



BOARD MEETING AGENDA SUBMITTAL

TO: GCSB Board of Directors

FROM: Peter J. Kampa, General Manager

DATE: April 26, 2022

SUBJECT: Agenda Item 4A: Adoption of a Resolution in Support of Tuolumne Utilities District's Acquisition of PG&E's Owned Water Rights and Related Assets

RECOMMENDED ACTION:

I move to approve Resolution 16-2022 in support of Tuolumne Utilities District's acquisition of PG&E's owned water rights and related assets.

BACKGROUND:

The health, safety, economy and way of living in our entire county is dependent upon a secure, reliable and adequate water supply. Securing senior water rights and water storage for Tuolumne County dates back more than a century. A newspaper article published February 28th described the need for more water in Tuolumne County as an "old question, never settled." That was February 28th, 1920. The truth is, the County has struggled with a dependable water supply for decades. The Tuolumne Utilities District (TUD) and the communities they serve have the opportunity of a lifetime: a chance to finally secure a reliable water supply – and the future of Tuolumne County for generations to come. TUD acquiring water rights is important to GCSB as there are means in state water law that would allow TUD to contract with GCSB for its water supply.

TUD is currently in exclusive negotiations with PG&E to acquire water rights, Pinecrest Lake and Lyons Reservoir, the Tuolumne Main Canal, and Phoenix hydropower facilities. More information is available on TUD's website at <https://tuocoourwater.com/>. Unlike most water providers, TUD does not own the rights to the water they provide their customers, or key elements of the system needed to collect it from local watersheds. These assets are owned by PG&E. Having stated its intent to divest itself of these assets, PG&E and TUD are negotiating to transfer senior water rights, ownership of key water system elements, and accompanying hydropower facilities to TUD and its customers. More important is the acquisition of valuable, pre-1914 senior water rights. Local ownership of these rights will reduce uncertainty, improve water security, and keep management of the water under control of the locally-elected (TUD) Board who will be more responsive to customer needs than any outside entity.

Benefits to TUD customers can be summarized in four distinct areas:

A Dependable Water Supply

Tuolumne County has zero water rights presently and has struggled with a dependable water supply for years. This is an opportunity to secure critically important water supplies for our customers now and in the future.

Local Control

TUD customers understand that government functions best when it is closest to – and therefore most accountable to – its constituents. Our water security is too important to allow an outside entity to control.

TUD Customers First

While still adhering to federal regulations that require certain operational practices, TUD customers will benefit from flexibility created by operating the system primarily as a water supply system, with hydroelectric production as a secondary function. This flexibility will reduce water supply risk and improve certainty of water availability.

Drought and Wildfire

Due to recent droughts and other factors, in 2019, Tuolumne County was listed as California's number one County at risk of wildfire (Source: California Department of Insurance's, Availability and Affordability of Coverage for Wildfire Loss in Residential Property Insurance in the Wildland-Urban Interface). With that ever-increasing threat, the acquisition will improve our collective ability to safeguard the region.

It's easy to see how in our wildfire and drought-prone region, the gold in our streams isn't buried in the plunge pools – the real gold is the water itself. As the owner of the water, TUD could transfer it to buyers outside the current system. Because TUD is a not-for-profit public agency, the cost of the water does not need to include dividends (profits) for investors, and could be used to offset and reduce costs and wildfire risks on both sides of the Tuolumne River.

It is management's recommendation that the GCSD Board of Directors adopt a position of support for TUD's Acquisition of PG&E's Owned Water Rights and Related Assets for the countywide benefits stated herein and the potential future water supply for GCSD customers.

FISCAL IMPACT:

None.

ATTACHMENTS:

1. Resolution 16-2022

RESOLUTION 16-2022

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE GROVELAND COMMUNITY SERVICES DISTRICT SUPPORTING THE TUOLUMNE UTILITIES DISTRICT'S ACQUISITION OF PG&E'S OWNED WATER RIGHTS AND RELATED ASSETS

WHEREAS, the Groveland Community Services District (herein referred to as District) is a local government agency formed and operating in accordance with Section §61000 et seq. of the California Government Code, providing water, sewer, fire and park services in southern Tuolumne County; and

WHEREAS, the health, safety, economy and way of living in our entire county is dependent upon a secure, reliable and adequate water supply; and

WHEREAS, Tuolumne County has zero water rights presently and has struggled with a dependable water supply for years; and

WHEREAS, PG&E owns water rights, Pinecrest Lake and Lyons Reservoir, the Tuolumne Main Canal, and Phoenix hydropower facilities on the Stanislaus River in Tuolumne County, which is the primary water supply for the majority of Tuolumne County; and

WHEREAS, PG&E has stated its intent to divest itself of these water supply assets in Tuolumne County, leaving TUD, the county and all of its communities at risk should an outside agency or entity acquire these critical facilities and rights; and

WHEREAS, PG&E and TUD have entered into exclusive negotiations to acquire water rights, Pinecrest Lake and Lyons Reservoir, the Tuolumne Main Canal, and Phoenix hydropower facilities; and

WHEREAS, Local ownership of these rights will reduce uncertainty, improve water security, and keep management of the region's water under control of the locally-elected (TUD) Board of Directors who will be more responsive to our local and regional water needs than any outside entity; and

WHEREAS, With the ever-increasing wildfire threat, the acquisition of this water supply by a local public agency will improve our collective ability to safeguard the region; and

NOW THEREFORE BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF THE GROVELAND COMMUNITY SERVICES DISTRICT DOES HEREBY approve resolution 16-2022 in Support of Tuolumne Utilities District's Acquisition of PG&E's Owned Water Rights and Related Assets.

WHEREFORE, this Resolution is passed and adopted by the Board of Directors of the Groveland Community Services District on April 26, 2022, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT

APPROVE:

Spencer Edwards, President - Board of Directors

ATTEST:

Rachel Pearlman, Board Secretary

CERTIFICATE OF SECRETARY

I, Rachel Pearlman, the duly appointed and acting Secretary of the Board of Directors of the Groveland Community Services District, do hereby declare that the foregoing Resolution was duly passed and adopted at a Regular Meeting of the Board of Directors of the Groveland Community Services District, duly called and held on April 26, 2022.

DATED: _____