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October 22, 2009

Board of Supervisors  
County of El Dorado  
330 Fair Lane  
Placerville, CA 95667

**Re: Approval of Amendment to Supplemental Water Acquisition Cost  
Share Agreement**

Honorable Supervisors:

**Recommendation:**

County Counsel recommends that the Board of Supervisors approve the attached Amendment to Supplemental Water Acquisition Cost Share Agreement.

**Reasons for Recommendation:**

The existing Cost Share Agreement among the parties to the El Dorado Water and Power Authority (EDWPA) Joint Powers Agreement generally prescribes each member agency's share of costs for securing the water supply that will fully realize the benefits of the El Dorado – SMUD Cooperation Agreement. The Cost Share Agreement, however, does not specify the parties' responsibilities for funding the acquisition of the 15,000 acre-feet of Carryover Storage afforded by the Cooperation Agreement. The proposed amendment will eliminate that ambiguity.

The Cost Share Agreement is part of a web of agreements associated with dealings between El Dorado County and Sacramento Municipal Utility District, involving SMUD's Upper American River Project (UARP):

- The El Dorado Water and Power Authority Joint Powers Agreement created EDWPA to negotiate with SMUD.

- The resulting El Dorado – SMUD Cooperation Agreement makes storage and conveyance available in SMUD’s UARP both annually and on a carry-over basis. El Dorado interests, however, must independently obtain water supplies to realize the benefits of the UARP storage.
- The El Dorado Intra-County Coordination Agreement allocates the benefits, burdens, rights and obligations obtained through the Cooperation Agreement.
- The Cost Share Agreement provides a mechanism for sharing and funding the costs and expenses of obtaining the needed water supplies.

Georgetown Divide Public Utility District was initially a party to all of these agreements, but in 2009 the parties signed yet another agreement, the Transition Agreement, by which GDPUD withdrew from all but the Cooperation Agreement.

The Intra-County Coordination Agreement allocates the full 15,000 acre-feet of Carryover Storage in the Cooperation Agreement to EID. It is fair for EID, as the sole beneficiary, to bear the costs of obtaining water supplies to utilize that Carryover Storage. However, the Cost Share Agreement in its present form does not specifically address Carryover Storage and generally provides for cost-sharing on all activities. Because EDWPA staff is incurring expenses in pursuing Carryover Storage, it is appropriate at this time to amend the Cost Share Agreement to eliminate any ambiguities.

The proposed amendment provides that EID will fund the costs of the water itself, State Water Resources Control Board filing fees, and CEQA compliance. Staff costs will continue to be absorbed collectively by the EDWPA member agencies.

The El Dorado County Water Agency approved the proposed amendment unanimously on September 16.

County Counsel was given an opportunity to help draft the amendment, and it is in acceptable form. Substantively, it seems fair and appropriate, and we recommend Board approval.

**Fiscal Impact:**

None. The Amendment will have a positive effect by clarifying that EID is responsible for a large portion of the costs associated with the acquisition of water to utilize the Carryover Storage capacity, not EDWPA.

**Actions to Be Taken After Approval:**

Copies of the Amendment will be signed by the Chairman of the Board and forwarded to the other parties to the Agreement.

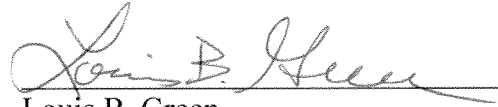
Board of Supervisors

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We would be pleased to respond to any questions the Board might have.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Louis B. Green". The signature is written in black ink and is positioned above the printed name.

Louis B. Green  
County Counsel

LBGstl

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