

**Minutes of the Regular Meeting of the Okanogan County
Public Utility District Board of Commissioners**

**Okanogan PUD Auditorium
1331 2nd Avenue North, Okanogan, WA
September 26, 2006
5:00 PM**

Present:

Board: Donald Johnson, Ernest Bolz, David Womack

Staff: Doug Adams, Don Coppock, Dan Boettger, Warren Miller, Debra Peters, Steve Brown, Julie Pyper

Attorney: Michael Howe

Public: Trish Butler, Jerry Tretwold, J.D. Smith

Summary Agenda

- I. Call to Order
- II. Approval of Agenda
- III. Consent Agenda Items
 - Minutes
 - Vouchers
 - Work Orders
 - Transfer of Accounts
- IV. Public Comment
 - Action Agenda
 - 1. Revised 2006 Budget
 - 2. Brewster Airport Line Extension
 - 3. 2007 Annual Transformer Bid
 - 4. Manager's Report
 - 5. Power Report
 - 6. Meetings
- VI. Public Comment
- VII. Executive Session
- VIII. Adjournment

I. Call to Order:

President Johnson called the meeting to order at 5:00 p.m.

II. Approval of Agenda:

There were no changes to the agenda.

III. Consent Agenda Items:

The Minutes of the September 12, 2006 meeting were submitted for approval.

The following vouchers were submitted for approval:

Voucher numbers 93638 through 93663 in the amount of \$224,862.56, vouchers 93664 through 93733 in the amount of \$439,517.09, vouchers 93734 through 93735 in the amount of \$5,042.63, and vouchers 93736 through 93814 in the amount of \$1,235,748.87.

The following work orders were submitted for approval:

96-0734	District, Pateros	\$53,044.00
03-0206	Jeff Klimek, 224 Elberta Ave. W., Omak (Rev. #1)	4,531.00
06-0136	Riggan, Jerrod, Starr Rd.	15,469.00
06-0409	District, 33006 Hwy. 97	1,866.00
06-0439	District, 1096A Hwy. 7	877.00
06-0440	District, Loomis/Oroville Rd., Nighthawk	3,265.00
06-0450	District, Loomis/Oroville Rd., Nighthawk	2,148.00
06-0451	Derek Hartzell, 91 Mountain Vista Lane (Rev. #1)	8,032.00
06-0476	Jerry O'Brien, 2280 Chesaw Rd.	1,308.00
06-0477	Pedro DeLaCerde, 101 N. Bridge St.	1,123.00
06-0480	District, Ellemeham Mtn. Rd.	1,550.00
06-0499	Andrew Koehn, 138 Rolling Hills Dr.	978.00
06-0503	Jerry Meneese, Tunk Creek Rd.	2,483.00
06-0504	Sam Brindley, 43 Doe Haven Rd.	7,078.00
06-0513	Roger Olson, 540 Hwy. 153	3,614.00
06-0514	Patrick Pare, Hwy. 7 N.	1,982.00
06-0515	District/Fowler, 217 Patterson Creek Rd.	593.00
06-0521	Randall Martin, 176 Aeneas Valley Rd.	8,105.00
06-0528	Larry Potts, Johnson Creek Rd.	5,654.00
06-0529	Jason Stively, Methow Valley Ranch Rd.	3,885.00
06-0530	Ken Vaillancourt, Methow River Ranch Rd.	4,260.00
06-0531	William Colyar, 2222 Hwy. 153, Carlton	3,934.00
06-0532	Garland & Margaret Smith, Lot 45, Div. I, Nine Mile Ranch - 133 Sunset Ridge Rd.	6,232.00
06-0534	Kathy Rogahn, 521 Hwy. 153, Pateros	4,800.00
06-0535	Derek Olma, Fancher Rd.	1,572.00
06-0536	Dave Sunde, 1579 Pine Creek Rd.	2,790.00
06-0537	Daryl Libbey, 860 Hwy. 153, Pateros	756.00
06-0540	Moon Orchards, off Glover Lane	4,370.00
06-0547	Doug Runyan, 2178 Hwy. 153	1,293.00
06-0548	Patty Larsen, 11 Kruse St., Omak	528.00
06-0549	Kathy Earp, 1280 Old Hwy. 97 S.	2,509.00

06-0550	Clint Treise, 2377A Hwy. 153	1,343.00
06-0551	Gary Logue, NE corner of Old. 97 & Barnholt Loop	2,504.00
06-0552	Paul Scott, 83 Glover Lane	4,984.00
06-0555	District, George Ehlers Rd., Hwy. 97	3,704.00
06-0556	District, Sawtell Rd.	807.00
06-0557	District, 20 Boundary Lane	1,583.00
06-0561	Al & Marilyn Burrows, 45 Hopfer Rd.	902.00
06-0566	John Hamilton, 8 Fetters Lane	2,930.00
	Total:	\$179,396.00

The following accounts/invoices were submitted for write-off/collection due to nonpayment:

King Blossom CA - Owner \$12,808.34

Following discussion Commissioner Bolz moved, seconded by Commissioner Womack, to approve the consent agenda. The motion carried unanimously.

IV. Public Comment:

There were no public comments.

V. Action Agenda:

1. Revised 2006 Budget:

Director of Finance Don Coppock introduced Resolution No. 1317 for revising and supplementing the 2006 Budget. He also submitted for review an explanation of the revised budget items, a comparison of the final and revised budgets, and budget recap/projections from 1997 through 2006. The 2006 budget as presented revises the variance from \$5.1 million down to just under \$300,000.

Commissioner Johnson requested that the electric system and telecom system be separated on the 2006 Budget Resolution and on the Budget Recap and Projections. Coppock noted that he will be able to provide that information for the 2007 budget when the new computer system is installed. In the interim, the monthly financial statements based on the general ledger reflect a telecom breakdown.

Commissioner Womack moved, seconded by Commissioner Bolz, to adopt Resolution No. 1317. Commissioner Johnson did not support approval of the budget without a separation of the electric system and telecom. Upon the vote, the motion carried two to one with Commissioner Johnson opposed.

Staff was requested to provide at the October 10, 2006 meeting the detail needed to compare the electrical and telecom budgets for 2007.

2. Brewster Airport Line Extension:

At the September 12, 2006 Board meeting, Brewster City Councilman Jerry Tretwold, representing the Brewster Airport Commission, requested that the PUD waive construction and materials fees for a proposed line extension that would serve lighting and a sign at the Brewster Airport entrance and also serve potential commercial growth at the Airport. The justifications proposed were safety, community benefit and added revenue for the District. Estimated costs for the line extension were between \$4,000 - \$5,000. Tretwold stated that the PUD crew in Brewster had offered to donate labor for the project.

Staff reported concern that the project would only benefit a small percentage of the District's customers and therefore recommended that the line extension request be handled within the guidelines of the existing District line extension policy.

Following discussion and after determining that the District could legally loan to a municipality, the Board directed staff to determine the cost of the project without volunteer labor and prepare a draft agreement that would allow the City of Brewster to make payments to the District to pay for the line extension.

3. 2007 Annual Transformer Bid:

Due to cost increases and extended lead times for ordering transformers, staff estimated the number of transformers needed in 2007. Bids for 640 transformers of 15 different sizes and voltages were received from Wesco, Hughes and General Pacific. General Pacific was the low bidder on 10 sizes of transformers for a total bid of \$609,193, and Hughes was the low bidder of five sizes of transformers for a total of \$305,370. Staff recommended splitting the 2007 transformer costs of \$914,563 between the two lowest bidders to assure the best possible prices.

Commissioner Bolz moved, seconded by Commissioner Womack, to approve splitting the 2007 transformer bid award to obtain the lowest purchase costs and to award the bid to General Pacific for \$609,193 and Hughes for \$305,370. The motion carried unanimously.

4. Manager's Report:

The Manager's report included the following information:

The District anticipates completing the environmental studies for the Enloe Dam Hydroelectric licensing process by the end of November 2006. The Draft Application will then be completed and sent out for agency comment.

As discussed at the September 14, 2006 NoaNet meeting, member funding needed to expand the system capacity was reduced from \$4 million to \$3 .5 million (Okanogan PUD's 5.5% share would be \$192,500). A NoaNet member roll call on funding resulted in a pledge of \$2.3 million, leaving a shortfall of \$1.2 million. A NoaNet member roll call on the guarantee option indicated that \$3 million would be covered either by loans or guarantee, leaving a shortfall of \$500,000. NoaNet stated they should be able to cover the \$500,000 by making payments out of revenues, so it was agreed that a draft Interlocal Agreement would be sent to members for review before the next NoaNet Board meeting on October 11, 2006. It was also noted that three NoaNet Board member terms expire December 31, 2006.

Okanogan PUD was presented with three NWPPA Excellence in Communication Awards at the recent Northwest Innovations Conference.

The State Auditors are onsite conducting the District's annual audit for fiscal year 2005. The audit is expected to be completed on October 4, 2006 at a cost of \$23,500.

A representative of the National Information Solutions Cooperative is on site to analyze the procedures for the District's computer software installation. The financial conversion is planned for December 11, 2006, with customer billing scheduled for the last half of 2007.

5. Power Report:

The next power report will be presented on October 24, 2006.

6. Meetings:

Commissioner Bolz submitted a report from the NWPPA BPA Allocation conference he attended in Portland on September 18-19, 2006.

Commissioner Womack presented information from the Washington PUD Association meetings he attended in Pasco on September 14-15, 2006.

The Okanogan PUD Board will hold a special meeting on October 3, 2006 at 3:00 p.m. at the Okanogan PUD auditorium to review the 2004/2005 Annual Reports.

The next regular Okanogan PUD Board meeting is scheduled on October 10, 2006 at 12:30 p.m. at the Okanogan PUD auditorium.

VI. Public Comment:

There were no public comments.

VII. Executive Session:

President Johnson recessed the Commission into executive session at 6:30 p.m. for ten minutes to discuss litigation, with no action anticipated.

President Johnson reconvened the Commission into regular session at 6:45 p.m.

VIII. Adjournment:

The meeting adjourned at 6:45 p.m.

Donald W. Johnson, President

ATTEST:

Ernest J. Bolz, Vice-President

David A. Womack, Secretary