

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

November 7th, 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 Esch made a **motion** to approve the October 17, 2011 Board of Commissions' meeting minutes as corrected. Commissioner Leach **seconded** the motion and the minutes were **approved unanimously**.

PUBLIC COMMENT:

- Sherry Esch – Presented the Commission documents regarding pension.
- Liz Green – Presented a letter to the Commission she had received regarding commissioner salaries.

NEW BUSINESS:

- **Leak Detectives Contract** –Manager Gentry presented a Professional Service Contract between the District and Leak Detectives Inc. for leak detection to be performed in specific areas, namely Wind River Road and Hot Springs Road at the four way intersection and Metzger Road, south of Smith Beckon. The cost of the two leaks is approximately \$800. This contract will be through December 31, 2011. A system wide leak detection program for the Carson Water and Underwood Water systems will be a separate contract for the year 2012 as allowed in the budget for both systems. After discussion Commissioner Leach made a **motion** giving Manager Gentry approval to sign the Professional Service Contract. Commissioner Esch **seconded** the motion and the motion was **approved unanimously**.
- **Resolution No. 2381 – Electric Construction & Bond Fund Transfers** – Resolution No. 2381 was presented to the Commission to transfer \$169,945.96 from the Electric Construction Fund and \$94.73 from the PUD 2005 Construction Fund for completed projects through September 2011 as listed on Schedule “A”. Commissioner Esch made a **motion** to accept Resolution No. 2381. Commissioner Leach **seconded** the motion and the motion was **approved unanimously**.

OLD BUSINESS:

- **Resolution No. 2379 – Underwood Water Rates** – Commissioner Gale asked for staff recommendations for the Underwood Water System rate increase. Manager Gentry recommended 10% and explained the need to acquire capital for the construction fund for future requirements. Auditor McEathron explained the need for ongoing repairs of this system to make it more efficient and the requirements of leak detection. Commissioner Leach relayed that several rate payers are not happy about raising rates and saving the funds and thought consideration should be given to apply for bonds

for big projects. Commissioner Gale explained that sufficient rates must be established to cover the debt service to qualify for bonds and it would be irresponsible not to plan for emergencies. Commissioner Esch conveyed the focus should maybe be on Underwood Water leak repairs. Commissioner Leach explained he feels very strongly not to raise the rates 10%. After further discussion, Commissioner Leach made a **motion** to raise the Underwood Water rates 5%. There was no second.

Commissioner Esch spoke about the last increase of the connect fee to \$10,000 to take the burden off current rate payers and also read a letter from a customer in Underwood regarding the electric rate increase. Commissioner Gale suggested a possible rate increase of 5% for the next 3 years.

Attorney Woodrich spoke about how important an efficient water system is and water is a precious commodity.

Commissioner Leach made a **motion** to increase the rates 5% for the next 3 years. Commissioner Gale stepped down and **seconded** the motion. Open for further discussion: Commissioner Esch feels this should not be political, the leaks need to be cured, and the need to be fiscally responsible. Commissioner Gale asked staff about outstanding debt on the system and if with the current rates more funds could be borrowed.

Auditor McEathron explained that there is no capacity for further debt in the Underwood Water System and rates would need to be increased to meet debt service requirements. Manager Gentry further explained that the rates are low and we need the increase to qualify. Not raising rates would be risky.

PUBLIC COMMENT:

- Liz Green – Wondered why the Commission was hesitating on 10% rate increase when the Carson Water was raised 10% and it appears there are substantial capital projects.

OLD BUSINESS (cont).

- **Resolution No. 2379 – Underwood Water Rates** - Commissioner Gale thinks 10% is needed and Commissioner Esch concurred.

Commissioner Leach made a **motion to withdraw** to raise the Underwood Water rates 5% for the next 3 years. Commissioner Gale also withdrew his **second**. Commissioner Esch **seconded the motion to withdraw**. The motion to withdraw was **approved unanimously**. Commissioner Gale explained the fiduciary responsibility to raise rates when needed.

Commissioner Leach made a **motion** to table the rate increase. Commissioner Esch **seconded** the motion and the motion was **approved unanimously**. The Commission asked staff to provide more information regarding debt service coverage requirements and an analysis on the 2005 bond issue.

DISCUSSION ITEMS:

- **Hydrant Ban** – The Commission discussed the ban on hydrant except for emergencies. Commissioner Gale feels it is another source of revenue for the system. Commissioner Esch thought commercial interest should not have use and this is a policy issue. Manager Gentry suggested coming further with controlled points. Commissioner Leach further explained there are commercial users in Underwood and a dedicated hydrant should be in place so water usage can be monitored with an organizational approach. Commissioner Esch cautioned the Commission on pipe size and the possibility of damaging

the system. Attorney Woodrich suggested an application fee for system development like residential customers have to pay. Manager Gentry explained that other utilities have varying fees. Auditor McEathron felt provisions can be done not to put undue stress on the system, but can increase revenues. Contractors cannot get permits to take water from streams, but the District can take measures that will not risk quality of water service to customers.

Commissioner Gale would like to see an analysis from staff and what revenue increase would be. Commissioner Leach made a **motion** to reverse the ban on hydrants and management will come up with a plan. Commissioner Esch **seconded the motion** and the motion was **approved unanimously**.

Break at 10:30 a.m. Meeting reconvened at 10:40 a.m.

- **PURMS Interlocal Agreement Amendments** – The PURMS Annual Meeting will be held Thursday, November 10, 2011, Auditor McEathron will be attending. Commissioner Gale is the voting member for the District and explained the amendments will be brought into the Agreement from resolutions for compliance with the changes in law regarding administration of self insured funds. Attorney Woodrich reviewed the amendments and pointed out some of the changes to voting requirements proposed.

MANAGER’S REPORT:

- Manager Gentry presented the October 2011 Outage Report to the Commission. Commissioner Gale would like to see the previous YTD on customer outages for comparison. Manager Gentry also reported that a committee has been selected to interview the Special Project Coordinator applicants.

AUDITOR’S REPORT:

- Auditor McEathron presented the Bad Debt Write-Offs in the amount of \$1,278.32. Commissioner Esch made a **motion** to accept the Bad Debt Write-Offs. Commissioner Leach **seconded** the motion and the motion was **approved unanimously**.
- Auditor McEathron presented the September 2011 Financial Reports. Commissioner Leach asked for clarification on percentages. Auditor will provide graphs to show fiscal trends in the future.

COMMISSIONER’S REPORT:

- Commissioner Esch reported his attendance at the WPAG meeting and spoke about transmission issues.
- Commissioner Gale expressed his concern over Initiative I-937 and the impact to rate payers because of renewable energy.

VOUCHER APPROVAL:

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

Voucher	Number	Amount
Electric System	46960-47046	\$ 617,393.69
Carson Water	5840-5846	\$ 22,758.77
Underwood Water	3465-3472	\$ 17,890.75

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

ATTORNEY REPORT:

Attorney Woodrich presented a Memorandum of Understanding (MOU) between Skamania County PUD, Skamania County and the Port of Skamania County. This MOU outlines the goal to further explore options to improve water availability to the Wind River Valley. The agencies have had representatives meeting with the Forest Service and the Department of Ecology to arrive at a general positive plan. The partnership with other agencies is very encouraging for economic development.

Commissioner Esch asked Attorney Woodrich about WRIA 29 and the importance of making sure the rate payers understand that this is at an exploratory point. Attorney Woodrich explained that this will be a very long process, but sensible goal; obtaining water rights is very important and the importance of creating a plan to start the wheels in motion.

Commissioner Leach expressed his concern of legal costs and wanted to know how much the District is being billed for this. He further explained that he does not think this is feasible. Attorney Woodrich discussed the purpose of a feasibility study. The Wind River Valley is the growth area for Skamania County and planning for water rights in the future is prudent and other agencies are helping defer the costs. Commissioner Leach wants to be certain all costs for this are billed to the Carson Water System.

Commissioner Gale feels Commissioner Leach has a very valid point and would like an idea of what the costs will be. Commissioner Leach further expressed his concern about costs on the Carson Water System and whether the system can afford these additional costs.

Commissioner Esch feels this is just an MOU and if the costs escalate, the District can pull out.

Commissioner Leach will sign, but the costs have to be directed to the Carson Water System and the costs must be monitored closely. Also, he wants to know what water rights are available.

Commissioner Esch made a **motion** to sign the Memorandum of Understanding between Skamania County PUD, Skamania County, and the Port of Skamania County and agrees the Carson Water System will have to pay the costs. Commissioner Leach **seconded** the motion. Commissioner Gale wants the costs monitored and a quarterly report. The motion was **approved unanimously**.

Manager Gentry announced he would like a private meeting with the Board of Commission after the meeting adjourns to go over upcoming union negotiations.

PUBLIC COMMENT:

- Liz Green – Commented on the Underwood Water System and the need for capital improvements and thinks it is a negative for not voting for it.

The Commission entered into **Executive Session** at 12:30 for 30 minutes to discuss potential litigation (RCW 42.30.110 (1)(i)) and employee performance until 1:00 p.m..

Executive Session was extended for 15 minutes until 1:15 p.m.

Executive Session was extended for 15 minutes until 1:30 p.m.

Executive Session was extended for 5 minutes until 1:35 p.m.

Executive Session was extended for 5 minutes until 1:40 p.m.

There was no action taken in Executive Session.

The regular meeting reconvened at 1:41 p.m. and adjourned at 1:43 p.m.

Dennis Gale, President

Curt Esch, Secretary

The next regular scheduled Board of Commissioner's Meeting will be:
Monday, November 21st, 2011 at 9:00 a.m.