

MINUTES OF THE REGULAR MEETING OF THE COMMISSION PUBLIC
UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON
March 2, 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 March 2, 2010.

The meeting was called to order at 4:32 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; Christine Blake, Auditor; Kevin Tate, Community Relations Manager; Doug McConnell, Contract Administrator; Mark Honeywell, Gordon Thomas Honeywell; Peter Gilbert, Attorney; and Kim Carpenter, Recording Secretary.

Commissioner Littlefield led the Pledge of Allegiance.

Commissioner Littlefield moved to approve the Consent Agenda for March 2, 2010:

- a. Approval of Minutes –February 16, 2010
- b. Approval of Vouchers
 - No. 2325 – Voucher Nos. 81328-81359 (\$93,658.49) 2/23/10
 - No. 2326 – Voucher Nos. 81360-81396, Payroll Warrant Nos. 24825-24837 (\$364,325.47) 3/2/10

The motion passed.

At this time, President Cook recessed the regular meeting to go into executive session to discuss potential litigation regarding the Water Treatment Plant Expansion Project for an approximate duration of one hour. The meeting was recessed at 4:34 PM.

President Cook reconvened the regular meeting of the Commission at 5:15 PM. Kevin Tate, Doug McConnell and Mark Honeywell did not return to the regular meeting.

Treasurer Fredlund presented the Treasurer's Report for the month of January 2010.

Auditor Blake presented the quarterly Status of Budget.

Manager Johnson expressed appreciation to Treasurer Fredlund and Auditor Blake for staying to present their reports following the executive session. Discussion ensued regarding an impending Department of Ecology conservation report addressing drought conditions in other parts of the state and potential impacts to utilities; instream flow requirements under the 1996 Memorandum of Agreement (MOA); the impact of potential WTP operator retirement(s), requirements for certified staff to operate the plant and filling vacated positions.

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

City of Port Angeles vs. Our Water-Our Choice

Community Relations Manager Tate attended the oral arguments for the City of Port Angeles vs. Our Water-Our Choice at McIntyre Hall on February 23. The WA Supreme Court is considering the Port Angeles City Council's decision to fluoridate the city's water supply - some city council decisions are subject to initiative - was this decision one of them? A DVD copy of the oral arguments has been purchased from the Washington State Public Affairs TV Network. Copies of notes from the hearing are included in Commission notebooks.

Marihugh Road Waterline Replacement

Maintenance crews have completed laying 2600 feet of 8-inch ductile iron pipeline on the west end of Marihugh Road as part of the District's major water main replacement program, replacing 2-inch plastic pipe from 1960. The pipe will be pressure tested and have a health sample taken before services are cut over. Engineering is hard at work developing two follow-on designs for additional water main replacement work once this project is completed.

Potlatch Water System Beach Well

Operations staff installed a new pump on the existing motor and added cathodic

protection to the pump assembly, plus corrected a number of grounding issues related to the well pump. Based on the track record of these repairs over the next 60 days, Engineering and Operations will further evaluate the requirement for an innovative replacement pump system for the Beach Well.

Josh Wilson Road, I-5 to Higgins Airport Way Phase 1A

Approvals from the City of Burlington, Skagit County and Drainage District 14 have been obtained for discharge dewatering into the proposed route which ends up in Joe Leary Slough. The District solicited quotes for dewatering services, the lowest of which is \$8,600/week, with work estimated not to exceed one week. WSDOT has granted an extension to March 15 for extending the existing 12-inch casing. Commissioner Robertson asked when work was to begin, given that the extension deadline is only two weeks away; Manager Johnson replied he would get back to the Commission with the actual start date.

Gilligan Creek Remediation

Associated Earth Sciences, Inc. (AESI) reviewed and stamped final bid documents, which have been emailed to FEMA for approval.

Under New Business, Manager Johnson presented Resolution No. 2169-10, A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, DECLARING CERTAIN EQUIPMENT AND/OR MATERIALS SURPLUS TO THE DISTRICT'S NEEDS IN THE OPERATION OF THE PUBLIC UTILITY DISTRICT'S WATER SYSTEM AND PROVIDING FOR THE PUBLIC SALE OF THE SAME AS PROVIDED BY LAW. Manager Johnson reviewed the proposed resolution and recommended adoption. Commissioner Robertson moved to adopt Resolution No. 2169-10 as presented. The motion passed.

Under New Business, Manager Johnson presented a recommendation to cancel the April 13 meeting. Commissioner Cook stated he would not be available for that meeting, nor would Manager Johnson or Recording Secretary Carpenter. Commissioner Littlefield moved to cancel the Commission meeting of April 13, 2010. The motion passed.

Under Miscellaneous, Manager Johnson stated that the Commission has copies of the following items in their meeting notebooks: Economic Development Association of Skagit County (EDASC) letter and certificate of appreciation; letters of thanks to Alan Staniford, Ryan Anderson, and Ed McCoy for obtaining Cross Connection Control Specialist Waterworks Certification; miscellaneous articles from the Skagit Valley Herald regarding Skagit River instream flows; advertisements for the Operations Manager and Accountant positions; and public information notices requesting conservation.

Under Commissioner Comments, Commissioner Robertson gave a summary of his attendance at the APPA Legislative Rally in Washington DC and meetings with Senator Murray regarding a change the purpose and congressional revision for STAG grant funds awarded to the District for the Similk Beach Sewer Project. He stated that Senator Murray will approve the change of purpose as long as the new project is in the same genre of projects for a water/wastewater utility.

Under Commissioner Comments, Commissioner Cook gave a brief summary of his tour of the Gilligan Creek area with Watershed Manager Brower last week and his recent attendance at the Skagit Council of Governments (SCOG) board meeting. Commissioner Cook reported that other agencies have received stimulus funding for three projects and wondered if any would impact District waterlines and if so a request that funding includes any cost of waterline replacement; Manager Johnson requested a reminder to find out about the specific projects and whether or not they would impact District waterlines.

At this time, Manager Johnson gave a summary of his recent attendance at the Washington Water Utilities Council (WWUC) meeting, which included discussion concerning fire hydrant maintenance and the steps that the cities of Tacoma and Lakewood have taken to address the Lane versus City of Seattle Supreme Court ruling that fire hydrants are the responsibility of local government not municipal utilities. He

stated that the two cities have performed cost analyses to determine the fire protection component within their water rates, have removed that value from their rate base and have billed the governing bodies for the cost of fire protection based on a per unit cost basis for hydrants. He stated that the cities report that some of the agencies have paid and others have refused, which has led the City of Tacoma to file suit. Manager Johnson stated that the District may have HDR Engineering perform a fire protection cost analysis, as Tom Gould is a leader in the industry. He stated that HDR may be able to use information developed in the recent rate study they completed for the District.

Also Under Commissioner Comments, Commissioner Robertson stated that there will be a retirement dinner and celebration for Steve Johnson, WA PUD Association Executive Director, on April 15. He stated that WPUDA is requesting donations from elected officials and staff for a gift and those donations can be submitted to either Commissioner Robertson or Lena Mendiola at WPUDA. Commissioner Cook and Manager Johnson stated they would be unable to attend the dinner and celebration.

Having no further business to come before the Board, Commissioner Littlefield moved for adjournment. The motion passed and the meeting of March 2, 2010 was adjourned at 6:37 PM.

ATTEST

Jim Cook, President

Al Littlefield, Secretary

Robbie Robertson, Vice President