

**Minutes of the Regular Meeting of the Okanogan County
Public Utility District Board of Commissioners
Held in Okanogan October 14, 2003**

Present:

Board:	David Womack, Darrel Bunch, Donald Johnson
Staff:	Harlan Warner, Don Coppock, Derek Miller, Dan Boettger, Joe Miller, Steve Brown, Julie Pyper
Other:	Michael Howe, Legal Counsel
Public:	Jean Vernon, Dave & Esther Johnson, Brian Kirchner, Ann McCreary, Vicky Welch, Toyne Tibbets, Susie Ives, Maeyowa, Brian Ellis & Joe. S. (KOMW)

President Womack called the meeting to order at 8:30 a.m., and asked for any additional agenda items. Manager Warner submitted 1) telecom report; 2) establish future Board meetings; and 3) two additions to the meetings listed. Ann Ringwood's 9:00 a.m. presentation was deleted from the agenda at her request.

Summary Agenda

1. Approval of Minutes
2. Approval of Work Orders
3. Approval of Vouchers
4. Approval of Transfer of Accounts
5. Public Comment
6. Cash Management Goal
7. 2004 Budget Review
8. Resolution No. 1264
9. Telecom Report
10. Public Comment
11. Meetings
12. Executive Session - Litigation

1. **Approval of Minutes:**

The Minutes of the September 30, 2003 regular meeting of the Board of Commissioners were presented for approval.

Commissioner Bunch moved, and Commissioner Johnson seconded, to approve the Minutes of the September 30, 2003 regular meeting.

6. – Economic Alliance:

Commissioner Johnson presented a revision regarding facilitation of the City of Omak's request for an Ethernet node. Following discussion, it was determined that the Minutes accurately reflected the Board action.

8. – Report on Wireless Pilot Project:

With regard to the motion to proceed with the purchase of additional radios, Commissioner Johnson presented a revision regarding his concern about expansion of the Wireless Project. Commissioner Johnson then moved that the sentences he read be inserted in the Minutes in place of the present sentence. The motion failed for lack of a second. Commissioner Johnson will submit a Minority Report.

10. – Financial Forecast/2004 Budget Review:

Commissioner Johnson moved to insert additional language regarding funding the proposed Pateros-Twisp line. The motion failed for lack of a second.

Commissioner Johnson moved, and Commissioner Womack seconded, to insert “proposed” in reference to the cash management goal. The motion carried.

Commissioner Johnson moved to include the justifications of those supporting increased rates and the rationales for those opposing increased rates. The motion failed for lack of a second. Commissioner Johnson will file a Minority Report.

Upon the vote, the motion carried on approving the remaining September 30, 2003 Minutes.

There was discussion on the need to clarify the procedure for conducting meetings of the Commission. The District previously adopted Resolutions No. 811, 814 and 1201 establishing the guidelines, procedures and rules governing the meetings held by the Board of Commissioners. Resolution No. 811 includes a provision that any Commissioner who may disagree with the form or content of the Minutes that have been adopted by the majority of the Commission shall have the right to append to such Minutes a Minority Report. Concern was expressed that the filing of a Minority Report gives the perception of two sets of Minutes – that of the majority and that of the minority. The Resolutions also provide that the meetings shall be conducted in accordance with Roberts Rules of Order, or as specifically adopted by the Commission. Roberts Rules of Order refer to the Secretary of the Board as the recording officer; however, Resolution No. 811 states that the Commission shall appoint a Recording Secretary who is not a member of the Commission. In addition, Roberts Rules of Order provides that the essentials of the Minutes should include action rather than debate.

Commissioner Womack moved, and Commissioner Bunch seconded, to repeal Resolutions No. 811, 814 and 1201 and delete the section regarding Minority Reports, and instructed staff to develop for the Board’s consideration one Resolution adopting the rules and procedures for meetings held by the Board of Commissioners. Commissioner Johnson offered an amendment to the motion to delete that portion that states the Commission shall appoint a recording secretary, not a member of the Commission, who shall attend the Commission meetings and make a record of the proceedings of the Commission. The amendment to the motion failed for lack of a second. Upon the vote, Commissioner Johnson voted nay. The motion carried.

2. Approval of Work Orders:

The following work orders were submitted for approval:

03-0464	Methow Valley Sanitation, Twisp Airport Rd.	\$1,449.00
03-0467	Gebbers Farms, Inc., Monse Cutoff Rd.	3,881.00
03-0468	District, Hendrick Loop Rd.	7,046.00
03-0469	City of Pateros, Pateros Mall	575.00
03-0471	District/Custom Apple Packing, 9 Brewster Grange Rd., #2	1,883.00
03-0473	District/Racy, 644 E. Dewberry Ave.	943.00
	Total	\$15,777.00

Commissioner Bunch moved, and Commissioner Johnson seconded, to approve the work orders. The motion carried.

3. Approval of Vouchers:

Vouchers No.'s 78926 through 78954 in the amount of \$161,812.31, and No.'s 78955 through 79019 in the amount of \$272,575.07 were approved for payment from the revenue fund.

Commissioner Bunch moved, and Commissioner Johnson seconded, to approve the vouchers. The motion carried.

4. Transfer of Accounts:

No accounts or invoices were submitted for write-off/collection.

5. Public Comment:

Maeyowa inquired as to the timeline of the Tetra Tech FW project for the Pateros/Twisp transmission line and substation project. (Chief Engineer Derek Miller noted the project work plan has been prepared and staff recently met with the Forest Service regarding the Memorandum of Understanding for the NEPA/SEPA. Roads will be identified prior to the scoping meeting.)

Maeyowa is opposed to discussion among Commissioners and the Manager absent the full Board. (Attorney Howe advised that two Commissioners may travel together and attend meetings, but cannot conduct business outside a public meeting. Attorney Howe also advised that discussion between the Manager and Commissioners was not only legal, but has always been encouraged.)

Brian Kirchner asked if there would be an opportunity for questions during the 2004 budget discussion. (President Womack advised that questions would be addressed, however, public comment would come at the end of the agenda.)

6. Cash Management Goal:

Auditor Don Coppock discussed a Cash Management Goal that establishes the minimum financial objective pertaining to fund balances at \$12,280,000 plus variable bond construction funds estimated at \$7.1 million at the end of 2004 (capital expenses are reviewed every six months).

The Finance Department has proposed to increase the Temporary Cash Reserve account and the Revenue Fund Less Warrants Outstanding account to a combined total of \$7 million. The present balance established for the respective accounts is \$4 million and \$500,000.

Following the Board's review of the present cash and investment report and the 2002 monthly expenditures, receipts and warrants outstanding, Commissioner Johnson moved to establish the total allocated funds for the Temporary Cash Reserve account and the Revenue Fund Less Warrants Outstanding account at a combined total of \$4.5 million to be allocated at the Finance Department's discretion, with no increase in 2004. The motion failed for lack of a second.

Commissioner Womack moved, and Commissioner Bunch seconded, to establish the total allocated funds for the Temporary Cash Reserve account and the Revenue Fund Less Warrants Outstanding account at a combined total of \$6 million to be allocated at the Finance Department's discretion. Upon the vote, Commissioner Johnson voted nay. The motion carried.

7. 2004 Budget Review:

A revision to the proposed 2004 budget was presented, which included staff's changes to the budget following a Commissioner request to review a budget that included a 3% reduction in operating expenses less power sales and taxes. The staff's proposed budget reflected no rate increase in 2004 and a reduction in the variance by \$760,500.

Following discussion, two capital distribution projects and other miscellaneous items were reinstated in the 2004 budget, for a total variance of \$2,176,500. Staff was instructed to update the 2003 Cash-Flow Analysis to reflect current receipts and expenses, and prepare a 2004 budget as revised without a rate increase. The cash position will be re-evaluated at year end when the Treasurer's Report is available. (The current Treasurer's Report reflects a balance of cash and investments as of September 30, 2003 of \$20,402,000, which at this time is approximately \$4 million greater than the year-end projection.) A public hearing on the budget is scheduled for Tuesday, October 28, 2003.

8. Resolution No. 1264:

Manager Warner presented Resolution No. 1264 to establish procedures for purchasing material, equipment or supplies. Resolution No. 1264 repeals Resolution No. 824, No. 865, No. 1133 and possibly others that limit District purchases of material, equipment or supplies to a specific amount. In accordance with the applicable Washington State Statute, Resolution No. 1264 authorizes District staff to purchase needed materials, equipment or supplies under sealed bids or the alternative quotation procedure, and waive the requirement for a deposit or bid bond. (The current statutory limit under this process is \$50,000).

Commissioner Bunch moved, and Commissioner Johnson seconded, to adopt Resolution No. 1264. The motion carried.

9. Telecom Report:

Telecom Manager Joe Miller reported that the Oroville node for the Wireless Pilot Project is currently being installed, with operation expected by the end of October. Under the alternative bidding process, 75 additional radios and switches have been purchased. When the Pilot Project was first initiated, only five retail providers were actively in support of participating. However, with the purchase of additional radios and in accordance with the open access policy, the Board approved authorizing any interested retailer the opportunity to participate in the Pilot Project. The issue of allocating radios was addressed, as well as the need to train retailers in the Omak Network Center. Due to a shortage of radios, retail providers should have customers in hand before receiving radios.

10. Public Comment:

Vicky Welch inquired as to the bidding process the District followed for the purchase of radios for the Wireless Project. (Telecom Manager Joe Miller responded that the first purchase under \$35,000 was acquired under the alternative bid procedure by quotation.) She was pleased that the Board is not considering a rate increase at this time. She favors repairing the Methow line in sections.

Brian Kirchner asked when the public hearing to approve the budget would be held. (A hearing on the final adoption of the 2004 budget is scheduled for October 28, 2003.)

11. Meetings:

The next Okanogan PUD Board meeting is scheduled for 8:30 a.m., October 28, 2003 at the Okanogan PUD Auditorium, at which time a hearing on the final adoption of the 2004 budget will be held.

The Board established additional meetings as follows:

November 4 and 18, 2003
December 2 and 16, 2003

January 6, 2004

12. Executive Session – Litigation:

President Womack recessed the Board into executive session at 12:51 p.m. to discuss litigation.

President Womack reconvened the Board into regular session at 1:45 p.m. There being no further business to discuss, the meeting adjourned at 1:45 p.m.

David A. Womack, President
Darrel E. Bunch, Vice-President
Donald W. Johnson, Secretary