



**Special Meeting Minutes
of the Board of Commissioners
Port of Chelan County
Joint Session with Chelan County & Chelan County PUD
Tuesday, October 11, 2011 at 1:00 pm
Chelan County PUD – Commission Board Room
327 North Wenatchee Avenue, Wenatchee, WA 98801**

Present:

Port of Chelan County

JC Baldwin, Commissioner
Michael H. Mackey, Commissioner
Craig N. Larsen, Commissioner
Mark Urdahl, Executive Director
Mike Armstrong, External Affairs Director
Greg Phillips, Airport Director
Raylene Bradley, Property & Facilities Manager
Judy Bradford, Director of Business Ops
Kathleen Knappert, Staff Assistant
Jon Eberle, Real Estate Consultant

Chelan County

Doug England, Commissioner
Jeffrey S. Wilson, Community Development Dir.

Mayors

Dennis Johnson, City of Wenatchee
Gordon Irle, City of Cashmere
Keith Vradenburg, City of Entiat
Bob Goedde, City of Chelan

Chelan County PUD

Randy Smith, Commissioner
Dennis Bolz, Commissioner
Carnan Bergren, Commissioner
Norm Gutzwiler, Commissioner
John Janney, General Manager
Jeff Smith, Comm. & Intergov. Relations Manager
Steve Lachowitz, Communications Director
Bill Larson, Security Director
John Stoll, Managing Director, Customer Utilities
Gregg Carrington, Managing Dir., Energy Resources
Shaun Seaman, Director of Fish and Wildlife
Kelly Boyd, Chief Finance Officer/Chief Risk Officer
Sheila Salmon, Board Clerk

Others:

Christine Pratt, Wenatchee World
Shawn Goggins, KPQ Radio
Alison Smith, Cashmere Valley Record
Nancy, Leavenworth Chamber of Commerce
Hank Manriquez, Cascade Foothills Farmland Assoc.

Allison Williams, City of Wenatchee
Jim Reinbold, City of Chelan
Jeff Gomes, City of Cashmere
Rich Cram, Mountain Springs Lodge

PUD Commission President Randy Smith called the Chelan County Tri-Commission meeting to order. He stated 3 of the 5 PUD members will be in attendance. Port of Chelan County Commission President JC Baldwin called the special meeting of the Port of Chelan County Commission to order at 1:03 pm. Bill Larson let the pledge of allegiance.

Bill Larson spoke briefly about firearms safety. He stated there are 4 basic rules in firearms safety, which include:

- Always treat the firearm as if it's loaded
- Never point a firearm at anything that you are not willing to destroy
- Always be sure of your target and your backstop
- Always keep your finger off the trigger until you are pointed on down range, on target, and ready to fire

Jeff Smith, with Chelan County PUD, acted as facilitator for the Tri-Commission meeting. Self introductions around the table and around the room were made. Smith announced it is a public meeting and is being recorded.

JCB  MHM  CNL 

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Port: Cashmere Site Sale And Development Plans

Mark Urdahl reported the Port has approved a Purchase and Sale agreement with Crunch Pak for the purchase of 21.7 acres of the 31.5 acres the Port owns in Cashmere. He stated Crunch Pak has a 120-day feasibility period, during which time they will evaluate the site. Following the feasibility period the agreement will most likely close or be extended. Jon Eberle stated the property is a typical Port project in which the Port has made many improvements and upgrades, with many challenges. Eberle stated there are some wood waste issues on the property, as it is a former mill site. The Port has remedied all environmental issues. Crunch Pak is debating building a new facility on the property or utilizing it as auxiliary property. Currently, Crunch Pak employs approximately 400-500 people. They estimate those numbers to grow to approximately 900 employees in 2 to 3 years.

PUD: Electrical Rates Plan

John Stoll reported the surcharge is rolling off at the end of this year. A rate design previously explored in 2008 will replace the surcharge. Overall, it will have approximately a 2.5 percent revenue impact. It will also reflect approximately a 6.5 percent electrical rate reduction. He stated the PUD has concluded the process of examining rate design, flat rate versus tiered rate, for residential service. He reported a hearing will be held on Monday, where a recommendation will be made to the Board. Stoll spoke about industrial rates, stating within the rate schedule there is an energy cap policy in place in the amount of 5 average megawatts. A handout was distributed showing 2 slides. The first contained information on the industrial retail average price in Washington State. The second illustrated the industrial retail average energy usage. The annual average energy usage for an industrial user is 1.2 megawatts. Currently, when customer exceeds the 5 megawatt cap, they pay market price. The PUD is exploring the possibility of adjusting that cap on a month-to-month basis and allowing a fixed price for the customer. PUD staff will present final recommendations to the commission by the end of the year. Changes will most likely be effective early 2012.

County: Salmon Habitat Liability Protection Legislation




Doug England reported in the past 10 years approximately 200 million dollars has been spent on fish restoration in the upper Columbia River. He also reported on the Entiat Valley and how they are carrying out a monitoring approach and will be making improvements in stages. The County is currently looking at federally mandated projects.

Port: Pangborn Airport Runway Extension Status

Greg Phillips reported Pangborn Airport's principal capital project is the runway extension. It is a proposed project and the airport is currently involved in the environmental assessment stage. A public meeting was held on August 2nd, 2011 which was a very interactive public meeting. He reported the initial draft environmental assessment has been submitted to the FAA for review. Once the FAA has approved the draft, it will be available for public review for 30 days. A public hearing will follow the 30 day public review period. He reported 95 percent of the project will be funded by the FAA, following the course of the needs assessment. He stated the primary purpose for the runway extension is to meet the needs of the users, and to help eliminate some of the limitations that currently exist.

PUD: Columbia River Treaty "Power Group"

Greg Carrington provided a background review of the Columbia River Treaty. The Boundary Waters Treaty signed in 1909 was the first long-term treaty. This treaty helped govern the way the Columbia River operated for the benefit of both the United States and Canada. On May 30th, 1948, Oregon's second largest city, Vanport, was devastated by flooding. Following this flood, investigations began. In 1959 recommendations were made to build 3 major storage projects in Canada, totaling 15 million acre feet of water storage. This proposal was brought to the US Senate in 1961 and an agreement was reached in 9 months.

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The agreement was established to help control floods and provide downstream power benefits. The Columbia River Treaty can be terminated in 2024. The United States is required to provide a 10-year notice should they choose to terminate. Carrington reported the Bonneville Power Administration and the US Army Corps of Engineers are currently conducting investigations to determine whether or not the treaty should be continued. The PUD has formed a power group, to formulate a recommendation on the treaty.

County: Holden Mine Reclamation Project

Doug England reported the Holden Mine reclamation project is underway. Total cost of the project is estimated to be 107 million dollars. Brief discussion ensued.

Port: Pybus Public Market

Mike Armstrong reported the Port is continuing to move forward toward the Pybus Public Market, but no final decisions have been made. The Port is currently reviewing various options, one of which includes entering into a sub-recipient agreement with the City of Wenatchee for the 1.4 million dollar grant the City has secured. He also reported one of the buildings on the property has been removed, and the site has been cleaned up. The Port has been in discussions with the Farmers Market regarding possible market relocation to the site, which could take place as early as spring 2013. Armstrong reported quite a bit of work must be done to the existing structure before it is a viable building for the market. He stated discussions continue with neighboring land owners. Mark Urdahl stated no formal agreements are in place other minor street improvements; however the Port may be nearing a decision on the sub-recipient agreement with the City of Wenatchee. Commissioner Larsen added that access from the existing PUD road is important for the project and will benefit the entire area. Armstrong reported the City has received a TIB grant which will be used to make improvements to Worthen and Orondo streets.

PUD: Fiber Strategic Planning Process

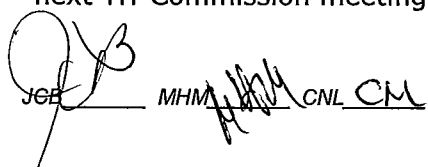
John Janney reported that in the spring the PUD withdrew from the Federal RUS grant. At that time the PUD began working to develop a long-term sustainable plan for the PUD's fiber program. The PUD implemented a line extension policy in which the PUD could contribute up to 1,500 dollars to enable new customers to connect to fiber within the PUD's existing foot print. He reported the number of net new connections have remained consistent at approximately 100 new connections per month. Janney also reported that since the spring an internal team has been reviewing what the PUD owns and operates as part of the fiber program, which included cataloging all assets in the field and internally. The PUD has started phase 2, involving a customer outreach effort. The PUD has engaged a consultant, experienced in operating fiber systems and other telecommunications businesses, who will assist the PUD in examining their operational program and evaluate potential options to extend the existing fiber route throughout the county. Janney stated they PUD may engage a second consultant to assist with the quantitative research component. He estimates this planning process may extend through the first quarter in 2012.

County: Regulating Vacation Rentals

Jeffrey Wilson reported Chelan County began regulating Manson UGA area vacation rentals in 2010 due to various complaints. A program was implemented in which vacation rentals must be registered with the county and the registrant must identify a local contact person. Wilson reports the program has been successful. He reported the County is now examining how to address vacation rentals in Chelan County as a whole.

Roundtable Discussions

Jeff Smith reported the next Tri-Commission meeting with the 12th District Legislators is scheduled for December 6th, 2011. Brief discussion ensued. Due to potential conflicts, this next Tri-Commission meeting will be rescheduled and announced at a later date.

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Roundtable Discussions (Continued)

Mark Urdahl reported a manufacturing company from China is looking at both Port property and property in Moses Lake for a potential new branch of their business. He stated this would bring 30 to 50 new jobs to the area.

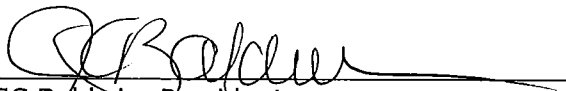
Judy Bradford reported meeting with Jennifer Taylor from the PUD and Katie Batson from the County regarding collaborative training opportunities.


Jeff Smith reported on the PUD's community meeting in Chelan, held yesterday regarding lake levels since the implementation of the new license to operate the Lake Chelan Hydroelectric Project. Another meeting is scheduled for Friday, in Stehekin. Discussion ensued. A follow-up forum has been scheduled for November 14th, 2011.


Meeting was adjourned at 2:27 pm.

Signed and dated this 17th day of November, 2011.

PORT OF CHELAN COUNTY


JC Baldwin, President


Michael H. Mackey, Vice President


Craig N. Larsen, Secretary

