

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
OLIVEHURST PUBLIC UTILITY DISTRICT**

January 21, 2010

President Morrison called the regular meeting of the Board of Directors of the Olivehurst Public Utility District (OPUD) to order at 7:00 p.m., at 1970 9th Avenue, Olivehurst.

PLEDGE OF ALLEGIANCE

Everyone was asked to stand and give the Pledge of Allegiance to the Flag of the United States of America.

ROLL CALL

Responding to roll call was: Director Parry, Morrison, Hollis, and Dougherty. Director Peeples was absent. Others present were:

Timothy R. Shaw	General Manager
Cindy Van Meter	District Clerk/Resource Coordinator
John Tillotson	Director of Public Works
Glen Phillips	Accountant/Officer Manager
Karl Cozad	Operations Manager
Wade Harrison	Fire Chief
Greg Axline	WWTF Chief Plant Operator
Jeff Meith	Legal Counsel
Jamie Gomes	Economic & Planning Systems (EPS)
Kent MacDiarmid	The MacDiarmid Company
Tim Taron	Legal Counsel Plumas Lake Owners Group (PLOG)
Ron Erny	Rio del Oro
Mary Gilham	Olivehurst Property Owner
Larry King	Plumas Lake Resident
John Taylor	Plumas Lake Resident

And other interested people.

RECOGNITION OF AUDIENCE

In response to President Patty's invitation for comments from the audience, Larry King (Plumas Lake Resident) asked about the status of Wheeler Ranch Parks.

Mr. Shaw explained that the Board approved a contract for the design of the Wheeler Ranch Parks subject to legal counsel review. The District should have a signed contract within the next couple of weeks and hope to begin construction of the first park this spring.

CONSENT AGENDA

A MOTION WAS MADE BY DIRECTOR HOLLIS, SECONDED BY DIRECTOR PEEPLES, AND PASSED UNANIMOUSLY TO APPROVE ITEMS ON THE CONSENT AGENDA, INCLUDING: (a) APPROVE MINUTES OF NOVEMBER 19, 2009, REGULAR MEETING; and (b) APPROVE CLAIMS FOR PAYMENTS FOR DECEMBER 2009 IN THE AMOUNT OF \$384,241.

DISTRICT DEVELOPMENT

Mr. Shaw stated that Ms. Mary Gilham (Olivehurst property owner) attended the Water/Sewer Committee meeting regarding an issue with her Western Avenue water/sewer service account.

Ms. Gilham explained that her new tenant could not sign in for service until a previous tenants delinquent account was paid in full. This account dates back to 2006, and she has signed in for service under her name twice (2008 and 2009). Two other tenants have also signed in for service during this time frame, with no mention of this past due account. Ms Gilham did pay for the delinquent account so that her tenants could move in, but would like to be reimbursed, as she had previously not been informed of the past due balance.

A MOTION WAS MADE BY DIRECTOR PATTY AND SECONDED BY DIRECTOR DOUGHERTY TO REFUND THE ADMINISTRATIVE FEES ONLY TO MARY GILHAM FOR HER WESTERN AVENUE PROPERTY. THE MOTION PASSED AS FOLLOWS:

AYES, AND IN FAVOR THEREOF: DIRECTOR PATTY, HOLLIS,
DOUGHERTY AND MORRISON.

ABSENT : DIRECTOR PEEPLES.

Mr. Meith clarified that although the law states that supporting documentation of an increase in capacity fees be on file for at least two weeks prior to the public hearing, the District has taken a conservative approach to this law, by requesting Board approval of the hearing report at a public meeting 4 weeks prior to the public hearing.

Jamie Gomes, EPS, updated the Board on the history of the District's capacity fees and gave a brief summary of the hearing report regarding OPUD District Wide Water Capital Improvement Charge.

Tim Taron, legal counsel for PLOG, stated that his clients are concerned about the District combining the north and south zone capacity fees. He explained that the South Zone's infrastructure is essentially complete, but the North Zone is just beginning. The most specific concern is the potential for construction cost over runs in the North Zone and the direct effect of these over runs on the South Zone.

Mr. Taron believes that these issues could be worked out through a revised Fee Credit and Reimbursement agreement, but would ask that the Board either delay tonight's action or delay action in February until these issues are worked out.

Mr. Meith stated that the way the agreement is set up, the South Zone will have credits for all the connections they will need and recommended that the Board accept the study, as present, and schedule the public hearing for the February Board meeting.

Staff and legal counsel will continue to work with Mr. Taron and PLOG on the revised Fee Credit and Reimbursement Agreement.

A MOTION WAS MADE BY DIRECTOR DOUGHERTY AND SECONDED BY DIRECTOR PATTY TO APPROVE THE DRINKING WATER CAPACITY FEE STUDY, AS PRESENTED, AND SCHEDULE A PUBLIC HEARING FOR THE FEBRUARY 18, 2009, REGULAR BOARD MEETING. THE MOTION PASSED AS FOLLOWS:

AYES, AND IN FAVOR THEREOF: DIRECTOR PATTY, HOLLIS,
DOUGHERTY AND MORRISON.

ABSENT : DIRECTOR PEEPLES.

Mr. Shaw commented that he has forwarded on to the Board the letter from K. Hovnanian supporting the District's plan to adopt the Water Capacity Fee which will essentially lower the existing Capacity Fee. They are planning to resume building on their remaining 209 lots in Wheeler Ranch and this would result in a lower overhead for them.

PUBLIC WORKS ENGINEER'S REPORT

A written report on the status of development and other District projects was submitted to the Board.

Mr. Shaw reported that the District was recently made aware that the California Department of Public Health (CDPH) Drinking Water Division will be charging OPUD for the permit amendment for adding fluoride to the drinking water.

The District was not charged for the previous permit amendment for the Wheeler Ranch Water Treatment Plant, so this is an unexpected cost. The funding for this project is coming from a grant from First 5 Yuba. Mr. Shaw stated that he could request additional funding to cover the cost for the permit amendment. However, if the District waits to obtain the funding before moving forward it will further delay the project.

A MOTION WAS MADE BY DIRECTOR DOUGHERTY AND SECONDED BY DIRECTOR PATTY TO AUTHORIZE FUNDING FOR CDPH PERMIT AMENDMENT CHARGES ASSOCIATED WITH FLUORIDATION AND REQUEST ADDITIONAL GRANT FUNDING FROM FIRST 5 YUBA TO COVER THE COST FOR THE PERMIT AMENDMENT. THE MOTION PASSED AS FOLLOWS:

AYES, AND IN FAVOR THEREOF: DIRECTOR PATTY, HOLLIS,
DOUGHERTY AND MORRISON.

ABSENT : DIRECTOR PEEPLES.

Mr. Shaw updated the Board on the funding risks and logistics for the Spray Parks project. The District will initially have to fund the project and then invoice the County for reimbursement.

FIRE DEPARTMENT

A written report on the status of the Fire Department was submitted to the Board.

The Fire Department Annual Status Report was submitted to the Board. Director Dougherty had some questions regarding this report. The Board sent this item back to committee for further discussion.

A written District Safety Report was submitted to the Board.

A written committee report was submitted to the Board.

WASTEWATER COLLECTION AND TREATMENT FACILITIES

A written report on the status of the WWTF was submitted to the Board.

This item was discussed at the Liaison Committee Meeting where the County asked if the District would be willing to adopt all of the prohibited acts within Ordinance 8.76. Most of them are in line with what the District already prohibits at the parks. Some of the differences are the dusk till dawn usage of the park and their language regarding organized events.

A MOTION WAS MADE BY DIRECTOR DOUGHERTY AND SECONDED BY DIRECTOR HOLLIS TO REQUEST THAT YUBA COUNTY AMEND THEIR ORDINANCE CHAPTER 8.76 (COUNTY PARKS AND RECREATION AREAS) TO ADD OPUD PARKS WITH A FEW MINOR STIPULATIONS, SUCH AS THE DISTRICT WILL ISSUE ITS OWN WAIVER/PERMITS FOR ORGANIZED EVENTS. THE MOTION PASSED AS FOLLOWS:

AYES, AND IN FAVOR THEREOF: DIRECTOR PATTY, HOLLIS,
DOUGHERTY AND MORRISON.

ABSENT : DIRECTOR PEEPLES.

The Yuba/Sutter Business Consortium is requesting one time use of the Youth Center Building in February. This would not interfere with AA's use of the building.

A written committee report was submitted to the Board.

OPERATIONS AND MAINTENANCE DEPARTMENT

A written report was submitted to the Board concerning the activities in the Operations Department.

A written committee report was submitted to the Board.

BUSINESS OFFICE

A written report was submitted to the Board concerning the activities in the Business Office.

A written report was submitted to the Board from the temporary Accountant.

Mr. Shaw stated that when Director Peeples discovered she would not be able to attend tonight's meeting she requested that the Board table the Request for Proposals for FY 2008-09 audit until next month.

Mr. Shaw explained that the Board could address the FY 2008-09 audit and ask for an expanded scope so that the Auditor expresses a professional opinion as to whether or not the District has adequately addressed the findings detailed in the FY 2007-08 audit report. Another option is to go forward with a fiscal audit, where a fiscal accountant would review Ms. Fowler's work. The District does not have enough staff to perform both of these processes at the same time.

A MOTION WAS MADE BY DIRECTOR PATTY AND SECONDED BY DIRECTOR HOLLIS TO AUTHORIZE REQUEST FOR PROPOSALS FOR FY 2008/09 AUDIT WITH AN EXPANDED SCOPE. THE MOTION PASSED AS FOLLOWS:

AYES, AND IN FAVOR THEREOF: DIRECTOR PATTY, HOLLIS,
AND MORRISON.

NOES : DIRECTOR DOUGHERTY.

ABSENT : DIRECTOR PEEPLES.

Mr. Shaw stated that the most pointed criticism from the FY 2007/08 Audit Report is that the Auditor cannot form an opinion due to the unresolved issues with the developer deposits. Staff looked into whether or not this report could be revisited once the issues were addressed, but discovered that this is the final report. The District could hire another Auditor to perform the FY 2007-08 again, once the issues are resolved, but that does not eliminate the first audit. The District would just have two audits for the same fiscal year.

A MOTION WAS MADE BY DIRECTOR PATTY AND SECONDED BY DIRECTOR DOUGHERTY TO ACCEPT THE FY 2007-08 AUDIT REPORT, AS PRESENTED. THE MOTION PASSED AS FOLLOWS:

AYES, AND IN FAVOR THEREOF: DIRECTOR PATTY, HOLLIS,
DOUGHERTY AND MORRISON.

ABSENT : DIRECTOR PEEPLES.

Mr. Shaw mentioned that there were a few errors in the Audit Report, none of which were very material. One of them was an incorrect statement regarding sick leave and how the District addresses sick leave.

Mr. Phillips explained that the memo in the their Board packet outlines the current procedures regarding past due balances. The criticism the District receives is that if a customer has a small past due balance, for example \$0.12, they could be subject to as much as \$60.00 in fees (\$10.00 Administrative Fee and a \$50.00 Delinquency Fee).

Mr. Phillips is suggesting that the Board adopt a policy which allows the customer to carry forward a past due balance of up to \$5.00 (cumulative).

A MOTION WAS MADE BY DIRECTOR PATTY AND SECONDED BY DIRECTOR HOLLIS TO ADOPT A POLICY ALLOWING CUSTOMERS TO ACCUMULATE A PAST DUE BALANCE OF UP TO \$5.00 (CUMULATIVE) FOR NO LONGER THAN THREE MONTHS BEFORE BEING SUBJECT TO \$10.00 ADMINISTRATIVE FEE AND \$50.00 DELINQUENCY FEE. THE MOTION PASSED AS FOLLOWS:

AYES, AND IN FAVOR THEREOF: DIRECTOR PATTY, HOLLIS,
DOUGHERTY AND MORRISON.

ABSENT : DIRECTOR PEEPLES.

A MOTION WAS MADE BY DIRECTOR PATTY AND SECONDED BY DIRECTOR DOUGHERTY TO APPROVE FY 2009-10 BUDGET REVISION 5 (FIRE DEPARTMENT), BUDGET REVISION 6 (PARKS DEPARTMENT), BUDGET REVISION 7 (WATER DEPARTMENT), AND BUDGET REVISION 8 (SEWER DEPARTMENT), AS PRESENTED. THE MOTION PASSED AS FOLLOWS:

AYES, AND IN FAVOR THEREOF: DIRECTOR PATTY, HOLLIS,
DOUGHERTY AND MORRISON.

ABSENT : DIRECTOR PEEPLES.

RESOURCES COORDINATOR REPORT

Ms. Van Meter went over the proposed Retention of Board Minute Recordings Policy with the Board. Director Dougherty suggested that the policy not become effective until after the completion of the FY 2008-09 Audit and/or forensic accounting.

The policy was tabled until after the FY 2008-09 Audit and/or forensic accounting is complete.

A MOTION WAS MADE BY DIRECTOR PATTY AND SECONDED BY DIRECTOR DOUGHERTY TO APPROVE THE DECEMBER 2009 OVERTIME REPORT, AS PRESENTED. THE MOTION PASSED AS FOLLOWS:

AYES, AND IN FAVOR THEREOF: DIRECTOR PATTY, HOLLIS,
DOUGHERTY AND MORRISON.

ABSENT : DIRECTOR PEEPLES.

The Board established the dates and times for the February committee meetings as follows:

Fire Department Committee Meeting – Tuesday, February 2, 2010 @ 2:00 pm
Parks & Recreation Committee Meeting – Wednesday, February 3, 2010 @ 2:00 pm
Water/Sewer Committee Meeting – Friday, February 5, 2010 @ 2:00 pm

GENERAL MANAGER’S REPORT

Mr. Shaw clarified some recent water complaints within the Wheeler Ranch area. Staff has been flushing out in that area, but there was some room for improvement.

Currently staff is flushing once or twice a month for two to three minutes. Due to low winter time water usage and areas where there are only a couple of houses at the end of the system, staff needed to increase the time and frequency for flushing the water system.

Mr. Shaw updated the Board on the Highway 65/Rancho Road meeting with Yuba County and Wheatland.

Mr. Shaw stated that at the drafting of this agenda, the District had received only one proposal for the Labor Negotiator Contract. He requested that the Board add a discussion/action item to the agenda to “Consider proposals for Labor Negotiator Contract”.

The Board tabled this item until the next meeting in order to obtain additional proposals.

ADJOURNMENT

As there was no further business to come before the Board at this time, the meeting was adjourned at 9:30 p.m.