

**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT
BOARD OF DIRECTOR REGULAR MEETING
JUNE 8, 2010**

SALUTE TO THE FLAG

President Onken opened the meeting with the salute to the flag.

MOMENT OF SILENCE

President Onken asked for a moment of silence.

CALL TO ORDER

President Onken called the meeting to order at 2:00 P.M. Directors present were Dennis, Fraser, Ball, and Kiely. Representing the District were Manager Brown, Field Operations Supervisor Sanders, Clerk Rustenhoven and Engineer Knibb. Also present were Mr. Jace Rash, Mr. Mel Love and Mr. Don Magliocca.

BOARD MEETING MINUTES

The Board reviewed the minutes of the Regular Board Meeting of May 11, 2010. After discussion, it was moved by Director Kiely and seconded by Director Fraser that the minutes of the Regular Board Meeting of May 11, 2010 be approved. The motion passed with a unanimous affirmative vote.

At this time, President Onken moved to item # 12.

PALERMO SEWER

The following representatives for the Palermo Sewer Advisory Board attended today's meeting: Mr. Jace Rash, Mr. Mel Love and Mr. Don Magliocca. Discussion included an update on the development of the Palermo Sewer System, the potential funding sources and the possibility of the District assuming the responsibilities and operations of the system once built out. These topics were initial discussions in nature without any commitments or conclusions made by the Board. The Palermo Sewer representatives thanked the Board for their time and interest in the community and stated the District would be updated as necessary.

Mr. Jace Rash, Mr. Mel Love and Mr. Don Magliocca left the meeting at 2:30 P.M.

FINANCIAL REPORT AND AUTHORIZATION OF WARRANTS

The Board reviewed the Financial Report for the month ending May 31, 2010. After discussion it was moved by Director Ball and seconded by Director Dennis that the Financial Report ending May 31, 2010 be approved and Warrants No. 12804 through 12877 and Bank Transfers No. 252696 and 863710 including voided Warrant #12786 (Account #191047059) totaling \$90,163.37 and Warrant No. 1063 through 1065 (Account #191047047) totaling \$1,082.50 and Warrant No. 1034 through 1036 (Account #191047035) totaling \$170.00 be approved for payment. The motion passed with a unanimous affirmative vote.

CONSIDERATION OF ADOPTION OF SEWER SYSTEM CAPACITY CHARGE STUDY UPDATE - MAY 2010

Manager Brown stated the District adopted the current Sewer System Master Plan in March. This plan provides cost estimates for proposed improvements in the years when construction of the improvements will be necessary, based on the projected growth of the service area through the year 2020. Manager Brown continued this study analyzes the total eligible costs of improvements and the total projected growth for the capacity charge study period to determine the recommended Capacity Charge. Manager Brown

stated at the conclusion of this report the recommended Capacity Charge rate per EDU for new service connections should be \$3317.

After discussion it was moved by Director Fraser and seconded by Director Ball for the Adoption of Sewer System Capacity Study Update dated May 2010, prepared by Sauers Engineering, and to increase the Capacity Charge for new service connections to \$3,317 beginning July 1, 2010. The motion passed with a unanimous affirmative vote.

CONSIDERATION OF DRAFT BUDGET FOR FISCAL YEAR 2010/11 AND ADOPTION OF RESOLUTION NO. 7-10 "ADOPTING BUDGET FOR FISCAL YEAR 2010/11"

Manager Brown stated the Budget presented today was in "Draft" form, and reflects the recommendations of the Personnel and Finance Advisory Committees. Manager Brown continued the proposed sewer service fees were adjusted based on the 1.7 % CPI increase as published by the Engineering News periodical.

After discussion, it was moved by Director Fraser and seconded by Director Ball for the Approval of Resolution No. 7-10 "Adopting Budget for Fiscal Year 2010/2011". The motion passed with a unanimous affirmative vote.

APPROVAL OF BOARD POLICY NO. 2151 "EMPLOYEE COMPENSATION SCHEDULE"

Manager Brown noted this Board Policy is submitted as part of the Budget Adoption package as prepared based on the Personnel Committee recommendations. The Personnel Committee recommended the District provide all the employees with a 1.8% wage increase for the 2010/2011 Fiscal Year.

After discussion, it was moved by Director Dennis and seconded by Director Fraser for the Approval of Board Policy No. 2151 "Employee Compensation Schedule". The motion passed with a unanimous affirmative vote.

REJECT THE BID FOR THE HWY 162 SEWER CROSSING PROJECT, AND ALLOW THE WORK TO BE DONE BY FORCE ACCOUNT

Manager Brown summarized the single project bid received from Duke Sherwood Contracting, adding the bid was much higher than he had anticipated for this project. Manager Brown stated he and Engineer Knibb had reviewed the project and reduced the scope of work in an effort to cut costs. Manager Brown suggested the District consider the option of District personnel performing the work with the inclusion of a Heavy Equipment Operator and Heavy Equipment. Manager Brown stated at the time he suggests the Board reject the bid submitted by Duke Sherwood Contracting as excessive, and he will follow up with the District Engineer and Legal Counsel for the implementation of such planning.

After discussion, it was moved by Director Kiely and seconded by Director Ball to find the Bid received for the Hwy 162 Crossing to be Excessive, and recommends that the scope of work to be decreased, and allow the scope of the work to be reconsidered. The motion passed with a unanimous affirmative vote.

CONSIDERATION TO AUTHORIZE A SEWER SERVICE RATE STUDY

Manager Brown provided a historical summary of the District Sewer Service for the past 10 years for review. Manager Brown continued the District has absorbed the costs associated with newly mandated regulatory programs, the suspension of property tax revenue, the decrease in the rate of return on investments, and the lack of new service connections. At this time, Manager Brown suggested the Board may consider a Sewer Service Rate Study, which would provide data which would enable the District to evaluate the District's fees and charges.

After discussion this matter will be brought before the Board next month, when a proposal from Sauers Engineering is available. No action was taken.

REQUEST FROM CAROL ELAM TO MAKE PAYMENTS FOR NEW SEWER SERVICE CONNECTION FEES AND CHARGES

Manager Brown summarized the circumstances regarding the request received from Carol Elam for the District to finance the connection fees and charges associated with APN 068-410-007. Manager Brown referred to his Manager's Report stating the various elements of the financing instrument for consideration, along with his recommendation.

After discussion it was moved by Director Fraser and seconded by Director Ball to enter into a Financing Agreement with Carol Elam with the terms as stated, Principal Amount \$9,433.00, Annual Interest Rate 4% accrued monthly on unpaid balance, for the period of 24 months, commencing July 10, 2010. The motion passed with a unanimous affirmative vote.

SUSPENSION OF STATE MANDATE BROWN ACT REIMBURSEMENT

Manager Brown referenced the "Claim for Payment for Open Meeting Act/Brown Act Reform" form included in the Board Packet, continuing the District had submitted a claim to the State of California for the past 4 years requesting a total of \$93,000. Manager Brown reported due to the current financial situation the State of California is in, all reimbursement of these mandated costs have been suspended, therefore the District should not expect to receive any remuneration.

G.I.S. CONSULTANT

Manager Brown reported Greg Burton, G.I.S. Consultant has completed the District Annexation Map. These maps have also been generated digitally and will be able on the District Web Site soon.

SC-OR COMMISSIONER'S REPORT

Vice-President Dennis had nothing further to report; the minutes are included in the packet for the meeting.

BCSDA REPRESENTATIVES' AND LAFCo REPORT

Manager Brown stated the next General Membership Meeting will be held on August 7, 2010. There are no further meeting details at this time. Manager Brown summarized the power point presentation provided to Lafco highlighting the SC-OR Entities progress and implementations made with regard to the MSR findings. Manager Brown concluded, the Lafco commission will review this matter, in the future on a quarterly basis, a change from the monthly review currently in place.

BOARD MEMBER'S, MANAGER AND STAFF COMMENTS

There were no further comments received.

ADJOURNMENT

There being no further business to come before the Board the meeting was adjourned at 3:12 P.M. in memory of Thelma Prior.

Respectfully submitted,

Janette Rustenhoven,
Clerk of the Board