

PUBLIC UTILITY DISTRICT NO. 1
OF ASOTIN COUNTY, WASHINGTON
MEETING MINUTES
April 10, 2012

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President Don Nuxoll presiding, the Public Utility District No. 1 of Asotin County Meeting was called to order at 5:30 p.m. at the PUD Office at 1500 Scenic Way.

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

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

Members of the public were present.

MINUTES OF MEETING AND VOUCHER APPROVAL:

MOTION by Commissioner Judy Ridge and seconded by Commissioner Gary Hicks to approve the consent agenda approving the minutes of the March 27, 2012 Regular Meeting and payment of the Transaction Vouchers covering vouchers #1749 and #1750 and vouchers #2321EFT through #2336EFT in the amount of \$29,592.79 and Blanket Transaction Voucher Approval Document covering vouchers #30083 through #30126, and Electronic Transaction Vouchers #12040301, #12040302, #12040303, #12040501, #12040502, #12042601, #12042701 and #12042702 in the amount of \$111,396.88. The question was called for on the motion. The motion passed 3-0.

OLD BUSINESS

Port of Wilma Water and Sanitary Sewer Systems Transfer Agreement

The manager reported that as directed by the Board he contacted Port of Whitman County Executive Director, Joe Poire, after the March 27th meeting providing him with a copy of the Port of Wilma Water and Wastewater Systems Assessment Report and stating to him that the PUD Commissioners are willing to assume ownership of the water system if the deficiencies noted in the Assessment are resolved at the Port's expense prior to execution of an ownership transfer agreement. The manager told Mr. Poire that the Commission is not as inclined to assume ownership of the wastewater system due to its poor operating condition and future potential costs. Mr. Poire was told that the PUD Board would consider assumption of the wastewater system only if the major deficiencies are resolved at the Port's expense and the system is brought up to PUD standards.

The manager went on to tell Mr. Poire that the wastewater system in its current state is adequate to take care of current customers. He told Mr. Poire if a new tenant is located in the Port the wastewater system will need to be upgraded to handle additional wastewater

discharge. The manager stated that if the PUD is the owner of the wastewater system and a new tenant locates in the Port and upgrading of the wastewater system is necessary then the Port and/or the new tenant would have to fund the upgrade.

The manager reported that Mr. Poire contacted him this morning and stated that he had spoken with his Board of Commissioners and that they supported what was stated in the Assessment Report. He told the manager that they had been derelict in their duties towards the wastewater system and that the PUD knows more about the system than they do. They directed Mr. Poire to request that the PUD assist them in resolving the deficiencies in both the water and wastewater systems and to bill the Port for the cost of these repairs. Mr. Poire provided an \$80,000 limit for wastewater system repairs and asked that we check into removing the liners from the wastewater lagoons. He said that they would need to be tested prior to disposal. Mr. Poire did not set a limit on water system repairs. He also stated that the proposed industrial rate met with the Port Commission's satisfaction. He stated that the Port will participate in any upgrades to the wastewater system if a new tenant is located at the Port of Wilma. He said that the Port was preserving the lagoons for such an event in the future.

Commissioners stated their surprise at the Port's agreement with our Assessment Report. The Board stated that they are willing to move forward with the system transfer agreement but want the agreement to be divided into two separate agreements, one for the water system and one for the wastewater system. On the wastewater side the Board will reserve the right, even after repairs are made, to make a final decision on assumption of the wastewater system. On the water system the Board stated that the meters will need to be changed to Sensus automated meter reading to be aligned with our current system. In addition to the agreements the Board stated that a contract for services for repairs to the water and wastewater systems will need to be developed to ensure there is a clear understanding of what repairs will be done and to ensure we are paid for our services.

MOTION by Commissioner Gary Hicks and seconded by Commissioner Judy Ridge approving the development of a water system transfer agreement and a wastewater system transfer agreement between the PUD and Port of Whitman County for the Port of Wilma and the development of a contract for work performed for completion of repairs as directed and outlined in the Port of Wilma Assessment Report. The question was called for on the motion. The motion passed 3-0.

Addendum to MSA Task Order 11-03 – 2012 Main Replacement Projects

The manager presented an Addendum to Task Order 11-03 with Murray, Smith and Associates. The Addendum was presented at the previous Board meeting but was tabled for further review. Task Order 11-03 provides for professional services for the development of our project detail and bid package for our 2012 Main Replacement Projects.

The manager stated that the Addendum is being requested for several reasons. He stated that the development of our bid packet documents and specifications has taken more effort to complete. The manager and staff have asked MSA to spend more time and to complete additional tasks not included in the original Task Order. This effort was necessary to ensure accurate and detailed bid, drawings and contract documents. The time spent on these added tasks will now result in significant savings in future years with regards to engineering consultation and design. In addition to the extra effort, the review of our project design sheets including areas where we will be on Army Corp of Engineers property and where we cross Washington State Department of Transportation roads, Highway 129, have taken more effort than originally scoped. The additional amount requested under Task 3 – Standard Specifications and Details for this effort is \$12,000.00.

The cost for the addition of Task 4 – Services during Bidding and Construction has been reduced since the last meeting because of new information. The manager stated that he researched the Washington Administrative Code further regarding requirements for an engineer's stamp on the State Department of Health (DOH) required Construction Completion Report Form. He found the language and requirements to be confusing so he contacted an engineer with DOH and the engineer stated that the form has to be completed by the utility but it does not have to be signed and stamped by an engineer if the utility is doing the design in house and inspecting the project itself even if you have assistance by an engineering firm during the process.

The manager stated that this new information resulted in a reduction of costs of \$3,500.00 under Task 4. The manager stated that he would like to have MSA's presence during pre-bid activities, the bid opening, the preconstruction meeting and at various points during construction on an as-needed basis. The manager stated that MSA's presence during this part of the process will be helpful to PUD staff for this construction cycle but will not be required in future bidding or construction cycles. The cost for this effort is estimated at \$11,500.00. The original cost for Task 4 was \$15,000.00. The manager stated that funding for the tasks identified in the Addendum will come directly from Capital Improvement Funds and will not increase our budget expenditures for the year. He stated that a portion of Task 4 is setup for use of MSA's services on an as needed basis.

MOTION by Commissioner Judy Ridge and seconded by Commissioner Gary Hicks approving the Addendum to Task Order 11-03 with Murray, Smith and Associates for the 2012 Capital Improvement Projects not to exceed cost stated and authorizing the General Manager to execute the Addendum. The question was called for on the motion. The motion passed 3-0.

NEW BUSINESS

Water Rights Usage Contract – Atlas Sand & Rock

The manager presented a Water Rights Usage Contract between Atlas Sand and Rock and the PUD for use of our water rights in their commercial operations located off of Evans and Ingram Roads. He stated that as a part of the PUD Water Right Change Application submitted and approved by the Department of Ecology the PUD added Atlas' well on Ingram Road as a point of diversion off of our well system. This provision allows them to utilize our water rights in addition to their limited water rights of 26.5 annual acre feet. Atlas has had a new water right application in the amount of 300 acre feet on file with Ecology since 1992. They are still pursuing the new water right but in the meantime they will be able to utilize our rights under the proposed contract.

The manager stated that the contract provides for annual payments for a standby or availability charge in the amount of \$2,500.00. Access to Atlas' meter readings will be provided at the PUDs request. Any amount over their allotted annual acre feet of 26.5 will be charged at \$0.44 per unit (1 Unit = 748 Gallons) or \$192.00 per acre feet (1 acre foot = 325,850 gallons). One acre foot is equivalent to 435.62 units of water. Counsel has reviewed, modified and approved the Contract.

MOTION by Commissioner Judy Ridge and seconded by Commissioner Gary Hicks approving the Water Rights Usage Contract with Atlas Sand and Rock for the use of PUD water rights above their current certificated water rights and authorizing the General Manager to execute the Contract. The question was called for on the motion. The motion passed 3-0.

Conservation Technical Assessment Agreement – State Conservation Commission

The manager presented a grant funding Agreement between the Washington State Conservation Commission and the PUD for an Alpowa Creek Watershed Technical Assessment. The amount of assessment funding is \$42,500.00. Monies for the assessment are from federal funding that the Conservation Commission received. The purpose of this assessment is to develop individual restoration plans and timeline for addressing complex resource issues associated with Endangered Species Act listed salmon and steelhead stocks in the Alpowa Creek watershed. This will be accomplished by working with landowners to identify sensitive landowner issues and natural resource agencies to identify factors limiting salmonids production in the Alpowa Creek watershed. Watershed Planning Director Brad Johnson will be working with local landowners and the Pomeroy Conservation District to accomplish the technical assessment in the Alpowa watershed.

MOTION by Commissioner Judy Ridge and seconded by Commissioner Gary Hicks approving the grant funding Agreement with the Washington State Conservation Commission for WRIA 35 Watershed Alpowa Creek Conservation Technical Assessment and authorizing the General Manager to execute the Agreement. The question was called for on the motion. The motion passed 3-0.

Change the Tuesday April 24, 2012 meeting to Monday, April 23, 2012

The manager stated that due to commissioner travel he is requesting that the meeting scheduled for Tuesday, April 24, 2012 be changed to Monday, April 23, 2012 begin at 5:30 pm.

MOTION by Commissioner Judy Ridge and seconded by Commissioner Gary Hicks to change the next regular meeting from Tuesday, April 24, 2012 to Monday, April 23, 2012 to begin at 5:30 pm. The question was called for on the motion. The motion passed 3-0.

MANAGER'S REPORT

Sewer Projects – the manager reported that two sewer extension projects are being considered. He is working with a home owner and a church to extend service to their property. He stated that the PUDs participation in the sewer extensions will help provide for future connections.

2012 CIP Projects – the manager reported that the bid requirement and contract documents have been finalized and are currently being printed. He stated that an invitation to bid is set to advertise beginning Monday, April 16th. Advertisements will be in the local Lewiston Morning Tribune, Spokesman Review, Tri-City Herald, the Daily Journal of Commerce and on the PUD website. A pre-bid meeting is scheduled for Thursday, April 26th with bids due and the bid opening on Thursday, May 10th.

Laurel Drive Project – the manager reported that the installation of 300 feet of 8” PVC water main on Laurel Drive began this week. The project will eliminate a 6” dead end and the main line will be tied into the water line on Grandview Drive.

Water Rights Usage Contracts – the manager reported that he met Monday evening April 9th with the city of Asotin at their council meeting. The manager provided a background on the addition of their wells as points of diversion on our wells and answered questions about the proposed contract. Their legal counsel is currently reviewing the document.

Annual Audit – the manager reported that the Washington State Auditor completed their onsite audit on Monday, April 9th. He stated that he and Commissioner Nuxoll attended an Audit Entrance Conference on the same day. The manager reported that there does not appear to be any issues found thus far.

COMMISSIONER'S REPORT

Commissioner Ridge stated that she will be attending the Washington PUD Association meetings on April 11-13th in Olympia. She reported that during her stay there she and other Energy Northwest Board members will be interviewing two prospective candidates for the ENW Executive Board.

Commissioner Nuxoll reported that he attended the 2011 Audit Entrance Conference on Monday, April 9th with the manager. He stated that everything looks good in the audit however he was disappointed with the audit supervisor. Commissioner Nuxoll stated that the auditor asked his supervisor to reduce the accountability portion of the audit due to the lack of issues that needed to be reviewed and because of our stellar audit record. This would have saved the PUD audit costs but the supervisor denied the auditor's request. Commissioner Nuxoll stated that this issue will be dealt with at the Audit Exit Conference and we will express our dissatisfaction with what transpired.

ADJOURNMENT

There being no further business the meeting was adjourned at 6:20 p.m.