

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

September 1, 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 September 1, 2009.

The meeting was called to order at 4:31 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; Greg Peterka, Engineering Manager; Christine Blake, Auditor; Larry Saunders, Engineering Supervisor; Jamie Klunder, Human Resources Generalist; Ed Heidt, Construction Superintendent; Tyrone Kaech, Wes Stene, Construction Personnel; Dale Rettinghouse; Peter Gilbert, Attorney; and Kim Carpenter, Recording Secretary.

Commissioner Littlefield led the Pledge of Allegiance.

Commissioner Littlefield moved to approve the Consent Agenda for September 1, 2009:

- a. Approval of Minutes – Commission Meeting 8/25/09
- b. Approval of Vouchers - No. 2299

Voucher Nos. 80262-80306, Payroll Warrant Nos. 24636-24652 (\$1,159,277.06) 9/1/09

The motion passed.

Treasurer Fredlund presented the Treasurer's Report for the month of July, 2009

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

Skagit River Diversion Pump Station Project

MKB has been issued a letter of substantial completion and provided with a final punch list, which is to be completed no later than October 1. Discussion ensued regarding various aspects of the final punch list.

Water Treatment Plant Expansion Project

Final punch list items have been verified as complete. Manager Johnson stated that WTP Superintendent Hamilton reports that the plant is running well with average turbidity of .02 NTU's and there appears to be no negative impact from pumping Skagit River water to Judy Reservoir.

Judy Reservoir – Mount Vernon Transmission Pipeline Phase I Project and Kulshan Force Main Project

The 36-inch waterline is essentially complete. This week the existing 24-inch waterline will be hot tapped at the east end of the project, in preparation for connection to the new 36-inch waterline. Approximately 1,600 feet of the trail was asphalted. Work continues on the City's sewer line. Engineer Peterka stated that the tie-in has been rescheduled for Wednesday, September 9. Commissioner Cook asked if any change orders are expected; Engineer Peterka replied that he is aware of one pending change order regarding changed conditions and there will likely be a change order to reconcile contract quantities when the project is finished. Manager Johnson stated that he received a letter from a property owner claiming tree damage resulting from construction; however, the District disagrees with the claim.

Samish River Park LUD No. 30

The access easement and the special warranty deed transferring ownership of the existing Samish River Park water rights to the District have been recorded. Discussion ensued regarding using the water right to the District's best advantage. Manager Johnson commented on the high cost of Skagit County recording fees, particularly those associated with LUD's, and stated that Executive Assistant Carpenter is drafting a memo to staff regarding including those costs in future project estimates.

State Audit

The State Auditors are scheduled to perform the annual audit at the District from September 9-24. Discussion ensued regarding entrance and exit conferences.

Commissioner Cook stated he would attend the exit conference and the Commission would forgo the entrance conference.

Miscellaneous

Manager Johnson stated that last year the District experienced surges from water hammer on Fidalgo Island. He shared a graph illustrating a water surge on Hoxie Road in Anacortes that Acting Distribution Superintendent Fox brought to his attention which indicated that the SCADA installation is working well and the surge did not disrupt service. Commissioner Littlefield asked about the claims related to the water hammer incident on Fidalgo Island; Auditor Blake replied the second claim is all going through the Fire Department and she is not involved.

Manager Johnson reported that he and staff have discussed the concept of PRV's being used to burn head from high to low sides and the waste of energy and whether there is a way to generate green power electricity as a revenue stream. He stated that staff is working with Rentricity who have developed a micro-turbine to replace PRV's with a five to seven-year payback. He stated that the District currently has four qualifying PRV's (1 MGD flow per day) and will have five if the Josh Wilson Road Project is constructed. He stated that Rentricity has estimated that two of the District PRV's are promising and the next step would be a feasibility study. Discussion ensued regarding various aspects of micro-turbines, including cost parameters on site analysis, feasibility study, revenue generation, and potential stimulus funding. Commissioner Roberson requested a blueprint understanding of what the District can do with green power generated (sell to PSE or wheel to Whatcom PUD) prior to a proposal. Commissioner Cook suggested discussion with PSE regarding grant potential. Manager Johnson stated that he would send information to the Commission, but was not sure when he would have answers to the questions posed.

Current Stream Flows:

Gilligan:	0 GPM
Mundt:	0 GPM
Turner:	0 GPM
Salmon:	0 GPM
Skagit River Diversion	0 MGD
Flow to System	10.00 MGD

Under New Business, Manager Johnson stated that Mr. Rettinghouse is in the audience and has requested a variance from District policy regarding a pipeline extension on Baker Heights Road. Mr. Rettinghouse presented a letter from Skagit County promising that a waterline would be installed. Engineering Supervisor Saunders stated that the pipeline proposed by Skagit County would have been 200 feet from the north corner of the Rettinghouse property, had it been installed. He stated that the contractor is apparently not going to finish the project.

Mr. Rettinghouse stated that he is currently hauling water for renters, as his shallow well has gone dry and he is pleading to hook up to the District's waterline. Commissioner Littlefield asked how other property owners around him are getting water; Mr. Rettinghouse replied they have functioning wells. Commissioner Robertson asked about adjacent properties; Manager Johnson replied that the water pipeline fronts the other properties. Commissioner Robertson stated that the real issue is that District policy states the pipeline must extend one pipe length beyond your residence; Mr. Rettinghouse replied that his house is located in the far southeast corner of the property and he would like to bring the pipeline to the north corner of his property and place a meter there. Commissioner Robertson asked why the District should grant a waiver when other property owners have been required to adhere to District policy; Mr. Rettinghouse replied that he was promised that the pipeline would be extended and he is very concerned about fire protection for this property. Commissioner Cook stated that the promise was from Skagit County, not the District.

Manager Johnson stated that the District's Resolution Committee met to discuss this issue twice and have been solid in terms of keeping to the integrity of the policy. Commissioner Cook stated that the Commission has granted waivers in the past, requiring property owners to pay the cost of extending the waterline beyond their residence if a future waterline extension is requested. Commissioner Robertson stated that the Commission has looked at unique aspects of each request for variance prior to setting precedence. Mr.

Rettinghouse stated that Baker Heights Road ends at his property and he believes development beyond his property is highly unlikely. He stated that to bring the waterline to the corner of his property will cost \$15,000 and to go one pipe length beyond his residence would cost \$70,000. Attorney Gilbert stated that there needs to be a solid reason to allow a variance and fire protection and unlikely development appear to be valid reasons. Commissioner Robertson stated that if the District allows an exception to bringing the waterline ten feet inside the property line, the risk is if a developer comes back to complete the project, Mr. Rettinghouse would have to pay to have the waterline extended across his property. Mr. Rettinghouse stated he would have to pay anyway if the variance is not granted and he does not see any chance of development for a long time. Discussion ensued regarding various aspects of the request for variance and the need for a binding agreement of responsibility from Mr. Rettinghouse to extend the waterline one pipe length beyond his residence should future development occur and the term of said agreement. Mr. Rettinghouse asked if the waterline would need to extend ten feet past his residence; Engineering Supervisor Saunders replied yes. Mr. Rettinghouse asked what size service he would be required to install; Engineering Supervisor Saunders replied a standard 5/8-inch meter. Commissioner Robertson moved to grant the variance to allow the waterline 10 feet inside the north corner of the Rettinghouse property for fire protection and due to the likelihood of a line extension being indeterminable, subject to Mr. Rettinghouse providing an agreement of responsibility, the terms of which shall be worked out with counsel, should the waterline need to be extended across his property. The motion passed.

Under New Business, Manager Johnson presented Resolution No. 2162-09, A RESOLUTION AMENDING RESOLUTION NO. 1 OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, WHICH ESTABLISHED THE RULES GOVERNING THE TRANSACTION OF BUSINESS BY THE COMMISSIONERS OF SAID DISTRICT BY ESTABLISHING THE TIME, DAY AND PLACE COMMISSIONERS' MEETINGS WILL BE HELD. Manager Johnson stated that a revised draft of the resolution was prepared as requested by the Commission. He stated that a list of meeting days and times of other WA PUD's was also sent to the Board. Commissioner Cook stated he had not received the information; Commissioners Robertson and Littlefield confirmed receipt of the information. Commissioner Cook requested that Resolution No. 2162-09 be tabled until September 15, 2009. Commissioner Cook asked how many of the other PUD's have a Clerk of the Board or their own secretary for the Commission. He stated if he had a secretary he would need fewer meetings. Commissioner Robertson stated that most of the electric utilities have their own assistants for the Commission. Manager Johnson stated that Chelan PUD has a Clerk of the Board and the Commission meets weekly, holding regular meetings every other week and meeting with staff on Mondays. Discussion ensued regarding pros and cons of meeting fewer times during the month. Commissioner Cook stated he is not sold on shortening the number of meetings per month.

Under Commissioner Comments, Commissioner Littlefield stated he and his wife recently had dinner and visited with Jeff Lee, the Fish and Wildlife officer that was injured in a car accident on Josh Wilson Road. He stated that Mr. Lee is coming along well and would like to speak with Manager Johnson as he has no memory of the accident, except riding in the helicopter. Manager Johnson gave his card to Commissioner Littlefield and stated he would be glad to speak with Mr. Lee. Manager Johnson explained that he heard the crash, as he lives near the intersection, called 911 and responded to the scene where he found Mr. Lee trapped in his overturned car. He stated that apparently the other car involved ran the stop sign and hit Mr. Lee's car. Manager Johnson stated that there have been several accidents at this particular intersection and he has written a letter to the Skagit County Commissioners suggesting placement of a 4-way stop or roundabout, but they have not responded.

Under Commissioner Comments, Commissioner Robertson stated he has received positive comments regarding the District's grounds and commended staff. Commissioner Robertson also stated that on September 16 there will be a statewide earthquake drill and utilities are being asked to institute emergency response plans including emergency drills in the event of a tsunami warning.

Under Commissioner Comments, Commissioner Cook stated that the comment he received from the public was if the fountains are for each Commissioner and which one was his.

At this time, President Cook recessed the regular meeting to go into executive session to discuss a potential real estate purchase for an approximate duration of 30 minutes. The meeting was recessed at 6:00 PM.

President Cook convened the executive session at 6:05 PM

President Cook reconvened the regular meeting of the Commission at 6:14 PM.

Having no further business to come before the Board, Commissioner Littlefield moved for adjournment. The motion passed and the meeting of September 1, 2009 was adjourned at 6:15 PM.

ATTEST

Jim Cook, President

Al Littlefield, Secretary

Robbie Robertson, Vice President