



SOUTH FEATHER WATER & POWER AGENCY

TO: Board of Directors

FROM: Michael Glaze, General Manager

DATE: May 20, 2009

RE: General Information (regarding matters not scheduled on the agenda)
5/26/09 Board of Directors Meeting

Power Purchase Agreement – PG&E

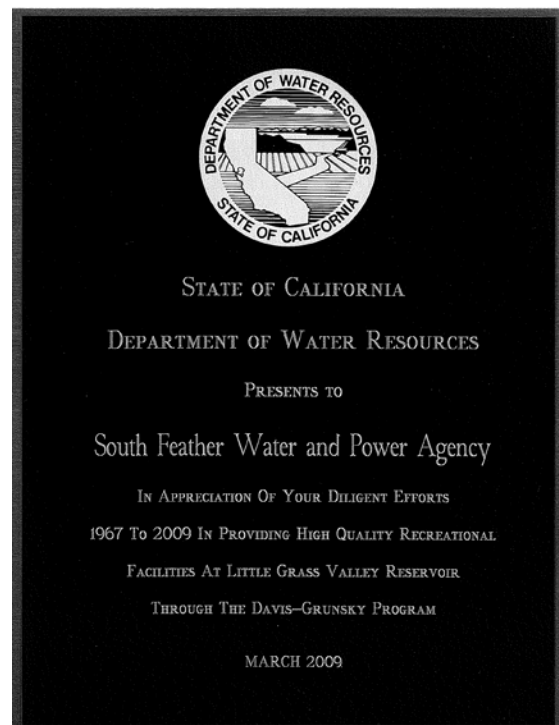
PG&E filed its application to the California Public Utilities Commission (PUC) on May 18 for approval of the power-purchase agreement the Board approved on April 28. The application included a request that the PUC issue its resolution approving the agreement no later than November 20, 2009 (the new agreement has a July 1, 2010 commencement date). The application was submitted with a request that the PUC treat it confidentially. Thus, details of the agreement are not included in the application that is available for public review. A copy of PG&E's application (hard copy or .pdf attachment via email) will be provided to directors upon request.

Davis-Grunsky Contract – DWR Recognition

Attached is a letter from Lester Snow, DWR Director, expressing "appreciation for the long and successful relationship" SFWPA and DWR had "in conjunction with projects financed by the Davis-Grunsky Act of 1960." With the letter was a plaque commending the Agency for its "diligent efforts ... in providing high quality recreation facilities at Little Grass Valley Reservoir ..."

Suspension of Prop 1A Promised by Governor

Voters Tuesday rejected the slate of budget propositions that were proposed by the governor and legislature as part of the 2009-10 state budget. Now that the outcome of the election is known, local governments across the state are preparing for the loss of property tax revenue that will result from the governor's promised suspension



of Prop 1A and borrowing from property tax revenues to help close the state's massive budget deficit. The governor has proposed borrowing 8% of property tax revenue from local governments.

SFWPA will first be impacted by the borrowing in December, later this year. If the amount borrowed is only 8%, the hit on the Agency will be approximately \$28,000 in 2009, and \$45,000 in 2010 (assuming the borrowing continues for more than one fiscal year). However, the Agency's 2009 budget anticipated property tax revenue approximately \$50,000 less than what is now apparently the actual for the year, so the 8% hit will still leave an exceedence of approximately \$22,000 is actual property tax revenue over the budgeted amount.

CSDA Call for Nominations

SFWPA is a member of California Special Districts Association (CSDA). In fact, during the '90s and early 2000s, I was on its board of directors and served as its President for a year. CSDA is governed by a board of directors comprised of three representatives each from six geographic regions throughout the state. The time commitment involves six board meetings and four to six committee meetings annually in Sacramento, plus attending two annual multi-day events.

If a director would like to have his/her name placed in nomination, action by the SFWPA board is required. Let me know if you are interested and I will include the necessary action on the June agenda (July 15 is the deadline for nominations).

DEPARTMENT OF WATER RESOURCES

1416 NINTH STREET, P.O. BOX 942836
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(916) 653-5791



MAY 12 2009

Mr. Michael Glaze, General Manager
South Feather Water and Power Agency
Post Office Box 581
Oroville, California 95965-0581

Dear Mr. Glaze:

On behalf of the Department of Water Resources (DWR), I would like to express appreciation for the long and successful relationship we have had with your agency in conjunction with projects financed by the Davis-Grunsky Act of 1960.

The agreement between DWR and the South Feather Water and Power Agency for the development of recreational facilities at Little Grass Valley and Sly Creek Reservoirs was executed in 1967 and expired on March 31, 2009. Because of your agency's efforts, Californians will enjoy these recreational facilities for many years.

In recognition of your agency's efforts, I am presenting you with this commemorative plaque in appreciation for the long partnership we have had under this Davis-Grunsky agreement.

Sincerely,

A handwritten signature in black ink, appearing to read "Lester A. Snow", with a long horizontal line extending to the right.

Lester A. Snow
Director

Enclosure

cc: Ms. Kathy Petersen, Power Division Manager
South Feather Water and Power Agency
Post Office Box 581
Oroville, California 95965