

MINUTES OF THE REGULAR MEETING OF THE COMMISSION PUBLIC
UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON
June 8, 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 June 8, 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; Dave Ostergaard, Operations Manager; Gary Chrysler, Information/Communication System Administrator; Kevin Tate, Community Relations Manager; Ed Heidt, Construction Superintendent; Bobbie Olin, Customer Service Supervisor; Sindi Moe, Sarah Ireland, Gary Riddle, and Darrell Yeager, Billing, Customer Service and Meter Personnel; George Campeau; former PUD Inspector; Fred Buckenmeyer and Steve Hoagland, City of Anacortes; Mount Vernon Police Officer; Pete Gilbert, Attorney; and Kim Carpenter, Recording Secretary

Commissioner Littlefield led the Pledge of Allegiance.

Commissioner Littlefield moved to approve the Consent Agenda for June 8, 2010:

- a. Approval of Minutes - Commission Meeting 5/25/10
- b. Approval of Vouchers
No. 2340-Voucher Nos. 82005-82073 (\$94,155.96) 06/01/10
No. 2341-Voucher Nos. 82074-82121, Payroll Warrant Nos. 24921-24935 (\$255,364.57) 06/08/10

The motion passed.

Under Invited Guest, Manager Johnson introduced Fred Buckenmeyer, Public Works Director, and Steve Hoagland, Finance Director, City of Anacortes. Mr. Buckenmeyer gave a PowerPoint presentation regarding the proposed City of Anacortes Water Treatment Plant Upgrade. He stated that the presentation has been shared with other government entities and was also presented to the Skagit River Flow Management Committee in February. The presentation outline included Background, Importance of Existing WTP, Capacity & Demand, Needs Driving Improvement; Project Goals, Project Elements, Proposed Improvements, Phasing, Alternatives, and Target Project Schedule. A brief discussion ensued regarding various elements of the presentation, including average production, sludge storage and disposal, Anacortes water storage within city limits, service to Whidbey Island and Oak Harbor. Manager Johnson asked what the financial impact would be to Skagit PUD; Mr. Buckenmeyer replied that the draft technical memorandum, distributed by Mr. Hoagland, estimates the cost of the project to be \$60 million, but the City hopes that bids will be less. He stated that if the District's existing 2009 Capital rate (page 2, table 1) and \$50-60- million option (page 3, table 6) added to the capital fixed variable number (table 7) will equal the District's anticipated total payment of \$369,000. Manager Johnson stated that the District's committed volume is 485; however the City is showing that committed volume to be 405; Mr. Buckenmeyer replied that the District's anticipated payment would be slightly higher based on a committed volume of 485. He stated that the cost estimates are based on a 20 year bond at 6% interest and the current interest rates are approximately 3.8%. The Commission thanked Mr. Buckenmeyer and Mr. Hoagland for their presentation.

Under Audience Comments, Commissioner Cook asked if Ken Higby was present, he was not. Manager Johnson stated that he would like Community Relations Manager Tate or Customer Service Supervisor Olin to present information regarding Mr. Higby to the Commission and his request for a waiver of the cut lock charge. Ms. Olin presented background information regarding Mr. Higby. All three Commissioners indicated they had been contacted by Mr. Higby. Meter Worker Riddle reported steps leading to the disconnection and locking of Mr. Higby's service. Discussion ensued regarding the District's policy for past due notification, delinquent accounts, disconnection and locking of water service, and new Miscellaneous Charges policy adopted by the Commission and implemented in April of this year. Manager Johnson stated that Mr. Higby indicated he was planning to attend today's meeting. Manager Johnson thanked the Mount Vernon Police Department for standing in, as staff was uncomfortable with threatening comments

previously made by Mr. Higby. The general consensus of the Commission was that they would not waive the cut lock charge for Mr. Higby.

At this time, approximately 5:27 PM, Fred Buckenmeyer, Steve Hoagland, Customer Service Supervisor Olin, Billing Clerk Moe, Customer Service Representative Ireland, and Meter Workers Riddle and Yeager exited the meeting.

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

Commissioner Compensation

Auditor Blake reported that RCW changes that become effective June 10, 2010, affect Commissioner compensation and per diem compensation. She stated that previously the Commission agreed to waive compensation increases for 2010 but did not address per diem compensation. Commissioner Robertson asked if the per diem increase could be waived as well; Auditor Blake replied yes. Auditor Blake distributed memorandums of waiver regarding per diem compensation for Commission review.

At this time, Manager Johnson stated that the Commission has copies of the Manager's Report (*copy follows*) and suggested moving forward to Stream Gauging under Old Business.

Engineering

The 13th Street project continues, the pipeline is complete and final sidewalk and paving replacement remains.

The City of Mount Vernon's Flood Control project is under construction at the south end of Lions Park on Freeway Drive and the contractor will place concrete encasement around a section of the drain line from the District's mainline pressure relief valve. Barb and Tom have worked with the City to cooperatively resolve issues where the drain line intersects the Flood Control Wall.

Dan Felix continues design of District projects and continues working with the developer of Saratoga Passage View, located off of Stackpole Road. The contractor has completed the pump station piping, electrical and will soon be installing telemetry. The pump station began filling the storage tank on Thursday, June 3 in preparation for testing of the tank.

Community Relations/Customer Service

Customer Service has billed \$15,620 in late charges since April 1 when the new late charge policy went into effect. The charge is \$5 or 2% per month, whichever is greater. In May, we saw a decrease of \$1,400 in late charges. April \$8,508; May \$7,112

The Meter Technicians are inspecting approximately 23,000 meter services as part of their meter box maintenance program. As a result of the AMR program, meter boxes are no longer opened on a routine basis for reading, so many of the boxes are slowly becoming overgrown by plant foliage. Meter technicians are brushing out and repairing meter boxes as needed. Anticipate inspecting all of the boxes by the end of October.

Operations

Distribution - Replaced the Rockport pump and motor this week. There was 16,000 hrs on the system and it's estimated that it pumped approximately 33.6 million gallons at 35 gpm.

Water Quality - Proposed scheduling a workshop for a Leak Detection demonstration the week of June 22, 2010.

Under Old Business, Manager Johnson requested authorization to sign the Security Agreement for Line Extension Exception with Dale Rettinghouse. Attorney Gilbert stated that the Agreement was revised as discussed at the meeting of May 18. Commissioner Littlefield moved to authorize the General Manager to enter into the Agreement for Line Extension Exception with Dale Rettinghouse and to sign said Agreement on behalf of the District. The motion passed.

Under Old Business, Information/Communication System Administrator Chrysler presented an update regarding stream gauging. He reported that gauges were lost during a winter storm and replacement and recalibration issues, along with some errors in the

minimum stream value tables, were delaying the correct display of data on the web. He stated that recalibration of the stream basins takes many measurements over time, but that these measurements were completed on Gilligan, Mundt, and Turner Creeks at the end of April. In addition, a programmer was also engaged to make corrections to minimum stream flow data display values and correct some minor graphing issues. ICS Administrator Chrysler stated that data is still being collected; however, he did not want incorrect data to be displayed. Commissioner Robertson stated he did not want gauging issues to become cause for litigation under the 1996 Memorandum of Agreement and wants to impress that it is a critical component; ICS Administrator Chrysler replied that he shares Commissioner Robertson's anxiety. Manager Johnson stated that the issue may come up at the Skagit River Flow Management Committee meeting on Thursday and several PUD staff members will be in attendance; however, he and a Commissioner will not be present as they will be attending the WA PUD Association Reform Issue Workshop in Wenatchee.

At this time, President Cook recessed the regular meeting to go into executive session to discuss potential litigation regarding Cultus Water Rights for an approximate duration of one hour. The meeting was recessed at 5:40 PM.

President Cook reconvened the regular meeting of the Commission at 6:40 PM.

Under Old Business, discussion was to continue regarding WA PUD Association (WPUDA) Reform Issues. Commissioner Robertson stated that it would not be productive to continue discussion considering the number of emails sent by various PUD managers. He stated that the issue would be discussed at length during the special WPUDA meetings in Wenatchee. Manager Johnson and Commissioners Robertson and Littlefield plan to attend the meetings in Wenatchee.

Commissioner Littlefield recommended moving the New Business items (July 6 Meeting Cancellation and Discussion-Scheduling Future Work Sessions) to the June 15 agenda; the Commission agreed.

Having no further business to come before the Board, Commissioner Robertson moved for adjournment. The motion passed and the meeting of June 8, 2010 was adjourned at 6:50 PM.

ATTEST

Jim Cook, President

Al Littlefield, Secretary

Robbie Robertson, Vice President