

**MINUTES of the REGULAR MEETING of the BOARD of DIRECTORS of
SOUTH FEATHER WATER & POWER AGENCY**

**Tuesday, March 28, 2006, 2:00 PM,
Agency Board Room, 2310 Oro-Quincy Hwy. Oroville, California**

DIRECTORS PRESENT: Jean Brown; Lou Cecchi; Jim Edwards; Dee Hunter; Vivian Meyer.

DIRECTORS ABSENT: None.

STAFF PRESENT: Michael Glaze, General Manager/Secretary;
Jennifer Slinkard, Finance Division Manager;
Kathy Petersen, Power Division Manager;
Matt Colwell, Water Division Manager;
Jeff Meith, Legal Counsel.

OTHERS PRESENT: Maurice Martinez; Hank Bailey.

CALL TO ORDER

President Cecchi called the meeting to order at 2:00 p.m. and led the Pledge of Allegiance.

President Cecchi thanked Director Hunter for her service to the Board and Agency during 2005 as Board President and presented her with an inscribed gavel as an expression of the Board's appreciation.

APPROVAL OF MINUTES

M/S/C (Hunter/Edwards) approving the Minutes of the Regular Meeting of February 28, 2006 as presented.

APPROVAL OF WARRANTS

M/S/C (Edwards/Hunter) approving: the total Water Division expenditures for the month of February 2006 in the amount of \$420,546.44 - Warrants #20695 through #20747; and, the total Power Division expenditures for the month of February 2006 in the amount of \$760,338.18 - Warrants #62100 through #62155.

PUBLIC PARTICIPATION –

Hank Bailey requested that future agendas be changed so that "Public Participation" followed "Directors Reports." Mr. Glaze explained that the public could comment on any item on the agenda at the time they are discussed by the Board. The Public Participation agenda item is for the purpose of giving individuals an opportunity to address the Board regarding matters not scheduled on the agenda. It is listed on the agenda at the beginning so that an individual not interested in other agenda items can address the Board without having to wait for other business to be conducted.

FINANCE DIVISION MANAGER'S REPORT

The Board reviewed a written report from Jennifer Slinkard, Finance Division Manager, including a 2006 Summary Financial Report for both the Water and Power Division, together with a consumption report on each of the Agency's water distribution systems.

Relicensing Consulting Services

Mrs. Slinkard advised the Board that Devine, Tarbell and Associates, Inc., submitted its monthly activity report for the period of February 1 through February 28, 2006 in the amount of \$34,310.21.

Woodleaf Generation Enhancement

The tail-water depression (TWD) system at the Woodleaf Powerhouse was responsible for an additional 1,250,256 KWH during January and 4,030,963 KWH during February, earning the Water Division \$253,883.61 in revenue for those two months. As of February, \$178,883.61 has been earned in excess revenue above the 2006 budgeted amount.

Building-Remodel Status

Director Meyer inquired as to the status of the office-remodel project. Mr. Glaze reported that American Technologies, Inc., was the low bidder on the asbestos-abatement work at a price just under \$17,000. They filed the required 10-day notice yesterday and it is anticipated that they will begin work within the next two weeks. Removal of the roof will commence after the first of May, with completion of the remodel anticipated in August.

Director Meyer asked Mrs. Slinkard if she had seen a recent California Special District Publication containing a report on new accounting legislation (GASB 43 and 45). Mr. Glaze stated that he had just forwarded it to her for review.

WATER DIVISION MANAGER'S REPORT

The Board reviewed a written report from Matt Colwell, Water Division Manager.

Operations

Mr. Colwell reported that Water Division staff was engaged in routine system maintenance, office-expansion construction, service installations and leak repairs during the month of February.

Solar Plant Production

February solar energy production exceeded plant demand by 3,000 kwh. Director Meyer asked if the solar system's production was as expected. Mr. Colwell stated that it was.

Water Plant Production

M RTP production (system demand) for February 2006 is 91% of average for the recent five-year period.

Bacteriological requirements were met for the Miners Ranch Treatment Plant and Bangor Treatment Plant.

POWER DIVISION MANAGER'S REPORT

The Board reviewed a written report from Power Division Manager Kathryn Petersen, including storage, generation and precipitation reports.

Operations

Ms. Petersen reported that the spill gates at Little Grass Valley Dam were closed on March 20 and that the reservoir should completely fill this year. The rate of fill will be monitored and releases adjusted as necessary to keep from reaching the maximum too quickly. The current release rate is about 80 cfs.

2005 Water Use

The 2005 water-rights progress reports that document the Agency's consumptive water use have been filed. Ms. Petersen is still processing the report for the water rights assigned to YCWD as well. Total use for the two districts was 25,092 acre-feet, with SFWPA accounting for 18,468 acre-feet of the total. This was the Agency's lowest use year since 2000, possibly due to last year's late wet spring.

Forbestown 60-inch Valve Operation

The 60" Forbestown Diversion Dam river valve was exercised for inspectors from the Division of Safety of Dams on March 8. Because the valve had not been operated fully since the late-80's, permits were obtained to cover the possible discharge of sediment from the valve to the river. A partial opening test of the valve was conducted last August with no problems occurring. This time the valve was opened fully for about six hours with no noticeable changes in water quality. Staff from Stillwater Sciences was on hand to collect water samples.

Maintenance Projects

Forbestown Powerhouse – Runner and Wicket Repairs

The outage on Forbestown Powerhouse has been extended beyond the planned six weeks due to the need to send all 18 of the wickets to Oakland for machining. The runner was also removed and brought to Forbestown Headquarters for welding repairs. The unit has been reassembled and testing is ongoing at this time. The powerhouse will be back on line by March 31, if not sooner.

General Information

The 2007 budget proposal is due to PG&E by April 21. A Hydro Committee meeting will be convened in mid-April to review and approve the proposed budget submittal.

GENERAL MANAGER'S REPORT

The Board reviewed a written report from Michael Glaze, General Manager.

Relicensing

The Flow-Related Workgroup continues to meet to review the technical portions of the Report on Consumptive Water Use and Water Quality. The initial workshop was held on March 9, and the workgroup will meet again on March 23 and 24. The purpose of this next workshop is to review and agree upon, to the extent possible, the technical portions of the report, including how the technical studies were performed, how the technical information is presented, and conclusions regarding the technical information. The workshop will not include discussions about potential resource management measures, which the workgroup is scheduled to begin discussing on May 2 and 3.

Water Marketing

Municipal Water District of Orange County (MWDOC) and several of its neighboring districts and municipalities in Orange County are still interested in a long-term water-transfer agreement with SFWPA. MWDOC can use SFWPA's water about 50% of the time and, therefore, needs other agencies in their region to partner with them in the deal. Those entities have not yet concluded their discussions about how their partnership will be structured – a step that has to be accomplished before the Agency's negotiations can proceed with MWDOC.

Mandatory Ethics Training – AB 1234

Attorney Jeff Meith will be providing the training required by AB 1234 at a special joint meeting of the SFWPA, Lake Oroville Area Public Utility District and Oroville Cemetery District boards on Tuesday, April 11, from 10 a.m. to 1 p.m. in the Agency's Board Room.

Office Addition/Remodel

Now that everyone is settled in to the new downstairs office and reorganized in their new surroundings, efficiency and functionality have returned for normal business operations. The design by architect John Anderson is proving to be well thought out from a work-flow perspective, and the additional space is providing an opportunity to get an antiquated filing system rehabilitated.

Work has progressed on stripping the old upstairs office of lighting fixtures, wiring, plumbing and other hardware in preparation for the removal of asbestos-containing wall- and floor-covering materials – work that must be performed by a specially licensed contractor. . Bids have been received from three asbestos-abatement contractors for doing that work, including the removal of asbestos-containing roofing material. The low bid was submitted by American Technologies, Inc., at just under \$17,000. Mr. Glaze had anticipated the project would cost \$20,000. It is anticipated that the Agency's crew will have access to the building again after the first of May when they will begin the process of installing new trusses and roof, and remodeling the interior.

Quite a number of compliments have been received from customers coming into the new front office for the first time, including compliments on the landscaping, as contained in a letter from Jim Carpenter, 3604 Argonaut Avenue, a copy of which the Board reviewed.

The single most common complaint being heard by staff is that customers have to walk farther

than previously to get from their car to the office.

DIRECTORS' REPORTS – None.

POSITION NAME CHANGE – Environmental and Safety Manager

Mr. Glaze advised the Board that Tom Venus has resigned from employment as the Agency's Environment and Safety Compliance Officer. Mr. Venus has decided to pursue his environmental engineering consulting business on a full-time basis.

The recruitment process to replace Mr. Venus has been initiated with classified ads in the Mercury-Register and Enterprise-Record, including their multiple other publications and web sites. The vacancy notice is also posted on the Agency's web site, as well as those of the Association of California Water Agencies, California Special Districts Association and the California Rural Water Association. This is an important position, and finding the best-qualified person is a high priority. The vacancy will be advertised for a month, with applications being accepted through April 24.

The Board reviewed the position's description from the Management and Professional Employees Unit (MPEU) memorandum of understanding. Mr. Glaze advised that the description is comprehensive regarding this position's responsibilities and necessary knowledge, skills and ability, and that no changes are necessary at this juncture, but that he wants to ensure that the successful candidate for the position tackles his or her new job from the perspective of providing assistance, support and resources for managers and employees alike, rather than focusing on compliance (i.e., being a "safety cop"). Unfortunately, "Compliance Officer" seems to have a punitive inference and does not encourage the desired proactive perspective.

The MPEU members joined Mr. Glaze in recommending that the position be renamed "Environmental and Safety Manager". Not only is this position a member of the management team, but the recommended title is one that safety professionals are more used to seeing and that would appeal to more potentially qualified individuals.

Directors discussed the importance of this position in ensuring compliance with environmental and safety regulations, as well as the importance of getting employees to adopt a voluntary attitude of safety and environmental compliance without an enforcement hammer always hanging over their heads.

M/S/C (Brown/Edwards) to change the name of the Environmental and Safety Compliance Officer to Environmental and Safety Manager.

CAMPGROUND MANAGEMENT SERVICES – Sly Creek Recreation Area, 2006-2009

Ms. Petersen reported that Northwest Park Management (NPM) has operated and maintained the recreation facilities at Sly Creek Reservoir since 1995. A request for bids for services through the end of 2009 was sent to them and three other campground management firms. Only NPM responded.

Their proposal includes budgets for the period 2006-2009 as follows: \$35,646.20 in 2006, \$36,416.20 in 2007, \$40,552.20 in 2008 and \$42,952.20 in 2009.

As with the previous years, the amount of the contract paid by SFWPA will depend on the amount of user fees collected by NPM. The annual budgets and net paid for the past five years have been as follows:

Year	Budget	Net Paid by SFWPA
2001	\$24,547.70	\$3,724.70
2002	\$25,547.70	\$5,915.70
2003	\$25,547.70	\$1,547.70
2004	\$27,660.05	\$4,628.05
2005	\$29,140.65	\$4,852.65

The Board reviewed a copy of the proposed contract.

M/S/C (Brown/Hunter) accepting Northwest Park Management’s Sly Creek Recreation Area campground-management-services proposal for 2006-2009 and authorizing the General Manager to execute the contract with Northwest Park Management for said services, subject to review and approval by legal counsel of any negotiated amendments.

SURPLUS EQUIPMENT – Water Division

Mr. Glaze reported that Water Division has two pickups and an old welder that need to be declared surplus and sold. A 1992 Ford Ranger 4x4, 4.0 L, automatic (VIN 1FTCR11X4NTA57246) has 127,000 miles on it. A 1994 GMC Sierra ½ T, 5.0 L, automatic (VIN 1GTED14H9RZ559025) has 192,000 miles. Both vehicles have transmissions that are not repairable. The wire welder is a Lincoln, Model 250 Wirematic (serial #01941214483) purchased in 1995 and was replaced several years ago when the wire-feed mechanism failed.

M/S/C (Brown/Hunter) declaring as surplus a 1992 Ford Ranger (T-58), a 1994 GMC Sierra (T-61) and a Lincoln welder (E-850), and directing that they be advertised for sale on a sealed-bid basis and sold to the highest bidder on a salvage basis

ADJOURNMENT

The meeting was adjourned at 3:15 p.m.

Michael C. Glaze, Secretary

Louis F. Cecchi, President