

Friday, July 28, 2023 – 10:00 a.m.
Governing Board Regular Meeting
Upper Mokelumne River Watershed Authority
Pardee Center, Valley Springs, CA 95252

Summary Minutes

ROLL CALL

Directors John Coleman, Chair, Terry Woodrow, Vice-chair, Jack Garamendi, Ed Gonzalez, Richard Farrington, Richard Blood, and Jeff Davidson were present. Brian Oneto joined the meeting at 10:12am (changing vote count to 8). Absent: Authority Counsel Greg Gillott. Also present were Executive Officer (EO) Richard Sykes, Administrative Officer Rob Alcott, Authority Deputy Counsel Glenn Spitzer, Authority Secretary Lorna Barfield and 12 visitors.

PUBLIC COMMENT

None

AUTHORITY BUSINESS

1. Regular Meeting Minutes of April 28, 2023.

The summary minutes of the April 28, 2023, meeting were provided to the Board for review.

Motion 14-23 to approve the regular meeting minutes of April 28, 2023, was made by Director Davidson seconded by Director Farrington and carried by voice vote: Yea 7 – Nay 0 – Abstain 0.

2. Treasurer’s Report – Second Quarter FY 2023

A copy of the Treasurer’s Report for the Second Quarter of Fiscal Year 2023, which ended March 31, 2023, was presented to the Board.

Motion 15-23 to accept the Treasurer’s Report for filing was made by Director Davidson seconded by Director Woodrow and carried by voice vote: Yea 7 – Nay 0 – Abstain 0.

3. Implementation Status - FPP Phase 1 Project

The Executive Officer Richard Sykes provided the Board with an update on the Authority’s Forest Projects Plan (FPP) Phase 1 Implementation Status. With the \$5M Cal Fire grant and ENF SPA agreements in hand, staff finalized the Request for Proposal (RFP) to perform the Forest Projects Plan - Phase 1 (FPP-1) treatment work and released it on July 3. Contractor proposals were due July 26 at noon and the Selection Review Committee will meet on July 31 to review and rank submitted proposals and follow-up with reference checks. A Notice of Recommended Award will then be transmitted to all proposers, with the bid protest period ending August 10. The Board will consider awarding a contract to the recommended contractor at the scheduled August 25 Special Meeting and were requested to confirm their attendance.

The EO reviewed the summary of proposals received with the Board and shared that one local bid was submitted. The Board asked for clarification regarding outside area bidders hiring local contractors, acreage amounts, control burns, and who comprises the selection review committee.

Director Coleman informed the group that he may not be available to attend the August 25 meeting, all other Directors confirmed attendance.

Motion 16-23 to approve the August 25, 2023, Special Meeting was made by Director Farrington, seconded by Director Gonzales and carried by voice vote: Yea 8 – Nay 0 – Abstain 0.

4. **FPP - Phase 1 Implementation Work Plan Funding Strategy**

Administrative Officer (AO) Rob Alcott presented the Board with the framework for a Forest Projects Plan – Phase 1 (FPP-1) Funding Strategy that could allow UMRWA to execute and sustain the level of planning and implementation work necessary for increasing the pace and scale of forest restoration work in the Eldorado National Forest (ENF).

UMRWA is positioned to continue its leadership role in stewardship activities to protect and restore ENF lands in the Upper Mokelumne by assuming the lead for FPP-1 implementation. To do so in a systematic and efficient manner will require UMRWA to secure access to funding to complete FPP-1 treatments and expand and maintain UMRWA organizational capacities.

The AO discussed the key elements of a Funding Strategy that could facilitate the completion of the FPP-1 Work Plan. Two presentations were shown at this Board Meeting in conjunction with this agenda item. David Lach, Director of Environmental Products at Anew, provided an overview of the Avoided Wildfire Emissions credit market, and Matt Sjöholm and Nick Wobbrock of Blue Forest Conservation, presented an update on the progress being made towards a Forest Resilience Bond in support of UMRWA's forest work. Briefing materials related to these two presentations were provided to the Board.

The AO shared an overview of the proposed Funding Strategy organized into five basic elements: funding requirements, implementation schedule and cash flow, funding sources, bridge financing, and strategy execution.

Funding Requirements

The Phase 1 Implementation Work Plan anticipates fuel reduction treatments to about 26,256 acres at an estimated total cost of \$63,400,000. With \$11.4M in Cal Fire treatment funding in hand, a plan for securing \$52M in additional funding is needed.

Implementation Schedule and Cash Flow:

The Board was presented a table showing annual cash flow requirements ranging over the 8-year implementation period from \$2.5M in the first year and up to nearly \$10.4M in peak years.

Funding Sources:

To date, UMRWA's non-repayable funding sources have been state grants and the USFS. Cal Fire and Sierra Nevada Conservancy (SNC) have thus far been the primary providers of funding for UMRWA's forest work. For the prior treatment work UMRWA performed on Stanislaus NF lands, funding was also provided by the USFS.

Two other possible non-repayable funding sources are Avoided Wildfire Emissions (AWE) credits and Avoided Cost payments associated with a Forest Resilience Bond (see Bridge Financing section below). AWE credits represent a new potential revenue source to fund continuing forest treatments. The AO presented a table displaying the primary non-repayable sources of funding potentially available to UMRWA.

Bridge Financing:

A Forest Resilience Bond (FRB) includes a feature that allows the FRB to borrow the funding needed to establish a line of credit for UMRWA. The associated financial instrument is an unsecured Loan and Services Agreement. The negotiated terms specify the maximum loan amount, disbursement procedures, interest (zero interest may be possible), and related matters. A Blue Forest memorandum that provided more detailed information about the FRB and associated elements accompanied the agenda packet.

Another potential source of bridge financing is a line of credit with an UMRWA member agency. EBMUD has extended a line of credit to UMRWA in the past to address cash flow limitations associated with DWR funded Implementation Grant projects. UMRWA paid a nominal interest rate pegged to state Local Agency Investment Fund (LAIF) interest rates.

To UMRWA, and specifically to its interest in executing a systematic and efficient FPP-1 implementation program, the fundamental value of an FRB or other line of credit arrangement is that it would allow UMRWA to maintain a steady pace in annually cycling projects, from treatment plans, to RFPs, to contract awards, to treatments performed, to project close-outs. It would fulfill an essential requirement of UMRWA's Funding Strategy as it prepares to award contracts to treatment contracts – cash flow certainty.

Strategy Execution:

Carrying out the Funding Strategy to advance treatments to an average of 4,000 acres/year will require UMRWA to annually administer two recurring cyclic processes; (1) funding and contracting, and (2) treatment project implementation. The key activities associated with these two processes, organized by quarter, were presented to the Board.

Motion 17-23 to (1) Authorize UMRWA to assume the lead role in overseeing Forest Projects Plan – Phase 1 implementation and set 4,000 acres as the annual forest treatments goal, (2) Direct staff to meet with Eldorado National Forest and USFS Region 5 Leadership to present UMRWA's Funding Strategy, seek input, and secure Forest Service support, (3) Authorize staff to further advance the following Funding Strategy tasks: (a) work with Authority Counsel and Blue Forest to develop Forest Resilience Bond and Loan agreements for Board consideration by January 26, 2024 (b) work with Authority Counsel and Anew to develop a Carbon Credit and Marketing Agreement for Board consideration on October 6, 2023 (c) work cooperatively with Eldorado National Forest to procure USFS funding commitments to implement Forest Projects Plan – Phase 1 projects was made by Director Davidson, seconded by Director Farrington and carried by voice vote: Yea 8 – Nay 0 – Abstain 0.

5. Forest Projects Report

The EO presented updates on the Authority's Forest Projects Plan - Phase 1 (FPP-1) Implementation and Phase 2 Planning, along with a summary of a Tribal Engagement Plan prepared by staff. This report concluded with a table titled 'UMRWA Forest Project Grants' which summarized grants awarded and grant applications planned or pending.

Forest Projects Plan - Phase 2 Planning:

The landscape-level Phase 2 FPP initiated in September 2022 will address forest health issues on up to 225,000 acres of Stanislaus and Eldorado NF lands within and flanking the Upper Mokelumne watershed. In addition to the large scale, the second phase of the FPP process will consider forestry activities not included in Phase 1 due to potentially more significant environmental impacts.

Stantec, the firm hired last August to undertake the Phase 2 program continues to perform: stakeholder outreach (including tribal engagement), specified NEPA/CEQA planning tasks (project initiation letter, draft purpose and need, determination of NEPA approach with USFS), and liaison activities with regulatory agencies regarding listed species, and support for grant applications. The most recent Cal Fire Grant Award of \$7M earmarks about \$500,000 for FPP-2 Planning which will help fund Stantec's future work plus other activities. As FPP-2 work continues, funding to complete the planning and related NEPA/CEQA documentation must still be secured.

On April 28, the Board approved the submittal of a Concept Proposal for the next round of SNC Wildfire Recovery & Forest Resilience Forest grant funding. Staff prepared and submitted that Concept Proposal on June 14, and on July 12 staff was notified that UMRWA was invited to submit a Final Proposal by the September 29, 2023, deadline. SNC is scheduled to announce grant awards next spring (March/April 2024).

The Wildlife Conservation Board's Prop 68 grant program is currently being evaluated by staff for potential FPP Phase 1 and Phase 2 support. This program provides funding for climate adaptation and forest resiliency projects (this program is supporting the Authority's ongoing Aspen Restoration project under a 2022 grant) and may be a viable funding source for Phase 1 or 2 FPP activities.

Tribal Engagement Plan:

With encouragement from UMRWA grant funders SNC and Cal Fire, staff have prepared a Tribal Engagement Plan which provides guidance to Authority staff regarding tribal outreach on Upper Mokelumne forestry matters. The plan itself aims to enhance UMRWA's forestry program by facilitating tribal participation in forest-related project planning and implementation. Formal consultation with Tribes remains the responsibility of the US Forest Service. UMRWA's facilitation role is intended to strengthen communication, build trust, and develop beneficial relationships with Tribes that have historical ties and ongoing interest in the management of Upper Mokelumne forest resources. With grant funding provided by agencies, UMRWA will engage a Tribal Liaison to serve as the Authority's central point of contact for Tribes to help ensure the outreach and communication efforts articulated in the plan are carried out.

UMRWA Forest Project Grants:

UMRWA is awaiting receipt of draft agreement documents related to the second Cal Fire grant (\$7M for Phase 1 implementation work). Additionally, UMRWA has two active SNC grants, one active Wildlife Conservation Board grant, and the one active Cal Fire Forest Health Grant. Full applications for two SNC Wildfire Recovery and Resilience grants are also currently in process. These grants were summarized and presented to the Board.

6. Fiscal Year 2024 Budget

On April 28 the Board reviewed the proposed FY 2024 Budget and directed staff to transmit the proposed budget to Member Agencies for review. In May a memorandum presenting the FY 2024 budget and assessments was sent to Member Agency General Managers and County Administrative Officers with copies to UMRWA Board directors. Member agency staff had no comments on the proposed budget.

Motion 18-23 to approve the Fiscal Year 2024 UMRWA budget and authorize staff to transmit invoices to Member Agencies requesting payment of FY 2024 assessments by October 31, 2023 was made by Director Davidson, seconded by Director Garamendi and carried by voice vote: Yea 8 – Nay 0 – Abstain 0.

7. Biomass Feasibility Investigation

The Executive Officer shared with the Board information regarding the California Forest Residual Aggregation Market Enhancement (Cal FRAME) pilot project. The pilots are funded by the Governor's Office of Planning and Research as part of the State's Wildfire and Forest Resilience Action Plan. The purpose of the pilot projects is to evaluate and recommend approaches to increasing the utilization of forest biomass in support of multiple benefits to the state. Cal FRAME has completed a feasibility study for Northeast California and is currently working on a study for the Central Sierra including the Mokelumne River Watershed. The draft report for the Central Sierra region will be shared with the Board when it is available.

Director Garamendi and Director Davidson expressed support for a Cal FRAME presentation at the October 6, 2023, meeting.

8. Legislative Issues Update

The EO provided information regarding several state bills of interest to UMRWA including AB 338 which would make specified forest health work subject to California prevailing wage law, potentially resulting in a substantial increase in cost for this type of work. At its April 28 meeting, the UMRWA board voted to oppose this bill and an opposition letter was sent to the author on May 8, 2023. Earlier this month the bill was re-referred to the committee on appropriations. If enacted, the bill would become law on January 1, 2025, with a one-year delay for non-profits. Also discussed were several bond bills that would provide forest health and infrastructure funding.

AB 1567, as amended on May 26, 2023, would enact the Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, Clean Energy and Workforce Development Bond Act of 2024, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$15.995B to finance projects.

SB 638, as amended on June 28, 2023, would enact the Climate Resiliency and Flood Protection Bond Act of 2024, and would authorize \$6B in bonds mostly for flood control measures in the Central Valley with \$1B of this amount earmarked to help local agencies fund dam repairs and improvements.

SB 867 as amended on June 22, 2023, would enact the Drought and Water Resilience, Wildfire and Forest Resilience, Coastal Resilience, Extreme Heat Mitigation, Biodiversity and Nature-Based Climate Solutions, Climate Smart Agriculture, and Park Creation and Outdoor Access Bond Act of 2023, which, if approved by the voters, would authorize the issuance of \$15.5B in bonds to finance projects.

The EO noted that the bond bills are still in development and are likely to be combined into one bill that will be substantially less than \$15B.

Director Farrington shared information regarding AB 998 (Connolly) in conjunction with biomass energy facilities and if this is of interest to UMRWA have it discussed at the next meeting.

Board Member Comments:

Director Oneto stated the historical success of more open forest use, removal of larger diameter trees during thinning practices and larger control burn treatments.

Director Coleman asked for information regarding how long the forest treatment's useful life is in relation to fire mitigation.

Director Gonzales would like to invite Tahoe/Yuba representatives to share their reports on the experience, efforts, and results of the Forest Resilience Bond funding system.


Director Farrington requested that staff continue to seek an accounting from the Eldorado NF of the \$45M in PG&E Power Fire settlement funds spent for restoration of the Power Fire area. The EO noted that the Eldorado Forest Supervisor indicated there was only \$700,000 remaining. The EO will draft a letter to the ENF Supervisor requesting information on how these funds were spent. Director Farrington also requested a review of the UMRWA contribution formula for member agency annual assessments in the Joint Powers Agreement.

Executive Officer Comments:


The EO informed the Board that the 3rd amended JPA is awaiting the final signature and should be completed after the CPUD August meeting.

ADJOURNMENT: Director Coleman adjourned the meeting at 12:19 p.m. A Special Meeting will be held on August 25, 2023, and the next regular meeting will be held on October 6, 2023, at Pardee Center.

SUBMITTED BY:



Lorna Barfield, Authority Secretary



Terry Woodrow, Vice Chair

APPROVED: August 25, 2023