

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

Tuesday, April 25, 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; Steve Bailey.

CALL TO ORDER

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

APPROVAL OF MINUTES

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

APPROVAL OF WARRANTS

M/S/C (Edwards/Hunter) approving: the total Water Division expenditures for the month of March 2006 in the amount of \$559,341.29 - Warrants #20748 through #20811; and, the total Power Division expenditures for the month of March 2006 in the amount of \$737,475.19 - Warrants #62205 through #62248.

PUBLIC PARTICIPATION –

Hank Bailey commented on statewide hydrologic data he downloaded from the internet.

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 divisions, together with a consumption report on each of the Agency's water distribution systems.

Woodleaf Generation Enhancement

The tail-water depression (TWD) system at the Woodleaf Powerhouse was responsible for an additional 6,062,223 KWH during March, earning the Water Division \$246,308.12 in revenue for the month. As of the end of March, TWD has produced \$425,191.73 in excess of the 2006 budgeted revenue anticipated from that source.

Notary Services

Mrs. Slinkard reported that SFWPA account technician Cheri Ruloph has received her Commission Certificate and Certificate of Authorization from the Secretary of State as a notary.

Building-Remodel Status

As of March 31, project costs are as follows:

Outside services for the new parking lot and driveway -	\$ 30,421;
Material for the parking lot and driveway -	\$ 30,138;
Material and outside service costs for building -	\$530,449.

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, leak repairs, and assistance to the Power Division during the month of March.

Deferred irrigation-system maintenance and improvements have included ditch cleaning, herbicide spraying, and rebuilding flow-distribution and measurement structures. Mr. Colwell stated that crews are still reacting to storm-related problems including the emergency repair of an eroded 12" water main crossing Wyman Ravine.

The ID2 Reservoir was drained and the floating cover was cleaned, inspected, and repaired, including seven holes and a seam failure. The cover is 25 years old and is showing signs of aging, requiring anticipated increased maintenance.

Water Plant Production

M RTP production (system demand) for March 2006 was 72% of average for the recent five-year period. Cumulative production is at 83% of average for the first three months of the year.

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

Solar Plant Production

Solar energy production exceeded plant demand in March by 3,300 kwh.

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 draft at Little Grass Valley dam is set at 257 cfs, while Sly Creek, Lost Creek, Forbestown Diversion and Ponderosa dams have all been spilling. Attempts are still being made to work with relicensing consultants and the whitewater boating community to find a weekend when a boating flow study on Lost Creek can be conducted – the flows have been too high thus far.

Maintenance Projects

With the outage on Forbestown Powerhouse ending on April 7, the maintenance crew is turning its attention to the rest of the system. They are making repairs to the power leads that control the Howell-Bunger valve at Little Grass Valley Dam, making a number of trips in the snowcat to accomplish this. They are also working on the various access roads that have been damaged by slides and heavy traffic during the wet weather - Gary Daley and Rick Broderson, on temporary assignment from the Water Division, have provided valuable assistance. The crew is preparing the two old circuit breakers sitting in the Forbestown yard for shipment to a recycler. They are also preparing Sly Creek Campground's water system for use during the upcoming recreation season, and the campground is currently scheduled to open the last weekend in April.

On Monday, April 17, a major slide came down across Ponderosa Way, and foreman John Davis is coordinating repairs with the Forest Service. It is hoped that the road can be reopened during this week. All costs will be tracked for potential reimbursement from the Forest Service under FEMA.

Woodleaf Powerhouse Slope Stabilization Project

A little more than a year following the landslide at Woodleaf Powerhouse, the slope stabilization project is nearly complete. Work completed thus far includes the excavation of the hillside, installation of 84 rock bolts and 105 soil nails, installation of drainage systems, and application of shotcrete over an area of 6,200 square feet. The contractor, Neil's Controlled Blasting, should have the final clean-up work done in mid May.

General Information

2007-2009 Budget

Ms. Petersen reviewed the proposed Power Division budget for 2007-2009 with the Board. The budget was reviewed by the Hydro Committee on April 18, and will be forwarded to PG&E on April 21. Once a final amount has been negotiated with PG&E, the budget will be brought back for Board approval.

Emergency Action Plan Functional Exercise

On April 12 a multi-agency functional exercise was conducted that simulated a failure of Miners Ranch Dam during a severe thunderstorm event. The exercise was well attended by county, state, and federal agencies, all of which were kept busy handling a variety of simulated emergencies, in addition to the simulated dam failure. Post-exercise assessments concluded that SFWPA staff made wise decisions about when to start EAP notifications, enabling the emergency management agencies to complete their required notifications and evacuations prior to the failure occurring.

Annual Operations Audit

PG&E conducted its annual operations audit of Forbestown Headquarters, Woodleaf Powerhouse and Kelly Ridge Powerhouse on April 18. Other than some minor record keeping, equipment clearance, and switchboard identification issues, Ray Alexander was pleased with how the operators are doing, and was especially complementary of how their logging procedures have improved. Scott Underhill and Geno Higgins found the audit useful in providing them with training about how to further improve.

GENERAL MANAGER'S REPORT

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

Power Marketing

Consultants Michael and Sandra McDonald (McDonald Partners) have concluded their initial future-valuation analysis of the Agency's power project and have given a presentation to the Hydro Committee (Directors Cecchi and Edwards). Subsequently, the Committee directed that PG&E be invited to submit a detailed proposal for a new power-purchase contract. Mr. Glaze reported that he had phoned that invitation to Kevin Goishi on April 18, and is expecting an opportunity to begin conversations with PG&E representatives to begin some time in May.

CEQA Processing – Water Rights Permit Extension

Jones & Stokes has completed the administrative draft initial study/mitigated negative declaration for the water rights permit extensions. Mr. Glaze, Jeff Meith, Kathy Petersen, along with Alan Lilly for Yuba County Water District have reviewed and commented on the 150+ page document. Their comments have been incorporated by Jones & Stokes into the draft that is now available for public review. As of April 2, the total cost for Jones & Stokes' work is \$26,300.

The State Water Resources Control Board's deadline of June 1 for completing of this process necessitates calling a special meeting of the Board on May 30 (2:00 p.m.) for the Board to consider adopting the mitigated negative declaration. All of the directors indicated that they were available to meet at that time.

EAP Functional Exercise

Mr. Glaze complimented Kathy Petersen for developing and managing the recently-conducted emergency-action-plan functional exercise. He opined that previous EAP functional exercises were never conducted to the level of realism, outside-agency participation, and practical outcome as this one. He also complimented the SFWPA staff who played themselves in the scenario and stated that he now has a much greater sense of confidence in the Agency's ability to deal with emergencies after watching how everyone fulfilled their responsibilities and demonstrated their ability to perform their jobs under stress. The representatives from Butte County Fire/CDF, emergency dispatch (911), CHP, DWR, and CalTrans were also complimented by Mr. Glaze for their demonstrated expertise and ability to respond effectively and efficiently in an emergency. Directors Vivian Meyer and Jim Edwards were thanked by Mr. Glaze for observing and assisting in the exercise.

Office Addition/Remodel

Before leaving SFWPA employment, Environmental and Safety Compliance Officer Tom Venus coordinated development of specifications for removing asbestos-containing material from the old

upstairs office. Forensic Analytical Specialties, Inc., assisted him with researching the regulations and soliciting bids. Three asbestos-abatement contractors (all from the Sacramento area) submitted bids as follows:

American Technologies	\$16,820
JM Environmental	\$18,200
PARC Specialty Contractors	\$22,970

Based on their low bid and proper certification, American Technologies was selected to do the work which began on April 17. The first phase is removal of all asbestos-containing material (walls, ceiling, floor tiles, and ducting) from the interior of the office. The second phase (removal of affected roofing materials) will begin as soon as the rainy season ends.

Once American Technologies has finished the second phase, Agency personnel will return to the project and begin installing new trusses and integrating the roof of the old office with the new building. Once the roof is on, they will move inside to complete the interior remodel. Although dependent on how soon we begin enjoying consistently dry weather, I suspect that the upstairs remodel will be finished in August.

Surplus Water Agreements

So far this year, applications for surplus water have been received from and approved for Pacific Coast Producers (from the Palermo Canal) and Young Life (from the Forbestown Ditch). These are both long-term surplus-water customers and the agreements are carbon copies of previous years. These agreements have been approved in conformance with Policy #480.

Ethics Training – AB 1234

All directors attended the April 11 mandatory ethics training provided by attorney Jeff Meith. They have now satisfied the requirement to take this training prior to the end of the year, and will not have to take it again for another two years.

Environmental & Safety Manager Recruitment

The application period for this vacant position ended on Monday, April 24. Twenty-three applications were received, with 11 of them coming from very qualified individuals. The top 11 have been asked to prepare a writing project with responses due May 1. Subsequently, decisions will be made as to which applicants will be invited to participate in the interview process. Members of the management team will function as the interview panel, with interviews to be scheduled during the latter half of May.

Annual Facilities Tour

Mr. Glaze proposed June 28 as the date for this year's facilities tour. Directors were asked to submit their invitation-request list by May 23.

DIRECTORS' REPORTS – Directors Jim Edwards and Vivian Meyer described their experiences as participants and observers in the recent emergency action plan functional exercise, praising the performances of SFWPA staff and outside-agency representatives.

FOOTHILL BOULEVARD ANNEXATION #1-06 – Dennis and Kimberly Robinson

The Board reviewed an initial study, a Notice of Preparation of Negative Declaration, and a draft LAFCo Application form prepared by Mr. Glaze for annexation of a 23.14-acre parcel owned by Dennis and Kimberly Robinson on Foothill Boulevard, south of its intersection with Oro-Bangor Highway.

President Cecchi opened a public hearing on the initial study of potential environmental impacts and the recommendation by staff for a negative declaration. There were no public comments and the hearing was closed.

The Board reviewed a letter from David Minasian protesting the annexation on the basis that he believes additional connections to the water main within Foothill Boulevard will reduce pressure for existing agency customers in the area. Mr. Minasian owns the residence and property at 3778 Foothill Boulevard.

Mr. Glaze explained to the Board that the pressure at Mr. Minasian's water meter is 25 psi. It is low because of the elevation of his property. The pressure where the service will be installed for the Robinson property is 45 psi – higher than the Minasian property because it is at a lower

elevation. The six-inch main within the Foothill Boulevard right of way that serves this area has 1,400 gpm available at static pressure, with 1,200 gpm available through the main at 20 psi. Each new 5/8" residential meter will impose a 20 gpm demand on the main. Mr. Glaze opined that services for every parcel adjacent to the main south of Oro-Bangor Highway, if developed per existing zoning and general plan specifications, would not impose a demand in excess of the main's capacity. He recommended that the Robinson annexation be approved.

M/S/C (Edwards/Brown) on the basis of the initial study of environmental impact, the information presented at the hearing today, comments received on the proposal and our own knowledge and independent research, and given that there is no substantial evidence in light of the whole record that the proposed annexation may have a significant environmental effect, adopting the Negative Declaration, finding that the proposed annexation could not have a significant effect on the environment.

M/S/C (Brown/Meyer) adopting Resolution 06-4-1, approving annexation of APN 079-270-087, and making application for annexation to LAFCo.

MUTUAL AID AGREEMENT – Yuba County Water District

YCWD has asked if SFWPA personnel and equipment might be available in assisting with its storm-damage repairs on its irrigation distribution system. In response, SFWPA's Maintenance Foreman Rick McCullough talked with YCWD's field superintendent about the extent of their damage and determined that the work could be done by SFWPA forces without impairing the Agency's ability to dispatch its own maintenance responsibilities this spring.

The Board reviewed the master mutual aid agreement that was approved by the two districts in 1996. That master agreement requires the districts to "prepare a specific sub-agreement...which agreement will set forth the specific terms and conditions under which the particular services will be provided." Since then, two sub-agreements have been approved whereby SFWPA provides assistance to YCWD (1) in operating their treatment plant and (2) assisting in the repair and maintenance of their domestic distribution system.

The Board reviewed a proposed Sub-Agreement No. 3 "for irrigation system operation, maintenance, repair and capital improvements" drafted by Mr. Glaze whereby SFWPA could provide ditch-repair assistance to YCWD.

M/S/C (Meyer/Hunter) approving Sub-Agreement No. 3 to the Mutual Aid, Cooperation and Water Supply Procurement Agreement Between Yuba County Water District and South Feather Water and Power Agency, and authorization for the General Manager to execute same upon approval by Yuba County Water District's board of directors.

AYES: Brown, Cecchi, Edwards, Meyer.

ABSENT: Hunter (Director Hunter left the room at 3:18 p.m. to take a phone call, just prior to the vote on the motion. She returned after the vote at 3:19 p.m.)

Mr. Glaze advised directors that the YCWD board had approved mutual aid sub-agreement #3 at a special meeting on April 24, 2006.

START OF IRRIGATION SEASON

M/S/C (Brown/Edwards) approving starting the irrigation season on May 15, 2006.

SURPLUS EQUIPMENT – Power Division

Ms. Petersen reported that a new SF-6 circuit breaker was installed last year at Sly Creek Powerhouse, replacing the original oil-filled circuit breaker. A failed Woodleaf transformer was also replaced with a temporary spare transformer acquired from PG&E. Agency insurers have determined that the failed transformer cannot be repaired, but should be replaced. A new transformer has been budgeted for 2007, subject to PG&E approval.

Also, a spare Allis-Chalmers circuit breaker has been sitting in the Forbestown yard for about ten years. Former Power Division Manager, Steve Onken, acquired it from Merced Irrigation District, thinking to use it for replacement parts, although it did not match any of the other circuit breakers.

John Davis has been negotiating with a company called Transloading Services to remove these pieces of equipment for scrap recycling. The price for the circuit breakers is still being determined (it has to be decided whether they will be shipped with or without their porcelain bushings), but they have offered a price of 13½¢ per pound for the transformer (which would yield about \$14,300).

M/S/C (Hunter/Brown) declaring as surplus the Sly Creek General Electric Circuit Breaker (serial number 0261A5710-201), the spare Allis-Chalmers circuit breaker (serial number 09964-1) and the Woodleaf Allis Chalmers transformer (serial number 2-0120-10028-1) and approving their sale to Transloading Services for their value as scrap.

ADJOURNMENT

The meeting was adjourned at 3:23 p.m.

Michael C. Glaze, Secretary

Louis F. Cecchi, President