

PUBLIC UTILITY DISTRICT NO. 1
OF ASOTIN COUNTY, WASHINGTON
MEETING MINUTES
August 13, 2019

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President Judy Ridge 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: Judy Ridge, Greg McCall and Don Nuxoll.

Staff: Tim Simpson and Bob Sischo.

MINUTES OF MEETING AND VOUCHER APPROVAL

MOTION by Commissioner Don Nuxoll and seconded by Commissioner Greg McCall to approve the consent agenda approving the minutes of the July 22, 2019 Regular Meeting and payment of Payroll Vouchers #1989 – #1991 and Electronic Payroll Vouchers #5215EFT – #5231EFT in the amount of \$43,282.76 and Electronic Accounts Payable Vouchers #19080501, #19080502, #19080701, #19080702 and #19081501 and Accounts Payable Vouchers #39758 – #39828 in the amount of \$214,831.85. The question was called for on the motion. The motion passed 3-0.

OLD BUSINESS

Final Draft of the City Sewer System Operator Agreement

The manager stated that at the last Commission meeting, on Monday, July 22, he reported that after arriving at consensus with the City of Clarkston regarding language in the City Sewer System Operator Agreement, an amended Agreement was sent to Foster Pepper attorney's Steve DiJulio and Joe Brogan on Thursday, July 18 for their review. At that time, he waiting to hear from the City's insurance carrier, Washington Cities Insurance Authority (WCIA) as to whether they would be requiring that the City provide insurance coverage.

The manager reported that on Wednesday July 24, he was contacted by Mayor Monika Lawrence with information provided by WCIA to City Attorney Todd Richardson. WCIA stated that the City is required to provide property insurance because they will continue as owner of the WWTP and sewer collection system during the term of the Agreement. The manager spoke with Mr. DiJulio about the insurance requirement and he agreed with their determination. As a part of their contact with the City, WCIA provided liability and other insurance language for inclusion in the Agreement. This language was sent to PURMS Administrator, Dick Rodruck, for his review. Mr. Rodruck agreed with the language with the exception of the requirement for a Best rating because the pool is not rated. The language requested by WCIA and the City, with the exception noted, was incorporated into the Agreement and sent to Mr. DiJulio and Mr. Brogan on Thursday, July 25 for their review.

On Wednesday, July 31, Mr. DiJulio provided the City and PUD a FINAL Draft of the City Sewer System Operator Agreement. On Tuesday, August 6, Commissioner Nuxoll, Bob Sischo, Craig Riehle and the manager met with the City of Clarkston Public Works Committee. The manager stated that the meeting went well with the Committee agreeing to recommend the Agreement for City Council approval at their meeting, Monday August 26.

The manager reported that he and Bob Sischo were invited to a meeting today with the City to discuss what they thought were questions about rates and other administrative issues. Attending the meeting from the City were Mayor Lawrence, Kevin Poole, Steve Austin, Deputy Clerk/Treasurer Marcie Bayless and Todd Richardson. The meeting quickly turned to the City stating that they intend to start charging the PUD a 6% water utility tax for water sales to customers within the City limits. Mr. Austin stated that the tax ordinance has been on the books for a long time but has not been collected since 1997. The manager explained the history of the water utility tax and the PUDs challenge to the validity of the tax in 1997.

Commissioners discussed the City's intention to exercise their ordinance and levy the water utility tax. They also discussed the 14% sewer utility taxes currently being charged to City sewer customers. During discussion of the intended tax levy, the Commission expressed concern regarding what amounts to a 20% tax on water and wastewater customers, none of which will be used to increase the operational effectiveness or value of these utility systems. The manager stated that in addition to the 14% tax on sewer customers, the PUD will have to collect a 3.852% state utility tax. He stated that this effectively requires the PUD to institute a nearly 10% rate increase on rate payers within the City limits before contract operations would begin.

The Commission also discussed the burden the PUD is taking from the City through the pending operations agreement which would require the PUD to assume all the liability of operating the WWTP and the sewer collection system, take on WWTP employees, and with ownership, eventually assuming over \$10 million of debt on the system and the future \$22 million estimated liability of upgrading the sewer collection system. The Commission stated that they do not question the legality of the City's authority to tax but feel that adding an additional 6% tax levy, on top of all of the other taxes levied by the City and State, goes against the spirit of what is trying to be accomplished with the operations agreement and ownership, which is to benefit the ratepayers. The Commission directed the manager to contact Mayor Lawrence and state that the PUD will not be moving forward with the City Sewer System Operations Agreement and express to her their discussion on the subject.

NEW BUSINESS

Resolution 19-466 – Amending the Personnel Policies and Procedures

The manager presented Resolution 19-466 which provides for amendment of the Personnel Policies and Procedures. Amendment of the Personnel Policy includes Chapter 4 – Compensation, Chapter 5 – Recruitment and Hiring, Chapter 7 – Leave from Employment and Chapter 8 – Benefits.

In Chapter 4 – Compensation, under Section 4.5 – Classifications, the manager recommended adding Department Director and Operations Foreman to recognize those positions and adding Wastewater Treatment Plant (WWTP) Supervisor and Wastewater Treatment Plant Operator in anticipation of the assumption of the WWTP employees if the PUD takes over operations on January 1, 2020. Other minor amendments were made to Chapter 4, including amendments under Section 4.7 – Classification Salary Ranges, where the classifications mentioned were added along with salary range adjustments.

In Chapter 5 – Recruitment and Hiring, under Section 5.10 – Job Descriptions, the manager recommended additions and amendments to the Customer Service Representative job descriptions and the addition of job descriptions for the WWTP Supervisor, WWTP Foreman and WWTP Operator in anticipation of the assumption of WWTP operations in anticipation of WWTP operations assumption.

In Chapter 7 – Leave from Employment, under Section 7.3 – Personal Leave, the manager recommended the addition of 40 hours to the Personal Leave Accrual Rate for each span of completed years of employment. This proposed addition is the result of discovering that the sick leave law, effective January 1, 2018 can be wrapped into a Personal Leave bank as long as it meets the minimum requirements for sick leave accrual which the PUD policy does. This change eliminates most of Section 7.5 – Supplemental Leave which provided for an annual accrual of 56 hours of sick leave for all PUD employees. This change reduces the annual accrual of leave by 16 hours for each. Supplemental Leave accrued since January 1, 2018 will be moved into employee Personal Leave banks upon authorization of the Board. For long-term employees who had accrued Supplemental Leave prior to January 1, 2018, those banks will remain available for short-term disability but cannot be cashed out, which is addressed in Section 7.5. In Section 7.3.4, language was added to allow the donation of personal leave between employees in the event of an extraordinary circumstance such as an illness and/or medical issue.

In Chapter 7, Section 7.4 – Retirement, the manager recommended the addition of language to section 7.4.1 to clarify the purpose of the employee retirement notification, added language to section 7.4.2 to limit the time to 6 months for use of personal leave before the official retirement date and added section 7.4.3 to state that Short-Term Disability coverage would no longer be available to an employee once they provide a retirement notification.

In Chapter 7, section, 7.4.4 – Health Insurance Coverage, the manager recommended new language that provides health insurance coverage for employees who retire from the PUD. Current policy only addresses continued coverage for those who had a grandfathered supplemental leave bank. Retiree coverage has been an adaptive, negotiated moving target since a former employee retired in 1998. The new policy eliminates this and provides for continued health insurance coverage based upon completed continuous years of service and requires that the employee officially retire from the PUD to receive the benefit. The proposed addition of this section would eliminate Section 8.1.3 under Chapter 8 – Benefits.

MOTION by Commissioner Greg McCall and seconded by Commissioner Don Nuxoll to approve Resolution 19-466 amending the Personnel Policies and Procedures Manual and authorize moving Supplemental Leave, accrued since January 1, 2018, into employee Personal Leave banks. The question was called for on the motion. The motion passed 3-0.

Resolution 19-467 – Amending the Management and Administrative Policies and Procedures

The manager presented Resolution 19-467 which provides for amendment of the Management and Administrative Policies and Procedures. Amendment of this Policy includes Chapter 10 – Small Works Roster and Vendor Roster. These amendments were required due to the passage of Engrossed Substitute Senate Bill 5418 which provided for the increase in contract thresholds for the small works projects roster process and the purchase of material, equipment and supplies under the vendor roster process. In addition, this legislation provided for unit-priced contracts which is a competitively bid contract in which public works are anticipated on a recurring basis to meet the business or operational needs of a district. The legislation also provided for work PUDs may have its own regularly employed personnel perform, without a contract, based upon the utilization of material for the project of a worth increasing from \$150,000 to \$300,000 exclusive of sales tax. This law became effective July 28, 2019.

MOTION by Commissioner Greg McCall and seconded by Commissioner Don Nuxoll to approve Resolution 19-467 amending the Management and Administrative Policies and Procedures Manual. The question was called for on the motion. The motion passed 3-0.

Murraysmith Consultants Task Order 19-02 – 2020 Main Replacement Projects

The manager presented Task Order 19-02 from consulting engineers Murraysmith, Inc., which provides for professional services for the development of our project detail and bid package for our 2020 Small Mains Replacement Projects. This Task Order is in accordance with the MSA Master Agreement for Professional Services dated February 24, 2010.

Under this Task Order, Murraysmith will assist the Director of Operations, Craig Riehle, in reviewing and developing projects currently identified in our 2018 Comprehensive Water System Plan into a detailed specification and construction bid package. The Task Order also provides for the updating of our Standard Specifications and Details for construction. The main replacement bid package was originally developed in 2011-2012 with Murraysmith's assistance and was used to bid out the \$1.4 million main replacement project in 2012 on Highland Avenue completed by ML Albright and Sons.

Once the project plans and bid documents have been completed, bidding for our 2020 Main Replacement Projects will be opened to qualified contractors in later this year or in January of next year. The services will also provide a baseline for completing bid packages for projects in consecutive years. The format will be such that we will be able to utilize construction specifications, contractual language, bid sheets and other items for several years to come without incurring significant additional costs for engineering services.

MOTION by Commissioner Don Nuxoll and seconded by Commissioner Greg McCall to approve Task Order 19-02 with Murraysmith, Inc. for their development of the project detail and bid package for the 2020 Small Mains Replacement Projects and the updating of PUD Standards and Specifications Details for construction. The question was called for on the motion. The motion passed 3-0.

MANAGER'S REPORT

Operations Activity – the manager reported that the Lead Pigtail Project is continuing with the crew finding a lead pigtail while replacing a vintage 1938 service on 11th Street that is located on a steel main. Another 1938 service located on 11th Street was replaced and the crew found another lead pigtail. To further the investigation, a service another service on 11th Street was replaced and there was no lead pigtail. 11th Street between Libby and Chestnut Streets will continue to be investigated for lead pigtails based on the year of installation. Other steel water mains within the same vintage will be investigated as well. 19 lead pigtails out of 166 services have been found during the project.

The Appleside Townhomes project is pending final inspection. Paving should be completed this week. Bridge Street Control Panel Project is waiting on an Avista connection. 2 days of work remain to complete the project after Avista completes their work. They crew has completed all but one of the tie-ins on the Chestnut Street water main abandonment project. The remaining tie-in is at Well No. 1 which will be completed this fall after the pumping season. Once the last tie-in is complete, the 8-inch steel water main will be abandoned. The crew has been replacing older customer service lines that need to be rebuilt. Five (5) services are still on the docket to be replaced.

City of Asotin – the manager reported that the City of Asotin has received funding from the U.S. Department of Agriculture, Rural Development for the PUD to replace 40 plus service lines on 2nd Street prior to paving next year. The PUD provided the City with an estimate earlier this year for the work. The USDA is currently reviewing our operations agreement with the City to ensure compliance.

COMMISSIONER'S REPORT

Commissioner Ridge attended Energy Northwest (EN) meetings on July 24-25 in Richland, Washington. She reported that a presentation was made regarding the proposal for EN to take over operations of the Northwest Open Access Network (NOANet). The PUD members of NOANet believe that the administration and operations of the network would be more cost-effective under EN management.

Commissioner Ridge attended the Public Power Council meetings on August 7-8 in Portland, Oregon. She reported that a panel, with representatives from Washington, Oregon, Idaho and Montana, discussed clean energy legislation proposed and/or adopted by each state's respective legislature.

ADJOURNMENT

There being no further business the meeting was adjourned at 6:54 p.m.