

**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
OCTOBER 14, 2008**

SALUTE TO THE FLAG

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

MOMENT OF SILENCE

The Board observed a moment of silence in remembrance of our country's troops.

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, FOS Magliocca, Clerk Rustenhoven and Engineer Knibb. Also attending today's meeting was Mr. Jim Duckett of Davis Hammon & Company.

BOARD MEETING MINUTES

The Board reviewed the minutes of the Regular Board Meeting of September 9, 2008. After discussion, it was moved by Director Fraser and seconded by Director Onken that the minutes of the Regular Board Meeting of September 9, 2008 to be approved as presented. The motion passed with a unanimous affirmative vote.

FINANCIAL REPORT AND AUTHORIZATION OF WARRANTS

The Board reviewed the Financial Report for the month of September 2008. After discussion it was moved by Director Ball and seconded by Director Dennis that the Financial Report ending September 30, 2008 be approved and that Warrants No. 11137 through 11277, as well as bank transfers No. 76945 and 23834, (Account #11697-80000) totaling \$73,799.11 and Warrants No. 11200 through 11245 (Account #191047059) totaling \$498,379.84 and Warrant No. 1001 through 1003 (Account #191047047) totaling \$998.51 be approved for payment. The motion passed with a unanimous affirmative vote.

PRESENTATION OF 2007/2008 INDEPENDENT AUDIT REPORT

Mr. Jim Duckett addressed the Board concerning the Financial Statements and Auditors' Report for the 2007/2008 Fiscal Year, which had been prepared by Davis Hammon & Company. Mr. Duckett of Davis Hammon & Company presented the Board with several graph illustrations of the Districts steady growth during the past few years and reported that the audit had been completed. Mr. Duckett reviewed several areas of the Audit Report in detail for the Board. Mr. Duckett stated he found the District in sound condition as well as being in compliance with Government Auditing Standards, adding that the report contains the unqualified opinion or the highest opinion which can be given with no matters considered to be of material weakness as stated in the Auditor's Report.

After discussion, it was moved by Director Onken to approve the 2007/2008 Independent Audit Report. Director Ball seconded the motion and it was passed with a majority vote by the Board. The results were as follows:

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

Mr. Duckett left the meeting at 2:33 P.M.

BCSDA EXECUTIVE BOARD CALL FOR NOMINATIONS

Manager Brown stated that BCSDA had sent out a call for nominations for two Enterprise District vacancies and two Non-Enterprise District vacancies.

After discussion it was moved by Director Onken and seconded by Director Fraser to nominate T.C. Dennis of LOAPUD for the Enterprise District vacancy. The motion passed with a unanimous vote. After discussion the Board did not make any nominations for the Non-Enterprise District vacancies.

DISTRICT MESSAGE CENTER

Manager Brown reported District staff currently posts public notices on the main entrance door to the District. Staff places the documents in a sheet protector and attaches the documents to the door using tape. Manager Brown suggested the Board consider a Message Center for the District office, adding that a detailed illustration of the Message Center was included in the Board Packet for reference. Director Ball suggested Manager Brown consider placing a barrier between the front office windows and the front parking area for the protection of the immediate office staff who resides just feet away from the stated parking area.

After discussion the Board expressed a favorable consensus for the acquisition of a District Message Board. No further action was taken.

APPROVAL OF ORDINANCE 1-2008 AMENDING OR SUPERSEEDING INDUSTRIAL PRETREATMENT PROGRAM OF SC-OR

Manager Brown reported the SC-OR Commission adopted the Pretreatment Program Modification August 2008, which incorporated EPA Pretreatment Audit recommendations. These details are included in the Ordinance document, page 2. Manager Brown recommended to Approve Ordinance 1-2008, Amending Industrial Pretreatment Program of SC-OR.

After discussion it was moved by Director Ball and seconded by Director Onken to Approve Ordinance 1-2008, Amending Industrial Pretreatment Program of SC-OR. The motion passed with a unanimous vote. President Kiely asked for a roll call, the results were as follows:

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

UPDATE LAIF TO NAME TRI COUNTIES BANK AS AN ADDITIONAL DEPOSITOR

Manager Brown reported with the establishment of new Bank Services with Tri-Counties Bank, the District must update their LAIF account agreement to facilitate the ability for staff to transfer funds to and from LAIF and Tri-Counties Bank directly. Manager Brown recommended the Board Approve the LAIF Amendment naming Tri-Counties Bank as an additional depositor.

After discussion it was moved by Director Onken and seconded by Director Dennis to Amend the LAIF Agreement Naming Tri-Counties Bank as an Additional Depositor. The motion passed with a unanimous vote.

ADOPT BOARD POLICY NO. 2275 EMPLOYEE CREDIT CARD USAGE

Manager Brown stated a draft of Board Policy No. 2275 was submitted to the Board at last month's Regularly Scheduled Board Meeting for review. The Title of the Policy has been enhanced to provide designation as applied to the "Employee" purchasing agreements and privileges.

After discussion it was moved by Director Fraser and seconded by Director Onken to Adopt Board Policy No. 2275, Employee Credit Card Usage with the addition of "Employee" to the Policy Title. The motion passed with a unanimous vote.

LAFCO SEWER ENTITIES STUDY

Manager Brown reported OEDCo presented Lafco with a request for consolidation with regard to the three Sewer Service Providers and along with the Sewer Treatment Plant for the Oroville Area. After discussion, Lafco responded with the recommendation to initiate a MSR Study Update for LOAPUD, TWSD and the City of Oroville and SC-OR as the Sewer Service Providers. The Lafco recommendation also included direction the MSR should be completed by a third party consultant.

OROVILLE AREA SEWER MEETING NO. 2

Manager Brown stated Last week LAFCo hosted the second Oroville Area Sewer Entity Study Workshop. Butte County Environmental Health stated their position that there is no mechanism in place for new development projects to reserve SC-OR sewage treatment capacity, and thereby there is no long term viability for development. Our “will serve” letters do not guarantee sewer service. In hopes of reaching a solution on this issue, it was suggested that a Technical Advisory Committee (TAC) composed of staff members be formed to work out a solution. Additionally, SC-OR has offered to host this first meeting later this month. LAFCo felt the formation of the TAC was very important so they could inform their Commissioners that progress is being made towards a solution, thus allowing annexations to continue.

BCAQMD RELEASE LETTER

Manager Brown stated that this is an informational item only for the Board, and asked if there were any questions regarding the correspondence from BCAQMD dated September 2, 2008. There was no further discussion.

DRAFT BOARD POLICY NO. 3077 – SEWER SERVICE CHARGE PAYMENT BY CREDIT CARD

The District is getting closer to accepting credit cards for payment over the counter, i.e. “swipe the card” in house. We have completed the process to accept credit card payments online; we are now working on creating a link to be placed on our website that would enable customers to pay their bill via our website. Currently, we are shopping various institutions which offer credit card merchant services to ensure the District receives the best service fee available and product which will easily interface with our daily operations. The “Draft” Board Policy No. 3077 Sewer Service Charge Payment by Credit Card is included for Board review.

DRAFT BOARD POLICY NO. 3080 – SEWER SERVICE CHARGE DELINQUENCIES AND PROMISSORY AGREEMENT

Manager Brown stated current policy requires that we notify all accounts by mails, which are for more than six (6) months delinquent. Following that we send out a 45 day notice, a 10 day notice and then sewer service termination door hangers. Each of these processes is somewhat affective in getting account payments, but they all consume a lot of staff time and create a high volume of office traffic.

The proposed amendments will allow all accounts that are delinquent six months or more to be put on the Butte County Tax Roll. We have had good results in the past using the Teeter Plan for collections. A copy of Legal Counsel Meith’s letter has been included in the Board packet for review. We will have the Draft Board Policy and Agreement including Legal Counsel revisions as an Action Item at the November meeting.

INFLOW AND INFILTRATION PROGRAM

Manager Brown updated the Board by stating the committee has been meeting about every two weeks on the lateral program and is about half way through the process. We will be close to finishing the Draft by the end of the year.

SC-OR COMMISSIONER'S REPORT

Director Dennis referred to the SC-OR minutes and had nothing further to report.

BCSDA REPRESENTATIVES' AND LAFCO REPORT

Manager Brown stated that according to the By-Laws the number of meetings has been reduced therefore, there has not been a meeting recently and has nothing to report.

BOARD MEMBER'S, MANAGER AND STAFF COMMENTS

FOS Magliocca provided an update on the Palermo Sewer Service Project. FOS Magliocca stated the project is moving forward and was awarded CDB Grant in the amount of \$70,000. FOS Magliocca added that the Palermo Advisory Committee will attend the next Regularly Scheduled District Board Meeting and make a presentation to the Board at that time.

ADJOURNMENT

There being no further business to come before the Board the meeting was adjourned at 3:02 P.M.

Respectfully submitted,

Janette Rustenhoven,
Clerk of the Board