

PUBLIC UTILITY DISTRICT NO. 1
OF ASOTIN COUNTY, WASHINGTON
MEETING MINUTES
September 25, 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 September 11, 2012 Regular Meeting and payment of the Transaction Vouchers covering vouchers #2492EFT through #2506EFT in the amount of \$25,702.69 and Blanket Transaction Voucher Approval Document covering vouchers #30670 through #30714, and Electronic Transaction Vouchers #120920, #12092102, #12092501, #12100101 and #12100301 in the amount of \$209,023.95. The question was called for on the motion. The motion passed 3-0.

ENERGY NORTHWEST REPORT:

Jim Oakley, Energy Northwest (ENW) Representative, presented an update of the Columbia Generating Station (CGS) and other energy sites. He reported that upgrades to the CGS resulted in an increase in additional power from a proposed 12 megawatts to 22 megawatts (mW). The nameplate for CGS will increase from 1150 mW to 1172 mW. The increase will result \$6 million additional annual revenue. Current hydropower rates are \$0.04 per kilowatt versus \$0.09 for wind energy. He stated that ENW is using debt optimization to help offset Bonneville Power Administration (BPA) rate increases. Mr. Oakley stated that the optimization will result in a \$220 million BPA reduction in the 2012-2013 periods and a \$170 million reduction in the 2014-2015 periods. He stated that the original bonds were scheduled for retirement in 2012. Mr. Oakley reported ENW signed an agreement to utilize uranium tailings for CGS. The tailings are reduced energy uranium that is then enriched through a process. He stated that the Department of Energy approached ENW asking them to participate. He reported that the contract was completed between five entities in an unprecedented two weeks. The result for ENW is an estimated \$88 million in savings for nuclear fuel rods. Mr. Oakley reported that the Packwood hydropower plant was 100% available whereas the Nine Canyon Wind facility was below projections in August. This was Mr. Oakley's last report to the PUD. The Board of Commissioners thanked him for his customer service and advocacy.

OLD BUSINESS

Port of Wilma Water and Sanitary Sewer Systems Transfer

The manager reported that operations staff and the meter vendor visited the Pot of Wilma and took measurements for the replacement of the current Port meters with automated Sensus meters that the PUD uses. In the review of each meter site they discovered that several of the meters could be retrofitted with electronic meter heads instead of being replaced. This will save PUD staff time and the Port money in migrating these meters to standard PUD 100 cubic foot automated meters. The larger meters will take a bit longer to replace or retrofit due to their depth. The manager reported that staff is waiting to hear back from the City of Lewiston's sewer crew regarding their availability to perform Port sewer system flushing and taking of video of the sewer line.

Port of Clarkston – PUD Rural Economic Development Loan Applicant

The manager stated that two meetings ago Wanda Keefer, Manager for the Port of Clarkston presented a request for the PUD to become an applicant for a United States Department of Agriculture (USDA) Rural Economic Development Loan and Grant Program. The Port is not an eligible applicant but the PUD is because it is a utility. The purpose of the PUD applying for a loan and/or grant is to provide funding for the Port to construct a building for a high-tech company that is looking to locate on Port property near the Snake River. If successful as an applicant, the PUD would set up a revolving fund and would loan the money to entities such as the Port or private companies. At the previous meeting the Commission directed counsel to look into the matter and seek legal guidance as to whether PUDs can create and administer revolving loan funds. Counsel stated that he had no information to share with the Board.

Northwest RiverPartners CleanHydro Public Awareness Fund Contribution

The manager reported that he received a new invoice from Northwest RiverPartners (NWRP) for their CleanHydro public awareness efforts. He stated that as members of NWRP we are being asked to support their effort to raise awareness of hydropower as a clean renewable resource and the region's premier energy source. NWRP has requested a contribution of \$1,140.00. In previous discussion NWRP had titled the effort as a campaign to which the PUD Board of Commissioners took issue. NWRP effort has always been one of education and public awareness but their original title gave it the perception that it was a political campaign of which the Board did not want to be a part of due to questions it may raise. The Board approved of the new title for the effort.

MOTION by Commissioner Judy Ridge and seconded by Commissioner Gary Hicks to approve a contribution to the Northwest RiverPartners CleanHydro Public Awareness Fund in the amount of \$1,140.00. The question was called for on the motion. The motion passed 3-0.

NEW BUSINESS

Critchfield Road Property and Building Purchase Offers

The manager stated that at the meeting held on September 11th he presented the Board with two offers for the old Critchfield Road Booster Station property and building. He stated that one offer was in the amount of \$31,156.00 from Robert Wissenbach and the other in the amount of \$35,000.00 from Glen Scharnhorst. The offer from Mr. Scharnhorst represented approximately 75% of the \$47,000.00 appraised value. With his offer Mr. Scharnhorst requested that he be allowed to pay 50% of the sale price now and the remainder next year. After Board discussion it was decided to accept his offer but require that the full sales amount be paid at the time of closing. The manager presented this information to Mr. Scharnhorst on Wednesday, September 12th. He decided to pull his offer because he preferred to purchase the property with cash and he did not have the full amount at this time. On Monday September 17th, Mr. Wissenbach, aware of the higher offer, made another offer for the property increasing his offer to \$35,000.00. The manager recommended accepting the offer from Mr. Wissenbach.

MOTION by Commissioner Judy Ridge and seconded by Commissioner Gary Hicks to accept the offer in the amount of \$35,000.00 submitted by Robert Wissenbach for the property and building located at “2122” Critchfield Road known to the PUD as the Critchfield Road Booster Station. The question was called for on the motion. The motion passed 3-0.

Award Quote for 2012 Mini Hydraulic Excavator

The manager reported that utilizing the Material, Equipment and Vehicle Vendor Roster process he requested quotes for a 2012 Mini Hydraulic Excavator from several dealers in the region including Spokane. He reported that operations staff have been renting and borrowing mini excavators through the construction season trying many different brands and sizes. Staff found that having the smaller excavator made access to utilities easier and had less of an impact on areas they were working in. The manager stated that purchasing a mini excavator was identified in the 2012 budget and funding will be provided from the Equipment Replacement Fund, specifically from the funds set-aside for the replacement of the 1999 Backhoe. He stated that the Backhoe is scheduled for replacement in 2014 and to date \$117,440.00 has been set-aside for this purchase. By purchasing a mini excavator the useful life of the backhoe will be extended for another 10 plus years. This time frame will provide adequate opportunity to replenish the fund for replacing the Backhoe when necessary. Below are the results of the quotes received for the 2012 Mini Hydraulic Excavator with tax is included in the quote shown.

<u>Vendor</u>	<u>Quotes</u>
Western States Equipment	\$58,673.50
United Rentals	\$71,810.00

Based on the quotes received the manager recommended purchasing the 2012 Mini Hydraulic Excavator from Western States Equipment Company in the amount of \$58,673.50.

MOTION by Commissioner Gary Hicks and seconded by Commissioner Judy Ridge to award the quote for the 2012 Mini Hydraulic Excavator to the Western States Equipment Company in the amount \$53,673.50. The question was called for on the motion. The motion passed 3-0.

Resolution 12-391 – Posting Interlocal Agreements on PUD Websites

The manager presented Resolution 12-391 which provides for the posting of interlocal agreements with other public agencies on the PUD website. The manager stated that the Revised Code of Washington (RCW) 39.34 permits a public agency to list interlocal agreements on its website in lieu of having the agreement filed with the county auditor's office. The manager stated that once approved he will locate all current interlocal agreements with public agencies and dedicate a page on the PUDs website to these agreements per state statute.

MOTION by Commissioner Gary Hicks and seconded by Commissioner Judy Ridge to approved Resolution 12-391 providing for the posting of interlocal agreements with other public agencies on the PUD website per RCW 39.34. The question was called for on the motion. The motion passed 3-0.

Set 2013 Budget Hearing Date for Monday October 1, 2012

The manager stated that the proposed operational budget for the 2013 calendar year has been developed and was placed in file on September 1, 2012. He stated that the Revised Code of Washington states that a budget hearing is required to be held the first Monday in October. The manager stated that October 1st is the first Monday.

MOTION by Commissioner Judy Ridge and seconded by Commissioner Gary Hicks to set a 2013 Budget Hearing for Monday, October 1, 2012 beginning at 5:30 pm. The question was called for on the motion. The motion passed 3-0.

MANAGER'S REPORT

Construction Update – the manager reported contractor M.L. Albright & Sons (Albright) completed the second and final phase of installation of the water line on Beachview Boulevard and has moved back to 3rd Street installing line to 6th Street and Highland Avenue. The PUD crew has completed installation of water services on a newly installed 6 inch PVC water main on the east end of Valley View Drive. The new line replaces an old, leaky 4 inch steel water main. Water services have been tied over to this main.

Sewer Main Extension – the manager reported that staff completed development of plans for the placement of approximately 700 feet of sewer main from the intersection of 6th Avenue and 25th Street going south on 25th Street to a home that has a septic system failure and then on to approximately half-way down the block. The project has grown from 300 to 700 feet due to requests from two other customers on 25th Street wishing to connect to the sewer system. Staff and the manager have been discussing extending the sewer the entire length of 25th Street due the additional requests. The manager stated that quotes were requested from those contractors on the Small Works Roster. The manager stated that quotes should be available for review by the end of the week.

Water Rights Usage Request – the manager reported that he has begun development of an addendum to the Water Rights Area of Use map included in the updated Water System Plan to accommodate a request for use of our water rights. The updated map will also extend the PUDs service territory to include the Port of Wilma. He stated that he has been discussing the necessary documentation with the State Department of Health. The map update is a preliminary step in use of our water rights culminating with a water right change application being submitted to the state Department of Ecology requesting the addition of the well on the proposed site as a point of diversion to PUD wells. The manager reported that a water rights usage contract with the interested party is currently under development.

DECA Survey – the manager provided a copy of the DECA survey that will be sent out with PUD billing statements at the end of September and the first billing in October. He stated that the Board approved inclusion of the survey at the last meeting. The manager stated that the survey was well done having no political overtones.

PURMS Insurance Underwriter Visits – the Treasurer, Bob Sischo reported the PURMS Self Insurance fund underwriters, Aegis and Marsh, will be onsite in October to inventory and review PUD facilities.

COMMISSIONER'S REPORT

Commissioner Hicks stated that he attended the Washington PUD Association Meetings in Ellensburg, Washington on September 19-21, 2012. He reported that members approved the amended by-laws. Language regarding membership relinquishment by a PUD has been increase from a 90 day notice to 180 days. He reported that Board of Commissioners for PUDs will realize the first 5-year Cola of Living Adjustment (COLA) increase in June 2014. He stated that per diems will also increase slightly.

Commissioners Ridge and Hicks will be attending the Washington PUD Association 2012 Water Workshop in Spokane, Washington on September 26-28, 2012.

ADJOURNMENT

There being no further business the meeting was adjourned at 6:40 p.m.