

PUBLIC UTILITY DISTRICT NO. 1
OF ASOTIN COUNTY, WASHINGTON
MEETING MINUTES
March 11, 2008

Vice-President Gary Hicks 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: Gary Hicks, Don Nuxoll and Judy Ridge.

PUD Staff: General Manager Tim Simpson, Treasurer Bob Sischo, Attorney Scott Broyles and Board Secretary Roberta Tilden.

City of Asotin Mayor Jim Miller, Councilor Vikki Bonfield and members of the public were present.

MINUTES OF MEETING AND VOUCHER APPROVAL:

MOTION by Commissioner Gary Hicks seconded by Commissioner Don Nuxoll to approve the consent agenda giving approval of the minutes of the February 26, 2008 Regular Meeting and payment of the Transaction Vouchers covering vouchers #1628 through #1629 and 909EFT through 924EFT in the amount of \$25,173.26 and Blanket Transaction Voucher Approval Document covering vouchers #25536 through #25598, and Electronic Transaction Voucher #20080304, #20080310, #2008030301, #2008030601 and #2008030602 in the amount of \$76,165.83. The question was called for on the motion. Passed 3-0

NEW BUSINESS

City of Asotin-Water Rights

The Mayor of Asotin, Jim Miller stated that the city would like to purchase approximately 40 acre feet of water rights from the PUD. In addition they would like to lease water rights and work towards installing an inter-tie between the PUD and the City system near the Clemans area. The general manager stated that the City of Asotin wells were added as points of diversion on our water rights change application. If the change applications are approved, this would allow the City to lease our water rights. The manager informed the City that he had calculated the City's water production in 2007 at 411 acre feet. The City has rights to 417 acre feet annually. The general manager stated that the inter-tie is a good idea for several reasons like fire flow, emergencies and the fact that Asotin only has two wells.

Councilor Vikki Bonfield asked if the inter-tie would affect the City's ability to get more water rights in the future. Commissioner Nuxoll did not think there would be any problem and Attorney Scott Broyles said that the new unified certificate would clean up old water rights. Commissioner Nuxoll asked if Asotin had looked into getting more water rights from the Department of Ecology or through some other program. Attorney Broyles stated that the City has looked into a program with former Ecology staff George Schlender. His program helped the town of Colton to get approximately 100 acre feet of water rights.

The general manager thought that since the Watershed Plan has been adopted, Asotin should be able to request water rights. The Mayor replied that Asotin's plan must be filed by June 15th. He just wants a short term fix to get the city down the road until they can get more water rights. Mayor Miller stated that Asotin would prefer purchasing rights because leasing might not work out and the rights may not be there in the future. The commissioners stated that they are unwilling to sell any of the PUD water rights leaving leasing and an inter-tie as the remaining options.

Mayor Miller stated that he would like the PUD to consider taking ownership of the City of Asotin water system. He stated that this was his idea and not that of the council. Asotin and the PUD need to weigh the benefits and disadvantages to both entities. Attorney Broyles remarked that this would make the inter-tie even more advantageous. The general manager mentioned two potential issues to the PUD would be taking on any debt burden associated with the water system and the City's differing rate structure. The Mayor explained that the city would change their rates gradually to match the PUD if ownership is decided upon. Attorney Broyles suggested a long term water rights agreement and a petition to go to the voters to request annexation. This would allow the citizens to decide. Mayor Miller would like a proposal to be developed for the City Council.

OLD BUSINESS

Vineland cemetery Irrigation Efficiency Project Update

The manager stated that on behalf of the Vineland Cemetery Association he had applied for a grant in the amount of \$15,000 from the WRIA 35 Watershed Planning Unit. The grant would help pay for the Vineland Cemetery irrigation system improvements. The Planning Unit met on March 5th and supported funding of the project. The project is a joint effort of the PUD and the Bonneville Power Administration (BPA). This will be a Phase 4 funding pilot program and funding for the project is in good shape. In addition the BPA has executed a contract with Josh Smith, a graduate teaching assistant for the Department of Landscape Architecture at the University of Idaho. Mr. Smith will be designing the new water efficient irrigation system and providing a cost estimate of the project.

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It is estimated that Vineland should see a drop in usage of forty to fifty percent. A design and cost estimate should be available by April.

Standby Generator Project Update

The manager stated that EC Power Systems arrived on site today to change the coolant and the oil in the Well 7 standby generator. In addition they did a preliminary startup of the generator to ensure its functionality when the actual startup and training occur. During the preliminary startup they discovered problems with the control panel. They were doing some research this evening and will return in the morning to try and resolve the issue. The problem is likely related to the lack of use of the generator. EC Power Systems stated that the generator may need a new control board. The manager stated that startup and training is scheduled for Tuesday, March 25th. Zenith will be in charge of the startup procedure.

Operations Shop

The general manager has looked into the feasibility of using our own property for the construction of a new operations shop. He discovered drawings that were developed in 1999. The general manager showed the commissioners the preliminary drawings. Using our property would require the removal of the existing shop and the replacement of a new expanded shop. In addition, a vehicle parking structure would be built adjacent to the shop building. The manager stated that the 1999 design shows a six-bay pole 70 x 36 building just inside the fenced compound. The idea would be to build the parking structure first, move all material and equipment from the existing shop to the new structure, then tear down the existing shop and build a new 100 x 40 shop in its place.

The manager stated that a storm drain is located where the parking structure would be built. This line can be re-routed. The 24' water distribution main from the reservoir is close by near the middle of the road. In addition, the power lines that supply the current shop and Well No. 3 would need to be re-routed. The manager stated that he contacted Avista about moving the lines and they provided preliminary approval of re-routing the power lines to accommodate a new parking structure and an operations shop.

The shop should be stick or steel frame and will be a little close to the property line but construction is still feasible. The parking structure would be a pole type building. The Board discussed how the bidding and building process would work. The parking structure would be bid using our Small Works Roster process. The estimated cost of this 2,500 square foot structure is \$15.00 per square foot or approximately \$40,000.

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The operations shop would require proper design by an architect and then would be put out to bid. The Board requested that the manager re-measure the location of the parking structure to see if a larger building could be built.

NEW BUSINESS

BPA Standstill and Interim Relief Payment Agreement

The Bonneville Power Administration (BPA) has offered the PUD a Standstill and Interim Relief Payment Agreement. The Agreement provides \$17,080 to the PUD for monies collected under the Residential Exchange Program. Last year the Ninth Circuit Court found that the BPA was not properly administering this program which resulted in unwarranted payments by public utilities in the Northwest to the BPA which in turn provided the monies to Investor Owned Utilities (IOU) through the Residential Exchange Program. The BPA is requesting approval of the Agreement by March 24, 2008.

The manager discussed with the Board several side issues that have occurred since the agreements were first provided to public utilities in the Northwest. One utility has decided to sue and take the BPA back to court because of the court ruling and the Residential Exchange Program. The commissioners again agreed that they do not feel the BPA is following the letter of the law and the court ruling.

MOTION by Gary Hicks, seconded by Don Nuxoll to approve the Standstill and Interim Relief Payment Agreement between the PUD and the Bonneville Power Administration. The question was called for on the motion. Yes-0, No-3. The motion did not pass.

Change March 25, 2008 Meeting Date

MOTION by Gary Hicks, seconded by Don Nuxoll to change the regularly scheduled board meeting from Tuesday March 25, 2008 to Monday March 24, 2008 beginning at 5:30 pm. The question was called for on the motion. Passed 3-0

MANAGER'S REPORT:

PUD Association Survey – the PUD Association has put out a survey that is due March 25, 2008. It will be presented and completed at the next board meeting.

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Sidewalk Proposal – the general manager presented plans for Asotin County's new sidewalk project to the commissioners. The County has received a grant to construct sidewalks on Appleside Blvd running down Scenic Way to Fleshman Way. The sidewalk will utilize a portion of the District's property. The consensus was that there needs to be some kind of protective barrier for skateboarders coming down the hill.

Water Use Efficiency Goals – Niagara Conservation has a conservation kit that includes a shower head, aerators and toilet leak detection tablets. The kits cost \$8.99 apiece and 500 kits are being ordered. They will be handed out to customers on a first come, first serve basis. Commissioners suggested targeting high users.

Billing – Treasurer Bob Sischo handed out copies of the new billing format to the commissioners. Outsourcing the billing will begin soon. The billing process was paralleled today using our current system and sending an electronic file to Data Pros for review. Outsourcing will reduce the cost of sending statements to our customers.

COMMISSIONER'S REPORT:

Commissioner Hicks will be attending the Washington PUD Association meetings on March 19-20, 2008 in Olympia.

Commissioner Nuxoll attended a Watershed Planning Unit meeting on Wednesday, March 5th. He discussed the Planning Units award of grant funding for two projects and the denial of funding for two other projects.

ADJOURNMENT

There being no further business the meeting was adjourned at 7:03 pm.