than at the federal level.

Director Rotelli moved to authorize District staff to submit a proposal for ID #1019 of the Lyons Reservoir Planning Unit through the Pacific Forest and Watershed Lands Stewardship Council. Director Rutherford seconded the motion and it was approved unanimously.

IV. Staff Reports

Pete Kampa reported on the following:

- CSDA has established a Gold Country Regional Chapter to discuss Chapter formation which will facilitate networking with employee peers in the Gold Country that will be held on June 22, 2011 in El Dorado Hills.
- He attended the AB 54 Hearings on April 13, 2011 in Sacramento.
- A pizza luncheon was held on April 21, 2011 for all the TUD employees that worked hard during the February and March snow storms.

V. Directors Communication and Reports

Director Rotelli reported on the Regional Sewer Advisory Committee meeting that he and Director Behee attended on April 21, 2011 at Jamestown Sanitary District.

Director Behee also reported on the Regional Sewer Advisory Committee meeting that he attended on April 21, 2011.

VI. Closed Session

President Behee adjourned the meeting to closed session at 8:45 p.m. under Government Code Section 54956.9 (c) anticipated litigation initiation of litigation - 3 cases.

The meeting reconvened to regular session at 9:12 p.m. No action was taken and the meeting adjourned at 9:12 p.m.

Date: _____

ATTEST:

Robert M. Behee, President
Board of Directors

Casey Prunchak, District Secretary

UWMP

Public Advisory Committee

Proposed Outline of Operations, Responsibilities and Role

March 9, 2011

The Urban Water Management Plan (UWMP) update for 2011 (technically called UWMP Update for 2010, per Department of Water Resources) program is being recommended by staff to have involvement from multiple Board Committees as well as the directed assistance of a Board Appointed Public Advisory Committee (PAC).

It is our recommendation that the Board would appoint the PAC within the next 21 days. Following appointment the members of the PAC would then meet with District staff to for a basic introductory session regarding the District operations, the current UWMP schedule, and key factors in the development of the UWMP update.

Staff recommends that the PAC's role would be to review materials at the request of District staff, as produced by District staff and consultants, and to make recommendations back to the staff in a timely manner. The PAC as a group, and not as individuals, would make all recommendations to staff. This requires the PAC to have a formal structure and some procedures to maintain the requisite orderly and timely process.

It is anticipated that the initial information available to the PAC would be an overview of the District and it's operations, data on urban water use within the District, existing water conservation measures (UWMP 2005), and those water conservation measures that previously were rejected by the District. This information will be presented to the PAC by District staff.

As the data and plan elements become ready the District staff will then present information regarding the existing per capita, per day water use within the District with regards to the requirements in SB X7-7 regarding new water conservation goals (to reduce urban average per capita water use - statewide - by 20% by 12/31/2020 and 10% by 12/31/2015).

Staff will also present information regarding the District's proposed method to determine it's urban water use target pursuant to water code § 10608.20 (a) and (b). The relationship of this process to the draft 20x2020 Water Conservation Plan (April 30, 2009).

Staff will provide the PAC with a recommended course of action for the establishment of urban water use for the purpose of compliance with the target objective of 95% (of the objective) for the San Joaquin hydrologic region in compliance with water code § 10608.20 (b)(3).

An estimated schedule for the UWMP update will also be presented to the PAC that will identify likely periods of PAC activity.

This first phase of the iterative process between District staff and the PAC is intended to provide the PAC with an understanding of the District's previous water management and conservation efforts, the new requirements in statute and the intended course of action the District intends on taking in those areas previously mentioned.

It is expected that when decisions about PAC recommendations to the staff are made a formal process will be carried out to provide clarity of outcome and transparency to the public. For that reason and others, we recommend the following rules for comportment and participation in the PAC.

- The PAC will work towards developing consensus on matters upon which they wish to express a recommendation to the District staff.
- The PAC, in the event consensus cannot be reached, will vote on a one person, one vote basis. A simple majority shall be required to take an action.
- In the absence of the regular member to the PAC the alternate for that member may participate as a regular member.
- All PAC recommendations made by consensus or vote shall be immediately forwarded to District staff.
- District staff will evaluate the recommendations of the PAC and shall respond at the appropriate level of detail to PAC recommendations where appropriate.

No individual PAC member may make public comments regarding the UWMP update as representatives or spokespersons of the PAC in any fashion.

- The PAC will be asked to take a position on the Administrative Draft of the UWMP and provide its recommendations to the District Staff. District staff will review those recommendations in their development of a public review draft.

- Following the public review period of the Draft UWMP the PAC will be asked to review public comments and make recommendations to District staff. District staff will review those recommendations in their development of a Final UWMP.
- All PAC meetings shall have minutes prepared by District staff and be approved as to accuracy at their next scheduled meeting before being accepted by the PAC as final minutes. This action may be by consensus or vote as noted previously.
- Time is of the essence. The UWMP update process will be carried out within a very time constrained period immediately following the appointment of the PAC.
- PAC members serve at the pleasure of the Board majority and may be removed and replaced at any time.
- No member of the PAC may be appointed to, or continue to serve on the PAC who takes part in, or has taken part in (within the 12 months immediately preceding the creation of the PAC, or during the preparation of the UWMP update) any action, or is a party to any action that could adversely affect the District in the opinion of the Board of Directors.
- PAC members and their alternates shall serve through the adoption of the Final UWMP by the Board of Directors, or as may be terminated sooner at the pleasure of the Board of Directors.

END

UWMP

Role of Stakeholders and Public Involvement

March 9, 2011

Urban Water Management Plans (UWMP) are developed under a schedule set by the State of California (all UWMPs are required to be updated no later than July 1, 2011). Due to the complex nature of legislation passed that directly influenced the content of Urban Water Management Plans (SBX 7-7), as well as an even more complex and lengthy process for the development of implementing actions by the Department of Water Resources, the time schedule for completion of the Urban Water Management Plan 2010 updates is now extremely short. Therefore any role of stakeholders in an advisory capacity to the District's staff would have to be very focused given the available time of plan preparation.

The Department of Water Resources has currently only a draft Guidebook available to assist water agencies in the development of their UWMP updates. Additionally, the DWR's own stakeholder process to implement SBX 7-7 is still underway as of the preparation of this document. Nonetheless, the District must move ahead with the UWMP update process.

The state of planning for water use within California, especially by that actually carried out by public agencies has come to imply there will be some sort of public involvement. Sometimes this involvement comes without much guidance or thought as to what the role and purpose of those serving in the "public involvement" process are to do. A more thought out and structured process for public involvement often can produce a superior plan for the water agency and the agencies customers.

Some public involvement designs are systemic to the UWMP planning process, while other models include public involvement only at the opportunities afforded by formal public hearings prior to adoption. There is no specific legal model for public involvement regarding the development of Urban Water Management Plan, except that provided by water code sections 10640, 10641 and 10642.

- *S10640. Every urban water supplier required to prepare a plan pursuant to this part shall prepare its plan pursuant to Article 2 (commencing with Section 10630)...*

- §10641. *An urban water supplier required to prepare a plan may consult with, and obtain comments from any public agency or state agency or person who has special expertise with respect to water demand management methods and techniques.*
- §10642. *Each urban water supplier shall encourage the active involvement of diverse social, cultural and economic elements of the population within the service area prior to and during the preparation of the plan.*

It is clear from the water code that the most specific "target" population referenced in this respect are those members of the larger public population within the service area of the water supplier. However, most public agencies choose to include a broader path to public participation often called "stakeholder involvement". The term stakeholders means many things to many people and perhaps, in its role as a metric for public involvement it should be examined briefly.

When the phrase stakeholders was first defined in an internal memo at the Stanford Research Institute in 1963 it was described as, "*those groups without whose support the organizations would cease to exist*". Therefore, stakeholders in the shorthand form would be the District's customers. It is also obvious that, many people who are District customers may serve in other interest group capacities as well. Therefore, stakeholders can be both district customers and represent other values of the larger population as well.

Fundamentally, regardless of what that larger, non-water supplier agency involvement group is called; such involvement is generally seen as being of benefit to the planning process. A plan usually has a much better chance of successful implementation if there is agreement and support from representative stakeholders. To the contrary, the purposeful, or accidental exclusion of certain stakeholder interests can both undermine the legitimacy of the plan and create a barrier to timely implementation.

We believe that the 2010 update of the UWMP offers an opportunity to include a representative group of stakeholder (public) interests that should provide a balanced conduit of input to the UWMP planning process through District staff. For that reason, we are recommending that the Board consider the formation of an advisory group of stakeholders. This group of stakeholders for the UWMP update would serve in an advisory capacity to District staff who are developing the update to the UWMP.

The membership of the advisory group should include a large enough number to capture various interests and also be small enough to be able to work with staff, in a timely and efficient fashion. It should also include, wherever possible, people that are themselves District customers, or represent District customers. Therefore the Board of Directors could appoint a stakeholder Advisory Group during the UWMP process. If possible there should be representation from each of the following interest categories:

1. **County of Tuolumne** - land use planning agency - one member
2. **City of Sonora** - land use planning agency - one member
3. **Tuolumne County Economic Development Authority** - economic interest - one member
4. **Tuolumne County Farm Bureau** - agriculture - one member
5. **Economic and Housing Interest** - one member
6. **Customers / general public** - two members
7. **Conservation groups** - two members representing various conservation interests - one member from each interest
8. **Tribal Interests** - one member-representing tribal interests within the District service area.

This would provide a nine member advisory group to the Urban Water Management Plan update. The group's purpose would be to, as requested, provide advice to District staff in the review of drafts of elements of the plan that could then be forwarded to the various Board committees for review and comment.

It is anticipated that the Advisory Group would, due to the time constraints of the schedule have approximately 3 meetings as needed to review materials and/or to meet with District staff to discuss the process and plan development. It is anticipated that over the plan development period the Advisory Group would meet only as requested by District staff to review information developed by District staff. The initial meeting of the PAC will be an educational meeting the purpose of which will be to provide PAC members with a sound basis of information on matters relevant to the District's UWMP update.

We recommend that the group only be authorized to act as a body and not as individuals. The District's commitment to working with diverse groups to build consensus where possible will also be foundational to this process.

The Advisory Group would not replace the usual public involvement that would take place during the formal public review process and hearings for the adoption of an Urban Water Management Plan. There would be a public hearing prior to the adoption of the UWMP update 2010.

Staff proposes that there would be a link to the UWMP process on the District's home page wherein anyone could find meeting notices, public review draft documents and Board Committee meeting schedules relative to the planning process.

END



County Administrator's Office

Craig L. Pedro
County Administrator

Tuolumne County Administration Center
2 South Green Street
Sonora, CA 95370
Phone (209) 533-5511
Fax (209) 533-5510
www.tuolumnecounty.ca.gov

May 9, 2011

Pete Kampa
General Manager
Tuolumne Utilities District
18885 Nugget Blvd.
Sonora, CA 95370

Dear Mr. Kampa:

The County of Tuolumne Board of Supervisors considered what role the County may take in applying for land donation or supporting other entities for donation of properties in the Lyon's Reservoir Planning Unit through the Stewardship Council process. The County is endorsing Tuolumne Utilities District (TUD) as the donee for the 39 acre parcel at the former Sierra Pines Golf Course near Twain Harte. The potential to develop this parcel into a water storage reservoir is attractive because of the ability to provide water even if the flume's water supply is disrupted for a longer period of time.

As the provider of most local government services in the area, the County fully endorses the concept of increasing water storage capacity. The County recognizes the need to follow any State and local laws pertaining to construction of any storage facility. The County will help TUD through the design and permitting process to ensure the final water storage reservoir will optimally serve the County's residents.

The County looks forward to working closely to ensure the beneficial public values established by the Stewardship Council are fulfilled in a way that enhances this parcel for future water storage use. Thank you for the opportunity to work with you in this worthwhile endeavor.

Sincerely,

DANIEL M. RICHARDSON
Deputy County Administrator



Central Sierra Environmental Resource Center
Box 396, Twain Harte, CA 95383 • (209) 586-7440 • fax (209) 586-4986
Visit our website at: www.cserc.org or contact us at: johnb@cserc.org

May 15, 2011

Tom Scesa
Tuolumne Utilities District
18885 Nugget Blvd.
Sonora, CA 95370

Dear Tom:

On behalf of our Center, I am providing this letter of support from our non-profit organization that I hope you will use as part of your proposal to the PG&E Stewardship Lands Council for acquiring ownership of parcel #1019. As you know, CSERC staff agrees that TUD is the most logical, best possible recipient of the 39-acre parcel of land (which lies at the intersection of the PG&E main canal and the TUD Section IV Ditch).

I have many years of personal knowledge for both the 45-acre parcel that TUD owns to the west of parcel #1019 and the 39-acre parcel itself that is now being considered for disposal by the Stewardship Council. The 39-acre parcel does not, to my knowledge, contain any special status or threatened species that would interfere with possible use of the property for an off-stream, raw-water storage reservoir. Its location on the crown of a ridge makes it a prime location for that purpose if suitability studies and assessments determine no conflicts exist.

Furthermore, it is logical for TUD to become the owner of the 39-acre parcel because TUD already manages the adjacent land and already cooperates with PG&E for management of the ditch/canal. Having this property would provide an opportunity for TUD to utilize the property to better position the utility district in the event that there is a loss of water through damage to a flume or through another impact to the ditch system. As the key source of domestic water for large numbers of Tuolumne County residents, TUD certainly desires to have available options for providing service in the event of a major outage.

Given that no other agency or utility district has any logical reason to push for ownership of this parcel, and given the high value that it could provide to TUD for enhancing the District's water supply options, CSERC provides this letter of support encouraging the Stewardship Lands Council to donate the property to TUD. If I can be of any further assistance in this matter, please let me know.

John Buckley, Executive Director