

MINUTES OF THE REGULAR MEETING OF THE COMMISSION PUBLIC  
UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON  
June 29, 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 29, 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; Christine Blake, Auditor; Larry Saunders, Engineering Supervisor; Randy Brower, Environmental Services Coordinator; Dave Ostergaard, Operations Manager; Kevin Tate, Community Relations Manager; Kurt VanBurkleo, Administrative Assistant; Jones Atterberry, District 3 Commissioner Candidate; Court Olson, Associate Project Manager and Robin Kotulka, P.E., Senior Engineer, OAC; Jeff Nichols, P.E., Principal, Engineering Economics, Inc. (EEI); unidentified audience member (*exited meeting at 5:00 PM*) 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 29, 2010:

- a. Approval of Minutes - Commission Meeting 6/22/10
- b. Approval of Vouchers No. 2344 – Voucher Nos. 82183-82246 (\$36,604.16) 06/29/10
- c. Project Acceptance – Dunlop Avenue, Wright Extension (Sedro-Woolley)

The motion passed.

Auditor Blake presented a financial update through May 31, 2010. Discussion ensued regarding budget allocation estimates and the effect of permitting on District construction project timelines.

Under New Business, Environmental Services Coordinator Brower presented an update regarding Resource Conservation Management (RCM) included the interlocal agreement with Skagit Council of Governments, Behavioral Elements, Asset Management and RCM Action Plan. ESC Brower stated that staff will research potential replacement of the Fir/Waugh booster pump to save on energy costs. He stated that he is working with Operations Manager Ostergaard to look into retaining a pump efficiency consultant. Discussion ensued regarding various aspects of the presentation. Commissioner Robertson asked what the timeframe would be for the RCM Action Plan; ESC Brower replied approximately 2-4 months.

Under New Business, Manager Johnson introduced Court Olson, stating he would be presenting the Building Economic Life Analysis on the District's facility performed by OAC. He stated that OAC performed the analysis at no cost to the District; however, should the District elect to move forward additional phases of analysis costs would be negotiated by contract. Mr. Olson introduced Robin Kotulka, P.E., Senior Engineer with OAC and Jeff Nichols, P.E., Principal with Engineering Economics, Inc. (EEI). Mr. Olson's presentation included the following:

Commendable Skagit Council of Governments (SCOG) Initiative  
US Energy Consumption-DOE Charts  
Net Zero Potential – Energy In = Energy Out

Building Transformation Program:

1. Assess & Brainstorm
2. Analyze & Rank
3. Plan the Project
4. Design & Construct
5. Commission & Measure
6. Monitor & Evaluate

The Transformation Program Does:

- Determine if building is worth investing in
- Develop improvement investments plan justified by life-cycle economic analysis
- Deliver and commission improvements

- Monitor and evaluate outcome

Transformation Benefits:

- Improved community image
- Increases asset value
- Reduced operating costs
- Reduced environmental impact

Example – WA PUD Association Building

Proof of Savings – Olympia City Hall

Reasons for a Timely Decision:

- One story roof needs replacement
- One story HVAC equipment near life end
- Low percentile of 14 Energy Star ranking (Energy Star Label is 75+)
- Real estate and new construction market prices are depressed

Transforming Existing Building Saves Energy

We Suggest Phase 2 in our Transformation Program: Analyze and Rank

Immediate Next Steps:

- Do small selective structure, roof & wall test probing
- Get PUD staff input on brainstorming options
- Affirm RCM Action List ideas to implement
- Agree on concepts to be life cycle analyzed; roof & skin, heating & ventilation, lighting, electrical and other.

Ms. Kotulka addressed:

Possible Roof Improvement Ideas

Possible Skin Improvement Ideas

Mr. Nichols addressed:

Possible HVAC Improvements

Possible Plumbing Improvements

Mr. Olson continued with:

Possible Lighting & Electrical Improvement Ideas

Could also consider: LEED Green Building Certification, Net Zero energy goal, interior space remodeling, phasing and financing options.

Phase 2 Goal: A Strategic Transformation Plan to enhance investment value, reduce operating costs, conserve resources.

Commissioner Candidate Atterberry exited the meeting at approximately 6:00 PM.

Discussion ensued regarding estimated costs for improvement, whether or not the current facility is worth the investment, current energy costs, location of current facility in floodplain, potential of addressing phases in modulated steps, and previous roof replacement cost estimates. Manager Johnson stated that the District entered into the RCM Program with SCOG; however, it does not appear that the District will receive the level of benefit to offset the investment and some of the proposals under the RCM may not be the best investment for the District, with the exception of pumping improvements. Manager Johnson suggested that any more definitive work on RCM would not be productive until the District decides where to go with the current facility. Commissioner Cook stated that additional discussion is needed and asked to schedule discussion on a future agenda. Manager Johnson suggested a work session for further discussion.

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

**District Projects**

The 9<sup>th</sup> Street project construction has begun. District staff is coordinating with the City regarding other utilities within the pipeline route.

The 13<sup>th</sup> Street project is complete except for a few minor items.

The Clear Lake pipeline replacement project (Bartle to Post, Mill to Lake Street, etc.) is being designed.

### **Saratoga Passage**

Engineering Technician Felix continues design of District projects and continues working with the developer of Saratoga Passage View. The tank is full of water and the two week soak period is complete. The tank leak test will be performed early next week. The General Manager met with Bruce Johnson on Monday to discuss the project. Discussion ensued regarding the project and the potential of District assumption of a portion of the SCADA costs that were not required at the time the project began. Manager Johnson stated that Mr. Bruce Johnson will present the compromise to the owner and get back to the District.

### **Gilligan Creek 2009 Winter Storm Hazard Mitigation Work**

The Contractor requested a delayed project start from June 21 to July 19 due to the availability of the excavated mounted rock drill. This revised schedule will have the project complete prior to September 24, 2010. A request for time extension was sent to FEMA for approval to accommodate this request along with extending the overall project duration including closeout to January of 2010. The Agreement will be executed along with the Notice to Proceed and the pre-construction meeting between July 12 & 19.

### **Booster Pump Station to assist the Pleasant Ridge Area**

Design and Drafting is 95% complete and being routed for final review and comment. The right of way permit application has been applied for. The current schedule reflects installation by early August.

### **Western Washington Agricultural Association (WWAA)**

Manager Johnson met with Mike Shelby and Jacque Klug (DOE) to discuss agricultural water for West Mount Vernon District 15. The issue is that there are enough water rights, but they are interruptible. WWAA is looking for PUD to provide uninterruptible water when needed and is willing to pay a cost to be determined per million gallons. The PUD would be third in line regarding usage.

### **Community Relations/Customer Service**

Consumer Confidence Reports and Water Use Efficiency Reports for 2009 are being mailed this week to District customers. Copies of the report were distributed to the Commission and Manager Johnson reviewed the water loss figures greater than 10%, stating that he has requested Operations Manager Ostergaard to move forward with leak detection on those systems exceeding 10%.

Under Old Business, the Fire Hydrant Maintenance Issue Discussion was postponed to the meeting of July 13.

Under Miscellaneous, Manager Johnson stated that the Mount Vernon Chamber of Commerce recently held its First Annual Beachcombers Fundraiser by selling raffle tickets for a hot tub, which was won by Administrative Assistant VanBurkleo. Manager Johnson read aloud a note from the Mount Vernon Science Night thanking the District for its participation. Commission notebooks also included a packet from the Mount Vernon Marketing Campaign.

Under Audience Comments, Engineering Supervisor Saunders stated that the Saratoga reservoir passed the leak test and that the District has received the right-of-way permit for the Pleasant Ridge Pump Station.

Under Commissioner Comments, Commissioner Robertson gave a brief report regarding the WA PUD Association reform issue.

Having no further business to come before the Board, Commissioner Littlefield moved for adjournment. The motion passed and the meeting of June 29, 2010 was adjourned at 6:38 PM.

ATTEST

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Jim Cook, President

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Al Littlefield, Secretary

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Robbie Robertson, Vice President