

PUBLIC UTILITY DISTRICT NO. 1
OF ASOTIN COUNTY, WASHINGTON
MEETING MINUTES
June 6, 2017

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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 Greg McCall.

PUD Staff: General Manager Tim Simpson and Treasurer
Bob Sischo.

MINUTES OF MEETING AND VOUCHER APPROVAL

MOTION by Commissioner Judy Ridge and seconded by Commissioner Greg McCall to approve the consent agenda approving the minutes of the May 23, 2017 Regular Meeting and payment of the Transaction Vouchers covering vouchers #1902-1904 and vouchers #4341EFT through #4357EFT in the amount of \$38,126.33 and Blanket Transaction Voucher Approval Document covering vouchers #37119 through #37179 and Electronic Transaction Vouchers #17060201, #17060501, #17060502, #17060602 and #17061501 in the amount of \$210,527.16. The question was called for on the motion. The motion passed 3-0.

OLD BUSINESS

There were no items presented under Old Business.

NEW BUSINESS

Property Acquisition Request – 2560 Reservoir Road

The manager stated that the property at 2560 Reservoir Road, located below our Clarkston Heights Reservoirs, has come up for sale. He found out about the sale of the property because of an inquiry by the current property owner regarding the easements for the reservoirs drain line and the 20-inch steel water transmission main that serves our customers from these reservoirs. The manager stated that there are actually two parcels (2.42 acres) for sale at one price \$265,000. He provided the Board with a map of the property(s) that shows the location of the drain line and transmission main, the real estate listing of the property and the easement documents along with pictures of the property.

He stated that the purpose for bringing this to the Board's attention was two-fold. First, it was discovered through discussion with the owner, that a septic system was installed next to the 20-inch main at only 5 feet separation. He said that state law requires at least a 10-foot separation between water and sewer. The manager stated that the PUD was not notified about the installation of the septic system on the property near the water main.

The manager stated that the second reason for bringing the sale of the property to the Board's attention is that he believes the sale represents an opportunity to purchase the property to protect our lines that go through the property and limit potential liability. In addition, we will need to replace the 20-inch steel main in the future and having control of the property will allow us to locate it where we need it to go.

He stated that the purchase request is now mute because he found out prior to the meeting that an offer has been accepted on the property. The manager stated that he told the realtor that we just became aware that in 1999 a septic system was installed for shop and it is only 5 feet from the water main. He was told that the PUD will be requesting that the current or new property owner either abandon the septic system or move the septic system tank to an acceptable location. The PUD wants to be a good neighbor and the Board stated that we could provide some assistance in relocation of the septic system since the current and potential new owner were not aware that the system was installed against state statute. The manager stated that he will make the Asotin County Health Department aware of the issue we have with the location of the septic system and work with the new inspector when she arrives on the job in July to correct the issue.

MANAGER'S REPORT

Capital Improvement Projects – the new water main on the 8th Street Project passed water quality testing and the operations crew has completed the rebuilding of 39 of the 70 customer service lines that will be tied to the new water main. Paving from Fair Street to Poplar will take place next week.

Annual Accountability and Financial Audit – the annual accountability and financial audit is still underway. The auditor will complete their onsite visit tomorrow. Commissioner Nuxoll participated in a Risk Assessment question and answer session with the state auditor on Thursday, May 25th. Commissioner McCall, Bob Sischo and the manager participated in an Audit Entrance Conference on Friday, June 2nd.

Water System Plan Update – the update of the Comprehensive Water System Plan (Plan) is moving along. The Department of Health (DOH) has changed the rules regarding Satellite Management Agencies (SMA). DOH is now requiring a separate filing of SMA documents rather than inclusion with the Plan update. This requirement brought on discussion as to whether we need the SMA designation. Because the SMA is only needed for brand new water systems and the PUD is designated as ownership only, it was determined that in our area it is unnecessary and we will not file an SMA plan letting the it lapse. The SMA has been available for 30 years and the PUD has never used it. If, for some unforeseen reason, a need arises for an SMA we can file a plan at that time.

Vactor Truck – at the last meeting it was stated that it might be time to look at purchasing our own vactor truck so we can respond to sewer emergencies in a timely manner and use it for regular maintenance on our system. Costs of the vehicle were discussed along with mutually sharing the costs of a vehicle with the City of Clarkston. The manager was directed to research the cost of a vactor truck and the longevity of this equipment.

The manager directed staff to research the cost of purchasing a vactor truck. Staff spoke with a salesman from Vactor regarding a vacuum excavator/sewer jetter combination truck and found out the following: A safe budget amount is \$400,000; Purchase can be made through National Joint Powers Alliance (NJPA) to access competitively awarded purchasing contracts; as an alternative we can purchase the vehicle through a lease agreement for a period of 6-7 years. Payments would be made on a yearly basis of \$50,000 - \$60,000 depending on the price and terms of the lease. All payments would go towards the purchase of the truck and at the end of the lease we would purchase the truck for \$1; Leasing could be a viable option because we would have access to the truck quicker and any cost increases due to interest could be offset by not having to utilize contractors for vacuum excavation and sewer jetting; The life of the truck is expected to be 15-20 years.

Commissioner Ridge stated that she is not in favor of leasing the truck if a decision to purchase one is made. After further discussion, the Commissioners directed the manager to survey other PUDs to find out their experience with vactor trucks, how often the truck is used in daily operations and the cost of maintaining the trucks.

PURMS Meetings Report – Bob Sischo, Director of Finance and Operations, provided an update Public Utility Risk Management Services (PURMS) meetings recently attended. He provided a handout and reported that our health coverage assessments this year have been good and our experience and cost per employee has decreased. He reported about the liability assessment for the \$1.3 million dollar settlement for the Klickitat Highway 8 fire which had been in dispute with the Department of Natural Resources (DNR) for some time. DNR's claim was \$1,600,000 with an additional \$350,000 in legal fees. Court mandated mediation on this case was conducted and settled for \$1,300,000. The Fund paid about \$630,000 of that with the rest paid by AEGIS. This resulted in an assessment to bring the fund back to the proper operating level costing our PUD approximately \$14,000.

Bob stated that mediation and settlement is supposed to go through the Administrative Committee and discussions were held how the PURMS administrator could communicate these mediations and settlements with the committee. Bob explained to the Commission the purpose and make-up of the Operations Committee, Administrative Committee and full board. Bob participates in the operations committee and is one of six members on the Administrative Committee. Bob reported that state law requires that a report on the PURMS administrator be conducted regarding his responsibilities and activities. He stated that the report will be completed and made available this fall.

COMMISSIONER'S REPORT

Commissioner Nuxoll attended a Risk Management question and answer session with the Washington State Auditor on Thursday, May 25th.

Commissioner Nuxoll attended the Public Utility Risk Management Services (PURMS) meetings on May 31 and June 1 in Burien, Washington. He reported that the Yakima Nation has sued Klickitat PUD for the Satus pass fire for \$65 million. He stated that if the Yakima Nation prevails in court Klickitat will be on the hook for \$30 million because they didn't purchase excess insurance coverage like other PUDs have. He reported that the Administrative Committee was directed to look at all insurance coverage to ensure we have no lapses at any member utilities. Bob stated that it would be a peer review. Commissioner Nuxoll asked for the Committee to review the open public meeting liability for PUD commissioners. He reported that due to the nature of the excessive cost of the suit by DNR the newly elected public lands commissioner for the state has stated that she will work with PUDs regarding fires on public lands caused by falling trees on PUD electrical systems.

Commissioner Ridge attended Public Power Council (PPC) meetings on May 31 and June 1 in Portland. She stated that focus of the meeting was on the federal budget and the call for privatizing and divesting of the Bonneville Power Administration (BPA) and its assets. Members of Congress for the Northwest recently sent a letter to the US Department of Energy Secretary and the Director of the US Office of Management and Budget stating their concerns regarding this budget proposal. BPA discussed the reasons for canceling the I-5 corridor transmission project. Property purchases and the sheer cost of the \$1.2 billion project price tag was reason enough to end their project consideration. She reported that the BPA hydropower education campaign is underway. The Biological Opinion was discussed. She said the refueling outage at Energy Northwest is going well.

Commissioner Ridge will be attending the American Water Works Association Conference on June 11-15 in Philadelphia. The manager will also be in attendance.

Commissioner McCall attended an Audit Entrance Conference with the Washington State Auditor regarding our 2016 financial and accountability audit on Friday June 2nd. Bob Sischo and the manager were also in attendance.

ADJOURNMENT

There being no further business the meeting was adjourned at 6:45 p.m.