

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

December 20th, 2010

A regular meeting of the Board of Commissioners was called to order by President Curt Esch at 9:03 a.m. at the PUD office in Carson, WA. The following persons were present: Commissioner Curt Esch; Commissioner Clyde Leach; Commissioner Dennis Gale; Manager, Bob Wittenberg; WO/HR Coordinator, Shonna Taylor; Attorney, Ken Woodrich; Public Members, Gordon Carlson, Betty Daubenspeck, Liz Green, and Diane Green.

MINUTES

Commissioner Gale made a **motion** to approve the November 1, 2010 minutes as amended. Commissioner Leach **seconded** the motion and the minutes were **approved unanimously**. Commissioner Gale made a motion to **approve** the minutes of December 6, 2010 as corrected. The motion was **seconded** by Commissioner Leach and the minutes were **approved unanimously**.

Commissioner Esch requested that the email he received from Tim Ford, Open Government Ombudsman, Asst. Attorney General for Government Accountability in reference to documentation access for PUD Commissioner be attached to the minutes of December 6, 2010. A copy of this email was distributed to the Board at the December 6, 2010 meeting and again at the December 20, 2010 meeting.

Discussion was held regarding recording of the meetings. Attorney Woodrich explained to the Board that recorders had to be shut off during breaks and executive sessions. The public needs to notify staff if they are recording the meeting. The public is subject to Washington law and required to turn the recorder off during breaks. Public member, Liz Green, requested her recorder be put on the commissioners' table.

Commissioner Esch received an opinion by his personal attorney that his recordings are solely his for his personal use and the PUD should record their own.

Attorney Woodrich noted that Skamania PUD is no longer a member of Municipal Research, but he will be doing further research.

Commissioner Leach expressed it is disruptive for a commissioner to bring his own attorney to disagree with the hired attorney for the District.

Attorney Woodrich explained that he cannot prohibit anyone from recording the meeting and the PUD needs to purchase their own equipment and record the meetings.

Commissioner Gale concurred that the PUD should purchase new recording equipment.

OLD BUSINESS

- **Resolution #2353** – Commissioner Leach made a **motion** to approve Resolution #2353. Commissioner Gale wants to do a performance review of the Manager before voting on Resolution #2353. Commissioner Esch would like to table this due to lack of time.

NEW BUSINESS

- **Health Care Costs** – Commissioner Leach is on the Health Care Committee and gave a presentation on the tremendous increase in health care costs over the past year. It is necessary to increase the health care premiums 36%. The premiums will be lowered if costs go down. Commissioner Leach made a **motion** to increase the health care premiums 36% effective January 1, 2011 by authorizing resolution. Commissioner Gale **seconded** the motion and the motion was **approved unanimously**.
- **Bad Debt Write Offs** – Shonna Taylor presented the Bad Debt Write-Offs in the amount of \$60.31. Commissioner Leach made a **motion** to accept the Bad Debt Write-Offs. The motion was **seconded** by Commissioner Gale and the motion was **approved unanimously**.

Break at 10:00 a.m.

Meeting reconvened at 10:05 a.m. and officially opened the Public Rate Hearing for the Carson Water System.

Manager Wittenberg discussed the last water increase that was over 50% and a 10% rate increase was approved for the following 3 years. Wittenberg explained the need for a new reservoir and explained that the existing reservoir is rusting out. The reservoir has been repaired 2 times by divers and these repairs are limited. The reservoir needs to be emptied and dried for proper repair of the rusting and corrosion.

Commissioner Leach inquired as to how long the repair process takes.

Project Manager, Humaira Falkenberg, explained that after the repairs are completed that the reservoir would need to be tested and this could take up to approximately six weeks.

Manager Wittenberg explained the project would be done in early summer and when the reservoir is taken out of service for repair, there would be no fire protection without a new reservoir.

Humaira Falkenberg explained that we cannot support new debt without a 10% rate increase. Humaira further explained that 50% of the customers use only the basic and if the basic charge is not increased by 10%, the collected revenue needed would not be guaranteed. Our last rate increase that was instituted, it was expected that the District would collect 50% additional revenue, when in fact only 37.2% was collected due to the rate structure, wet summer and economy.

Manager Wittenberg explained that all users need to help pay for system improvements and not just the large user; we may see price elasticity and conservation. Staff recommends a 10% raise on the basic charge to provide an additional \$30,000 in revenue to the Carson Water System.

Commissioner Leach wondered why a rate hearing was necessary because a 10% rate increase was already approved by Resolution No. 2331 adopted November 2, 2009, which approved an additional rate increase in the amount of 10% for 3 consecutive years.

Manager Wittenberg explained that during the October budget process on the electric and water systems that an increase was approved, but the rate structure that was discussed during that time would not produce the needed revenue for future projects and this needed to be revisited.

Commissioner Gale inquired about the WKO property for placement of the reservoir. It was explained, this is not a good place for a reservoir.

Humaira Falkenberg referred to a 2005 placement study of the reservoir on Brooks and Eyman Cemetery Rd. It is important to get our system healthy enough to borrow.

Commissioner Esch asked about the increased labor to the Carson Water System and the impact labor has had on the system since 2004.

Attorney Woodrich announced this is a public hearing and wondered if there was any further public comment.

Public Member, Diane Green expressed that everyone should contribute something on capital projects and wanted to see different scenarios.

Commissioner Gale concurred that we need to see different examples of the rate structure.

Humaira Falkenberg explained that additional revenue is needed and that increasing the basic charge 10% guarantees the revenue.

Manager Wittenberg explained that large users were conserving more, causing price elasticity to reduce revenue. The customer that uses only the basic is in need of a new reservoir and this cost would increase by \$2.50 for the essential service. He further explained that rates had been held down too low in past years.

Commissioner Leach would like to see a rate structure with fewer cubic feet for the basic charge shown.

Humaira Falkenberg commented that staff can look at the change in cubic feet.

Commissioner Esch feels that the high user cost the system more.

Manager Wittenberg disagrees, we are making money.

Commissioner Gale – can't measure price elasticity in one year.

Humaira Falkenberg explained that the District cannot delay, additional revenue is needed and this is why it was decided at the 2009 rate hearing that rates would be raised for the next 3 years so the customer would not get hit all at once.

Commissioner Esch suggested 5% over the next 5 years.

Public Member, Diane Green wondered how much revenue comes from basic and how much from overage.

Humaira Falkenberg stated that increasing the basic 10% is guaranteed revenue.

Commissioner Gale would like to see other examples.

Manager Wittenberg explained that staff showed the Board different scenarios at the October Budget Hearing.

Diane Green did not feel the users in higher tiers were being charged enough.

Commissioner Gale suggested raising the basic charge \$2.00 and adjusting the charge for additional water; he would like to see other scenarios.

Attorney Woodrich wondered if anything was built into the rate schedules to collect revenue due to price elasticity.

Diane Green mentioned that water efficiency is something that is very important and looked at when acquiring low interest funding.

Commissioner Esch would like to see another scenario.

Commissioner Gale agreed that we need to pass the 10% increase and questioned if it needed to be done today.

Commissioner Esch prefers to look at different rate schedules.

Humaira Falkenberg asked the Board if they were in agreement that we need 10% rate increase.

Commissioner Esch doesn't know at this time and he would like more rate structures available. He further expressed the need to prioritize projects and wondered if the property for the new reservoir had been purchased yet.

Manager Wittenberg commented, no.

Commissioner Leach explained that 50% of the lower users cannot be excluded to get the needed revenue. He would like to see different scenarios as Commissioner Gale suggested.

Public Member, Liz Green commented that the electrical rates were being increased, now the water.

Commissioner Leach commented that electrical rates are of the lowest in the state and wondered how the water rates compare.

Manager Wittenberg explained that the water rates were much lower at one time, but had to be increased due to the Department of Health, grant money and second source. In 2006 we received the award for the "Most Improved Water System", but we still have an aging system and actually the older users had to pay a much higher rate than today.

Public comment for the Carson Water Rate Hearing was closed at 11:10 a.m.

Commissioner Gale agrees that we need the 10% increase, but would like to see a change of the rate structure.

Public Member, Betty Daubenspeck commented that she still does not know what her rate will be.

Commissioner Esch explained that it would probably be increased 10%.

Break at 11:13 a.m.

Meeting reconvened at 11:18 a.m.

Commissioner Gale reminded staff that the Carson Water System Budget will need to be modified once the Carson Water rate increase is in place.

Commissioner Esch closed the Carson Water Rate Hearing at 11:20 a.m.

Commissioner Esch announced the Board would be entering into **Executive Session** at 11:30 a.m.

Attorney Woodrich noted Executive Session would be at least 30 minutes.

Public Member, Liz Green, questioned the board on the possible litigation and when this would be of public record.

Attorney Woodrich explained that cannot be answered. A decision of the Board needs to be made.

Attorney Woodrich announced **Executive Session** until noon.

Commissioner Gale noted that he would like to go over Resolution 2353.

Attorney Woodrich explained that the Board needed counsel for potential litigation, but not for the performance of an employee.

Entered into **Executive Session** at 11:30 a.m.

Executive Session extended until 12:15 p.m.

Executive Session extended until 12:30 p.m.

Executive Session extended until 12:45 p.m.

Executive Session extended until 1:00 p.m.

The regular meeting reconvened at 1:00 p.m.

NEW BUSINESS Continued

- **Resolution No. 2356 Underwood Fund Transfer** – A **motion** was made by Commissioner Gale to approve Resolution #2356 transferring \$55,326.54 from the Underwood Water General Fund to the 2005 Underwood Water Construction Fund for future System Capital Improvements. Commissioner Leach **seconded** the motion and the resolution was **approved unanimously**.

INVESTMENTS

No investments.

MANAGER'S REPORT

Manager Wittenberg presented the November 2010 outage report.

Commissioner Gale inquired about the problem he had reported in the previous meeting when 2 customers reported that their calls were not answered during an outage. Manager Wittenberg had checked with the front office and all calls were transferred to the answering service after hours. The problem most likely occurred due to an overload of calls.

Manager Wittenberg presented 2 estimates for recording equipment from American Dictation. The high end estimate was \$1000.00 and the lower end was \$300. Manager Wittenberg expressed that the \$300 recording equipment would be adequate to meet the needs of the District. After much discussion on the recording equipment and cost of other recording devices, Commissioner Gale would like the manager to do a product comparison and make the decision.

AUDITOR'S REPORT

None.

ATTORNEY'S REPORT

None.

COMMISSIONER'S REPORT

Commissioner Gale discussed the Alderbrook meeting he recently attended.

Commissioner Gale noted that he would like the performance review of the manager put on the agenda for the next meeting.

VOUCHER APPROVAL

The following vouchers were approved for payment by a **motion** made by Commissioner Gale. Commissioner Leach **seconded** the motion and the vouchers were **approved unanimously**.

Voucher	Number	Amount
Electric System	45757-45816	\$ 223,593.21
Carson Water	5707-5714	\$ 26,231.16
Underwood Water	3399-3403	\$ 19,186.01

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

Meeting adjourned at 4:00 p.m.

Dennis Gale, President

Curt Esch, Secretary

The next regular scheduled Board of Commissioner's Meeting will be:
Monday, January 3rd, 2011 at 9:00 a.m.