

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

March 3, 2009

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 3, 2009.

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; Greg Peterka, Engineering Manager; Harry Meyer, Special Project Coordinator; Christine Blake, Auditor; Kevin Tate, Community Relations Manager; Greg Hamilton, WTP Superintendent; Peter Gilbert, Attorney; Phil Martinez, CH2M Hill; and Kim Carpenter, Recording Secretary.

Commissioner Littlefield led the Pledge of Allegiance.

Commissioner Littlefield moved to approve the Consent Agenda for March 3, 2009:

- a. Approval of Minutes (02/24/09)
- b. Approval of Vouchers - No. 2268
Voucher Nos. 78799-78835, Payroll Warrant Nos. 24414-24430 (\$618,545.51) 3/3/09
- c. Project Acceptance – South 18th Street, Broman Short Plat (Mount Vernon)

The motion passed.

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

Skagit River Diversion Pump Station Project

The vertical pump supplier, Pump Tech, will be on the job this week to witness the startup of all five pumps operating independently. The water will be pumped back to the river rather than being delivered to Judy Reservoir.

Water Treatment Plant Expansion Project

The contractor anticipates final injection of the vertical concrete walls will be completed this week.

Update Regarding Judy Reservoir Filling

WTP Superintendent Hamilton presented an update regarding turbidity issues with respect to taking water into Judy Reservoir. WTP Superintendent Hamilton stated that over the past couple of years staff has flushed Judy Reservoir to eliminate algae which has caused taste and odor issues. He stated that he believes there is adequate time for the reservoir to become full, even though the District has not been able to take water from the streams during the emergency repairs. WTP Superintendent Hamilton recommended taking water from the Anacortes Intertie through the end of March, as the water from the streams is currently quite turbid. He stated that the turbidity provides food to the resident algae, which in turn can cause taste and odor issues. Discussion ensued regarding the costs associated with purchasing water from the City of Anacortes through the end of March, intertie capacity, volume surcharge, peak demands, filling the reservoir now or later in the season, turbidity and water quality issues, conservation and potential need for future ozonation. The Commission requested a financial report regarding costs to date for purchase of water from the City of Anacortes during the emergency repairs and what the cost impact would be to continue purchasing water through the end of March. Manager Johnson stated that under normal circumstances the District would probably not take turbid water from streams; however, a determination needs to be made as to what it will take during emergency operation mode. WTP Superintendent Hamilton stated that he could take water up to 2.0 NTU during emergency conditions and in normal conditions limits turbidity to 1.0 NTU. Manager Johnson stated that WTP Superintendent Hamilton will use his best judgment to determine taking what is necessary.

Skagit River Flow Management Committee Meeting

He stated that the Committee is looking for agreement from all jurisdictions for the proposed rules of procedure. The Commission agreed with Draft 4 of the proposed rules

of procedure with a suggested revision to Paragraph 9 regarding Robert's Rules of Order. Manager Johnson requested that Executive Assistant Carpenter prepare a letter to the Committee that the District approves the proposed rules of procedure with the suggested revision. He stated that new officers have been elected to the Committee and he has been elected as Chair. Manager Johnson reported on the recent meeting held at the Children's Museum with lunch sponsored by the District. He stated that the impetus is sponsorship of an educational exhibit at the museum related to water flow management and conservation, which garnered general support from all jurisdictions of the Committee. He stated that the Committee approved a motion to have Attorney Gilbert work with Attorney David Hawkins, Upper Skagit Tribe, on an interlocal agreement with a scope of work and budget for this effort with a draft by April 1. Manager Johnson commended Community Relations Manager Tate for suggesting the exhibit and all of the preliminary footwork that he has done to gain support for the project.

Emergency Response Activities - Status of Cultus Mountain Intakes

Gilligan Intake: SRV Construction removed the rocks from the inlet structure which has produced an exceptional flow; however, water is not being taken into Judy Reservoir at this time due to high turbidity.

Turner Intake: Flow is 200 GPM

Mundt Intake: Flow is 3500 GPM

Salmon Intake: Flow is 100 GPM

Judy Reservoir - Mount Vernon Transmission Pipeline Project – Phase 1

A resolution approving the bid documents appears under New Business on today's agenda. The grant application for stimulus related funding was submitted to the State last week. A bid opening will be scheduled for March 26 upon approval of plans and specifications.

Mount Vernon to Concrete Broadband Connectivity Phase 1: Sedro Woolley to Hamilton Fiber Backbone

J. R. Simmons of the COMgroup is scheduled to make a presentation to the Commission on March 10 to clarify the issue of continuing to accumulate consulting charges beyond the original budget amounts and without General Manager approval. Commissioner Robertson requested that the consultant be reminded of the terms of the contract and that regardless of good intentions, both the District and the consultant need to abide by the terms and procedures set forth in the contract.

Fidalgo Pipeline Break

The damaged PVC pipe from the December break on Fildago Island has been taken to a plastic laboratory in Bellingham. The lab will perform three different certified tests on undamaged PVC pipe from the same area; dimensional tolerances, a quick burst test of 60 seconds, and finally a burst test of 1000 hours. It will take the lab approximately 40 days to compile all of the data and make their certified report. The cost will be approximately \$724. The Commission was pleased with the process.

Meter Testing and Repair

As part of the ongoing meter maintenance program, Meter Technician Yeager assisted Oregon Meter Repair in testing, calibrating and repairing approximately 30 2-inch meters during the week of February 23. They also repaired one 4-inch meter at the Skagit Valley Casino and Resort.

Credit Card Transactions February 20 through February 26

112 transactions totaling \$11,917.44.

2009 Disconnects

January: 191

February: 184

Average Disconnects Per Week: 46

Under New Business, Manager Johnson stated that CH2M Hill, the District's consultant for the Water Treatment Plant Expansion Project, has notified the District that they are nearing their budget limit for providing services assisting with management of the construction project and have requested a contract amendment to expand the budget to be able to continue their services until the project is completed. Manager Johnson stated that Phil Martinez of CH2M Hill is present to answer any questions the Commission may have. Manager Johnson stated that he is not asking for a decision from the Commission

today unless they are prepared to offer one. He stated that the item will be scheduled for action on the March 10 agenda. Mr. Martinez provided an update regarding the project and the reasons for the projected budget exceedance, which are outlined in CH2M Hill's letter of February 12. He stated that most of the delay in completing the project is due to the amount of time involved with finding and filling leaks from the voids in the concrete due to inaccurate compacting. He stated that his firm has also spent considerable time reviewing shop drawings. Discussion ensued regarding various aspects of the project and delays. Commissioner Cook thanked Mr. Martinez for his time and stated that the Commission would take his information regarding the request for budget amendment under advisement.

Under New Business, Manager Johnson presented Resolution No. 2152-09, A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, APPROVING BIDDING DOCUMENTS FOR CONSTRUCTION OF THE JUDY RESERVOIR - MOUNT VERNON TRANSMISSION PIPELINE PROJECT - PHASE I AND KULSHAN FORCE MAIN PROJECT CONSISTING OF APPROXIMATELY 1.5 MILES OF 36-INCH DIAMETER WATER TRANSMISSION PIPELINE, CONNECTING TO THE DISTRICT'S EXISTING 24-INCH DIAMETER TRANSMISSION PIPELINE AT EACH END AT NORTH LAVENTURE TO THE WEST AND COLLEGE WAY TO THE EAST. THE WORK WILL INCLUDE THREE CREEK CROSSINGS, FOUR ROAD CROSSINGS AND CONSTRUCTION THROUGH WETLAND AND LANDSCAPED AREAS THAT REQUIRE SPECIFIC PLANTING RESTORATION, AND AUTHORIZING THE GENERAL MANAGER TO PUBLISH NOTICE INVITING SEALED PROPOSALS FOR SAID PROJECT. Manager Johnson reviewed the proposed resolution. Commissioner Robertson stated concern regarding the potential cost impact to the District of misinterpretation of specifications by contractors; Engineer Peterka replied that the District has worked with this consultant for years and this pipeline project is much less complicated than the diversion project. A lengthy discussion ensued regarding what the District can do to for protection from misinterpretation of plans and specifications. Attorney Gilbert stated that the type of assurances that the Commission is looking for are too expensive to attain. Commissioner Robertson asked if the District can request that the consulting engineer review bids with District staff, as they might be able to pick up on potential problems; Attorney Gilbert replied that would be a good idea. Engineer Peterka stated that value engineering can be used; however it is very costly. Attorney Gilbert stated that often time things that become ambiguous don't look ambiguous when the contract is drawn and the District needs to do as much vetting as possible to identify and eliminate ambiguities. The Commission asked Mr. Martinez his opinion; Mr. Martinez replied that value engineering is very expensive and at the federal level is required. He stated that the District needs to work with consultants that stand behind their product, especially when design errors are made. He stated that before value engineering, the District might consider requiring a robust Quality Assurance/Quality Control (QA/QC) element and keeping the liability under the consultant umbrella. He stated that larger firms have that capability for larger projects. Commissioner Cook asked what the Engineer's Estimate is for this project; Engineer Peterka replied \$6 million for the construction portion. Commissioner Cook asked if the City of Mount Vernon is ready to go; Engineer Peterka replied yes. Commissioner Robertson asked about the QA/QC elements in the bid documents; Manager Johnson replied that the resolution can be deferred until next week in order to discuss QA/QC with the consultant. Engineer Peterka stated that this resolution approves the bid documents and authorizes the District to solicit bids, but would not preclude any revisions the District might require regarding QA/QC.

Under Miscellaneous, Manager Johnson requested that Engineer Peterka present an update regarding Mundt Creek water rights relating to the 1996 Memorandum of Agreement (MOA). Engineer Peterka stated that the Department of Ecology (DOE) has been urged and has agreed to approve the water rights for the four Cultus Mountain streams. He stated that Reports of Examination have been issued and the District has reviewed the reports. Engineer Peterka distributed a map illustrating a summary of existing and future water rights. He stated that there is a discrepancy for the Mundt Creek water rights regarding "supplemental" rights. As a result DOE appears to be shorting the District 2.5 cfs for Mundt Creek. Engineer Peterka stated this applies to the

amount of water taken from the Mundt Creek intake and should not affect the amount of water that was defined in the MOA. Discussion ensued regarding various aspects of the water right issue. Attorney Gilbert stated he would recommend legal representation to assist the District in defining “supplemental”.

Also Under Miscellaneous, Manager Johnson stated that there is a signup sheet for participation at the Skagit/Island Counties Builders Association (SICBA) Home Show at the Skagit County Fairgrounds on March 20-22. The Commission requested that the schedule be emailed for review.

Under Commissioner Comments, Commissioner Robertson stated he met with legislators in Washington DC last week and would give a more detailed report at a later meeting. Commissioner Robertson stated that he will be on jury duty and may either be late or unavailable for the Commission meetings of March 10 and 17.

Under Commissioner Comments, Commissioner Cook stated that Skagit Council of Governments (SCOG) members are asked to give a presentation to the SCOG Board each year and the District’s turn is coming up in April or May. Commissioner Cook suggested that Community Relations Manager Tate could possibly give a 10-minute presentation regarding conservation goals; Manager Johnson replied that staff would look at options for a presentation.

Having no further business to come before the Board, Commissioner Robertson moved for adjournment. The motion passed and the meeting of March 3, 2009 was adjourned at 6:06 PM.

ATTEST

Jim Cook, President

Al Littlefield, Secretary

Robbie Robertson, Vice President