

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

March 17, 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 17, 2009.

The meeting was called to order at 4:35 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; Liz Olson, Human Resources Generalist; Kevin Tate, Community Relations Manager; Ed Heidt, Construction Superintendent; 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 17, 2009:

- a. Approval of Minutes (03/10/09)
- b. Approval of Vouchers – No. 2270
Voucher Nos. 78936-78998, Payroll Warrant Nos. 24432-24448 (\$476,758.91) 3/17/09

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 contractor has been told to stop facility startup testing until turbidity entering Judy Reservoir can be brought down to levels acceptable to the Water Treatment Plant. Commissioner Robertson asked if Kennedy/Jenks Consultants have been onsite; Manager Johnson replied he did not know. Commissioner Robertson stated that his concern about swing arm doors was expressed during design and he would like to know who signed off on a design without doors. Manager Johnson stated that there are no doors on the intake that prevent silt from entering the intake when not in use. Commissioner Robertson stated that the District was assured that silt buildup could be prevented, as the District had known all along that the pumps would not be in use continually and build up would be an issue. Commissioner Robertson stated he believed that doors were in the plans all along and asked who authorized deletion of the doors, when the doors were authorized to be deleted, and why wasn't the Commission informed. Commissioner Robertson stated he remembers doors with a track that were changed to a 30-35 degree angle. Commissioner Cook stated he witnessed silt being shoveled out by hand when the sheetpiles were in place after the flood. Manager Johnson stated that he would need to meet with staff, as he was not employed by the District when the decision to remove the doors was made. He stated that WTP Superintendent Hamilton indicated that he requested to have doors installed to prevent the buildup of silt, but they were removed from the design.

Water Treatment Plant Expansion Project

The leaks in the new filters appear to have been sealed and the Contractor is proceeding with the installation of the filter underdrains.

Emergency Response Activities - Status of Cultus Mountain Intakes

Treatment Plant and Construction personnel worked Friday on increasing the flow of the Gilligan intake. The flow was severely restricted by big boulders and packed fines. Construction Workers Stene and Kaech, WTP Superintendent Hamilton, WTP Operator Moore, and Construction Superintendent Heidt worked at the Gilligan intake on Saturday to clear the intake at the V-notch. A new style man-lift was used that could reach out 75 feet horizontally. Manager Johnson shared photographs of the V-notch where the intake goes in. Superintendent Heidt stated that a new grate is being fabricated from railroad iron, which is expected to weigh 3600 pounds, and will be installed next week.

Current flow information:

Gilligan: 4500 GPM

Mundt: 1000 GPM

Turner: 100 GPM

Salmon: 50 GPM

North BayView Edison Road LUD No. 28 Pederson Appeal

The Court of Appeals of the State of Washington affirmed Skagit County Superior Court's dismissal of the Pedersons' appeal of the assessments against their properties. A copy of the opinion is included in Commissioner notebooks under Old Business. Commissioner Robertson stated that if the other Commissioners agree, he would like Attorney Gilbert to write a letter requesting publication of the Court of Appeals Opinion. Discussion ensued regarding the potential for publication of the Court of Appeals opinion and reasons not to publish. Attorney Gilbert stated he would speak with Attorney DiJulio of Foster Pepper, and if he believes a request is warranted, he will write the letter requesting publication of the opinion.

Potential Equipment Purchase

Mechanic Walters, Expediter Lee, and Construction Superintendent Heidt met with the owner of Owen Equipment and a representative from International Truck in Kent yesterday to discuss purchase of a used 2008 HXX Vactor truck. They inspected the truck at work in the field and spoke with the crew who has been renting it (Lake Haven Water District). A resolution waiving bid requirements and authorizing purchase of the vactor truck appears under New Business on today's agenda. Superintendent Heidt stated that the truck will be loaded and weighed and the owner will provide weight tickets. Commissioner Robertson asked when the District would take delivery if the resolution is adopted today; Superintendent Heidt replied six weeks. Discussion ensued regarding responsibility for damages during the six week period before taking delivery, weight issues, DOT certification requirements, operator liability regarding non-DOT certified equipment, gap insurance during transit, and sales tax costs. Manager Johnson stated that he would not authorize the purchase of any vactor truck that is not DOT certified and has instructed Superintendent Heidt that his criteria is for a vactor truck that is DOT certified at full operational weight. Attorney Gilbert stated that the operator would face personal criminal liability, not the District, if the equipment was not DOT certified and was involved in an accident.

Judy Reservoir to Mount Vernon Transmission Pipeline, Phase 1 and Kulshan Force Main Project

The bid advertisement was published in Skagit Valley Herald Sunday, March 15 and Daily Journal of Commerce Monday, March 16. To date, 8 contractors have requested plans and specifications for this project. Commissioner Robertson stated he read the invitation to bid in the newspaper and with schedules of work for the District and the City of Mount Vernon; it appears that the District is the lead agency. Commissioner Robertson asked how the District avoids liability for the City of Mount Vernon's work; Manager Johnson replied he would have to get back to the Commission with an answer.

Under New Business, Manager Johnson presented Resolution No. 2154-09, A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, ESTABLISHING POSITIONS AND GRADES FOR NON-UNION STAFF AND SUPERVISING EMPLOYEES. Manager Johnson reviewed the proposed resolution and recommended adoption. Commissioner Robertson asked Human Resources Generalist Olson if she sees any problems with Resolution Nos. 2154 and 2155-09; HR Generalist Olson replied no, that both resolutions should work well. Commissioner Robertson moved to adopt Resolution No. 2154-09 as presented. The motion passed.

Under New Business, Manager Johnson presented Resolution No. 2155-09, A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, ESTABLISHING SALARY RANGES FOR NON-UNION STAFF AND SUPERVISING EMPLOYEES. Manager Johnson reviewed the proposed resolution and recommended adoption. Commissioner Robertson moved to adopt Resolution No. 2155-09 as presented. The motion passed.

Under New Business, Manager Johnson presented Resolution No. 2156-09, A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, WAIVING BID REQUIREMENTS DUE TO SPECIAL MARKET CONDITIONS FOR THE PURCHASE OF A USED 2008 HXX

VACTOR TRUCK FROM OWENS EQUIPMENT, IN THE AMOUNT OF \$273,933.13 (INCLUDING TAX AND WARRANTY) AND AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A PURCHASE AGREEMENT. Commissioner Littlefield moved to adopt Resolution No. 2156-09 as presented. The motion passed.

Under New Business, Manager Johnson presented Change Order No. 1 to the Gilligan Creek Intake Emergency Repairs Project with SRV Construction, Inc. Manager Johnson stated that the proposed change order reconciles contract quantities and includes debris removal from the intake tunnel in the amount of \$34,376.00, bringing the total contract amount to \$134,056.08. Commissioner Robertson asked Manager Johnson if he had met with the Department of Ecology; Manager Johnson replied no, not yet. Commissioner Cook stated that he and Manager Johnson had a lengthy discussion earlier today regarding forest practice permits and cutting trees on adjacent properties. Manager Johnson stated that Environmental Services Coordinator Brower will meet with Commissioner Cook to discuss the same issue. Discussion ensued regarding the total amount of expenses to date on emergency repairs. Commissioner Robertson asked if the proposed change order would push expenses beyond the \$200,000 authorized by resolution; Superintendent Heidt replied there are more expenses beyond the proposed change order. Manager Johnson stated that if expenses exceed \$200,000 the resolution will need to be amended and recommended tabling the change order and bringing an amended resolution before the Commission on March 24.

Under Miscellaneous, Manager Johnson stated that at the meeting of March 10, 2009, the Commission approved a Contract Amendment for Work Order FC to the Judy Reservoir Water Treatment Plant Expansion Project subject to clarification regarding Task 11. He stated that CH2M Hill agreed to reduce the cost of Task 11 from \$15,000 to \$7,500, due to an oversight on their part in the original document. Manager Johnson stated that he signed revised Work Order FC today.

Under Audience Comments, Superintendent Heidt reported receiving a call from Specified Fittings regarding positive preliminary test results of the damaged pipe from the Fidalgo Island breaks and that they are in the middle of the 40-day test burst test. Manager Johnson stated that test results will be given to Auditor Blake for Public Utility Risk Management Services (PURMS) and the fire department. Manager Johnson stated that the District is looking at installation of telemetry on the pressure reducing valve on Fidalgo Island for insurance purposes.

Under Commissioner Comments, Commissioner Littlefield stated that he would be attending WA PUD Association (WPUDA) meetings in Olympia on March 18 & 19.

Under Commissioner Comments, Commissioner Robertson stated he is still serving jury duty and may not be able to make the WPUDA meetings in Olympia as planned. He stated that his jury duty obligation ends on March 20.

Under Commissioner Comments, Commissioner Cook stated that the Skagit Council of Governments (SCOG) Board meeting is Wednesday, March 18. He stated that he has forwarded information regarding building green to Community Relations Manager Tate and Executive Assistant Carpenter. Commissioner Robertson stated that a tour can be arranged for SCOG Board members of the WPUDA headquarters, a certified Leadership in Energy and Environmental Design (LEED) green building.

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 30 minutes. The meeting was recessed at 5:37 PM.

President Cook convened the executive session at 5:38 PM.

President Cook reconvened the regular meeting of the Commission at 5:46 PM.

Having no further business to come before the Board, Commissioner Littlefield moved for adjournment. The motion passed and the meeting of March 17, 2009 was adjourned at 5:47 PM.

ATTEST

Jim Cook, President

Al Littlefield, Secretary

Robbie Robertson, Vice President