



SOUTH FEATHER WATER & POWER AGENCY

TO: Board of Directors

FROM: Steve Wong, Finance Division Manager

DATE: February 17, 2010

RE: General Information (regarding matters not scheduled on the agenda)
2/23/10 Board of Directors Meeting

South Feather Relicensing Consulting Services

HDR Engineering, Inc. (HDR), consultant for the South Feather Power Project's relicensing have submitted invoices and reports for the periods of November 22 through December 26, 2009 and December 27 through January 30, 2010 in the amounts of \$4,672 and \$8,032 respectively. The payments to HDR for their services, including these invoices, amount to \$5,060,379.

Banking Services

Up to this point, the Agency's Water Division and Power Division banking needs have been adequately served by Tri-Counties Bank and Bank of America, respectively. With the conclusion of our 50-year power-purchase agreement with PG&E coming to an end on June 30, 2010, it will no longer be necessary to maintain the separate accounts. In late December 2009, the seven banks with branches in Oroville were contacted and provided with a package setting forth the financial services currently utilized by South Feather. The banks were invited to review the material and submit a proposal for providing equivalent services to the Agency subsequent to June 30, 2010.

The banks all responded, some with detailed, competitive packages; and some, for various reasons, presented a more limited package or declined to submit at all. Following a review of the responses, it was decided that the Agency's banking services be consolidated at Tri-Counties Bank (TCB). TCB has been providing the Agency with quality service and accessibility to current technology in the governmental banking business at minimal cost. None of the other responding banks could provide the Agency with equivalent services at a lower cost.

Consolidating the bank accounts will save the Agency approximately \$2,000 - \$3,000 per year, results in potentially greater investment earnings, simplifies the deposit and payables processing, and increases our cash-flow flexibility.

Disposition of Trucks

As noted last month, the Agency is looking to dispose of a number of vehicles. As a test and trial, T-75, a 2000 Ford Ranger, will be sent to an auction service based in Sacramento. This service specializes in the disposal of surplus government vehicles. Before the truck can be delivered, a smog check certification must be performed, which has been completed, and it is necessary to repair a door-locking mechanism. It is anticipated the other three surplus vehicles will be placed on Craigslist.com within the next week. The five day advertisement period makes the vehicles available in a silent bid process. At the conclusion of the five-day period, the highest, qualified bidder(s) will be notified.

Financial Planning

The General Manager is meeting with the management team reviewing revenue and expense projections and long-term financial scenarios. A Plan for the funding of "Other Post-Employment Benefits" is attached. These long-term financial plans will continue to be brought to the Board's attention as they are developed.

ACWA/JPIA Retrospective Premium Adjustment

The Agency has its property, liability and workers compensation insurance coverage through ACWA/JPIA. In (circa) 2000, the ACWA/JPIA established the Retrospective Premium Adjustment (RPA) Stabilization Fund to minimize fluctuations in member premiums. Beginning in 2008, the ACWA/JPIA began refunding monies in excess of RPA Stabilization Fund requirements and the Agency received an initial refund of just over \$15,000. The refund paid to the Agency last year was approximately \$125,000. A refund in the amount of \$69,261 was received recently for 2010. It should be noted that each agency's balance is maintained and calculated separately each year.

2009 Annual Audit

Work in preparation for our 2009 annual audit is underway. Field work is scheduled for March 9 – March 11, 2010. The audit is again being performed by Mann, Urrutia, Nelson, CPAs.