

PUBLIC UTILITY DISTRICT NO. 1
OF ASOTIN COUNTY, WASHINGTON
MEETING MINUTES
July 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.

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 June 26, 2012 Regular Meeting and payment of the Transaction Vouchers covering vouchers #1753 and #1754 and vouchers #2414EFT through #2429EFT in the amount of \$29,241.23 and Blanket Transaction Voucher Approval Document covering vouchers #30402 through #30457, and Electronic Transaction Vouchers #12070301, #12070302, #12070501, #12070901, #12072001, #12072701 and #12072702 in the amount of \$424,376.34. 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 he contacted Port of Whitman County Executive Director, Joe Poire stating that the PUD Board of Commissioners was acceptable to the nominal changes to the Port of Wilma Sewer System Transfer Agreement but that the changes proposed to the Water System Transfer Agreement were not acceptable. The manager explained to Mr. Poire that the changes made Section 4 (c) where the Port inserted language dictating how rates will be set for current Port customers was not acceptable. The manager also told Mr. Poire that the complete rewrite of Section 5 stating that water meters will be changed out per PUD Commissioner's request but will not be paid for until November 1, 2013, was not acceptable. He stated that the meters will be replaced prior to the PUD taking over operations of the Port of Wilma water system as provided for in the original language. The manager sent Mr. Poire new Sewer and Water System Transfer Agreements which provided for the nominal changes but ones which included the removal of Port proposed language in Section 4 (c) and the restoration of original PUD proposed language to Section 5. The manager also told Mr. Poire that the Agreements presented to him will be the last proposed update by the PUD. He stated that the PUD Board stands firm on the Agreements and will not support any future proposed changes unless they are considered minor in nature.

The manager reported that Mr. Poire responded stating that he needed to understand the PUD Board's reasoning for not supporting the rates and billings wording. Mr. Poire stated that the Port of Whitman has in its leases with the tenants at the Port of Wilma that the water rate will not exceed Clarkston rates. He stated that the Port is legally bound on the rate structure by contract. He stated that he has emphasized to the PUD from the beginning, that if the rate at Wilma was to exceed Clarkston rates the Port would be responsible to pay the difference. Mr. Poire stated that this is something that they are not legally capable of. He told the manager that this could be a deal breaker. The manager stated to Mr. Poire that the Board will not support any language that states or dictates how they will set rates. The Board feels that it binds them and future boards that come after them. He stated that the Boards position on rate setting language requirements has also been emphasized from the beginning.

Mr. Poire responded that leaving the rate setting language out of the Water system Transfer Agreement allows the PUD Board to set a rate for the Port of Wilma higher than the Clarkston rate. He stated that rates will remain open to the PUD Board's discretion. If that were to happen the Port would be responsible for the difference in the rate the Wilma tenants pay. He stated that their council has explained that this is not legal for the Port to do, pay someone's water bill. Mr. Poire's final word was that "I think we are at an impasse." The manager told Mr. Poire that he understands his concerns but the PUD is not responsible for the language in the Port of Wilma tenant contracts. He stated to Mr. Poire that we have one rate resolution and one rate structure for all customers both in Clarkston and the unincorporated areas of Asotin County. Mr. Poire then requested a copy of our water rate resolution and stated that he would take this to the Port of Whitman County Board of Commissioners for discussion at their first meeting in July.

Counsel Scott Broyles reported the Mr. Poire sent Valley Vision Director Doug Mattoon to see him regarding the Agreements. Mr. Broyles told Mr. Mattoon to go talk to Commissioner Hicks and told him that the PUD Board stands firm in their position regarding the specifics of the transfer agreements.

NEW BUSINESS

Watershed Planning Director Employment Agreement

The manager presented the Employment Agreement between Watershed Planning Director Brad Johnson and the PUD for the period beginning July 1, 2012. He stated that the Agreement sets forth the terms and conditions of Mr. Johnson's employment as the WRIA 35-Middle Snake Watershed Planning Director. Mr. Johnson has requested a change to the current Agreement which was approved in June 2011. In lieu of a salary increase, Mr. Johnson has requested that \$200.00 per month be contributed from grant funding to the Washington State Public Employee Retirement System Deferred Compensation Program. The manager stated that this contribution had been in the previous Agreements but was removed in 2011 due to concerns about funding.

The manager reported that Mr. Johnson has not had a salary increase since July of 2007. He stated that the outlook for funding for the Watershed Planning Director position looks good. He stated that the PUD is currently managing six (6) different grants. Several of those grants go through June 2013 including the recent renewal of the Snake River Salmon Recovery Board funding. Mr. Johnson is also in discussion with current grantors to extend some programs for an additional six (6) months. The manager stated that adequate resources are available to meet the compensation and benefits provided for in the Employment Agreement with Mr. Johnson.

MOTION by Commissioner Gary Hicks and seconded by Commissioner Judy Ridge approving the Employment Agreement with Watershed Planning Director Brad Johnson, effective July 1, 2012 and authorizing the General Manager to execute the Agreement. The question was called for on the motion. The motion passed 3-0.

Northwest River Partners Clean Hydro Campaign Contribution

The manager presented a letter and information from Northwest River Partners (NWRP) regarding their Clean Hydro campaign. He stated that as members of NWRP we are being asked to support their campaign to raise awareness of hydropower as a clean renewable resource and the region's premier energy source. He stated that NWRP has requested a campaign contribution of \$1,140.00 but is willing to take any contribution we are willing to provide. Counsel raised concern that this funding request has been labeled as a campaign contribution. He stated that since we are members of NWRP the funding request should come in the form of a dues assessment. He stated that providing a "campaign contribution" may raise legal issues putting the PUD in a wrong position on the matter. The Commissioners directed the manager to contact NWRP regarding the issue of a contribution versus a dues assessment telling them that we prefer a dues assessment.

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

The manager stated that due to commissioner travel he is requesting that the meeting scheduled for Tuesday, July 24, 2012 be changed to Monday, July 23rd to begin at 5:30 pm. Commissioner Nuxoll stated that he could not meet on Monday due to an appointment. Commissioner Hicks stated that he is not available that day either due to travel. Commissioner Ridge suggested meeting in the morning of July 24th. She will be traveling to an Energy Northwest meeting that afternoon.

MOTION by Commissioner Judy Ridge and seconded by Commissioner Gary Hicks to change the next regular meeting from Tuesday, July 24, 2012 at 5:30 pm to Tuesday, July 24, 2012 to begin at 11:00 am. The question was called for on the motion. The motion passed 3-0.

MANAGER'S REPORT

Water Production – the manager reported that water production and revenue are up over last year at this time. The warmer weather and reduced rainfall have put revenue on pace to be approximately \$200,000 higher than 2011. He stated that this extra revenue will help offset costs associated with the multiple construction projects occurring in 2012.

Construction Update – the manager reported that the sewer main at the intersection of 6th Avenue which was extended south on 22nd Street to accommodate connection by Sonrise Baptist Church and allow for future extension on 22nd Street is complete. Paving of the area will occur this week. The manager reported that contractor M.L. Albright & Sons (Albright) will complete the installation and tie-in of the water distribution mains on 7th Avenue and Highline Drive this week. Paving of this area will be completed by the end of the week. Albright will move to the next two projects on Chestnut and Beachview Boulevard and Adams Street, 4th Street and 3rd Street. They will be focusing on getting water main replaced in areas around the Clarkston High School and Parkway elementary to ensure they are out of those areas before school begins the last week of August.

Water System Plan Update – the manager reported that the final approval on the update of our Comprehensive Water System Plan will come from the Department of Health (DOH) this week. He stated that the final piece of this effort was a statement of plan consistency from Asotin County. The manager stated that this statement was provided on Monday. He stated that the Plan update which began in 2011 using the firm Murray, Smith and Associates (MSA) was a cost effective process. The Planning effort between the PUD and MSA resulted in only one comment from the Department of Ecology and five (5) comments from DOH.

WPUDA Records Symposium – the manager reported that the Asotin PUD will be host to a Washington PUD Association Records Symposium being held in Clarkston on September 6th and 7th. The Symposium will offer topics such as change management, email management, the how-to of the Public Records Act, mechanics of records management, e-discovery and litigation preparedness as well as roundtable discussions. The manager reported that the City of Clarkston will be hosting a Records Retention Workshop on Thursday October 11th. Scott Sackett from the Washington State Archives office will be providing the training. PUD staff Bob Sischo and Laurie Dorman will be attending the WPUDA Records Symposium and the Records Retention Workshop.

COMMISSIONER'S REPORT

Commissioner Ridge will be attending Energy Northwest meetings on July 24 to 26th in Richland, Washington.

Meeting Minutes
July 10, 2012
Page 5

Commissioner Hicks will be attending the Washington PUD Association meetings on July 18 to 20th in Leavenworth, Washington.

ADJOURNMENT

There being no further business the meeting was adjourned at 6:05 p.m.