

**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
JUNE 10, 2008**

SALUTE TO THE FLAG

President Kiely asked Director Onken to open the meeting with the salute to the flag.

MOMENT OF SILENCE

The Board observed a moment of silence in remembrance of those who are no longer with us.

CALL TO ORDER

President Kiely called the meeting to order at 2:00 P.M. Directors present were Ball, Dennis, Fraser and Onken. Representing the District were Manager Brown, Field Operations Supervisor Magliocca, Clerk Rustenhoven and Engineer Knibb. Also attending the meeting was Mr. & Mrs. Bruce Williams in reference to the property identified as APN 069-330-016.

BOARD MEETING MINUTES

The Board reviewed the minutes of the Regular Board Meeting of May 13, 2008. After discussion, it was moved by Director Dennis and seconded by Director Ball that the minutes of the Regular Board Meeting of May 13, 2008 be approved with a correction to the attendees listed to remove Engineer Knibb who was absent. The motion passed with a unanimous affirmative vote.

FINANCIAL REPORT AND AUTHORIZATION OF WARRANTS

The Board reviewed the Financial Report for the month of May 2008. Director Ball inquired about the revenue reported amounts; Manager Brown provided an explanation of the number of new connections were less than projected. After discussion it was moved by Director Ball and seconded by Director Fraser that the Financial Report ending May 31, 2008 be approved and that Warrants No. 10813 through 10892, as well as bank transfers No. 62830 and 11531, (Account #11697-80000) totaling \$131,550.50 and Warrant No. 574 through Warrant No. in the amount of \$571.45 (Account #11694-80238) and Warrants #5058 (Account #11692-80239) totaling \$100.00 be approved for payment. The motion passed with a unanimous affirmative vote.

CONSIDERATION OF DRAFT BUDGET FOR FISCAL YEAR 2008/2009 AND ADOPTION OF RESOLUTION NO. 9-08 "ADOPTING BUDGET FOR FISCAL YEAR 2008/09"

Director Fraser stated he did not find Exhibit H, the itemization of Capital Expenditures proposal, included in the Draft Budget package. Manager Brown stated the exclusion of the Exhibit H was an oversight. Director Ball asked for detail of the Capital Expenditures. Clerk Rustenhoven provided the Board with a copy of Exhibit H-Capital Expenditures for review. Manager Brown continued that all recommendations had been incorporated and a draft copy was before the Board for consideration. Manager Brown noted that the proposed Capital Expenditures would be brought back before the Board on an individual item basis for consideration prior to acquisition as defined in Board Policy.

After discussion, it was moved by Director Fraser and seconded by Director Onken for the Approval of Resolution No. 9-08 "Adopting Budget for Fiscal Year 2008/09". The motion passed with a unanimous affirmative vote. President Kiely asked for a roll call and the results were as follows:

AYES: President Kiely, Director Ball, Dennis, Fraser and Onken

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION BOARD OF DIRECTORS – CALL FOR NOMINATIONS

Manager Brown stated the California Special Districts Association, Board of Directors is calling for nominations. The term for Region 2, Seat C expires this year. This is a three year term and the District is eligible to nominate one candidate for election as a Director of CSDA. The deadline for nominations is July 18, 2008.

After discussion, the Board did not have a nomination to submit.

APPROVAL OF BOARD POLICY NO. 2151 “EMPLOYEE COMPENSATION SCHEDULE”

Manager Brown noted that this Board Policy is submitted as part of the Budget Adoption procedure as prepared based on the Personnel Committee recommendations. The Personnel Committee recommended that the District provide all the employees with a 2.7% Wage increase and an increased contribution of 2.3% to the CalPERS employee’s share of this benefit cost. The Employee’s portion of CalPERS contribution will be totally funded by the District beginning the new fiscal year. Manager Brown stated that this contribution would begin July 1, 2008, adding the revised Board Policy No. 2151, “Employee Compensation Schedule” reflecting the new compensation rates has been included for review. Manager Brown added that the Personnel Committee also recommended the District match up to a 1% employee contribution into a 457 Plan.

After discussion, it was moved by Director Fraser and seconded by Director Dennis for the Approval of Board Policy No. 2151 “Employee Compensation Schedule”. The motion passed with a unanimous affirmative vote. President Kiely asked for a roll call. The results were as follows:

AYES: President Kiely, Director Ball, Dennis, Fraser, and Onken

FINANCE ADVISORY COMMITTEE

Manager Brown reported the Finance Advisory Committee met and reviewed the Preliminary 2008/09 District Budget. Included in the packet is the Preliminary Budget along with supporting documents and the recommendations of the Personnel Committee. The Committee is recommending adoption of the Budget as a spending guideline for the upcoming Fiscal Year. All significant budget items will still be approved by the Board per policy.

SEWER LINE EXTENSION REIMBURSEMENT AGREEMENT

Manager Brown reported the current Board Policy No. 6110 does not allow the District to enter into reimbursement agreements with project developers for costs of mainline extensions. This Policy was originally adopted in 1984. We have had requests for consideration to change this policy to provide for reimbursement agreements. Additionally, the proposed Mt. Ida and Ophir Regional Pump Stations will likely need some type of cost sharing vehicle to be in place before they could be built. After much discussion, Manager Brown requested the Board to contact him to express any comments or questions.

OROVILLE AREA SEWER SUMMIT MEETING

Manager Brown reported last month LAFCo hosted the first Oroville Area Sewer Summit Meeting. Attending were representatives from LAFCo, SC-OR and the three member entities, Butte County Developmental Services, Planning and Environmental Health, and the Regional WQCB from Redding. The meeting focus was the high wet weather flow that the treatment plant experiences. Currently SC-OR has capacity available for 2800 EDUs for organic loading and a wet weather capacity to treat a 10 year rainfall storm. Everyone attending had a chance to express their viewpoint on the capacity issue and the entities presented what they are doing for system improvements.

Greg Cash with the Water Board said the SSO Orders that the collection systems are now regulated by, will be implementing the next phase that will "grade" SSO performance. The grade received will trigger the degree of required collection system improvements. He also added they are not considering issuing a Cease and Desist Order for the area, but they are watching very carefully. LAFCo is looking for the entities to have a "Consistent Plan" for dealing with these issues that staff can take to the Commission in support of continuing annexations.

LATERAL TESTING PROGRAM UPDATE/APPROVAL

Manager Brown stated the Committee is averaging two meetings per month; reviewing a new Section at each meeting. We will be reviewing Section 4, along with the Committee revisions to Sections 1-3. As these sections are completed, they will be reviewed by District Legal Counsel. In closing, Manager Brown stated he anticipates that the "Draft" Ordinance for the Board to review in October.

SEWER SYSTEM MANAGEMENT PLAN (SSMP)

Engineer Knibb reported the Regional Water Control Board has refined their requirements with the SSMP formerly referred to as the SSO Plan, which entails a number of various components for compliance. Engineer Knibb stated that along with the online reporting and data base development the District is keeping pace with this process. Engineer Knibb added that he will provide support for the necessary documentation needed to finalize the SSMP which needs to be in place by 2009.

2002 SEWER SYSTEM IMPROVEMENT PROJECT UPDATE

Manager Brown reported Engineer Knibb has just begun work on the 2007 Master Study Project and for a point of reference he thought he would provide a mapping of the District construction projects completed the past 5 years. Manager referenced the map included in the Board packet and discussion ensued.

MASTER SEWER PLAN UPDATE

Engineer Knibb reported many elements of the District have changed since the 2002 Master Study Plan was written. Many areas have experience growth and development which needs to be incorporated into the study. Engineer Knibb stated currently his office is creating a model of the District which he will use as the foundation for the study.

SC-OR COMMISSIONER'S REPORT

Director Dennis reported the attendance at the SC-OR meeting was increased due to the planned discussion regarding the SC-OR's Sewer Service Charges. There was some discussion regarding a majority of representatives from the City of Oroville attending the meeting.

BCSDA REPRESENTATIVES' AND LAFCO REPORT

Manager Brown reported on the BCSDA Annual General Membership Meeting will be on August 23rd at the Merlo Park in Sterling City. The event will include a BBQ luncheon.

BOARD MEMBER'S, MANAGER AND STAFF COMMENTS

Director Fraser and Director Ball had specific questions regarding the Capital Expenditures Exhibit distributed at the meeting. Manager Brown answered the inquiries. Director Onken apologized for not being able to attend last month's meeting. The Board had no further comments or questions.

ADJOURNMENT

There being no further business to come before the Board the meeting was adjourned at 3:03 P.M.

Respectfully submitted,

Janette Rustenhoven,
Clerk of the Board