

PUBLIC UTILITY DISTRICT NO. 1
OF ASOTIN COUNTY, WASHINGTON
MEETING MINUTES
January 28, 2014

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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, Gary Hicks and Don Nuxoll.

PUD Staff: General Manager Tim Simpson, Treasurer Bob Sischo and Counsel Scott Broyles.

MINUTES OF MEETING AND VOUCHER APPROVAL:

MOTION by Commissioner Don Nuxoll and seconded by Commissioner Gary Hicks to approve the consent agenda approving the minutes of the January 14, 2014 Regular Meeting and payment of the Transaction Vouchers covering vouchers #2989EFT through #3003EFT in the amount of \$28,227.97 and Blanket Transaction Voucher Approval Document covering vouchers #32132, #32199 through #32224, and Electronic Transaction Vouchers #14011702 and #14012101 in the amount of \$38,387.58. The question was called for on the motion. The motion passed 3-0.

OLD BUSINESS

Port of Wilma Progress Report for Water System Transfer

The manager reported that he has been waiting for the US Army Corp of Engineers (Corp) to provide the second easement reassignment for a Port of Wilma water line before he records the water system transfer Bill of Sale and Easement and the PUD assumes ownership of the water system. In an email to the manager today the Corp stated that they are finalizing an amendment to the easement that will be assigned to the PUD. This amendment is necessary to remove the condition relating to the communication line/fiber optic cable that is included with the water line. The amendment is at the Corp legal department for review and they hope to have it mailed to the Port by Friday, January 31st. The manager stated that it will likely be another two weeks before all documents are executed, recorded and provided to the PUD.

The manager stated that during this delay in assumption of ownership, staff is working with the Port to get all customer and account information in order to setup Port accounts in the PUD billing system. He stated that a letter would be sent to each customer verifying account information and informing them that the PUD will be taking over ownership for the system.

NEW BUSINESS

Clarkston Heights Reservoirs Interior Recoating Project Bid Award

The manager stated that on Wednesday, January 22nd, bids were opened for the Clarkston Heights Reservoirs Interior Recoating Project. He stated that five (5) contractors submitted bids for the Project. The bid results are as follows:

<u>Contractor</u>	<u>Bid</u>
Coatings Unlimited, Inc., Kent WA	\$512,855.63
S & S Coatings, Inc., Spokane WA	\$549,056.25
Extreme Coatings, Inc., Pasco WA	\$598,855.09
HCI & Marine Coatings, Inc., Brush Prairie WA	\$701,446.00
Long Painting Company, Kent WA	\$959,131.13

The manager stated that Coatings Unlimited, Inc. from Kent Washington (CUI) was the apparent low bidder. Bid tabulations were checked and CUI's calculations were found to be correct. References that CUI provided for work performed in the past five (5) years were checked and all references came back with high recommendations. The manager stated that the PUDs consultant, Mark Ficca of Custom Coating Consultants, also gave the company high marks. Based on this information and the fact that all of their documentation and certifications are in order; the manager stated that CUI has been determined to be the lowest responsible bidder. He stated that A Notice of Intent to Award the project to CUI was sent to all bidders.

The manager recommended to the Board that they award the bid for the Clarkston Heights Reservoirs Interior Recoating Project to Coatings Unlimited, Inc. in the amount of \$512,855.63. The manager presented a standard Contract Agreement that will be used with CUI for the Project based upon the submitted bid. The manager requested approval of the Agreement and authorization to execute it.

MOTION by Commissioner Gary Hicks and seconded by Commissioner Don Nuxoll to approve the bid from Coatings Unlimited, Inc. for the Clarkston Heights Reservoirs Interior Recoating Project in the amount of \$512,855.63 and approve the Contract Agreement authorizing the General Manager to execute the Agreement. The question was called for on the motion. The motion passed 3-0.

Resolution 14-406 – General Manager's Annual Salary

The manager presented Resolution 14-406 which provides for the General Manager's annual salary. The Resolution was prepared in response to the increase in the General Manager's salary approved by the Board at the previous meeting.

MOTION by Commissioner Gary Hicks and seconded by Commissioner Don Nuxoll to approve Resolution 14-406 setting the annual salary for the General Manager effective January 1, 2014. The question was called for on the motion. The motion passed 3-0.

Resolution 14-407 – Water Rates, Charges and Fees – Industrial Water Rate

The manager presented Resolution 14-407 which provides for the setting of water service rates, charges and fees. He stated that the purpose of this Resolution is to add an Industrial Water Rate to our rate structure. Industrial customers will be defined as those who manufacture a product. The addition of the Industrial Water Rate is in response to our assumption of ownership of the Port of Wilma Water System which includes Bennett Lumber. The manager stated that as a part of the negotiation of assuming ownership from the Port of Whitman County the PUD agreed verbally to review and possibly set an industrial rate for a large user such as Bennett. He stated that adoption of the rate will be timely since Bennett is restarting their mill after being idle since 2009. All other rates, charges and fees will remain the same. The Industrial Water Rate will also benefit the location of other manufacturing customers in our county who use large amounts of water. The manager referenced the analysis conducted on the Port of Wilma water system in 2011. In that analysis an Industrial Water Rate was developed and recommended.

Commissioners discussed whether the rate was adequate to provide for the cost of serving water to an industrial customer. Commissioners discussed the amount of water that would be used by Bennett lumber and whether Bennett was aware of the PUDs pending assumption of the Port of Wilma water system and the setting of industrial water service rate. The Commissioners directed the manager to contact Jan Dimke at Bennett Lumber to discuss the pending ownership assumption, determine an estimate of their water use and discuss the PUDs potential adoption of industrial water rate. The Commissioners stated that the Resolution to add an Industrial Water Rate would be tabled for a couple of meetings until all the information is gathered and the rate proposed is determined to be adequate.

MOTION by Commissioner Gary Hicks and seconded by Commissioner Don Nuxoll to table action on Resolution 14-407 until the February 25, 2014 regularly scheduled meeting. The question was called for on the motion. The motion passed 3-0.

MANAGER'S REPORT

Martin Luther King Day – the manager stated that he researched the Revised Code of Washington for references regarding whether Martin Luther King Day (MLK) is a state mandated holiday and should be part of the PUDs recognized holiday list. The manager found RCW 01.16.050 which addresses MLK as a state recognized holiday. The manager sent the information to Counsel who informed him that the RCW is clear, that MKL Day is a holiday and as a political subdivision under state law we must be closed.

The manager stated that he also found out that Washington State has had this holiday on the books since it was adopted by the legislature in 1985. The federal government set aside MLK Day as a holiday when President Reagan signed it into law in 1983.

COMMISSIONER'S REPORT

Commissioner Ridge attended Energy Northwest (ENW) Meetings January 22-23 in Corvallis, Oregon. In conjunction with the meeting ENW Board members toured the NuScale Modular Nuclear Reactor facility. She stated that ENW has been working with NuScale on the development of modular nuclear technology. NuScale was recently awarded \$226 million grant from the Department of Energy (DOE) to develop a 45 megawatt modular nuclear facility. NuScale will be required to match the DOE grant for the project which will cost approximately \$1 billion to develop. Commissioner Ridge stated that the physicians group that is attempting to have the Columbia Generating Station shut down was at the Energy Northwest board meeting.

ADJOURNMENT

There being no further business the meeting was adjourned at 6:10 p.m.