

MINUTES OF THE REGULAR MEETING OF THE COMMISSION PUBLIC
UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON
March 23, 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 23, 2010.

The meeting was called to order at 4:34 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; Larry Saunders, Engineering Supervisor; Jamie Klunder, Human Resources Generalist; Kevin Tate, Community Relations Manager; Randy Brower; Environmental Services Coordinator; Dave Rathbone, Distribution Operator; Guy Shepherd, Engineering Technician/Inspector; George Campeau, former PUD Inspector, Pete Gilbert, Attorney; and Kim Carpenter, Recording Secretary.

Commissioner Littlefield led the Pledge of Allegiance.

Commissioner Littlefield moved to approve the Consent Agenda for March 23, 2010:

- a. Approval of Minutes - Commission Meeting 3/9/10; Work Session 3/16/10
- b. Approval of Vouchers
No. 2328
Voucher Nos. 81486-81538, Payroll Warrant Nos. 24838-24850 (\$427,226.32) 3/16/10
No. 2329
Voucher Nos. 81539-81575 (\$186,453.93) 3/23/10
- c. Project Acceptance
McGarigle Road & Calkin Place, Waterline Crossing for Ruby (Sedro-Woolley)

The motion passed.

At this time, President Cook recessed the regular meeting to go into executive session for an approximate duration of 15 minutes to discuss a personnel issue regarding qualifications of an applicant for District employment. The meeting was recessed at 4:36 PM.

President Cook reconvened the regular meeting of the Commission at 5:00 PM. Randy Brower and Dave Rathbone did not return to the regular meeting.

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

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

Skagit River Intakes are Cleaned

The District hired Ballard Dive Service to inspect and clean out the five intake flumes at the Skagit River Diversion Pump Station. Staff is evaluating the effectiveness of the scour system. Manager Johnson stated that video of the cleaning will be presented to the Commission at an upcoming meeting.

I-5 & Chuckanut Drive, Extension of Existing 12-inch Casing

District crews, in coordination with NW Safety and Dahlman Pump, completed work on the March 16. WSDOT is pleased with completion of PUD required work prior to their contractor commencing work.

Rain Barrel Workshop

Community Relations Manager Tate reported that the District held two Build-Your-Own Rain Barrel Workshops on Saturday, March 20 with 40 participants. The Fairfield Inn & Suites plans to install three barrels at their location in Burlington. The next workshop is scheduled for April 10. Manager Johnson read aloud a thank you letter from the Padilla Bay Foundation for the District's in-kind support of Youth Earth Summit on February 26.

Under New Business, Manager Johnson stated that Ric Boge, SCOG Resource Conservation Manager, presented an overview of SCOG's Resource Conservation Management Program and the District's participation at the meeting of February 16 and is requesting District participation for an additional year at \$5,000. Discussion ensued regarding the cost of participation versus the return on the investment, pros and cons of

cost in the current economic climate, benefits of promoting environmental stewardship and conservation-related programs, allocating staff to participate and potential political impact of withdrawal. Commissioner Robertson stated he felt this was an extraneous expense that has a negative impact on the budget without a guarantee of a return on the investment. Commissioner Littlefield stated that conservation related programs are positive for the District and he would agree to fund the program for an additional year; however, if there is not a significant return he would not approve participation for a third year. Commissioner Cook stated that other entities are seeing a better return on their investment, but have also committed personnel to work with Mr. Boge to implement cost saving recommendations. Manager Johnson stated that the audit provides a list of items to change, but Commissioner Cook is correct in that the District did not have personnel committed to the program. Manager Johnson recommended support for an additional year. Commissioner Littlefield moved to authorize the General Manager to enter into an agreement for participation in the Resource Conservation Management Program for 2010; however, the Commission will not support a third year of participation in the program if no significant return on the investment is realized. The motion passed with two Commissioners in favor and one opposed.

Under New Business, Manager Johnson presented an Interlocal Agreement Between the City of Mount Vernon and Public Utility District No. 1 of Skagit County (East College Way/Riverside Drive Improvements). Engineering Supervisor Saunders stated that the City bid the street improvement project and the District investigated the need to replace waterline (Riverside Drive east to the railroad tracks) in Phase 1 of the project and a proposed interlocal agreement was drafted. The City approached the District regarding Phase 2 of the project wherein additional waterline needed replacement and proposed a single interlocal agreement to combine both projects. Engineering Supervisor Saunders stated that the work orders were approved in the budget and the project is also under budget. Commissioner Robertson moved to authorize the General Manager to enter into an Interlocal Agreement Between the City of Mount Vernon and Public Utility District No. 1 of Skagit County (East College Way/Riverside Drive Improvements). The motion passed.

Under New Business, Manager Johnson presented Resolution No. 2170-10, A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, AMENDING RESOLUTION NO. 2169-10 TO INCLUDE EQUIPMENT AND/OR MATERIALS, INADVERTENTLY OMITTED FROM RESOLUTION NO. 2169-10, WHICH ARE 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 Littlefield moved to adopt Resolution No. 2170-10 as presented. The motion passed.

Under New Business, Manager Johnson presented Resolution No. 2171-10, A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, ESTABLISHING THE USE OF CHARGE CARDS FOR OFFICERS AND/OR EMPLOYEES OF THE DISTRICT AND THE CONTROL THEREOF. Auditor Blake reviewed the proposed resolution stating that certain situations require payment for District purchases by credit card and the District held credit cards currently are authorized for travel purposes only. She stated that the proposed resolution allows the credit card issued to the General Manager to be used for authorized District purchases. Manager Johnson stated that Auditor Blake has revised the District's purchasing system to implement additional controls and pre-approval by appropriate supervisor and General Manager will be required before any credit card purchases. Manager Johnson stated that he and Executive Assistant Carpenter will be authorized to make purchases using the credit card. He stated that this resolution will solve the problem of employees having to use personal credit cards to pay for District purchases and then having to submit expense claims for reimbursement. Commissioner Robertson moved to adopt Resolution No. 2171-10 as presented. The motion passed.

Under Miscellaneous, Manager Johnson stated that the Commission has copies of the Commission meeting calendar for the months of March, April and May. He stated that March 30 is the fifth Tuesday of the month and he is open to cancellation of the

Commission meeting. Commissioner Littlefield stated if there is not a large agenda he was agreeable to cancellation. Commissioner Cook requested moving an executive session from March 30 to April 20 for Manager Johnson's performance appraisal, as he would not be available for the April 6 meeting and the April 13 meeting has already been cancelled. Commissioner Littlefield moved to cancel the meeting of March 30. The motion passed.

Under Audience Comments, George Campeau stated he did not understand why the Commission was willing to spend \$5,000 for resource conservation management when there is no guarantee that it will see a \$1,200 benefit. He stated that it did not make sense to him for the District to assign multiple employees to this project only adding to the \$5,000 expense without a guarantee of any return. Commissioner Cook stated that he believes the District would have seen a larger return on its investment in 2009 if there had been employees dedicated to the project. Mr. Campeau stated he understands Commissioner Cook's comment, except that it is an assumption not a guarantee. Mr. Campeau suggested checking and watching things "close to home", such as mileage, gas and lights to save money rather than paying a consultant.

Under Commissioner Comments, Commissioner Littlefield stated that he received an email from an acquaintance that purchased a backhoe at the District's surplus auction several years ago and needs paperwork to prove his purchase so that he can get the equipment licensed. Manager Johnson requested that Commissioner Littlefield forward the email and staff will investigate and provide the necessary information.

Under Commissioner Comments, Commissioner Robertson gave a summary of the WA PUD Association (WPUDA) search for a new Executive Director. He stated that John Kounts has been appointed as the acting interim Director from March 29 through April 30, or until such time as a new Executive Director is hired. Commissioner Robertson also presented an update regarding the Public Disclosure Commission (PDC) complaint regarding alleged campaign finance violations against WPUDA.

Under Commissioner Comments, Commissioner Cook stated he would be attending the Skagit Council of Governments (SCOG) board meeting tomorrow at 1:30 and Ric Boge, Resource Conservation Manager will be presenting a report.

Having no further business to come before the Board, Commissioner Robertson moved for adjournment. The motion passed and the meeting of March 23, 2010 was adjourned at 6:05 PM.

ATTEST

Jim Cook, President

Al Littlefield, Secretary

Robbie Robertson, Vice President