

PUBLIC UTILITY DISTRICT NO. 1
OF ASOTIN COUNTY, WASHINGTON
MEETING MINUTES
November 9, 2009

President Gary Hicks presiding, the Public Utility District No. 1 of Asotin County Meeting was called to order at 5:00 p.m. at the PUD Office at 1500 Scenic Way.

ROLL CALL: PRESENT Commissioners: Gary Hicks, Don Nuxoll and Judy Ridge.

PUD Staff: General Manager Tim Simpson, Treasurer Bob Sischo and Counsel Scott Broyles.

Asotin County Public Works Director Joel Ristau

Members of the public were present.

MINUTES OF MEETING AND VOUCHER APPROVAL:

MOTION by Commissioner Judy Ridge and seconded by Commissioner Don Nuxoll to approve the consent agenda giving approval of the minutes of the October 27, 2009 Regular Meeting and payment of the Transaction Vouchers covering vouchers #1493EFT through #1506EFT and vouchers #1673 and #1674 in the amount of \$24,678.08 and Blanket Transaction Voucher Approval Document covering vouchers #27378 through #27433, and Electronic Transaction Voucher #20091025, #20091103, #09110302, #09110501, #09110502 and #09110503 in the amount of \$99,659.97. The question was called for on the motion. Passed 3-0

SPECIAL PUBLIC HEARING: County Wastewater Collection System Transfer

Commissioner Hicks closed the regular meeting and opened the Special Public Hearing regarding the pending transfer of the County Wastewater Collection System to the PUD at 5:03 p.m.

Staff Input

The manager provided an update of the proposed transfer of the County wastewater collection system to the PUD and the development of the Sewer System Transfer Agreement. The manager addressed the County's current treatment and disposal agreement with the City of Clarkston. He addressed the need for the County and the City to agree to assign the contract to the PUD before transfer of the system on January 1, 2010. The manager also described the process and the next steps toward assumption of the wastewater collection system.

Commissioner Input

Commissioners Ridge and Commissioner Nuxoll both asked questions regarding the transfer of debt and the current sewer system General Obligation (GO) Bond. The manager stated that debt the PUD will assume is the County's current Public Works Trust Fund Loan in the approximate amount of \$118,926 and their Ecology SRF Loan in the approximate amount of \$99,016. He stated that the GO Bond would remain with the County along with approximately \$500,000 from the current sewer reserve fund to pay the debt.

County Public Works Director Joel Ristau stated that he had done some preliminary calculations and stated that the reserve fund balance transferable to the PUD after all obligations would be approximately \$100,000. He stated that the sewer design proposal for 13th Street and 16th Avenue and decision to move forward would be deferred to the PUD due to the pending transfer. Mr. Ristau stated that proposals for the design have already been received but he has refrained from moving forward on the proposals due to the pending system transfer. He stated that each firm that submitted a proposal would be contacted and offered the opportunity to rescind their proposal. Mr. Ristau stated that the County Commissioners still believe that the design is an important project and would encourage the PUD to move forward with the project as soon as possible.

The manager stated that with the limited reserve funds being transferred and the lack of experience operating a sewer utility it would be prudent to put this design project off until 2011 when it can be budgeted and funding would be more readily available to complete the project.

Public Input

There was no input from the public regarding the proposed wastewater system transfer.

Close Hearing

Commissioner Hicks declared the hearing closed at 5:15 p.m. and reconvened the regular meeting.

OLD BUSINESS

County Wastewater System Ownership Transfer – System Transfer Agreement

The manager provided and timeline of activities regarding the transfer of the County wastewater collection system to the PUD. He stated that the County would hold a public hearing on the transfer at 9:30 am on Monday, November 16, 2009 during their regular Commission meeting. The manager stated that he, PUD counsel, Joel Ristau and County

Deputy Prosecuting Attorney Jane Risley met on Wednesday November 4, 2009 to review a draft of the Sewer System Agreement. The manager stated that a final draft of the Agreement should be available by the end of the week.

The manager reported that he and Joel Ristau met with City of Clarkston Public Works Director Jim Martin and City Clerk Vickie Storey to review the 2009 and 2010 wastewater treatment plant budgets. Issues regarding the capitalization of purchases and overcharges on the sewage flow were discussed. The manger stated that an approximate \$24,000 refund will be provided due to a meter problem and over calculation of flows. The refund should be provided in January. The City is on a cash basis and items that are purchased are included in the budget rather than capitalized over the life of the asset. The way the City is charging the County and soon the PUD will changed to reflect the life of the asset. City staff stated that they were amenable to the current treatment and disposal contract being assigned to the PUD. They stated that since their wastewater treatment plant is undergoing a study to resolve ammonia issues and they are looking at plant upgrades, they would prefer that the current contract remain in place until the results of the study are known. The manager stated that issues that will need to be addressed in a new contract will be: Cost distribution and allocation, flow capacity and modifications for pre-treatment for commercial and industrial connections.

The manager stated that he is currently working on the development of a sewer administrative code along with a sewer rate resolution. The manager stated that discussion regarding a current County sewer employee coming with the transfer of the system has occurred. The manager stated that if an employee does not come with the system we will contract with the County for a short period of time until PUD staff is familiar with the operation of the sewer system. An individual will be hired for a sewer/water operator position. The manager stated that the County is poised to approve and execute the Sewer Transfer Agreement at their regular meeting on Monday, November 23, 2009. The PUD would follow with approval and execution at their meeting on Tuesday, November 24th.

Port of Wilma Interlocal Governmental Agreement Addendum

The manager reported that he and PUD Counsel, Scott Broyles met on Wednesday, October 28, 2009 at 9:00 am with the Port of Whitman County's Executive Director, Joe Poire and their Counsel, Bruce Ensley to discuss the Addendum to the Interlocal Governmental Agreement between the Port of Whitman County and the PUD for operation and management of the Port of Wilma Water System.

Mr. Poire stated that Bennett Lumber has plans to be back in full operation within two years. The Port is providing relief to Bennett by way of reduction of their annual lease agreement by 50 percent. Mr. Poire stated that because of this reduction and a 2010 budget deficit of nearly \$200,000 they have requested that the PUD suspend collection of its fees for operation and management of the Port of Wilma water system. The PUD will continue to operate the system but would suspend associated fees while the PUD and Port work on transfer of the system to the PUD.

The manager presented to the Board the proposed Addendum to the Interlocal Governmental Agreement between the Port and the PUD. The manager stated that the Port wants to transfer the system to the PUD and would agree to transfer the system provided that Bennett's water consumptive rate be addressed as part of the agreement. The Port agreed to move the date of transfer to July 1, 2010. If the date outlined in the Addendum is not met then the PUD would require payment of operation and management fees from November 1, 2009 to June 30, 2010 and will reinstitute their operation and maintenance fees effective July 1, 2010. Fees for standby fire flow protection will continue to be charged.

MOTION by Don Nuxoll, seconded by Judy Ridge to approve the Addendum to the Interlocal Governmental Agreement with the Port of Whitman County for Operation and Management of the Port of Wilma Water System and authorize the General Manager to execute the Addendum. The question was called for on the motion. Passed 3-0.

NEW BUSINESS

Special Meeting with Port of Clarkston, Asotin County and City of Asotin and Clarkston

The manager stated that the Port of Clarkston has called a special meeting between the local governing bodies of PUD, Port of Clarkston, Asotin County, City of Asotin and City of Clarkston. The purpose of the meeting is to hear a presentation by the Port of Clarkston titled; Building Partnerships for Infrastructure Investments Vital to Economic Development in Asotin County. The Port has purchased property from the County to develop an Industrial Park. The Port is seeking partnerships from all agencies. The Port has applied to the Community Economic Revitalization Board (CERB) for funding development of Phase 1 of the Park and has applied for a congressional appropriation through Senator Patty Murray's office. The meeting will explore opportunities for partnerships and allow time to "brainstorm" ideas on partnering for economic development. Both Clearwater Power Company and Avista Utilities along with local economic development agencies have been invited to attend. The manager stated that a briefing paper was sent to each Commissioner outlining issues to discuss. The meeting will be held at the PUD office beginning at 4:00 pm on Tuesday November 10, 2009.

MANAGER'S REPORT

Sterling Savings Bank – The manager asked Treasurer Bob Sischo to address recent information regarding Sterling Savings, the PUDs banking institution. The Treasurer stated that Sterling Savings recently made the news regarding the write off of mortgage defaults and was asked by regulators to find \$300 million in capital to bolster their bottom line. The Treasurer stated that this is happening throughout the industry and Sterling has assured us that their bank is stable. The Treasurer stated that he and the manager will continue to monitor the situation to ensure that PUD funds deposited with Sterling remain secure. The PUD has funds deposited with Sterling, Wells Fargo and the Washington State Local Government Investment Pool.

PURMS – The manager stated that Treasurer Bob Sischo attended the PURMS Operations Committee meeting last Thursday, November 5th. He completed his term as chair of the Operations Committee and has been appointed to the Administrative Committee. He will be attending the PURMS annual meeting on Wednesday and Thursday, November 11th and 12th. The manager stated that many updates to the current insurance agreement will be discussed. The manager stated that a full report of the PURMS meetings will be provided at the November 24th board meeting.

COMMISSIONER'S REPORT

Commissioner Nuxoll attended a Stormwater Advisory Committee meeting on October 29th. He reported that the County recently secured grants for the development of a field manual and for purchasing equipment. He stated that the next few Stormwater meetings will focus on the construction and post-construction ordinances. Commissioner Nuxoll will be attending the PURMS annual meeting on Wednesday and Thursday, November 11th and 12th.

Commissioner Ridge attended an Energy Northwest Executive Search Committee meeting on November 5th and will attend another meeting of the Executive Search committee on Thursday, November 12th. She stated that in order to get a qualified candidate, the minimum salary will likely be one million dollars.

Commissioner Hicks may attend the Washington PUD Association meetings in Olympia, Washington on November 18-20. The Association will be focusing on the executive director search and continue discussion regarding changes to the by-laws and the Committee Organization, Roles and Procedures (CORP) that affect voting procedures.

ADJOURNMENT

MOTION by Commissioner Don Nuxoll and seconded by Commissioner Judy Ridge to adjourn the meeting to Tuesday, November 10, 2009 at 4:00 pm at the PUD office in order to meet jointly with the Asotin County Board of Commissioners, the Port of Clarkston Board of Commissioners, the City of Clarkston Council Members and the City of Asotin Council Members to hear a presentation by the Port of Clarkston regarding Building Partnerships for Infrastructure Investments Vital to Economic Development in Asotin County. The question was called for on the motion. Passed 3-0

There being no further business the meeting was adjourned at 5:55 pm.