

PUBLIC UTILITY DISTRICT NO. 1
OF ASOTIN COUNTY, WASHINGTON
MEETING MINUTES
February 14, 2012

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.

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 Gary Hicks and seconded by Commissioner Judy Ridge to approve the consent agenda approving the minutes of the January 23, 2012 Regular Meeting and payment of the Transaction Vouchers covering vouchers #1744 and #1745 and vouchers #2263EFT through #2277EFT in the amount of \$30,340.45 and Blanket Transaction Voucher Approval Document covering vouchers #29883 through #29949, and Electronic Transaction Vouchers #12010301, #12010302, #12012401, #12020201, #12020202, #12020301, #12020601, #12020701, #12022201, #12022401 and #12022901 in the amount of \$362,345.30. 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 stated that the Board is aware the Port of Whitman County (Port) has developed an Agreement for our consideration for the transfer of the Port of Wilma Water and Sanitary Sewer Systems to the PUD. He stated that after the initial review of the Agreement in December 2011 we requested the removal of language in the that dictated how the Board would set rates for industrial customers and how we would bring non-industrial customers gradually up to our current consumptive rate. The manager stated that he was directed by the Board to request information from the Port in order to assess the financial and operating condition of both the water and wastewater systems.

The manager reported that since that time there has been very little communication with the Port except a statement and a question from Port of Whitman County Executive Director Joe Poire. Mr. Poire stated via email on January 6th that the Port is working on putting the information together that the manager had requested.

In the email Mr. Poire asked if the PUD is prepared at a minimum to accept a transfer that would provide that water rates at the Port of Wilma will not exceed the rates charged in the city of Clarkston. The reason he asked this question is that the Port has lease obligations that are tied to the Clarkston rates. The manager's response was that the PUD would accept a transfer that provides that water rates at the Port of Wilma will not exceed rates charged in the city of Clarkston. The manager also stated that the PUD would commit to the development of an industrial rate for businesses like Bennett Lumber and others that would fall into the industrial rate category.

The manager reported that on Thursday, January 26th he was contacted by Doug Mattoon, Director of Valley Vision, requesting a meeting with him and a commissioner to discuss the Port of Wilma. The manager stated that he and Commissioner Nuxoll met with Mr. Mattoon on Friday January 27th. Mr. Mattoon stated that Mr. Poire wanted to speak to us about his board's concerns about transferring the system to us but did not want to put himself in jeopardy speaking for his commission. Mr. Mattoon stated that the Port Board of Commissioners would like the PUD to establish an industrial rate, as a good faith effort, before the agreement is executed and the system transfer occurs. The manager stated to Mr. Mattoon that it is difficult to set a rate without the information we requested from Mr. Poire. After discussions about the transfer and economic development, Mr. Mattoon stated that he would contact Mr. Poire and ask him to provide us with the Port of Wilma rate information. Commissioner Nuxoll asked Mr. Mattoon to also provide us with information about what other Ports in the region are paying for water.

The manager reported that on January 30th he received a Port of Wilma water and sewer rate sheet. The manager stated that the rates were last changed in 2006 after he completed a rate analysis for the Port. He stated that sewer is charged at a flat rate of \$20.00 per month. Water is charged at a \$20.00 per month access fee, a \$14.00 monthly minimum charge for a standard 1 inch service meter and a tiered declining block consumptive rate per cubic foot or 7.48 gallons. There rate start out at \$0.51 per 100 cubic feet for 60 units of water, then goes to \$0.40 for the next 40 units and then down to \$0.15 per unit for anything over 100 units. He stated that the PUD charges \$0.89 per 100 cubic foot or 748 gallons and a \$14.50 monthly minimum charge for a 1 inch service. The manager provided the Board with a spreadsheet showing how PUD rates compare to the Port. He stated that for non-industrial customers it is fairly comparable however with an industrial customer our rates would be much higher than the Port.

Commissioner Nuxoll suggested that one of the wells for the Port be designated for their irrigation needs for keeping their logs wet. The manager stated that it was possible. He stated that the water would not have to be treated creating some operation savings. After discussion of the industrial rate request the Board reiterated that they would not make any decisions regarding an industrial rate or assuming ownership of the Port of Wilma water and sewer systems until all the information requested has been delivered and analyzed.

NEW BUSINESS

Recreation and Conservation Office – Alpowa Creek Assessment Agreement

The manager presented an Agreement between the Washington State Recreation and Conservation Office (RCO) and the PUD for Salmon Recovery Board Funding (SRFB) for an Alpowa Creek Habitat Assessment Project. He stated that the RCO has agreed to provide the PUD and the WRIA 35 Watershed Planning Unit \$69,300.00 in SRFB funding. Watershed Planning Director Brad Johnson will be working with the State and a local rancher to assess fish habitat on Alpowa Creek. The reimbursement period began December 8, 2011 and ends on March 31, 2013. The SRFB funding will be used for administrative purposes paying for salaries, benefits and travel to and from Alpowa Creek.

MOTION by Commissioner Gary Hicks and seconded by Commissioner Judy Ridge approving the Agreement with the Recreation and Conservation Office for the Alpowa Creek Habitat Assessment Project and authorizing the General Manager to execute the Agreement. The question was called for on the motion. The motion passed 3-0.

City of Clarkston Intergovernmental Cooperation Agreement – Annual Sewer Report

The manager presented an Intergovernmental Cooperation Agreement from the city of Clarkston for the PUD's preparation of the City's annual Sewer Evaluation Report. The sewer evaluation report is used by the City to calculate sewer charges for their customers. The manager stated that the text of the agreement remains the same as well as the fees for providing services.

MOTION by Commissioner Judy Ridge and seconded by Commissioner Gary Hicks to approve the Intergovernmental Cooperation Agreement with the city of Clarkston for preparation of their annual Sewer Evaluation Report and authorizing the General Manager to execute the Agreement. The question was called for on the motion. The motion passed 3-0.

Project Material Bid Award

The manager presented quotes on materials for capital improvement projects. He stated that Operations Foreman Joe Louis developed two of the three water main replacement projects that our crew will complete this year. He stated that as a part of these projects, Mr. Louis identified what material was needed for the project and sought quotes from qualified material supply vendors through the Board approved and state required Vendor Roster Process. The manager stated that in the 2012 Budget approximately \$100,000 of our \$1.0 million capital improvement budget has been allocated towards main replacement projects that our operations staff will complete. The material for these projects will come from this budget.

The manager stated that the vendors who provided quotes on the project materials were United Pipe and Supply in the amount of \$25,586.17 and Ferguson Waterworks in the amount of \$26,749.93. Quotes include Washington State sales tax. The manager stated that based on total price quote he recommended the purchase of project materials from United Pipe and Supply in the amount of \$25,586.17.

MOTION by Commissioner Gary Hicks and seconded by Commissioner Judy Ridge to award the quote for project material to United Pipe and Supply in the amount of \$25,586.17. The question was called for on the motion. The motion passed 3-0.

Change the Tuesday February 28, 2012 meeting to Wednesday, February 29, 2012

The manager stated that due to commissioner travel he is requesting that the meeting scheduled for Tuesday, February 28, 2012 be changed to Wednesday, February 29, 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, February 28, 2012 to Wednesday, February 29, 2012 to begin at 5:30 pm. The question was called for on the motion. The motion passed 3-0.

MANAGER'S REPORT

Watershed Planning Funding Activity – the manager reported that Watershed Planning Director Brad Johnson has secured funding from various sources. Funding is currently being provided by the Snake River Salmon Recovery Board (SRSRB) for integration and coordination, The State Department of Ecology (DOE) for stream flow gauge monitoring, and the Recreation and Conservation Office Salmon Recovery Funding Board for the Alpowa Creek Habitat Assessment. Funding is also pending from the SRSRB for the Intensely Monitored Watershed program on Asotin Creek and a DOE Grant to work with a Stember Creek landowner on a water quality project. The manager stated there is appears to be enough grant funding to keep Brad active through December of this year.

Energy Northwest Small Scale Nuclear – the manager reported that Energy Northwest (ENW) has scheduled a small scale nuclear SMR Study Group meeting on February 15th in the Tri-Cities at the ENW Office Complex in Richland. Business Development Director Jack Baker stated that NuScale has successfully found a new funding source. Being presented at the meeting is an update on SMR's on a national level, what is going on with NuScale and an opportunity for the Study Group to discuss their vision for SMR's. The manager stated that federal funding opportunities are starting to occur for design and initial licensing of the design. NuScale is seeking a letter of endorsement from our Study Group in order to access the federal funding. The manager stated that he would join the meeting via a website exchange.

Equipment Purchases – the manager reported to the Board that equipment scheduled for purchase is under review. He stated that the budget provides for the purchase of a used water truck for operations, flushing the water distribution system and flushing the sewer system. The budget also provides for the purchase of a mini excavator. The manager stated that the crew will be trying out several sizes and brands before making a decision.

Water Right Usage Agreements – the manager reported that draft Water Rights Usage Contracts for the city of Asotin and Atlas Sand and Rock have been drafted and are currently under review by counsel. The manager stated that in the recent approval of our water rights change application with the Department of Ecology the city of Asotin and Atlas Sand Rock's wells were identified as points of diversion in order for these two entities to utilize our water rights.

Water System Plan Update Presentation and Hearing – the manager reported that at the next meeting a hearing has been scheduled and advertised for public participation and comment on the Comprehensive Water System Plan update. He stated that our consultant, David Stangel from Murray, Smith and Associates, will be here to provide an overview of the Plan update. The plan is currently being review by state agencies.

COMMISSIONER'S REPORT

Commissioner Hicks attended the Washington PUD Association meetings on February 18 through February 10th in Olympia Washington. He stated they Association had a commissioner only meeting to review the Association's strategic plans and guidance documents. Commissioner Hicks stated that there are portions the guidelines that are not working and will need to be redone. He stated that there has been much discussion regarding who is directing the organization. He stated that last year the manager's group requested more input and decision making authority but there hasn't been much coming from the group due to the lack of quorums at the manager's meetings. He stated that there appears to be a lack of interest due to the value that comes from attending the meetings. He stated the Association is a commissioner driven organization and that the managers are there to provide advice. He said that right now there is a 50/50 split on the issue of who is directing the PUD Association.

Commissioner Hicks stated that the issue of membership was discussed. Association Director George Caan has talked with Clark Public Utilities regarding withdrawal of their membership. He stated that they are considering a return to the association but they were told that it is all or nothing. The water operations portion of their utility wants to stay involved but won't be allowed to unless Clark commits the entire organization. Mr. Caan has told the member utilities to refrain from hollering "I Quit" when issues don't go their way. Commissioner Hicks stated that there is much work to do to get the members of the association working in lock-step. He stated the "skin-in-the-game" issue was discussed with Commissioner Hicks stating that every utility has a voice regardless of the issue. He reiterated his position of the one member-one vote stance.

Commissioner Ridge attended Energy Northwest (ENW) meetings in Richland on January 24 through 26th. She stated that Clark Public Utilities Commissioner Nancy Barnes railed against ENW management and staff regarding operation of the Columbia Generating Station. The Board told Commissioner Barnes that the management team is new and that member utilities need to give them a chance to turn operations around. She was asked to stay for the Executive Board meeting to learn more about operations but left after the regular full board meeting. Commissioner Ridge stated that the current internal auditor was reassigned to a new department and the auditor that took Jack Baker's business development group to task during their audit last year will become the new internal auditor.

ADJOURNMENT

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