

MINUTES OF THE REGULAR MEETING OF THE COMMISSION PUBLIC  
UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON  
February 16, 2010

The regular meeting of the Commission of Public Utility District No. 1 was held in the Aqua Room of the utility located at 1415 Freeway Drive, Mount Vernon, Washington, on February 16, 2010.

The meeting was called to order at 4:33 PM. Those Commissioners in attendance were: Jim Cook, President; Robbie Robertson, Vice President; and Al Littlefield, Secretary. Also in attendance were: Dave Johnson, General Manager; Mark Fredlund, Treasurer; Brad Spangler, Operations Manager; Kevin Tate, Community Relations Manager; Peter Gilbert, Attorney; Ric Boge, Kelly Moldstad, Skagit Council of Governments (SCOG); Gordon Iverson, Stewart Thomas, Shallow Shores Homeowners; and Kim Carpenter, Recording Secretary.

Commissioner Littlefield led the Pledge of Allegiance.

Commissioner Littlefield moved to approve the Consent Agenda for February 16, 2010:

- a. Approval of Minutes – February 9, 2010
- b. Approval of Vouchers – No. 2324  
Voucher Nos. 81285-81327, Payroll Warrant Nos. 24812-24824 (\$417,757.27) 2/16/10

The motion passed.

Under Old Business, Manager Johnson presented the Manager's Report which included the following items:

**Anacortes Water Supply Agreement – 2007 Reconciliation**

The District received notice from the City of Anacortes on February 11 that it will receive a credit on next month's billing in the amount of \$23,835.77.

**Voluntary Protection Program**

Operations Manager Spangler reported that Jim Norris and Robbie Rotz from the Washington Dept of Labor and Industries Consulting Services presented information to the District Safety Committee, managers, and supervisors regarding the State Voluntary Protection Program on Thursday, February 11, 2010. They provided information on program benefits and potential savings, and will provide their guidance for free. All attendees agreed that the program has great potential and that the District will invite L&I to speak at a future safety meeting and proceed with developing a VPP work plan with L&I.

**Mail Inserter Machine Update**

Community Relations Manager Tate reported that the new mail inserter machine was installed today and staff is being trained in its operation. The new system can process volume mailings at a rate of 4,300 filled envelopes per hour and is programmable for up to 25 different jobs for quick recall, can handle up to 10 pages stapled or loose, and a wide variety of paper sizes, including thicker material (booklets, CDs, etc.) can be inserted. Commissioner Robertson asked if there are any options for income production by producing mailings for other agencies; CR Manager Tate replied that the machine is capable of 100,000 units and the District is currently doing 12-13,000 units. Manager Johnson stated that it will be better for the District to gain experience with the equipment prior to looking at generation of any potential revenue.

**Proposed Commission Work Sessions**

March 2 – Watershed Management  
May 4 – Financial Policies

Manager Johnson proposed moving the Financial Policies work session scheduled for March 2 to May 5 and scheduling a Watershed Management Planning Strategies work session on March 2. Discussion ensued regarding the two proposed work sessions. The Watershed Management Planning Strategies work session was scheduled for March 16 at 4:30 PM. The Commission requested data for review in advance of the work session. The Financial Policies work session was moved to May 4 with time to be determined.

Under New Business, Ric Boge, SCOG Resource Conservation Manager, presented an overview of SCOG's Resource Conservation Management Program and the District's participation. He stated that the District saw a 2.4% reduction in electricity resulting in a

\$1,200 savings under the program. Discussion ensued regarding the grant program, kilowatt hour reduction, additional conservation measures, projections for 2010 cost savings, the need to quantify savings vs. \$5,000 program renewal cost, and program positives. Commissioner Robertson asked if the District has committed to a 3-year program; Manager Johnson replied that the District committed to one year at \$5,000 and the request is for District participation an additional year at \$5,000; however, he is not looking for an answer from the Board at this time. Operations Manager Spangler stated that it is good for the District to meet with others agencies to gather information and the benefit of the program is looking at facilities as a whole and the savings may be over the long haul, not necessarily in a single year. The Commission thanked Mr. Boge for his time.

Under New Business, Stewart Thomas addressed the Commission regarding the need for water in the Shallow Shores area of Lake Samish. Mr. Stewart presented information regarding his background and the need for water. Mr. Stewart provided copies of an area map, Samish Watershed Newsletter and a letter from Whatcom County Water District No. 12 (7/24/95) regarding rejection of formation of a water ULID (Utility Local Improvement District). Mr. Stewart stated property owners have contacted and appeared before the Samish Water District board and they are not interested in providing water service. Commissioner Cook asked Mr. Stewart what he wants from this District; Mr. Stewart replied he would like to know if Skagit PUD is interested in selling water to property owners in the Shallow Shores, Calmor Cove and Friday Creek areas (approximately 150 parcels). Discussion ensued regarding issues associated with the provision of water service outside the District's service area, including LUD requirements, RCW guidelines for water districts (RCW 57) vs. water utilities (RCW 54), Alger well water source improvements, construction costs, Group A water systems, pitfalls, and citizen groups against growth. Manager Johnson stated that the District would prefer to wholesale water to Samish Water District for service to Shallow Shores. Mr. Stewart asked if the property owners could form a water district within the Samish Water District; Manager Johnson replied it would be better for the two agencies to work it out and sell water to Shallow Shores through a master meter, rather than forming another water district. Manager Johnson stated he would be willing to meet with the Samish Water District manager. Mr. Stewart thanked the Commission for their time.

Under New Business, Manager Johnson requested that Operations Manager Spangler present Scope and Budget No. 4 for Cultus Streams Monitoring with EES Consulting. Operations Manager Spangler reviewed the proposed budget of \$16,475 and Tasks which include: Task 1 - Recalibrate gauges, purchase solar panels for Gilligan and Mundt transmitters; Task 2 - Discharge measurements and monitoring; and Task 3 - Update/adjust rating curves, compute daily stream flow records.

Discussion ensued regarding the information presented, including storm damage in the watershed, importance of proactive watershed planning, source water operations and management. Commissioner Robertson moved to approve Scope and Budget No. 4 for Cultus Streams Monitoring with EES Consulting and to authorize the General Manager to sign said budget not to exceed \$16,475.00. The motion passed. Commissioner Littlefield stated he would like to see a line item in the budget of \$6,000 to \$10,000 a year for Cultus Stream monitoring.

Under Commissioner Comments, Commissioner Robertson stated he would not be available for the February 23 Commission meeting, as he would be at the Legislative Rally in Washington DC. Commissioner Littlefield moved to cancel the Commission meeting of February 23, 2010. The motion passed.

Having no further business to come before the Board, Commissioner Littlefield moved for adjournment. The motion passed and the meeting of February 16, 2010 was adjourned at 6:30 PM.

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Jim Cook, President

ATTEST

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Al Littlefield, Secretary

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Robbie Robertson, Vice President