

**Skamania County Public Utility District #1
Regular Meeting of the Board of Commissioners**

November 21, 2011

A regular meeting of the Board of Commissioners was called to order by President Dennis Gale at 9:00 a.m. at the PUD office in Carson, WA. The following persons were present: Commissioner Clyde Leach; Commissioner Curt Esch; Commissioner Dennis Gale; Interim Manager, Robert Gentry; Auditor, Jasen McEathron; Attorney, Ken Woodrich; Work Order Specialist/HR Coordinator, Shonna Taylor.

MINUTES:

- Commissioner Leach made a **motion** to approve the November 7, 2011, Board of Commissions' meeting minutes as corrected with one clarification, the meeting of November 7, 2011 Commissioner Leach made a motion to "table" the Underwood Water rate increase, it should have been "postponed". Commissioner Esch **seconded** the motion and the minutes were **approved unanimously**.

PUBLIC COMMENT:

- Bob Snyder – Due to economy does not want 10% increase to Underwood Water Rates.
- Penny Payntner – Wants 10% Underwood Water rate increase to be reconsidered, wondered about a levy or bonds.
- Keith Fredrickson – 10% rate increase too much, doesn't think a big reserve fund is needed.
- Sherry Esch – Spoke regarding fiduciary responsibility.
- Mindy Pascuzzi – Concerned about 10% rate increase.
- Betty Daubenspeck – In favor of Underwood Water rate increase.
- Sally Newell – 10 % rate increase too much, 5% would be reasonable.
- Bob Snyder – Due to economy thinks we should manage what we have; no increase.

Commissioner Leach explained that he has been listening to the voters and he represents the voters.

Commissioner Esch feels a lot of the problem is lack of communication. The Underwood Water System was not adequate during the last fire. Water leaks on the system are above state standards. All the improvements that have been done to the system were needed.

Commissioner Leach explained that the budget is currently set and the system can be managed within the income and doesn't see a good strong reason to raise the rates.

Commissioner Gale commented on additional staff to be used primarily for construction cost, little if any O & M. Water systems have been deeply in debt in the past, borrowing from the electric system and not paying fair

share of costs for years. The leaks need to be brought below 20% this increase will not create a slush fund and concerned not having a reserve. Important to be fiscally responsible for customers and the 2005 Construction Fund will be exhausted.

Commissioner Leach – Leak detection and leak repair is in the current budget.

Manager Gentry explained that leaks can also come from faulty meters and funds are in the budget for leak detection and maintenance.

- Sherry Esch – New employees in place for the water systems and the systems have to pay for them.
- Sally Newell – Would like to see a progressive increase instead of across the board.

Commissioner Leach – Have only talked about cross the board.

Commissioner Esch – Same when Carson Water rates were looked at; still have built in cost for providing water service.

Commissioner Leach – We should look at a change in tier system.

- Keith Frederickson – Never wants zero in the bank.
- Bob Snyder – On a well and doesn't currently purchase water from the system, but has the ability to. Further commented on the helpful staff.

Commissioner Gale – Understands the concern with the economy but also sees no capacity to take on further debt and grants are generally unavailable from the ailing federal or state government.

Commissioner Leach - commented that he had made a motion to increase the rates by 5%. Neither of the other 2 commissioners has made a motion.

Commissioner Gale – commented he agreed to a 5, 5, 5 increase, but does not think this is being fiscally responsible.

- Penny Paynter – Some people do not conserve.

Commissioner Leach - thinks high end users need to be raised.

Commissioner Esch – This has been done.

Manager Gentry - explained that a 10% rate increase will bring in approximately \$20,000. There is a risk for price elasticity building rates this way, but not opposed to doing this and bringing to the board for further review.

Commissioner Esch - mentioned the projects that need to be completed and this takes money.

- Bob Snyder - \$20,000 not very much money.

Manager Gentry – Requirements have to be met and this is a small system.

Commissioner Gale – Questioned how much line needs to be replaced.

Water Distribution Manager Vance – The steel line from the 1940’s and 1950’s is the worst, estimating 4 or 5 miles.

Manager Gentry – Bond lines out specific projects and how stated in the operating statement. The District has tried to adhere, but behind in getting all projects completed.

Attorney Woodrich explained that if considering getting bonds, it is not a good choice to get for maintenance, but for future projects.

Commissioner Esch – Does not think needed projects can be put off; cost will only go up in the future.

Commissioner Gale – Spoke about the District’s low rates compared to others in the state average.

Commissioner Esch – We may have not communicated enough, willing to listen, but mandated to get certain things done.

- Bob Snyder – Agreed communication very important, but customers have not come to meetings. He supports the increase.
- Keith Fredrickson – All members of the Underwood Community Council with the exception of one are attending this meeting.

Auditor McEathron – Let the public know his door is open, they can call anytime with questions.

- Penny Paynter – Thanked the Board and Staff for everything they do.

Commissioner Gale closed public comment. Commissioner Gale would like to continue on with #5 on the Agenda, Old Business, Resolution No. 2379, Underwood Water Rates.

OLD BUSINESS:

Resolution No. 2379 – Underwood Water Rates – The Commission and Staff discussed what scenarios on the Underwood Water Rates should be brought to the Board for further review. After discussion, Commissioner Esch made a **motion** directing the staff to provide various rate scenarios that result in increased revenues of 5%, 7.5% and 10%, for comparison the first meeting in January 2012. Commissioner Leach **seconded** the motion and the motion was **approved unanimously**.

Further discussion and public comment:

- Mindy Pascuzzi – Wanted to know where the majority of the Underwood Water users were as far as the rates.

Auditor McEathron – Very few users are in the high tier. Most customers are in the middle. Due to weather, revenues have been down the past two years, which is problematic since the system operates on a very slim margin and the debt service requirements are close to not being met.

- Sally Newell - The Underwood Community Council has an extensive email list of Underwood customers.

- Sherry Esch – North Bonneville has a basic charge before usage and thought they might be a resource to the District staff.

Auditor McEathron – Cautioned the Board on making radical changes to the Underwood rate structure and not doing it on both water systems.

Break at 10:43 for 7 minutes.

Meeting reconvened at 10:50 a.m.

NEW BUSINESS:

- **Interlocal Agreement – Sell Surplus Truck to Port** –Manager Gentry presented an Interlocal Agreement between the PUD and Port of Skamania County conveying for \$550 a 1995 Chevrolet truck originally purchased from the City of Stevenson. The plow has been removed and is no longer needed in the operations of the PUD. Commissioner Esch questioned the need of a detailed Interlocal Agreement and both parties have the same attorney. Auditor McEathron explained that an Interlocal Agreement is a common practice amongst government agencies to memorialize transactions such as these. The sale of the PUD truck is a simple transaction memorialized in the Interlocal Agreement where the PUD is conveying ownership of the truck to the Port with no warranties and receiving adequate consideration in return. Attorney Woodrich explained that he has this in a form format and takes very little time. Commissioner Leach would like the attorney to bill 50% of the cost of the agreement to the PUD and the Port. Commissioner Esch made a **motion** to accept the Interlocal Agreement ; authorizing the manager to sign the Agreement. Commissioner Leach **seconded** the motion and the motion was **approved unanimously**.
- **Legal Fee Agreement** – Manager Gentry presented a Representation and Fee Agreement from the Law Office of Menke Jackson Beyer Ehlis & Harper, LLP. This firm has been recommended to the District for their expertise in Collective Bargaining Agreements (CBA). Manager Gentry would like to use this firm and the cost has been estimated between \$3,000 and \$5,000. Commissioner Leach questioned getting an outside attorney and problems arising from changes to the agreement. Attorney Woodrich explained that this firm specializes in this field at a very reasonable cost. Manager Gentry explained that the document needs some cleanup in several areas. Commissioner Esch wanted to know if the attorney would redline so any changes were very obvious. Commissioner Gale explained that this has been recommended before because the document is poorly written and applauded Manager Gentry for taking the initiative. Commissioner Esch agrees with Commissioner Gale and feels this will benefit everyone. Attorney Woodrich further noted that this firm uses plain language. Manager Gentry also explained that the parties will work together and this firm will not be used for actual negotiations. Commissioner Esch made a **motion** to engage in the contract with Menke Jackson Beyer Ehlis & Harper, LLC for the purposes of reviewing the CBA and authorizing Manager Gentry to sign the Agreement. Commissioner Leach **seconded** the motion and the motion was **approved unanimously**.

DISCUSSION ITEMS:

- **EDC Board Representation** – Manager Gentry has been contacted by EDC and they would like someone from the PUD to be on their board with a 2 year commitment. After discussion with the Board it was decided that Manager Gentry would contact EDC to let them know the PUD staff would be open to advisory information. The Commission directed the manager to include the Commission as needed.

AUDITOR’S REPORT:

- Auditor McEathron presented the Bad Debt Write-Offs in the amount of \$1,157.12. Commissioner Esch made a **motion** to accept the Bad Debt Write-Offs. Commissioner Leach **seconded** the motion and the motion was **approved unanimously**.

COMMISSIONER’S REPORT:

- Commissioner Esch spoke about the importance of communication. Manager Gentry commented that this was duly noted. Commissioner Esch had a suggestion of getting the minutes to the website quicker and the posting of the agenda to the website.
- Commissioner Leach and Commissioner Gale will be attending the WPUDA Annual Meeting in Tri Cities.
- Commissioner Gale reported on the PURMS Annual Meeting. The Amendments presented were approved and he further discussed the Health & Welfare Pool, Liability Insurance, Excess Liability, and Professional Liability coverage. PURMS has hired a lobbyist for \$2,000 a month due to so many legislative changes with self insured agencies. He also reported on the PUD Association Roundtable.
- Commissioner Gale reported WPUDA Board has passed their 2012 budget and has proposed legislation to foster development of mini-hydroelectric facilities at many of the dams throughout the United States.

The Commission entered into **Executive Session** for 15 minutes to discuss potential litigation (RCW 42.30.110 (1)(i)) and employee performance until 12:30 p.m..

- Executive Session was extended for 15 minutes until 12:45 p.m.
- Executive Session was extended for 15 minutes until 1:00 p.m.
- Executive Session was extended for 15 minutes until 1:15 p.m.

Break for lunch at 1:15 p.m.

Meeting reconvened at 2:05 p.m.

VOUCHER APPROVAL:

The Commission had discussion over costs of the Wind River Water Rights and the importance of making sure the costs are equitably distributed between the Port, Skamania County and the PUD.

Commissioner Esch made a **motion** to approve the vouchers.

Voucher	Number	Amount
Electric System	47050-47106	\$270,149,37

Carson Water	5847-5856	\$ 9,744.78
Underwood Water	3473-3474	\$ 3,643.11

Commissioner Leach **seconded** the motion, and the **motion was carried unanimously**.

The Commission entered into **Executive Session** for 15 minutes at 2:45 p.m. to discuss potential litigation (RCW 42.30.110 (1)(i)) and employee performance.

Executive Session was extended 15 minutes.

Meeting reconvened at 3:27 p.m.

The review of the performance of a public employee was done during executive session; and in recognition of the Auditor's performance, experience, and responsibilities the Commission decided to increase the Auditor's compensation. Commissioner Esch made a **motion** to adjust the salary of Auditor /Manager of Finance & Administration position to \$100,000 effective January 1, 2012 and to increase the vacation accrual to that of a 16 year employee effective December 1, 2011. Commissioner Leach **seconded** the motion and the motion was **approved unanimously**.

Meeting adjourned at 3:45 p.m

Dennis Gale, President

Curt Esch, Secretary

The next regular scheduled Board of Commissioner's Meeting will be:
Monday, December 5th, 2011 at 9:00 a.m.