PLEDGE OF ALLEGIANCE

CONSENT AGENDA
1. Approval of Agenda 09/10/19
2. Approval of Minutes 08/29/19 Commission Meeting
3. Ratification of Vouchers 09/03/19
4. Voucher Approval 09/10/19
5. Project Acceptance –
   Maiben Glen Phase III, Sharon Avenue (Burlington)
   Madison Elementary School, East Fir Street (Mount Vernon)
   North Eighth Street, Watermain for Madison Elementary (Mount Vernon)

AUDIENCE COMMENTS

OLD BUSINESS
6. Manager’s Report
7. Quarterly Report – Human Resources

NEW BUSINESS

MISCELLANEOUS

COMMISSIONER COMMENTS

EXECUTIVE SESSIONS - Approximate 20-30 Minute Duration
Mundt Creek Water Rights – Per RCW 42.30.110(1)(i)(ii)
Review Performance of a Public Employee – Per RCW 42.30.110(1)(g)

ADJOURNMENT

JUDY RESERVOIR ELEVATION
MINUTES OF THE REGULAR MEETING OF THE COMMISSION
PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON

August 29, 2019

The regular meeting of the Commission of Public Utility District No. 1 was held in the Aqua Room of the utility located at 1415 Freeway Drive, Mount Vernon, Washington, on August 29, 2019.

The meeting was called to order at 4:30 PM. Those Commissioners in attendance were: Eron Berg, President; Al Littlefield, Vice President and Joe Lindquist, Secretary. Also, in attendance were: George Sidhu, General Manager; Sally Saxton, Treasurer, Peter Gilbert, Attorney, and Kim Carpenter, Clerk of the Board; Audience: Gordon Wilson and Brook Tacia, FCS Group, Les Walker, Whitney Davis, District Employees: Mike Fox, Luis Gonzalez, Brian Henshaw, Kathy White, Mark Semrau, Kevin Tate, Mike Demers, Courtney Shilling, Wendy LaRocque, and Bill Trueman.

Commissioner Berg led the Pledge of Allegiance.

Commissioner Lindquist moved to modify the agenda by moving Item #8 first under Old Business and to approve the Consent Agenda for August 29, 2019 as presented.

1. Approval of Agenda 08/29/19
2. Approval of Minutes 08/08/19 Commission Meeting
3. Ratification of Vouchers 08/06/19, 08/13/19*, 08/20/19, 08/27/19
   No. 2875 – Voucher Nos. 16185-16246 ($406,987.86) *
   No. 2876 – Voucher Nos. 16247 ($26,017.73) *
   No. 2877 – Voucher Nos. 16248-16305, Payroll Check Nos. 27310-27391 ($935,727.68)
   No. 2878 – Voucher Nos. 16306-16360 ($233,832.22)
4. Project Acceptance – Holtcamp RV Park Cook Road (Sedro-Woolley)
5. Policy #1022 Fixed Theft Sensitive Assets; Administrative Practice & Procedure (AP&P) #2045

The motion passed unanimously.

Finance Manager Henshaw presented the Treasurer’s Report for the month of July 2019.

There were no audience comments.

Under Old Business:

6. Capital Program Financing Plan by FCS Group
   Rate Study, Cost of Service Analysis and System Development Fee – Action
   Manager Sidhu stated that FCS Group is here today to provide a review of the capital program financing plan. Gordon Wilson from FCS Group provided a recap of the revenue requirements, rate design, System Development Fee (SDF) and indicated that the goal is get discussion and decisions from the Board. Brook Tacia presented two rate option scenarios for consideration; 1. 5% annually through 2028; 2. 8% 2020/21, 6% 2022/23, 5% 2024/25 and 3% 2026/28 and suggested scenario 1 for the District. She also presented a rate design recap including the existing rate design and
previously presented options; SDF current cost basis methodology, future cost basis system capacity, SDF calculations and comparison. She stated that the decisions needed are the revenue requirement rate strategy and the rate design alternative.

Commissioner Lindquist stated his preference is for the 5% across the board rate increases and would like to move forward with either option 2 or 3 for SDF.

Commissioner Littlefield stated his preference is for the 5% rate across the board.

The overall consensus of the Commission was for the 5% rate increase annually through 2028 and option 3 for the rate design with perhaps an additional year.

Commissioner Berg requested a rate scenario for an agriculture/irrigation rate.

Discussion ensued regarding various aspects of the information presented, including debt structure, rate structures, and scheduling a public hearing for input from the community.

7. Manager Sidhu presented a Manager’s Report which included:
   - A community meeting for the Little Mountain Road Project is scheduled for early October.
   - The Communication Plan customer survey began yesterday in both English and Spanish.
   - A tour of the Water Treatment Plant and the Gilligan intake was conducted on August 22 and one legislator and five staffers attended, as well as Commissioner Lindquist.
   - State Auditors are on site and their entrance conference is scheduled for tomorrow; Commissioner Berg plans to attend.
   - The Emergency Water Rights Transfer was completed August 9 and Irrigation Districts 15 & 22 were approved to use water through August 31. Manager Sidhu recognized Engineering Supervisor Trueman for his efforts in getting interlocals in place and working with the irrigation and diking districts and DOE.

8. Quarterly Report – Operations
   Operations Manager Fox presented the quarterly report for the Operations Department, including updates regarding Division Street emergency test, water conservation correlation equipment and flushing data, WTP fuel tank replacement, WTP Superintendent LeBlanc will host a Local Emergency Planning Committee (LEPC) tour of the WTP in October, Ranney Well demolition progress, WTP vegetation management and Anacortes interties.

Under New Business:

9. Water Policy Manual Updates for Cross Connection Control-Discussion
   Manager Sidhu stated that no action is being requested, but the Commission will be up to date regarding upcoming changes. He stated that the packet includes a draft program manual to be added to the Water Policy Manual. Cross Connection
Control Coordinator Shilling presented a review of the proposed manual and definitions. She stated that the proposed manual is to clarify the information for customers. Discussion ensued regarding various aspects of the information presented.

10. Resolution No. 2264-19 Competitive Purchase Waiver Bulk Water Fill Station – Action
Commissioner Littlefield moved to adopt Resolution No. 2264-19, A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, PURSUANT TO RCW 54.04.070 AND RCW 39.04.280, AND DISTRICT RESOLUTION NO. 2167-10 REGARDING PURCHASE OF A BULK FILL STATION. The motion passed unanimously.

At this time Manager Sidhu stated that the online draft agenda for today’s meeting is correct; however, the agenda in front of you should have the Clear Valley Environmental Farms Easement Purchase as item #11 instead of the Thirst Buster Demonstration.

11. Judy Reservoir to Mount Vernon Transmission Pipeline Phase 2 Clear Valley Environmental Farms Easement Purchase – Action
Discussion ensued regarding the proposed easement purchase. Commissioner Lindquist moved to authorize the General Manager to acquire the necessary easements for the Judy Reservoir to Mount Vernon Transmission Pipeline from the Clear Valley Environmental Farms (aka Skagit Environmental Bank) for the negotiated amount of $281,520. The motion passed with two Commissioners in favor and one opposed.

Under Miscellaneous, Manager Sidhu stated that the Commission have a copy of an article from the King 5 website regarding the emergency water rights transfer. Manager Sidhu stated that the Commission also received a copy of the article which appeared in the Skagit Valley Herald via email last week.

Under Commissioner Comments, Commissioner Lindquist reported on his attendance at the Skagit Council of Governments (SCOG) meeting last week and stated that there will be a 4% increase in dues.

At this time, President Berg recessed the regular meeting to go into executive session per RCW 42.30.110(1)(g) Review Performance of a Public Employee for an approximate duration of five minutes and stated the Board would then proceed outdoors for the Thirst Buster demonstration. The meeting was recessed at 6:27 PM. The executive session was extended to 13 minutes; however, no audience members remained.

President Berg reconvened the regular meeting of the Commission at 6:38 PM.

9. Thirst Buster Demonstration
Having no further business to come before the Board, Commissioner Littlefield moved to adjourn the meeting of August 29, 2019 at 6:50 PM. The motion passed unanimously.

Respectfully submitted:

_______________________________
Kim Carpenter
Clerk of the Board
September 10, 2019

Board of Commissioners
Public Utility District No. 1 of Skagit County
Post Office Box 1436
1415 Freeway Drive
Mount Vernon, WA 98273-1436

RE:  Project Acceptance

Name of Project: Maiben Glen Phase III, Sharon Ave
Reference: C.O. # 4921, Project # 3662
Location: Burlington
Developer: Grandview Homes, LLC
Contractor: The Gordon Co. Inc.

Gentlemen:

The District has approved the plans and specifications and has inspected the installation of the new water plant within the above project. The Engineering Department has received satisfactory pressure and bacteriological test results. All documentation for this project has been completed.

I recommend that the Commission of the District accept this project.

Respectfully submitted,

Mark C. Handzlik, P.E.
Engineering Manager

cmp

Attachment

cc: George Sidhu, P.E., General Manager
Michael E. Demers, Engineering Technician
September 10, 2019

Board of Commissioners
Public Utility District No. 1 of Skagit County
Post Office Box 1436
1415 Freeway Drive
Mount Vernon, WA 98273-1436

RE: Project Acceptance

Name of Project: Madison Elementary School, East Fir Street
Reference: C.O. # 5003, Project # 3718
Location: Mount Vernon
Developer: Mount Vernon School District #320
Contractor: Interwest Construction Inc

Gentlemen:

The District has approved the plans and specifications and has inspected the installation of the new water plant within the above project. The Engineering Department has received satisfactory pressure and bacteriological test results. All documentation for this project has been completed.

I recommend that the Commission of the District accept this project.

Respectfully submitted,

Mark C. Handzlik, P.E.
Engineering Manager

cc: George Sidhu, P.E., General Manager
Michael E. Demers, Engineering Technician
September 10, 2019

Board of Commissioners
Public Utility District No. 1 of Skagit County
Post Office Box 1436
1415 Freeway Drive
Mount Vernon, WA 98273-1436

RE: Project Acceptance

Name of Project: North Eighth Street, Watermain for Madison Elementary
Reference: C.O. # 5025, Project # 3745
Location: Mount Vernon
Developer: Mount Vernon School District #320
Contractor: Interwest Construction Inc

Gentlemen:

The District has approved the plans and specifications and has inspected the installation of the new water plant within the above project. The Engineering Department has received satisfactory pressure and bacteriological test results. All documentation for this project has been completed.

I recommend that the Commission of the District accept this project.

Respectfully submitted,

Mark C. Handzlik, P.E.
Engineering Manager

cc: George Sidhu, P.E., General Manager
    Michael E. Demers, Engineering Technician