

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
NOVEMBER 6, 2006

The regular weekly meeting of the Board of Commissioners of Public Utility District No. 1 of Clallam County was held at the Port Angeles Office, 2431 East Highway 101, on the above date commencing at 1:30 p.m.

Commissioners present were: Hugh E. Simpson, Jr., President; W.E. Purser, Vice President; and Hugh Haffner, Secretary.

Staff present were: Michael McInnes, Interim General Manager; Joshua Bunch, Treasurer Controller; Mike Kitz, Water and Wastewater Systems Superintendent; Larry Morris, Operations Facilities Superintendent; Fred Mitchell, Telecommunications & Power Resources Manager; Steve Schopfer, Information Services Manager; Janet Sundby, Customer Services Supervisor; and Carol Biss, Executive Assistant.

Others present were: Ron Browning, Brian Gawley, Mark Hannah, Bill Huizinga, Cindy Kelly, and Steve Pazan.

On motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the October 23, 2006 regular weekly meeting as submitted. On motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission approved the minutes of the November 2, 2006 work session as submitted.

Mr. Bill Huizinga, who is a member of the Sequim City Council, presented a report on recent ordinance changes in the City of Sequim that affected affordable housing. He said that, because previous regulations addressing this issue were unsuccessful, a formal housing committee was formed to identify the needs of, and barriers to, providing affordable housing in Sequim. The committee proposed revisions to the Planned Unit Development ordinance that would create opportunities and incentives for developers to integrate a percentage of affordable housing units with the rest of a subdivision. Mr. Huizinga reviewed some of the code revisions pertaining to higher density housing, explained the density bonus for developers, and showed examples of design plans for affordable housing.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission accepted as complete Contract No. 060807 with General Pacific, Inc. for furnishing 200,000 linear feet of HDPE duct in the amount of \$249,536.83, including Washington State sales tax.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission approved the 2006 adjusted financial limits for a prequalified contractor, Olympic Electric.

Interim General Manager McInnes reported on a lease agreement that provides for the District to lease space in the Olympic Commons building in Sequim. The Sequim office personnel need to be temporarily relocated during the project to re-roof the existing Sequim PUD office. Information Services Manager Schopfer reported on what will need to be done about physical plant to accommodate the District's needs, including connection to the District's fiber system. Customer Services Supervisor Sundby discussed plans to notify customers and relocate personnel. Due to two sections of the building becoming available at different times, some employees will move to one section of the Olympic Commons building later in the month, and the Sequim Customer Services Department will move to the other section on Friday, December 8, 2006. Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission authorized the Interim General Manager to sign an agreement with Terry Flowers to lease space in the Olympic Commons building for temporary relocation of the District's Sequim office personnel.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission authorized the President and Secretary of the Board to sign the Collective Bargaining Agreement for 2006-2009 with IBEW Local 997 and authorized the Interim General Manager to sign Letters of Understanding numbers 06-02, 06-03, and 06-04.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission approved Change Order No. 5 to the contract with Standard Construction, Inc. in the amount of \$1,922.59 for additional work on the Water Treatment Plant.

Mr. Mark Hannah, a customer in the Fairview Water System, and Mr. Steve Pazan, President of the View Ridge Homeowners Association, were present to discuss concerns about water issues that affect

Fairview System customers. Mr. Hannah noted that the District is limited in serving customers in the Fairview System by the water right on Morse Creek when the flow drops below 25 cubic feet per second. He asked the Commission to investigate whether purchasing additional water from the City of Port Angeles might be a solution for providing additional water to the Fairview System when Morse Creek is in a low-flow period. He also asked the Commission to consider restricting the approval of water service for new developments until the District can ensure that there is enough water to serve existing customers.

Mr. Ron Browning said that he did not think that working on a solution to provide water in the Carlsborg area for new customers was as high a priority as focusing on an adequate water supply for the existing District customers in the Fairview Water System. He said that the flow in Morse Creek has greatly increased during recent days and asked why the Fairview Water System was still under restriction for outdoor watering.

Telecommunications and Power Resources Manager Mitchell presented a draft of the Annual Report for 2005 for the Commissioners' review. The Commissioners were agreeable to the information and message in the draft document.

Mr. Mitchell reported that some East Sequim Bay Road customers, who attended a previous meeting to inquire about a fiber line extension to their neighborhood, now have high-speed internet access through a wireless service provider. The District did not have a fiber line to that area; however, working with a service provider that was able to provide a wireless connection met the customers' needs.

Two lists of claim vouchers as certified by the Interim General Manager and District Auditor were considered. On motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission approved payment of claim vouchers in the amount of \$194,603.43 for November 6, 2006. On motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved payment of claim vouchers in the amount of \$1,653,786.28 for October 30, 2006. Treasurer Controller Bunch reported that the claim vouchers for October 23 included 1 rebate for conservation programs for \$120, vouchers for October 30 included 19 rebates totaling \$13,917.43, and vouchers for November 6 included 4 rebates totaling \$3,443.00.

Commissioner Haffner reported on a work session the Commissioners held on November 2, regarding strategies for dealing with instream flow issues in the Dungeness River area. He compared the Department of Ecology and water issues to Bonneville Power Administration and power issues and said both agencies are serving a diverse group of customers who have different, and sometimes conflicting, needs. He talked about why DOE needs to go through the instream flow rulemaking process and stressed the importance of working with DOE prior to the next meeting with WRIA 18 stakeholders regarding setting of instream flows in the Dungeness River watershed.

Commissioner Purser reported on the public meeting regarding the Satellite Sewer System Feasibility Study in the Carlsborg Urban Growth Area. He participated in a work session with the County regarding the development of a pilot program for water rights in Carlsborg. He also reported on a North Olympic Peninsula Resource Conservation and Development Council meeting. He said that the NASA grant that was awarded to the Council is being used to fund a project that will provide real time information for water management decisions and would be advantageous to the District.

Commissioner Simpson also reported on the work session on strategies for dealing with instream flow issues in the Dungeness River area. He said that the group identified potential water sources that could be used under existing law, as well as non-traditional water sources that could be discussed with the Department of Ecology.

Mr. Bunch asked the Commissioners to consider how they wanted to review the 2007 budget. The Commissioners decided to hold two work sessions to review the 2007 budget: one starting at 10:30 a.m. on Monday, December 4, 2006, and the other session on Monday, December 11 at a time to be determined later.

Attendance at meetings was confirmed and approved.

The regular meeting recessed at 3:36 p.m. to go into executive session for legal matters. The executive session adjourned at 3:59 p.m., and the regular meeting reconvened at that time. There being no further business to come before the Commission, the regular meeting adjourned at 4 p.m. to meet again Monday, November 13, 2006, at 1:30 p.m. in the Port Angeles office.