

**PUBLIC UTILITY DISTRICT NO. 1
of Jefferson County**

**DRAFT
April 19, 2011
REGULAR MEETING
MINUTES**

CALL TO ORDER

The Regular Meeting of the Public Utility District No.1 of Jefferson County was called to order by the President of the Board of Commissioners at 5:01`p.m. at the District Office, 230 Chimacum Road, Port Hadlock, Washington. Commissioners and staff present were:

Ken McMillen, President
Barney Burke, Vice-President
Wayne King, Secretary
James Parker, District Manager
Don McDaniel, consultant
Kate Pike, Brisa Services

AGENDA

The Agenda was approved with the addition of Energy Northwest Representation to ACTION ITEMS and Quilcene Community Center bill to DISCUSSION ITEMS

APPROVAL OF MINUTES

MOTION: By Commissioner Burke, Second by Commissioner King, carried unanimously, to approve the Regular Meeting Minutes of April 5, 2011.

APPROVAL OF VOUCHERS

MOTION: By Commissioner King, Second by Commissioner Burke, carried unanimously to approve payment of:

Warrants No.17312 through 17326 in the amount of \$ 24,233.20; and
Warrants No.17327 through 17359 in the amount of \$ 47,344.10;
For a Total Amount of \$ 71,577.30

ITEMS FROM THE FLOOR (not listed on the Agenda)

None

COMMISSIONER'S REPORTS

Commissioner Burke

April 6: Attended presentation on conservation by Bonneville Power Administration.

April 18: Attended meeting at Port Townsend High School regarding energy curriculum.

April 26-28: Expect to attend meeting of Energy Northwest.

April 28: Expect to attend presentation regarding biomass energy.

Commissioner King

April 6: Attended presentation on conservation by Bonneville Power Administration.

April 12: Attended lunch with Karl Karzmar, Puget Sound Energy, to discuss facility transfer.

April 13: Attended, with Jim Parker and Don McDaniel, meeting in Puget Sound Energy "due diligence" room.

April 16: Attended, with Bill Graham, Earth Day Fair, manning a PUD booth.

April 27: Expect to attend transition team meeting with Puget Sound Energy.

Commissioner McMillen

April 14-15: Attended meetings of Washington Public Utilities Association.

May 3: Expect to be out-of-state and not able to attend PUD No. 1 of Jefferson County Board meeting.

May 10-11: Expect to attend NoaNet meeting.

MANAGER REPORT - electrical power transition update

The Manager presented a summary of 2011 costs related to power transition (\$89,000) and to the litigation regarding Peterson Lake (\$25,000+). He noted that Bonneville Power Administration (BPA) has included Port Townsend Paper's Old Corrugated Container facility in the PUD contract high water mark, with inclusion of PT Paper's Kraft Pulp and Paper load to be considered in a separate review process. BPA encourages conservation with financial benefit. With regard to securing financing, engineering, environmental review and the RUS application processes continue. The Transition Team (with PSE), who meets again on April 27, 2011, is addressing cost/price adjustments, completion of a vendor list, listing of planned and expected improvements, and any possible early transfer of facilities.

ACTION ITEMS

a) Energy Northwest Representation

As there was some confusion about PUD representation at Energy Northwest Board of Directors meetings, the Board took the following ACTION:

MOTION: By Commissioner King, Second by Commissioner McMillen, carried unanimously, to appoint Commissioner Barney Burke as the alternative representative (with Commissioner Ken McMillen the primary) to Energy Northwest Board of Directors.

b) Mike Cronin Forestry Management Services Agreement

The Manager presented a general scope of work for professional services with Michael R. Cronin for Peterson Lake Timber Cut. After brief discussion the Board took the following ACTION:

MOTION: By Commissioner King, Second by Commissioner Burke, carried unanimously, to direct the Manager to execute a professional services agreement with Michael R. Cronin for forest management services at Peterson Lake.

c) Billing System Scheduling

The Manager presented an Investment Analysis from Springbrook Software for upgrade of the District's billing system. After discussion the Board took the following ACTION:

MOTION: By Commissioner Burke, Second by Commissioner King, carried unanimously, to authorize the Manager to amend the 2011 District budget to consider use of Springbrook Software for the District's billing system (an amendment of approximately \$160,000) after communication with use-related Springbrook Software customers.

d) Approval Puget Sound Energy adjustment No. 1

The Manager presented a purchase price adjustment for purchase of Puget Sound Energy facilities with an addition of \$433,274.95. After discussion the Board took the following ACTION:

MOTION: By Commissioner Burke, Second by Commissioner King, carried unanimously, to authorize Commissioner King and Don McDaniel, as members of the Technical Advisory Committee, to execute an agreement calling for an adjustment of \$433,274.95 to the purchase price.

So...is this Technical Advisory Committee what we have been calling the Transition Team?

DISCUSSION ITEMS

a) Quilcene Community Center bill

Jefferson County Commissioner Phil Johnson was present to request consideration of fees for water at the Quilcene Community Center, where water from outside faucet is used by members of the public to take large quantities of water. The Manager cited Article 8, Section 7 of the Washington State Constitution that provides: "no county, city, town or other municipal corporation shall hereafter give any money or property, or loan its money or credit to or in aid of any individual, association, company or corporation, except for the necessary support of the poor and infirm..." The Board discussed options in Quilcene such as use of a metered filling station, reactivation of an old well, installing a minimum-per-load control, or restriction of water to State Park patrons. As past requests have not been permitted, under the state provision, it was agreed to continue with current policy.

b) CH2M Hill contract for system upgrades

The Manager presented a Scope of Services and estimated project costs for new Sparling Well Treatment Facility, submitted by CH2M Hill. After discussion the Board took the following ACTION:

MOTION: By Commissioner Burke, Second by Commissioner King, carried unanimously, to authorize the Manager to execute a contract with CH2M Hill for system upgrades at the Sparling Well Treatment Facility.

MANAGER'S REPORT/OLD BUSINESS

Indian Island:

No updates are available on any proposed water system transfer. An archeologist study over easement will begin on April 26, with a subsequent report expected.

Sahara Water System Extension: The Manager has presented sample bid estimates/contracts; Seton Construction was the low bid. Owners are in the process of signing easement documents.

Sparling Well: See Discussion Item b) above. Regarding wetland delineation, the Manager met with Jefferson County staff. Plans for a new septic system may have to be postponed due to expense. State Revolving Fund loan funds have been received. Estimated costs for the project are \$1,979,720.

PUBLIC COMMENT

None

CORRESPONDENCE

Email from Stephani and Michael Thompson regarding system development charge at their Kingfisher Place, Port Hadlock, residence.

ADJOURNMENT

MOTION: By Commissioner King, Second by Commissioner Burke, carried unanimously, to adjourn the Regular Meeting at 7:07 p.m.