

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
March 17, 2014

The regular meeting of the Board of Commissioners was called to order by President Chris Kroupa at 9:02 a.m. Present were Commissioners Kroupa, Doug Aubertin and Dan Fagerlie; Manager John Friederichs, Auditor Sue Nush, Engineer/Superintendent Steve VanSlyke, Attorney Steve Graham and Secretary/Treasurer Jayne Jurgensen.

All stood for the Flag Salute which was led by Commissioner Kroupa.

Visitors: None

The minutes of the February were approved.

Public Comments: None

Reports:

The Engineer/Superintendent's Report was presented by Steve VanSlyke:

1. The 10-13 Mile 2012 Storm Repair project should be completed very soon.
2. The line extension which will cross the Kettle River from Little Goosmus, is progressing as a span has been completed across the channel. The Corps of Engineers have allowed the project to progress.
3. Several prospective customers are ready to move forward with line extension under the new Loan Program, if it is approved by the Board. A discussion of the WhiteTail flats area and possible line extensions was held.
4. Meters have been replaced in the substations with more state-of-the art digital meters. Some of the substations have a higher than normal harmonics. This will be monitored as this is generally attributed to commercial and industrial loads. The possibility of billing commercial customers for harmonic distortion is being researched. It will be possible, with the programming of the meters, to identify where the distortion is being created.
5. The cost per foot charged for new line extensions was brought before the Board for discussion. Based on 2010 through 2012 work order costs, a recommendation to increase the cost per foot to \$11.51 was presented. A proposal to increase the minimum charge to \$500 was also made. A discussion followed with a motion made by Commissioner Aubertin to increase the line extension cost per foot to \$11.50 and to increase the minimum charge to \$500. The motion was seconded by Commissioner Fagerlie and unanimously carried.
6. Resolution 14-03 "A Resolution Declaring Property Surplus/ Transformers" was discussed. Specific transformers have been identified as surplus to the Utility's needs. The Resolution was not finalized at this time.

A recess was called at 9:55 a.m. with the meeting reconvening at 10:07 a.m. Mr. VanSlyke did not return to the meeting.

An Executive Session as per RCW 42.30.110 Subsection 1, paragraph i, was called at 10:07 a.m. for twenty minutes to discuss potential litigation. The Board returned to Regular Session at 10:27 a.m. and returned to Executive Session for another fifteen minutes. The Board returned to Regular Session at 10:42 a.m. and returned to Executive Session for another ten minutes. The Board returned to Regular Session at 10:52 a.m.

There was no additional Attorney's Report presented.

The Manager's Report was presented by Manager Friederichs:

Correspondence:

1. A verbal request to help fund the local spelling bee has been made. A written request has yet to be provided.
2. Commissioner Aubertin questioned whether the Utility had received a request to help with the graduation program for the Keller Head Start Program. A request has not been received.
3. The District's sponsorship listing was discussed. The question was posed as to how many years should be tracked on the listing. A decision was not made.

Meetings:

1. The WPUDA committee delegate and alternate representation was discussed. Commissioner Fagerlie will now be the primary representative for the Communications committee with Manager Friederichs to serve as alternate. No other changes were made.
2. The April WPUDA meeting will be attended by Commissioner Fagerlie and Manager Friederichs.
3. Commissioner Aubertin will attend the Annual NWPPA meeting.
4. Pam Allen will attend a WPUDA sponsored Records Management workshop in May.
5. Commissioner Kroupa will attend the NRU and PPC meetings scheduled for April 30 and May 1 in Portland.

General Business:

1. Mr. Schooley with Tim's Tire Pros was able to meet with both TEDD and Washington State Economic Development representatives. They are discussing terms necessary to enable TEDD financing.
2. A letter received from Frontier Communications regarding the annual pole contact billing was discussed.
3. The revised High Energy Cost Loan Program was discussed.
4. Commissioner Aubertin reported that he is again experiencing issues with his Utility provided laptop computer.
5. The Management Salary Schedule was presented for discussion. Historically, the management pay increase has been tied to the Union pay increase. The proposal presented would separate the two and will tie the management pay schedule cost of living adjustment to the consumer price index, CPI-W. No decision was made at this time.

A recess was called at 11:58 for lunch with the meeting reconvening at 1:06 p.m.

The Manager's report was continued.

A sponsorship request has been received to support the area spelling bee. The Board was in consensus to allow \$100 in sponsorship. Attorney Graham reviewed the request and determined that it was lawful for the Utility to sponsor the event.

Discussion of the management pay scale continued. A motion was made by Commissioner Aubertin to accept the Management Pay Schedule as presented. The motion died due to the lack of a second.

A recess was called at 1:43 p.m. with the meeting reconvening at 2:00 p.m.

Commissioner Aubertin made a motion to adopt Management Salary Schedule 30-14. The motion was seconded by Commissioner Fagerlie. Discussion continued with questions answered. Upon the conclusion of the discussion the motion was unanimously carried.

Resolution 14-03 "A Resolution Declaring Property Surplus and Disposition of Same" was brought before the Board again. With no further discussion, a motion was made by Commissioner Aubertin to adopt the Resolution as presented. The motion was seconded by Commissioner Fagerlie and unanimously carried.

Resolution 14-02 "A Resolution to Adopt P.U.D. #1 of Ferry County's High-Energy Cost Community Service Cost Assistance Program" was presented to the Board and adopted.

Attorney Graham exited the meeting at 2:14 p.m. returning at 2:16 p.m.

Commissioner Fagerlie seconded the motion to adopt Resolution 14-02. The motion was unanimously carried.

Manager Friederichs continued his report:

6. The desire to increase the Deputy Auditor's compensation to the level she was at prior to her leaving the Utility was expressed. A motion was made by Commissioner Kroupa to authorize the Manager to adjust the Deputy Auditor's wage three steps which is outside of the normal one-step limit, this year only in recognition of assumption of full duties. The motion was seconded by Commissioner Aubertin and unanimously carried.
7. The Bonneville Power Administration billing was briefly discussed. The cost per kilowatt hour is just over 4-cents.
8. A potential change in the VEBA (Voluntary Employee Benefits) program was presented. As discussed during CWPU meetings, it has been determined to be a legal matter if employees are given a VEBA contribution as a percentage of their wages. A proposal to change the percentage to a flat dollar value for all employees is being considered. All employees will receive the same VEBA contribution. Any changes will become effective January 1 of 2015. A written analysis of the proposed changes will be developed and presented to the Board.
9. It was questioned whether discussion of Union Contract negotiations should be presented in an Executive Session or discussed in a public forum.

Attorney Graham exited the meeting at 2:40 p.m.

The Conservation Report was presented by Manager Friederichs:

1. Small window projects and other small projects are being carried out under the B.P.A. Conservation program.
2. The possibility of the Utility no longer participating in the B.P.A. Conservation Program was discussed with the Utility's B.P.A. Account Representative. If the Utility no longer participates, those conservation funds are returned to B.P.A. and B.P.A. must spend those funds on conservation.

Commissioners:

Commissioner Kroupa:

1. Attended no outside meetings.

Commissioner Aubertin:

1. Attended no outside meetings.

Commissioner Fagerlie:

1. Attended the monthly WPUDA meeting with information presented.
2. Various utilities were queried as to the amount of funds set aside as reserves. Some use 25% of the yearly budget, others approximately three months of expenditures and others have an active line of credit.

Attorney Graham returned to the meeting at 2:56 p.m. He reported that discussion of Union negotiations is allowable for an Executive Session. Therefore, an Executive Session was called at 3:00 p.m. for ten minutes to discuss strategy to be taken during collective bargaining with an employee union as per RCW 42.30.140(4). The meeting returned to Regular Session at 3:10 p.m.

The Commissioners requested an Executive Session a 3:27 p.m. for the purpose of the Manager's Evaluation as per RCW 42.30.110(1)(f). The meeting returned to Regular Session at 3:57 p.m. returning to Executive Session for an additional fifteen minutes. The meeting returned to Regular Session at 4:12 p.m.

Commissioner Fagerlie exited the meeting at 4:15 p.m. leaving for WPUDA meeting in Olympia.

Commissioner Kroupa advised that Attorney Graham was to complete the appropriate Evaluation Report and see that it was filed in Manager Friederichs' personnel file. The Board was in concurrence that Manager Friederichs should receive a pay increase of one full step as well as the 1.6% COLA to be effective May 1, 2014. A resolution will be prepared for the April Board Meeting.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of March 10, 2014 were \$2,927,166.19 with restricted funds of \$1,106,053.49. There were three outages in the month of February for a year-to-date total of thirteen compared to twenty-eight for the same period in 2013. The Revolving Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.
2. A High Cost Energy loan customer has been successful in selling his property. The gentleman has had difficulties making his monthly payments for quite some time.
3. Interest rates possible for long-term investments were presented. Commissioner Kroupa asked that Auditor Nush and Treasurer Jurgensen develop a proposal, for Board consideration, on the pros and cons of additional long-term investing.

The Auditor's Report was presented by Sue Nush:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 11245 through 11319 direct payroll deposits numbers 902312 through 902354, Electronic Fund Transfer numbers 277 through 280 in the total amount of \$602,592.73 were approved by a motion made by Commissioner Aubertin and seconded by Commissioner Kroupa.
2. The Utilities Privilege Tax Report has been filed with the State of Washington. The total tax to be paid in June of 2014 will be \$151,996.59. This is a slight decrease from the taxes paid in 2013.

Commissioner Aubertin exited the meeting at 4:48 p.m. returning at 4:50 p.m.

With nothing further to come before the Board, the meeting was adjourned at 4:51 p.m.

BOARD OF COMMISSIONERS
Public Utility District Number One
Ferry County, Washington

President

Vice-President

ATTEST:

Secretary

APPROVED:

Manager