

MINUTES OF THE REGULAR MEETING OF THE COMMISSION PUBLIC
UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON
May 11, 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 May 11, 2010.

The meeting was called to order at 4:30 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; David Ostergaard, Operations Manager; Mike Fox, Distribution Operator; Doug McConnell, Contract Administrator; Kevin Tate, Community Relations Manager; Pete Gilbert, Attorney; John Ravnik, Ravnik Engineering; Jim Bishop, Summit Bank, Carl Garrison and Bob Bergstrom, Garrison Engineering; George Campeau, former PUD Inspector; and Kim Carpenter, Recording Secretary.

Commissioner Littlefield led the Pledge of Allegiance.

Commissioner Littlefield moved to approve the Consent Agenda for May 11, 2010:

- a. Approval of Minutes - Commission Meeting 5/4/10
- b. Approval of Vouchers No. 2337
Voucher Nos. 81836-81898, Payroll Warrant Nos. 24891-24905 (\$223,907.99) 5/11/10

The motion passed.

At this time, President Cook moved forward on the Agenda to New Business.

Under New Business, Manager Johnson stated that John Ravnik would present information regarding the Ehrlich Estates Development and a request for a waiver of District policy regarding a storage reservoir.

Mr. Ravnik introduced himself, Jim Bishop from Summit Bank (developer), and Carl Garrison and Bob Bergstrom from Garrison Engineering. Mr. Ravnik distributed information packets and presented an overview of the project including maps showing property, zoning, elevations and options for water service. Discussion ensued regarding the various options presented and drawbacks of each, impact fees at other utilities, fire protection, storage reservoirs, gravity feed, pump stations, backup/standby generators, District minimum standards, tank maintenance, elevation issues, potential use of System Development funds to oversize a tank and waterlines, and the potential use of homeowners association to manage a water system. Commissioner Robertson asked when construction is scheduled to begin; Mr. Ravnik replied early fall. Commissioner Cook stated he would like to review the information presented in more depth and Commissioner Robertson stated he was not ready to make a decision. Mr. Ravnik thanked the Commission for their time.

At this time, Manager Johnson stated that the issue of the Josh Wilson Road Pipeline Project is addressed under the Manager's Report today, but requested addressing the Public Works Trust Fund (PWTF) application at this time, as applications must be postmarked by 6:00 PM today. Contract Administrator McConnell reviewed the application. Commissioner Robertson asked where the funding is coming from; Manager Johnson replied he is not sure, but if the District misses the deadline it will not be considered if funds become available. He stated that the application can be pulled if not needed. Commissioner Littlefield asked how much the project is expected to cost; Contract Administrator McConnell replied \$5,513,572.08. Commissioner Littlefield moved to authorize submission of application for a Public Works Trust Fund loan in the amount of \$4,686,536.27 at ½% interest and for the General Manager to sign same on behalf of the District. The motion passed.

Under New Business, Distribution Operator Fox gave a PowerPoint presentation regarding the Potlatch Beach pump on Guemes Island which included failures, well casing, French drain install, pumps and motors, glitches, new motor and shroud 2008, corrosion issues, electrolysis, changes, pump and motor install 2010, and summary. Discussion ensued regarding the information presented. Manager Johnson thanked

Distribution Operator Fox for the amount of work he has put into maintenance and operation of the system and for the training operations.

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

Potential City of Anacortes Encroachment into PUD Service Territory

Commissioner Robertson asked if the City of Anacortes would be encroaching into PUD service territory with a new waterline the City would be installing near E Texas and March Point Roads. Planning Engineer Shaff and Engineering Technician Hiltz reviewed maps and found that the City of Anacortes is in fact NOT encroaching into the PUD's service area. The map shown in the 2000 Coordinated Water System Plan (CWSP) is outdated and currently shows that the City would be encroaching into the PUD's service area but, after the 2000 CWSP was approved, the PUD agreed to let the City of Anacortes annex the South March Point area. Please see the attached documents confirming the above.

City of Anacortes WTP Upgrade

Treasurer Fredlund and I met with the City on Thursday and Fred Buckenmeyer plans to schedule a presentation to this Commission in the near future.

Administrative Special Use Permit

Plans to meet with Tim Halloran and Skagit County have been delayed, as the County Commissioners have requested additional information from their staff regarding issues associated with the permitting process prior to meeting with the District.

Town of Lyman Interlocal Agreement

Operations Manager Ostergaard reported on his meeting with the Town of Lyman on Thursday afternoon to discuss the interlocal agreement to provide equipment and personnel to assist with emergency repairs to failed or damaged system infrastructure. He stated that Mark Kitchen took staff on a tour of the Town's two pump stations and reservoir and the water facilities appeared to be clean and in good shape. Mark provided the District with record drawings of the water system, as well as hydrants and meter locations within the Town. He was well organized and is willing to work with the District to provide the best service possible. This should be a win/win situation for the Town of Lyman and the District.

District Projects

Final drafting of the 13th Street project design is complete and ready for final approval.

Design of the Summers Drive Booster Station at the south end of Pleasant Ridge is nearing completion.

The Gilligan Creek storm Hazard Mitigation Project has received approval from the Engineer and FEMA for the change order for a minor design change. The Notice of Award has been forwarded to the contractor.

The Josh Wilson Road I-5 to Higgins Airport Way Pipeline (18-inch transmission line) Project is moving forward. The scope, schedule and budget have been updated for the Public Works Trust Fund (PWTF) Loan Application due by May 11, 2010.

To address potential safety concerns with doing construction near schools, staff is evaluating the scheduled start of some of the projects in close proximity to schools to confirm whether the scheduled start time is appropriate to coincide with that of the schools.

Developer Projects

The interest of developer's engineers in presenting projects to the District for review of water system plans appears to be increasing from what it was several months ago.

The Walgreen Drug project is moving forward in Burlington. Barbara is working closely with the engineer to finalize the water system plans. She is also working with the engineer for the Dahlstedt Binding Site Plan water system design and the design is nearing completion.

Barb also has several active projects that are moving forward but in the preliminary stages. The projects that she is managing have a combined total number of potential 451 water services (domestic, fire, irrigation); however, it is very unlikely that all of them will be purchased this year.

Operations/Construction

The construction group has completed the following Capital projects to date: Chuckanut bore and new onramp main replacement; Marihugh; Minkler; Madison; and the new 8-inch DI main has been installed on Prospect Street.

STAG (State and Tribal Assistance Grant)

Senator Murray’s office has been in contact with the District and is proceeding with the \$750,000 Similk Beach Sewer Improvement technical correction to change the use of the grant to Water Infrastructure Improvements.

Rain Barrel Workshop

The District will be holding an after-hours rain barrel workshop on Wednesday, May 12, from 6:30-7:30 PM. Registration is limited to 25 people and the workshop is full.

Under Commissioner Comments, Commissioner Littlefield stated he would be attending the Pacific Northwest Section-American Water Works Association (PNWS-AWWA) conference in Tacoma from May 12-14.

Under Commissioner Comments, Commissioner Robertson stated he would be attending WA PUD Association (WPUDA) meetings in Olympia from May 12-14 and reported that the Executive Director search is on hold until reform issues are decided. Commissioner Robertson stated that Snohomish County has authorized wells to be drilled at Bryant Estates, which sits at the headwaters of Carpenter Creek, stating there is enough water to serve the development; which appears to be in direct conflict with the Department of Ecology (DOE) reports closing that basin. Commissioner Robertson requested that DOE and Gary Stoyka, Skagit County Administrator, be contacted for clarification.

Under Commissioner Comments, Commissioner Cook stated he would be attending the Skagit County Prayer Breakfast on May 12; Swinomish Blessing of the Fleet on May 13 and the Skagit County Fire District Association meeting on May 20.

Under Miscellaneous, Manager Johnson stated he would be going between Olympia and Tacoma from May 12-14 for WPUDA meetings and the PNWS-AWWA Conference. The Mount Vernon Chamber of Commerce will be holding a tourism summit on June 3 and Manager Johnson passed out their “hot deals” flyer. Mount Vernon Chamber of Commerce will be holding a legislative update at their meeting on May 26 at the Cottontree and House and Senate representatives Barbara Bailey, Norma Smith and Kevin Ranker plan to attend. Manager Johnson also reported that Pete Vander Muelen’s wife recently passed away.

At this time, President Cook recessed the regular meeting to go into executive session to discuss a personnel issue (General Manager-performance review) and potential litigation concerning a sales tax issue regarding the Skagit River Diversion Pump Station Project for an approximate duration of 1 hour. The meeting was recessed at 6:14 PM.

President Cook reconvened the regular meeting of the Commission at 7:05 PM.

Having no further business to come before the Board, Commissioner Littlefield moved for adjournment. The motion passed and the meeting of May 11, 2010 was adjourned at 7:06 PM.

ATTEST

Jim Cook, President

Al Littlefield, Secretary

Robbie Robertson, Vice President