

**MINUTES of the SPECIAL MEETING of the BOARD of DIRECTORS of
the
SOUTH FEATHER WATER & POWER AGENCY
Thursday, February 24, 2005, 2:00 PM,
Agency Conference 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;
Matt Colwell, Water Division Manager;
Kathy Petersen, Power Division Manager;
Patricia A. Sands, Business Manager/Treasurer.
Patricia Douglass, Deputy Secretary;
Jeff Meith, Legal Counsel;
Art Martinez, MIS Manager.

OTHERS PRESENT: Maurice Martinez; Hank Bailey; Dale Story; Vene
Thompson.

CALL TO ORDER

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

Manager Glaze called attention to the Revised Agenda reflecting two items that were added *The State Budget Bailout Surcharge Implementation* and the *2005 Operation/Maintenance Contract for Sly Creek Recreation Area*.

APPROVAL OF MINUTES

M/S/C (Cecchi/Edwards) approving the Minutes of the Regular Meeting of January 25, 2005 as presented.

APPROVAL OF WARRANTS

M/S/C (Cecchi/Brown) approving the total Water Division expenditures for the month of January 2005 in the amount of \$974,194.71 - Warrants #19885 through #19928; and, the total Power Division expenditures for the month of January 2005 in the amount of \$278,665.051 - Warrants #61012 through #61070.

DIRECTORS REPORTS

Jean Brown reported that she had attended the YCWD Board meeting but left before a decision was made to appoint a new board member.

Dale Story said there was a split vote (2 to 2) and he did not know yet if the election would be turned over to the Yuba County Board of Supervisors or if a district-member mail election would be utilized.

BUSINESS MANAGER'S REPORT

The Board reviewed financial reports by Pat Sands, Business Manager.

South Fork Relicensing Consulting Services

The Board was provided with Devine, Tarbell and Associates, Inc. (DTA) monthly Activity Reports for the January 1-30, 2005 period.

Department of Energy (DOE) EIA-412 Annual Reporting

Previously the Agency was required to file an annual Form EIA-412 report with the Department of Energy Information Administration (EIA). However, because of budget constraints the DOE has suspended the collection of data for 2004.

Butte County Election Services

A copy of Butte County's "Methodology of Elections Cost Distribution" for November 2004 was provided to the Board. South Feather Water & Power's share of the cost of the General Election and absentee voter ballot amounted to \$17,181.

Excess-Crime Annual Renewal for April 1, 2005

ACWA/JPIA notified the Agency on February 2, 2005 that the Excess Crime premium for the 2005-06 policy year is \$1,328. This is approximately a 20% increase.

POWER DIVISION REPORT

The Board reviewed a written report by Kathy Petersen, Power Division Manager.

Operations

The Board was provided with the January Storage and Generation Report. Also a chart showing the precipitation accumulated through February 16.

Maintenance Projects

Miners Ranch Conduit Station 3 Spillway Repair

A Water Division crew has completed most of the work required to repair the eroded slope beneath the Station 3 spillway. Rock riprap was placed and compacted. Topsoil will be returned to the disturbed areas and reseeded with native grasses.

Sly Creek Powerhouse – 115 kV Breaker Replacement

On February 28 a four-week outage will be started to replace the existing oil-filled 115 kV circuit breaker. A PG&E civil-construction crew will do most of the installation and testing assisted by SFWP electricians.

Woodleaf Heat Transformer

A leak on the Woodleaf main transformer was noted for the second time in three months. PG&E is working on a permanent solution to the problem that they plan to install when the powerhouse is shutdown in conjunction with the upcoming Sly Creek outage.

General Information

FERC License Amendment

FERC approved a license amendment that reduced the number of acres from 3,512.05 to 1,987.69 on which SFWP pays federal land rents. They also deleted the never-constructed Slate Creek Reservoir from the project description. This should be the last such filing needed prior to submitting the application for the new license.

Ongoing Work related to Dam Crest Modifications for Probable Maximum Flood

SFWP consultants continue to review potential alternatives to allow Sly Creek, Lost Creek and Ponderosa dams to handle flows that could be generated by the probable maximum flood flows. Applied Weather Associates will be doing some comparison analysis of past storms to determine the degree of modifications needed to the dams, the consultation cost is just under \$15,000. It's estimated to take six to seven weeks to complete.

WATER DIVISION REPORT

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

Distribution Operations

Water Division staff have been accomplishing the water distribution system maintenance and betterment projects including increasing the inflow/outflow capacity of the 1 million gallon tank on Kelly Ridge. Approximately 150' of 30" HDPE pipe replacing a collapsed section of old steel pipe on the South Ditch near Crosscountry Road has been installed.

Water Division staff have replaced filter #3 at MRTP. However, the new office building is a priority project and will continue to have dedicated staff.

MRTP Clear Well

Temcor has completed installation of the clearwell cover. Installation inspection has identified minor additional tasks to be completed prior to the release of the final 10% payment of \$61,000.

Miners Ranch Canal Station 3:

Staff has been repairing the erosion of the Station 3 spillway. The project has involved the placement of 2-3 foot riprap boulders for the spillway alignment.

Water Treatment Operations

Water Plant Production

All bacteriological requirements were met for the Miners Ranch Treatment Plant, Bangor Treatment Plant, and Community Line System. On March 4th staff will stop feeding chlorine at the Community Line station. The automated backwash screening of the water will continue.

Treated Water Production: Miners Ranch – 75.2 MG; Community Line – 1.4 MG; Bangor – 0.27 MG.

Leaks Repaired: Three main line and two service line leaks were repaired. Three backflows and three meters were installed in January.

LEGAL COUNSEL

No report

GENERAL MANAGER'S REPORT

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

Yuba County Water District

A second meeting with YCWD officials was held February 7 to continue discussions to facilitate YCWD's compliance with the Water Resources Control Board's order to reach agreement with SFWPA by June 2005 for the cooperative use of the diversion and conveyance facilities of the South Feather Power project to deliver the quantities of water that might be available to YCWD. The meeting ended with Alan Lilly agreeing to prepare a draft agreement representing the consensus that was reached.

Water System Conveyance Evaluation Approved by SWBC

In June 2004 the State Water Resources Control Board approved SFWP's petition to add municipal and industrial purposes of use, subject to submitting water conservation plans that meet the requirements of an urban water management plan within 180 days of the Order. The Water System Conveyance Evaluation report was submitted and on February 2 correspondence was received from SWRCB stating that the documents were satisfactory.

Surplus Water Agreements

An application from Pacific Coast Producers Ranch, located at 2095 Alice Avenue (APN 027-200-42) for 605 M.I. of surplus water was received and approved.

PUBLIC PARTICIPATION

Gladeen LeBoeuf, representing the First United Methodist Church of Oroville, explained that a major leak has been occurring on the service line they have from Cal Water and the estimated cost to repair the line. The water bill has been \$400 per month since the leak began. She said SFWP's main line is actually closer to the church and they would prefer detaching from Cal Water's service area and annexing to SFWP. The Church received a letter from Mr. Glaze with the estimated cost of \$14,434.48 with a \$4,242 down payment, she asked if there was any way the down payment could be reduced. Lou Cecchi recommended that it be put on the March Agenda.

Vene Thompson asked if the State Bailout Surcharge of \$4.10 would be strictly for 20 months. Director Cecchi responded that SFWP has a rate structure in place and the Board has no intention of changing that structure. The surcharge will automatically end after 20 months.

STATE BUDGET BAILOUT SURCHARGE IMPLEMENTATION

M/S/C (Edwards/Brown) approving the addition of a \$4.10/account charge to each customer's account that is receiving either irrigation and/or domestic water service, commencing in March 2005 for 20 consecutive months, to recoup revenues that are being taken from the Agency by the State of California; and, that the \$4.10/account charge end after the twentieth month without additional action by the Board of Directors

AMENDMENT OF AGENCY'S MISSION STATEMENT

M/S/C (Brown/Edwards) approving addition of the following sentence after the first sentence of the Agency's mission statement: "Hydroelectric generation facilities shall be utilized to optimize revenue from power generation, consistent with providing adequate and dependable water supplies to customers."

LAFCo NOMINATION

M/S/C (Cecchi/Brown) nominating Dee Hunter for the position of Enterprise Special District Regular Commissioner on the Butte County Local Agency Formation.

EASEMENT ABANDONMENT -APN 036-440-003

M/S/C (Brown/Meyer) adopting Resolution 05-2-1 to quitclaim all of the Agency's rights, title and interest in easements and reservations across property owned by Louis R. Gouygou (APN 036-440-003).

EASEMENT ABANDONMENT – APN 027-310-009

M/S/C (Edwards/Meyer) adopting Resolution 05-2-2 to quitclaim all of the Agencies rights, title and interest in easements and reservations across property owned by Peter and Lanette Giordano (APN 036-440-003).

EASEMENT ABANDONMENT – APN 033-130-026

M/S/C (Meyer/Edwards) adopting Resolution 05-2-3 to quitclaim all of the Agencies rights, title and interest in easements and reservations across property owned by John D. and Joyce M. Archibald (APN 033-130-026).

2005 OPERATION/MAINTENANCE CONTRACT FOR SLY CREEK RECREATION AREA

M/S/C (Cecchi/Meyer) approving the 2005 Operating Plan for Sly Creek Recreation Area as prepared by Northwest Park Management.

President Hunter convened the closed session at 3:55 p.m.

CLOSED SESSION

Conference with Labor Negotiator (Govt. Code §54957.6)

Negotiator: General Manager
Employee Units: Clerical & Support and Management & Professional – SEIU Local 1292.

Open Session reconvened at 4:08 p.m.

CLERICAL AND SUPPORT EMPLOYEES Unit MOU

M/S/C (Brown/Cecchi) ratifying the Memorandum of Understanding with SEIU Local 1292 for the clerical and Support Employees Unit, effective February 24, 2005.

MANAGEMENT AND PROFESSIONAL EMPLOYEES UNIT

M/S/C (Edwards/Cecchi) anticipating that an MOU for the Management and professional Employees Unit will be negotiated in the near future, approval for February 24, 2005 being the effective date for any cost-of-living adjustment that is subsequently negotiated and mutually agreed to by the Agency and unit representatives within the next 180 days..

ADJOURNMENT

The Regular meeting of February 24, 2005 was adjourned at 4:10 p.m.

Michael C. Glaze, Secretary

Dee Hunter, President