FORESTHILL PUBLIC UTILITY DISTRICT

www.foresthillpud.com

BOARD OF DIRECTORS
Gregory L. Wells
Duane L. Frink
William L. Sadler, Jr.
Brett C. Grant
George S. Shaw

Kurt W. Reed, General Manager
Paul Chamberlain, District Counsel

OFFICIAL MINUTES
REGULAR MEETING OF THE BOARD OF DIRECTORS
FORESTHILL PUBLIC UTILITY DISTRICT
HELD JUNE 11, 2008

A. CALL TO ORDER AND ROLL CALL

The regular meeting of the Board of Directors was called to order at 7:02 p.m. by President Gregory L. Wells.

ROLL CALL:

Present	Absent
Gregory L. Wells, President	George S. Shaw, Director
Duane L. Frink, Vice President	
William L. Sadler, Jr., Treasurer	
Brett C. Grant, Director	

Also present: Kurt Reed, General Manager; Pat Pappas, Business Manager; Members of the Public: Roy West; Daniel West, Foresthill Inquirer; and Tyler Harkness, Fire Safe Council.

B. INTRODUCTIONS AND PRESENTATIONS

Public members introduced themselves.

C. PUBLIC COMMENT

Any member of the public may address the Board on any matter within the jurisdictional authority of the District, or any item on this agenda before or during the Board's consideration of that item. Such testimony shall be limited to three minutes per person, or such other time limit as may be imposed by the President in order to enable the Board to complete its agenda within a reasonable period of time.

Public Comment Read By President.

D. COMMITTEE REPORTS

1. Finance Committee – Met May 22, 2008 to Finalize Budget Report and Recommendation to the Board of Directors – See Minutes – Consent Calendar – Report in General Items.

2. Planning Committee – Chairman, Brett C. Grant Attended Foresthill Forum Meeting June 2, 2008 to Discuss Master Plan.

   President Wells commended Director Grant for the excellent job he did in the face of adversity. Director Grant stated the main purpose of attending was to advise the community the Master Plan is valid and that was accomplished – the presentation spun out of control due to Mr. Ryan's repeated comments and questions. Mr. Roy West, a Forum Member, asked if the District had sent a letter to Forest Ranch requesting the project's needs. President Wells responded that it is not normal for an agency to solicit needs from a developer – it is normal for developers to submit a

project's needs to the District with tentative plans of the purposed water system developments. Vice President Duane Frink stated Forest Ranch submitted an application to Placer County Local Agency Formation Commission to which the Commission responded with a letter requesting further action on certain issues but, to date, has not received any response from these developers.

E. DIRECTOR'S COMMENTS

Duane Frink: May 29 & 30, 2008 - attended Association of California Water Agencies (ACWA), Region 3 Board of Directors meeting and tour of Sonoma County Water Agency - Russian River Water Supply System – very interesting tour – the Agency has installed an extensive solar panel system to offset energy costs. At the Board Meeting: membership dues will be increasing – Surprisingly, FPUD is not considered a small district – only districts with an annual budget less than $1M are considered small. ACWA's Strategic Plan is a very good, comprehensive plan.

Brett Grant: Brought in a section of 6" iron pipe taken from the City of Sacramento's water system to demonstrate how over time tuburculation (scale and mineral accumulation) occurs in iron pipes which reduces the flow of water in the pipes. This particular piece of piping had been reduced from 6" to approximately 4" interior diameter. The accumulation can be dissolved with chemicals to save the pipe rather than replacing but that process can weaken the pipe's wall and ultimately they will fail.

Kurt Reed: Attended Placer County Chapter California Special District's Association meeting at Squaw Valley – there were six to ten agencies in attendance. The Chapter has declined in recent years but members feel it is important and beneficial to all agencies to revive it. Mr. Reed will be serving as a temporary board member for the Chapter. General Manager stated that in his opinion, based on discussion with various agency's members, within the next five years water rates could average $60 - $70 a month for all agencies given the current economic situation, water supplies and infrastructure repair needs.

F. CORRESPONDENCE / AGENDA CHANGES AND REVIEW

Board packet contained an excerpt from Brown Act in reference to the public's right to privacy when asked to identify themselves at a public meeting. President requested Staff solicit an opinion from Counsel regarding sign-in sheets used at large public meetings.

G. CONSENT CALENDAR

All items listed under the Consent Calendar are considered to be routine and will be approved by one motion. There will be no separate discussion of these items unless a member of the Board, Audience, or Staff requests a specific item be removed from the Consent Calendar for separate action. Any item removed will be considered after the motion to approve the Consent Calendar.

1. Approve Minutes of Regular Board of Directors Meeting Held May 14, 2008.
2. Approve Minutes of Finance Committee Meeting Held May 22, 2008.
3. Approve April 2008 Financial Report from LAIF.
4. Approve Balance Sheet, Revenue/Expense Report May 31, 2008.
5. Approve June 2008 A/P warrants for payment.

ACTION: Director Brett Grant motioned to approve all items of the Consent Calendar as presented.
Vice President Duane Frink seconded the motion.
PASSED UNANIMOUSLY.

H. GENERAL ITEMS

1. New Business
   a. Action Item: Approve Financial Assistance Contract "Conservation Grant" Contract with Placer County Water Agency.

General Manager: PCWA approved FPUD for grant fund equaling $15,000 – Eco:Logic's bid for the Conservation Element of the Master Plan is $35,000 but staff has spoken to Eco:Logic who is researching more grant options to backfill the deficit. General Manager to check with PCWA concerning the details of funding.

ACTION: Vice President Duane Frink motioned to table item to the July 2008 regular board meeting. Treasurer William Sadler, Jr. seconded the motion.

PASSED UNANIMOUSLY.

b. Action Item: Approve Proposed Interim Fiscal Year 2008-2009 Budget.

Board reviewed Finance Committee recommendations for Interim Budget including multiple attachments of surveys and reports. Director Grant expressed concerns regarding a baseline budget vs. a needs budget methodology – would like to see a semi-annual benefits survey added – general concerns over rising operating costs vs. declining revenues – would like to see a review of the overage water use charge proposed to go from $2.04 per 1000 gallons to $2.24 per 1000 gallons. General Manager suggested the Board consider developing a Strategic Financial Plan. Cost of Living Index used by District is Urban Wage Earner's Index – Western Cities – survey showed this is most common for surrounding agencies – current average is 3.45%. Interim Budget is designed to be in place until after the Proposed Rate and Surcharge Increase Hearing scheduled for August 5, 2008. Final Performa Budget will need to be in place by September 1, 2008.

ACTION: Vice President Duane Frink motioned to approve the 2008-2009 Interim Budget as presented. Treasurer William Sadler, Jr. seconded the motion.

AYES: Greg Wells, Duane Frink, William Sadler, Jr.; NAYS: Brett Grant; ABSENT: George Shaw.

MOTION PASSED.

c. Action Item: Approve Proposed Proposition 218 Compliance Notice.

Notice to inform public of protest hearing regarding proposed water rate increase of 10% and proposed Repair and Replacement Surcharge of $3.32 per month per active customer. Hearing will be held August 5, 2008 at Memorial Hall at 7:00 p.m.. District Attorney suggested some minor formatting edits. If approved, increase and new surcharge will be in effect on October 1, 2008 billings.

ACTION: Vice President Duane Frink motioned to approve the Notice with the minor edits recommended by Council. Treasurer William Sadler, Jr. seconded the motion.

PASSED UNANIMOUSLY.

d. Action Item: Accept Proposed Proforma Fiscal Year 2008-2009 Budget Subject to Proposition 218 Requirements.

One of the elements of the Proposed Proforma Budget is the proposed Repair & Replacement Surcharge. Duane Frink answered questions from public regarding this surcharge – explaining the need, each and every water line in the District will eventually need to be replaced due to deterioration – currently some are over thirty years old and are being patched on a regular basis. All water districts face the dilemma of how to fund this replacement cost. The amount decided upon by the Finance Committee is based on the audited depreciation schedule

of District assets. The surcharge currently proposed is 25% of the full amount needed – the surcharge is proposed to be increased 25% each year until the full amount needed is reached. These funds will be put in a restricted account to be used only for the intended purpose. Brett Grant added that the Planning Committee is in process of developing a Capital Improvement Plan which will identify areas needing replacement, identify associated costs and form a timeline for action.

ACTION: Vice President Duane Frink motioned to accept the Proposed Fiscal Year 2008-2009 Proforma Budget, subject to the successful completion of Proposition 218 requirements. Treasurer William Sadler, Jr. seconded the motion.

AYES: Greg Wells, Duane Frink, William Sadler, Jr.; NAYS: Brett Grant; ABSENT: George Shaw.

MOTION PASSED.

2. Old Business
   a. Review Energy Audit Results.
      The Motherlode Energy Watch is a partnership between Pacific Gas and Electric (PG&E), The California Energy Commission and the cities and counties of the Motherlode region. The energy audit is free of charge. The results showed that with new fixtures and lamps the District is estimated to save $2,918.41 per year in electric energy costs. The fixtures and initial lamps were supplied to District by Motherlode Energy Watch at no cost – staff is in the process of installing these fixtures and lamps.

I. REPORTS BY DIRECTORS, LEGAL COUNSEL AND GENERAL MANAGER

Duane Frink: Association of California Water Agencies, Region 3 Board will meet June 13, 2008 in a combined meeting with Mountain Counties Water Resource Association. Presentation by Tim Quinn, Executive Director of Association of California Water Agencies (ACWA) - Strategic Plan OF ACWA.

J. ADJOURNMENT

Next Regular Meeting Date: Wednesday, July 9, 2008 at 7:00 p.m. in the District Office, 24540 Main Street, Foresthill, California 95631.

ACTION: There being no further business, at 9:00 p.m. Director Brett Grant motioned the meeting be adjourned. Motion seconded by President Gregory Wells.
PASSED UNANIMOUSLY.

ATTEST:

Gregory L. Wells	Kurt W. Reed
President, Board of Directors	Clerk Thereof