
SMUD SPECIAL REVENUE FUND: PROGRAM EXPENDITURE REPORT

In the late 1950's, the County, the United States Forest Service (USFS), Michigan California Lumber Company (now Sierra Pacific Industries), and the Sacramento Municipal Utility District (SMUD) reached agreements as to the construction and maintenance of the roads within the Upper American River Project (UARP). The UARP is a network of reservoirs and powerhouses located along the American River that contain recreational facilities owned and operated by SMUD. The original agreements did not provide money for maintenance of roads or impact money to the County for the implementation of the UARP. It was thought that the tourism dollars derived from UARP users would offset County costs which ultimately did not occur.

In 2005, SMUD relicensed the UARP through the Federal Energy Regulatory Commission (FERC). As part of this relicensing, SMUD negotiated the El Dorado - SMUD Cooperation Agreement with El Dorado County. This agreement was signed by the Board on October 18, 2005 with resolution 312-2005. The agreement specified an initial payment of \$2.6 million, and then an annual payment, from SMUD. The first annual payment was \$590,000 and then increased annually based on an inflation adjustment. The agreement designates that the initial payment was to be "utilized by the County for capital improvements to Ice House Road and other miscellaneous capital projects related to the UARP and its impacts." It states that annual payments are to be used "for the purposes of road maintenance, watershed management, and other miscellaneous activities related to the UARP and its impacts on facilities owned or services provided by, or any resource or other interest within the jurisdiction of, the county."

PARKS & TRAIL / RUBICON TRAIL

SMUD funds have been used as grant match for the Rubicon Trail maintenance and operations. It has not been used for Educational Grants or for the Economic Study. The County received a Clean Up and Abatement Order in 2009 from the Central Valley Regional Water Quality Control Board. The County obtained an easement from the El Dorado National Forest in 2012. The Clean Up and Abatement Order was lifted in 2014 with the approval of the Saturated Soils Water Quality Protection Plan which is the maintenance document and guidelines for the trail.

1. **Services Provided** - Maintenance and operations: Installation of the Best Management Practices (BMP'S), monitoring of those BMP's, education on proper use. Obtaining permits and following proper procedures and working with outside agencies.
2. **How this Program Benefits the Public** - The Rubicon has historical significance dating back to 1887 when the County dedicated it as a public highway. The County completed an economic study in 2019 which supported the Rubicon as an economic benefit to the County bringing in \$16 million annually to the economy. Education is provided at the Loon Lake kiosk and spill kits and WAG Bags are distributed. Restrooms are available along the trail for proper sanitation.
3. **Relation to the Upper American River Project** - The Rubicon Trail is in the Upper American River Project FERC area at the top of the water shed. It begins at Loon Lake and traverses to Buck Island and into Rubicon Springs and ends in Tahoma.
4. **Use of Funding for Grant Matching** - The use of SMUD funds as match is offset with other funding sources, such as the OHV Green Sticker trust fund, volunteer time and in-kind materials such as logs and rock.

This funding has provided matching funds for bridge repair, equipment needed to access the trail, spill kits, BMP installation and monitoring, rock drops for rock armoring, gabions, trail delineation, signage, and sanitation removal.

5. **Use of SMUD Funds** - With the use of these funds as match the county has obtained \$4,224,348 in grants since Fiscal Year 2006-07 for the Rubicon. Using \$236,681 for in-kind materials, \$74,850 in volunteer labor, and \$1,260,150 in SMUD funds and \$280,704 in green sticker trust fund for match. For a total of \$6,076,734 directly for the trail.
6. **Future Needs for SMUD Funds** – It is anticipated that the County will continue to apply for grant funds to assist with the maintenance and operations of the trail as it is obligated to do so. These grants will continue to depend of the use of SMUD funds as match when other funding sources do not cover match requirements.
7. **Consequences if SMUD funding is discontinued** - The consequences if not funded with El Dorado SMUD special revenue funds would be lack of maintenance which could lead to another Cleanup and Abatement Order from the Water Board which could result in a \$10,000 a day fine. Plus the loss of the trail will result in a loss of \$16 million to the economy.

SHERIFF'S OFFICE LAW ENFORCEMENT ON RUBICON TRAIL

SMUD funds have been used as a grant match for the State of California Off-Highway Vehicle (OHV) Grant for patrolling the Rubicon Trail as a means of Public Safety. It has not been used for Educational Grants or for the Economic Study. The Sheriff's Office use of SMUD funding is in compliance with the El Dorado – SMUD Cooperation Agreement.

1. **Services Provided** - The Sheriff's Office provides law enforcement services on Off-Highway Vehicle (OHV) trail systems where a majority of the law enforcement activities take place on the Rubicon Trail.
2. **How this program benefits the public** - The Sheriff's Office law enforcement presence on Off-Highway Vehicle trails is a matter of Public Safety. El Dorado County Sheriff's Office (EDSO) is the sole law enforcement agency locally that has vehicles capable of patrolling and responding to desolate areas where recreation activities in the Upper American River Project and El Dorado Forest are occurring.
3. **Geographic area of program, how it is related to the Upper American River Project** - EDSO patrols the FERC area as part of the State of California Off-Highway Vehicle Grant. It begins at Loon Lake and traverses to Buck Island and into Rubicon Springs and ends in Tahoma.
4. **Other funding sources for program, specifically note if used as grant matching funds** - EDSO has used green sticker proceeds as the part of the OHV Grant matching funds commitment in years past, but in recent years, SMUD funding has been the sole source of matching funds and supplemental financial support for the OHV Grant program.
5. **Description of how funding has been used in the past** - EDSO uses SMUD money as the source of funding for the matching requirement for the State of California Off-Highway Vehicle (OHV) Grant and to supplement the program. In Fiscal Year 2019-20 \$33,000 of SMUD funds are budgeted to match the \$98,690 OHV grant, and an additional \$55,310 of SMUD funds are budgeted to fund additional law enforcement expenses on the Rubicon Trail.
6. **Description of future programmatic need for El Dorado SMUD special revenue funds** - EDSO will need matching funds for the State of California Off-Highway Vehicle (OHV) Grant in future years to meet matching requirements and to supplement the costs of the program.
7. **What are the consequences if not funded with El Dorado SMUD special revenue funds** - General fund money would have to be used as matching funds to meet grant requirements of the State of California Off-Highway Vehicle (OHV) Grant.

DOT ICE HOUSE ROAD AND WENTWORTH SPRINGS ROAD

SMUD funds have been designated to the County through the 2005 El Dorado - Sacramento Municipal Utility District (SMUD) Cooperation Agreement (CA), a supplement to the agreement from 1961 Upper American River Project (UARP). The SMUD UARP is a series of eight hydroelectric power houses beginning at the northern end of Ice House Road, Loon Lake Reservoir, and ending at Chili Bar Reservoir near Placerville. It is clearly noted in Section 4.4 of the SMUD CA that initial payment funds “are to be utilized by the County for capital improvements to Ice House Road and other miscellaneous capital projects related to the UARP and its impacts on facilities owned or services provided by, or any resource or other interest within the jurisdiction of, the County. SMUD’s payments as described in Section 4.2, annual payments, are to be utilized by the County for the purposes of road maintenance, watershed management, and other miscellaneous activities related to the UARP and its impacts on facilities...” Ice House Road and Wentworth Springs Road are the main access routes SMUD uses for four of the UARP power houses.

1. **Services Provided** - Maintenance and safety improvements of Ice House Road and Wentworth Springs Road. Maintenance work included pavement, signs, striping, drainage, bridges, and culverts. Roadside drainage features are also equipped with erosion mitigation measures to protect the watershed.
2. **How this Program Benefits the Public** - Ice House Road and Wentworth Springs Road serve recreational visitors to the Crystal Basin Recreation Area and industry users, including timber and power generation, while also providing the U.S. Forest Service access to their lands to conduct forestry operations and fire protection. Ice House Road provides the primary and only practical access from U.S. Highway 50 to the 85,000 acre Crystal Basin Recreation Area with its five (5) lakes, over 700 campsites, 117 miles of hiking and riding trails, the Rubicon Trail off-road facility, and 63,960 acres of federally protected Desolation Wilderness area.
3. **Relation to the Upper American River Project** - Ice House Road and Wentworth Springs Road are the primary routes used by SMUD to access four (4) of their UARP power houses, several dams, miles of aqueducts, electric transmission lines, and maintenance yards. Ice House Road is heavily used by SMUD maintenance vehicles all year round.
4. **Use of Funding for Grant Matching** – County DOT has applied for and received competitive grants that required matching funds from the Federal Land Access Program (FLAP) for roads and the Highway Bridge Program (HBP) for bridges. \$3,650,000 in SMUD funds were used as local matching funds to obtain \$27,300,000 in these grant funds to date.
5. **Use of SMUD Funds** - Funds have been used to maintain and rehabilitate bridges, road surfaces, and drainage systems that were all originally constructed in the 1960s.
6. **Future Needs for SMUD Funds** – In addition to completed and current grant programmed large road rehabilitation projects, there are years of needed routine maintenance work. Average future routine maintenance cost for Ice House Road and Wentworth Springs Road is estimated at \$270,000 per year to maintain in fair condition. DOT was fortunate to receive Federal Land Access Program (FLAP) grant funds and Highway Bridge Program (HBP) funds in the past for large rehabilitation projects. Unfortunately, FLAP grants funds will be harder to come by in the future for this area. The HBP grant program is only offering limited replacement of structurally

deficient bridges and is not offering maintenance or rehabilitation grants like past projects. SMUD funding toward bridge maintenance can be used to bank dollar credits toward HBP matching funds on any future bridge project.

7. **Consequences if SMUD funding is discontinued** - Current surface conditions are rapidly deteriorating due to extreme weather conditions in the area creating a hazardous road surface for driving. SMUD has recently contracted several years of large reconstruction projects of Forest Service facilities that have increased truck traffic in the area. Chunks of pavement have been upheaved into the roadway from snow plowing operations in the past. Without routine annual maintenance, larger more expensive road rehabilitation projects will occur in the future. These roadways have narrow shoulders with steep drop-offs in this mountainous area. Accident history per the California Highway Patrol (CHP) Accident Summary Report for a 12 year period averaged: 11 accidents, 10 injuries per year between 2000 and 2012, and two (2) fatalities during that period.

DOT CAMINO/POLLOCK PINES ROADS UTILIZED BY SMUD

SMUD funds have been designated to the County through the 2005 El Dorado - Sacramento Municipal Utility District (SMUD) Cooperation Agreement (CA), a supplement to the agreement from 1961 Upper American River Project (UARP). The SMUD UARP is a series of eight hydroelectric power houses beginning at the northern end of Ice House Road, Loon Lake Reservoir, and ending at Chili Bar Reservoir near Placerville. It is clearly noted in Section 4.4 of the SMUD CA that SMUD's annual "payments as described in Section 4.2 are to be utilized by the County for the purposes of road maintenance, watershed management, and other miscellaneous activities related to the UARP and its impacts on facilities..." Section 4.4 continues to state "SMUD's payment as described in Section 4.3 are to be utilized by the County in order to minimize, avoid, or mitigate socioeconomic impacts attributable to the construction of the Iowa Hill Development within those areas of the County affected by such construction." Although the proposed Iowa Hill Development project was cancelled, SMUD replaced it with smaller projects in the same area. However SMUD has not made any payments outlined in Section 4.3 for the Iowa Hill Development.

1. **Services Provided** – Proposed maintenance and safety improvements of Camino/Pollock Pines area roads used by SMUD to access UARP facilities. Maintenance work includes pavement, signs, striping, drainage, bridges and culverts. Roadside drainage features are also equipped with erosion mitigation measures to protect the watershed.
2. **How this Program Benefits the Public** - Camino/Pollock Pines area roads between U.S. Highway 50 and SMUD UARP facilities serve County agricultural businesses and visitors. Carson Road, North Canyon Road and others provide the primary access from U.S. Highway 50 to the wineries, breweries, apple, and Christmas tree farms in addition to recreational facilities in the area.
3. **Relation to the Upper American River Project** - County roads in the Camino/Pollock Pines area are the primary routes used by SMUD to access four (4) of their lower UARP power houses, several dams, miles of aqueducts, electric transmission lines, and maintenance yards. Forebay, North Canyon and Mosquito Road are just three of the area roads that are used by SMUD construction and maintenance vehicles all year round.
4. **Use of Funding for Grant Matching** - County DOT has only used very limited local Road Fund for road maintenance costs in this area. The Mosquito Road Bridge is between the SMUD Slab Creek Power House and White Rock Power House. \$75,000 in SMUD funds are planned for the retrofit of the existing bridge as part of the construction project of the new Mosquito Road Bridge utilizing \$80,000,000 in HBP grant funds.
5. **Use of SMUD Funds** - Although SMUD funds have not been previously used in the Camino/Pollock Pines area to maintain and rehabilitate bridges, roads surface, and drainage systems, the SMUD CA language indicates that the money is to recompense for socioeconomic impacts within the affected area. Starting near SR 193, Mosquito Road, Camino and Pollock Pines are in the UARP area and are impacted by SMUD's maintenance and construction traffic. The Mosquito Road Bridge is between the SMUD Slab Creek Power House and White Rock Power House.
6. **Future Needs for SMUD Funds** – Average routine maintenance cost for the 41 miles of main roads accessed by SMUD in the Camino/Pollock Pines area would be \$250,000 per year to

maintain in fair condition. There are another 50 miles of minor roads in the Camino area between U.S. Highway 50 and the UARP that would be \$300,000 per year to maintain in fair condition.

7. **Consequences if SMUD funding is discontinued** - Current surface conditions are rapidly deteriorating due to weather conditions and recent increases in SMUD construction trucks in the area creating future potential hazardous road surface for driving. Drainage system repairs are a routine maintenance problem in this hilly agricultural area. The roadway has narrow shoulders with steep ditch drop-offs in this area. The 2014 Grand Jury Report investigated the lack of SMUD funds for road maintenance in the Camino area. The Grand Jury Findings stated: "This leads to the conclusion that the agreement does not simply call for the County to spend this money in any way it sees fit as some have suggested. This sole discretion language is clearly tempered by the sentence indicating that the money is to recompense for socioeconomic impacts within the affected area. Iowa Hill is within the Camino/Apple Hill area of El Dorado County." Camino is in the UARP and contains a significant number of powerhouse facilities that are under reconstruction and constant maintenance that generate impacts to the area even without the Iowa Hill Development.