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## MEASURE C

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### PROPOSAL TO REPEAL MEASURE B FOR THE FORESTHILL PUBLIC UTILITY DISTRICT

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**Shall Measure B, which rolled back the District's water rates, be repealed to allow the District to set rates sufficient to meet the costs of providing water service?**

**YES** \_\_\_\_\_

**NO** \_\_\_\_\_

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#### IMPARTIAL ANALYSIS BY GENERAL COUNSEL FOR FORESTHILL PUBLIC UTILITY DISTRICT

Measure C, if approved by a majority of voters, would repeal Measure B in its entirety.

Measure B was approved by a majority of the voters that voted in the special election that was held on June 21, 2011. Measure B eliminated the water rate increase of 2010 and reinstated the water rate structure that had been in place prior to the 2010 increase. Absent subsequent voter approval, Measure B also limited future water rate increases to the annual percentage change in the Consumer Price Index published by the Federal Bureau of Labor Statistics for the region applicable to the Foresthill Public Utility District (the "District").

If Measure C is approved, Measure B would be formally repealed in its entirety, including all of its terms and limitations. The District, however, would still be required to comply with the limitations of Proposition 218 in the adoption of new water rates.

Currently, Measure B is not being enforced because the District adopted a resolution on December 28, 2011, declaring Measure B to be invalid and reinstating the 2010 water rate increase.

Jeffrey L. Massey,  
General Counsel for  
Foresthill Public Utility District

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#### ARGUMENT IN FAVOR OF MEASURE C

Measure C repeals and corrects the mistakes made by Measure B that are putting the survival of your water district at risk.

Measure B forced water rates back to their level in 2008. The problem is that when Measure B was written, no one bothered to see if the 2008 rates were viable. They weren't. Those rates are even less workable in 2012 when everything from food to gasoline costs more.

Measure B assured that the district could never cover its operating costs. That is exactly what is happening. Audited financials show that the district lost money for the past 6 years in a row.

Despite massive cutbacks and deferring maintenance that pushed the system to the edge of failure, the district is still on the verge of closing its doors.

What happens if the water district is forced to close? Placer County and the State of California will step in and turn over the operation to a company with deep pockets, and a track record of running water districts.

The downside is that this new company can also set water rates with Foresthill residents having virtually no

say in the matter. Historically, this means the rates will go up much higher than if the district was locally operated.

Also, the new organization would control the water rights for our water supply.

Effectively, you will lose control over your water supply and be forced to pay much higher rates.

Undo the mistakes of Measure B by voting Yes on Measure C.

Measure C keeps control of the local water rights in the hands of Foresthill residents.

Measure C keeps an outside company from setting your water rates without your input.

Measure C saves your water district.

Brett C. Grant, President of Board  
Bret Finning, Vice-President of Board  
David L. Phillips, Treasurer of the Board  
Tamra A. West, Director

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**NO ARGUMENT AGAINST  
MEASURE C WAS SUBMITTED**

**RESOLUTION NO. 12 - 01**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE FORESTHILL PUBLIC UTILITY DISTRICT AUTHORIZING AND CALLING ELECTION ON MEASURE C, REPEALING MEASURE B, APPROVED AT THE SPECIAL ELECTION HELD JUNE 21, 2011**

**WHEREAS**, the Foresthill Public Utility District (the "District") is a California public utility district organized under the provisions of the California Public Utilities Code section 15501, et seq.; and

**WHEREAS**, the District adopted new water rates in July of 2010 ("2010 Rates") in order to meet the District's costs of providing water service; and

**WHEREAS**, prior to the adoption of the 2010 Rates, the District had in place a water rate structure, most of which had been adopted in 2008 ("2008 Rates"); and

**WHEREAS**, on June 21, 2011, the majority of participating voters voted in favor of Measure B, which repealed the 2010 Rates and reinstated the 2008 Rates; and

**WHEREAS**, the District has now determined that the 2008 Rates that were reinstated by Measure B are insufficient to meet the District's statutory obligations under the Public Utilities Code and the District's repayment obligations associated with the purchase of the Sugar Pine Reservoir; and

**WHEREAS**, California Elections Code section 9323 provides that an ordinance proposed by initiative petition and adopted by the voters may be repealed, or amended by a vote of the people; and

**WHEREAS**, the District's Board of Directors is authorized, pursuant to California Elections Code section 9342, to submit to the voters, without a petition, an initiative for the repeal, amendment or enactment of any ordinance; and

**WHEREAS**, based on the foregoing, the District has determined it is desirable that a special election be called for the purposes of permitting the District's voters to determine whether Measure B should or should not be repealed.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Foresthill Public Utility District as follows:

1. Special Election Called and Request for Consolidation. Consistent with the Elections Code, a district-wide special election is hereby called, ordered and will be held on June 5, 2012, within the jurisdictional boundaries of the District. It is hereby also requested that this special election be consolidated with any other applicable election conducted on the same date.

2. Boundaries. The District hereby certifies that there have been no changes to the District boundary lines since its last election held on June 21, 2011.

3. Statement of Measure. The ballot for the subject special election shall include the following proposed statement of measure language:

<b>INITIATIVE MEASURE TO REPEAL MEASURE B</b>  Shall Measure B, which rolled back the District's water rates, be repealed to allow the District to set rates sufficient to meet the costs of providing water service?	Yes	
	No	

A full and complete copy of the Initiative Measure is attached hereto as **Exhibit 1.**

4. Request for the County to Provide Election Related Services. The Board of Directors of the District hereby respectfully requests that the Board of Supervisors of the County of Placer authorize the County Clerk to render all services otherwise required to be performed for the special election to be held on June 5, 2012. Such services may include, but are not limited to the following:

- Publication of notices calling the election
- Publication of notices calling for ballot arguments
- Provision of voter lists
- Obtaining and staffing polling places
- Provision and delivery of precinct supplies
- Counting of ballots and certification of election
- Other election activities authorized by law
- All aspects of election not specified above may be agreed upon by the County Clerk and the District General Manager

5. Request for Canvassing Returns. The County of Placer is hereby authorized and requested to canvass the returns of the election.

6. District Reimbursement to County. The District shall reimburse the County of Placer for all costs and expenses incurred by the County in conducting said election upon presentation of a bill to the District.

**MEASURE C RESOLUTION  
CONTINUED ON NEXT PAGE**

**MEASURE C RESOLUTION  
CONTINUED**

7. Effective Date. This resolution shall become immediately effective upon its passage and adoption. The General Manager is directed to file a copy of this resolution with the County election official of the County of Placer no later than February 1, 2012.

**BE IT FURTHER RESOLVED** by the Board of Directors of the Foresthill Public Utility District that this resolution shall be considered a Notice of Election and Specification of Election Order, if applicable.

**APPROVED, PASSED AND ADOPTED** at a regular meeting of the Board of Directors of the Foresthill Public Utility District on January 24, 2012, by the following vote:

AYES: Grant, Finning, Phillips, West  
NOES:  
ABSENT: Reeves  
ABSTAIN:

Brett C. Grant  
President, Board of Directors  
Foresthill Public Utility District

ATTEST:

By: Leo D. Havener  
Clerk, Board of Directors  
Foresthill Public Utility District

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**Exhibit 1**

The People of the Foresthill Public Utility District ("District") do hereby ordain as follows:

**Findings:** Measure B, which was approved by the majority of participating voters at a special election held on June 21, 2011, set water rates and surcharges at a level that was too low for the District to meet its ongoing statutory and financial obligations. The purpose of this measure is to repeal Measure B so that the District may set rates that are sufficient to meet its statutory and financial obligations, and to cover the costs associated with providing water service to the District's customers.

**Repeal of Measure B:** Measure B, approved at the special election held on June 21, 2011, which eliminated the water rate increase of 2010 and reinstated the water rate structure that had been in place prior to the 2010 increase, and which limited future rate increases to the percentage change in the Consumer Price Index published for the region, is hereby repealed in its entirety.