

PUBLIC UTILITY DISTRICT NO. 1
OF ASOTIN COUNTY, WASHINGTON
MEETING MINUTES
July 24, 2012

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President Don Nuxoll presiding, the Public Utility District No. 1 of Asotin County Meeting was called to order at 11:00 a.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

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 July 10, 2012 Regular Meeting and payment of the Transaction Vouchers covering vouchers #2430EFT through #2444EFT in the amount of \$26,091.19 and Blanket Transaction Voucher Approval Document covering vouchers #30458 through #30497, and Electronic Transaction Vouchers #12072002 and #12072003 in the amount of \$114,831.15. 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 he has not received contact from Port of Whitman County Executive Director Joe Poire regarding the status of the Water and Wastewater Systems Transfer Agreements. Mr. Poire had previously stated that he would take the revised and final Agreements to the Port of Whitman County Board of Commissioners for discussion at their second meeting in July.

Northwest River Partners Clean Hydro Campaign Contribution

The manager reported that after the last meeting he contacted Northwest River Partners (NWRP) regarding the issue of a contribution versus a dues assessment telling them that we prefer a dues assessment. The contact was a result of a campaign contribution request from NWRP regarding their Clean Hydro campaign. NWRP members and nonmember utilities and interest groups were asked to support their campaign to raise awareness of hydropower as a clean renewable resource and the region's premier energy source. In their response to the question raised regarding the verbiage of the campaign funding request, NWRP Executive Director Terry Flores stated that no one else has expressed a concern with the terminology. She stated that there is no requirement to be a NWRP member to contribute to the campaign, so it is not a dues assessment. She went on to state that their counsel researched the issue of concerns regarding political advocacy and

found that because the campaign is educational in tone and nature, and not advocacy, calling it a campaign contribution is acceptable. The Commissioners asked if PUD counsel Scott Broyles had responded to this information. The manager stated that counsel was provided a copy of Ms. Flores response but he has not provided a response to it. The Commissioners decided to table the issue until the next regular meeting to allow time for counsel to review and provide direction on the contribution.

City of Clarkston Wastewater Treatment Plant Upgrade Bids and Project Financing

The manager reported that on Thursday, July 12th the City of Clarkston opened bids on their re-bid of the upgrades to their Wastewater Treatment Plant (WWTP). The City decided to re-bid the project after the first bid resulted in the disqualification of the lowest bidder and a miscalculation error by the second lowest bidder. The third lowest bidder came in at \$12.9 million, approximately \$1.7 million higher than the base engineering estimate of \$11.2 million. Because of this high bid the City decided to re-bid the project without making any changes to the original engineering plan. The manager presented the results of the re-bid. He stated that based on the results William Brothers is the apparent low bidder at \$12.10 million. The low bid is \$900,000 higher than the base engineer's estimate but is better than the lowest bidder from the first round of bidding..

The manager reported that on Thursday, July 19th he met with City of Clarkston Public Works Director Jim Martin and City Clerk Vickie Storey to discuss the bid results, the project additive items and financing. Mr. Martin stated that he would be discussing the bid results with the City Council on Monday, July 23rd, and will request inclusion of additive bid item #3 as part of the request. He stated that this was Option No. 1 and that adding this item will result in a need for additional financing of \$1,463,060. Mr. Martin stated that he will also be discussing with the City Council the possibility of adding all additive bid items to the project. He stated that this was Option No. 2 and that this option would result in the need for additional financing in the amount of \$2,561,791. The manager stated that the additive items are as follows: #1 – Pump Replacement, #2 – Sludge Thickening Equipment, #3 – Second Screw Press, #4 – Turbo Blower and #5 – Drying Bid Rehabilitation. Mr. Martin's reasoning for seeking approval of the additive bid items is that they will be needed in the future and it would be less expensive to complete these additive items now rather than in 5 to 10 years when costs are much higher. Ms. Storey stated that he City will need to secure additional financing to meet the costs associated with the re-bid results. She added that financing for these items, Option 1 or Option 2, will likely come from a Department of Ecology (DOE) low interest loan. Loan applications for DOE are due in October.

The manager reported that the Clarkston City Council met on Monday and decided to move forward with Option 2 and seek financing to pay for these additional items including the amount over the base bid. The manager stated that the total cost of the project under Option 2 is approximately \$15.22 million. He stated that the PUD will be

paying its portion of the loan through the operational agreement we have with the City. The PUDs wastewater flow to the WWTP is currently 33% to 35% of the entire wastewater flow being processed daily by the WWTP; therefore, our current treatment expense is 33% to 35% of the operational costs of the WWTP. Based on this information we will be paying approximately 35% of the total cost of the project financing.

The manager stated that 35% of the total financing cost over a 20 year period is \$5.61 million. He reported that our annual sewer operational costs will increase approximately \$294,000.00 which will require a 19.70% increase or \$6.00 more per customer per month to cover the operational cost increases. The manager stated that it would be best to phase in the rate increase over a couple years beginning in 2013. The project will take 18 months to complete once it starts and the full cost of debt service will not become a factor until 2014 after the project is complete. Commissioners stated that a sewer service rate increase will be discussed at the end of the year.

NEW BUSINESS

Resolution 12-388 – Surplus Property and Building at 2122 Critchfield Road

The manager presented Resolution 12-388 which provides for the surplus of the real property and shop building at 2122 Critchfield Road known to the PUD as the Critchfield Road Booster Station. He stated that as directed, the property and shop building at the Critchfield Road Booster Station was appraised. The .50 +/- acres of real property and the shop building was valued at Forty Seven Thousand Dollars (\$47,000.00) after it was compared to other similar properties and sales in the area. The appraisal was conducted by Bi-State Appraisals of Clarkston. The Resolution states that the General Manager of the District is authorized to provide for the sale of the property by calling for sealed bids and that the minimum bid limit be set at \$47,000.00.

MOTION by Commissioner Judy Ridge and seconded by Commissioner Gary Hicks approving Resolution 12-388 providing for the surplus of the property and building located at 2122 Critchfield Road, and authorizing the General Manager to sell of the property by calling for sealed bids setting the minimum bid amount at Forty Seven Thousand Dollars (\$47,000.00). 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 installation and tie-in of the water distribution mains on 7th Avenue and Highline Drive paving the street upon completion. Albright has moved to Chestnut and Beachview Boulevard and has the main line replacement on Chestnut nearly complete.

Albright will tie the lines in later this week then move to Adams Street and 4th Street to complete the replacement of the water distribution mains and services in this area. They will be focusing on getting water main replaced in areas around the Clarkston High School and Parkway Elementary School to ensure they are out of those areas before school begins the last week of August. Once they are out of these areas they will move back to Beachview to complete the second phase of that project, move next to 3rd Street wrapping around to Highland Avenue to complete that project. The project on Parkview will be last one completed.

Port of Clarkston Business Park – the manager reported that he met with Wanda Keefer to discuss water and sewer service to the Port of Clarkston Business Park. She stated that they were approved and have received nearly \$1.60 million in funding for developing the first phase of the Park. This funding includes the placement of water and sewer mains to serve tenants in the Park. The PUD will look into extending the 12 inch water main from the first entrance 2,500 feet to the south entrance of the Park. If this is done then the water main in the Park can looped together. The PUD will also be completing a hydraulic analysis of the system to ensure proper sizing of the pipe and to ensure adequate flow for the entire Park.

Abandoned Well Campaign – the manager reported that he is working with the City of Lewiston and the Lewiston Orchards Irrigation District to develop an abandoned well campaign. Abandoned wells were a focus of the Regional Drinking Source Water Committee. Locating and properly decommissioning abandoned wells will help protect the Lewiston Basin Aquifer, the groundwater source from which all local water utilities draw from. The campaign will ask Valley residents to help each entity locate abandoned wells. The PUD is being asked to contribute approximately \$7,000.00 toward the campaign but any amount would be accepted. \$700.00 of the funding will go towards inserts in our bills. The remainder of all funding will go toward television and newspaper ads. The Commission stated that the PUD will contribute \$4,000.00 towards the campaign.

Bob Sischo WFOA Award – the manager reported that for the fifth consecutive year Treasurer Bob Sischo has received a Professional Finance Officers Award from the Washington Finance Officers Association. The Commission congratulated him on this achievement.

COMMISSIONER'S REPORT

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

Commissioner Hicks did not attend the Washington PUD Association meetings that were held on July 18 to 20th in Leavenworth, Washington.

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ADJOURNMENT

There being no further business the meeting was adjourned at 11:45 a.m.