

MINUTES OF THE REGULAR MEETING OF SEPTEMBER 26, 2017
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON

The second regular meeting for September 2017 of the Commissioners of Public Utility District No. 1 of Thurston County was called to order on Tuesday, September 26, 2017, at 921 Lakeridge Way SW, Suite 301, Olympia, WA 98502, commencing at 3:05 p.m. Commissioners Russell Olsen, Linda Oosterman, and Chris Stearns were present for the meeting. Also present were John Weidenfeller, the District's General Manager (GM), Julie Parker, the District's Director of Finance and Administration (DFA), Joe Rehberger, the District's Chief Legal Counsel, and Kurin Rosado, Clerk to the Board. Kim Gubbe, the District's Director of Operations and Compliance (DOC), was present for a portion of the meeting.

Call to Order: Commissioner Oosterman called the regular meeting to order at 3:05 p.m. The Pledge of Allegiance was recited by all present.

Approval of Agenda: Commissioner Stearns made a motion to approve the agenda as presented: Commissioner Olsen seconded the motion; all in favor.

Consent Calendar:

Approval of Minutes: September 11, 2017

Prequalification of Contractors – Small Works Roster: None

SMA Contracts: None

Correspondence: None

Travel Approvals: None

Voucher Approval:

Accounts Payable: September 13, 2017, September 20, 2017

Payroll: September 20, 2017

Resolution: None

Other: Set Public Meetings/Rate Hearings for October 16th, October 18th, October 19th, October 24th, November 7th, and November 21st

Consent Calendar: Commissioner Olsen made a motion to approve the Consent Calendar as presented: Commissioner Stearns seconded the motion; all in favor.

Public Comments: None

Public Hearing:

At 3:06 p.m., the Public Hearing was opened. Since no member of the Public was present, Commissioner Oosterman closed the Public Hearing at 3:06 p.m.

Information or Discussion of Operations/Policy Issues:

Employee Awards

GM Weidenfeller thanked Clerk to the Board Kurin Rosado for her work with the H&R Waterworks acquisition, and he presented DFA Parker and DOC Gubbe with recognition awards. DOC Gubbe was dismissed after she received her award.

Discussion – Construction of New Office Space at 1230 Ruddell Road SE

As stated at an earlier meeting, mold was found on the first floor of the new office building; construction has been halted until further tests and mitigation can be completed. The initial remediation cost is around \$11,000, and the main contractor will provide a cost update once the remediation is complete. The expected move date has been moved to a date later in December.

Discussion – Special Meetings for New Systems Initial Rate Hearing and Meetings to Set Rates

The Commissioners and staff discussed the proposed rate structure for the new customers, and they also discussed scheduling a public meeting/rate hearing for the proposed rate structure through December 31st. The Board agreed to hold the public hearing on October 10th so that the rate schedule for these customers can be approved at the regularly scheduled Commission meeting the same day. Commissioner Stearns proposed that the General Facility Charge be added to the proposed rate schedule for the new customers. GM Weidenfeller clarified that rates for 2018 will be discussed at the public/rate hearings scheduled later in October and November (as approved in the Consent Calendar); it is the Board's intention to approve the rates for 2018 this year as the first phase of the process to bring the new customers up to the PUD's rate structure. Commissioner Olsen wanted to further clarify to the new customers that the Board is implementing higher rates to support the financial model, however the Board reviews the financial data on an annual basis to create an annual budget.

Discussion – Take Home Vehicles and Heavy Duty Pants for Field Staff

GM Weidenfeller explained to the Commissioners that the H&R Waterworks staff had been taking their vehicles home in order to accommodate any after-hours emergencies. The Commissioners wanted to ensure that the new staff understands the increased accountability they have as a public employee. The Commissioners and staff discussed the pros and cons of allowing field staff to take their vehicles home on a regular basis; this discussion item will be brought forward at a later meeting. GM Weidenfeller updated the Commissioners about the cost of obtaining heavy-duty pants for the field staff.

Action Items:

Discussion – Commission Meeting Dates and Scheduling of Meetings to Conduct a Rate Hearing and Adopt Rates including the Mountain Lakeview Water System

The Forest Glen water system (currently a managed system) will be acquired as of January 1st. The Mountain Lakeview water system will be acquired as of November 1st. Since those systems are so small, the GM recommends that the public/rate hearings be scheduled during regular meeting dates. The Scattercreek and Keanland Park water system will be acquired soon as well. GM Weidenfeller recommends that the public/rate hearing be held at a location closer to the water system customers.

Resolution 17-38, Adoption of the 2018 Budget

This resolution was discussed at an earlier meeting. **Commissioner Olsen made a motion to approve Resolution 17-38 as presented; Commissioner Stearns seconded the motion; all in favor.**

Resolution 17-39, Adoption of the 2018 Rates, Fees, and Surcharges

This resolution was discussed at an earlier meeting. **Commissioner Olsen made a motion to approve Resolution 17-39 as presented: Commissioner Oosterman seconded the motion; all in favor.**

Resolution 17-40, Adoption of the 2018 Capital Budget

This resolution was discussed at an earlier meeting. **Commissioner Olsen made a motion to approve Resolution 17-40 as presented: Commissioner Stearns seconded the motion; all in favor.**

Resolution 17-41, Deschutes Glen Construction Project

This resolution was discussed at an earlier meeting. **Commissioner Olsen made a motion to approve Resolution 17-41 as presented: Commissioner Oosterman seconded the motion; all in favor.**

Resolution 17-42, Authorization to Surplus Equipment, Supplies, and Materials

This resolution was discussed at an earlier meeting. **Commissioner Olsen made a motion to approve Resolution 17-42 as presented: Commissioner Stearns seconded the motion; all in favor.**

Resolution 17-46, Recommendation for WPUA Lifetime Achievement Award for Bob Geddes

This resolution was discussed at an earlier meeting. **Commissioner Olsen made a motion to approve Resolution 17-46 as presented: Commissioner Stearns seconded the motion; all in favor.**

Resolution 17-48, New Water System Acquisition – First Amendment

This is the first official reading of this resolution; a copy was provided to the Commissioners prior to the meeting. **Commissioner Olsen made a motion to approve Resolution 17-48 as presented: Commissioner Oosterman seconded the motion; all in favor.**

Presentations:

General Manager's Report: John Weidenfeller, General Manager

GM Weidenfeller provided a written report. He gave an update regarding the sale of the water systems owned by H&R Waterworks as well as operational processes once the each staff group merges. GM Weidenfeller confirmed that the Commissioners would like to meet with the new staff on October 10th at 4:00 p.m.

Finance Report: Julie Parker, Director of Finance and Administration

DFA Parker provided a written report. She reported that revenue is looking good – a budget adjustment may be necessary to modify expense items, but the bottom line looks good as well. Earlier in the meeting, DFA Parker explained that rates must be adopted in order to go to the bond market; since Commissioners would like to lock in a lower interest rate, they agreed to cancel the public meeting/rate hearing scheduled on November 21st in order to adopt rates at an earlier meeting date. The bond issue resolution will be included for review during one of the next meetings.

Commissioner Topics, Discussion and Reports:

Commissioner Olsen spoke about his involvement with the Thurston Regional Planning Council (TRPC). GM Weidenfeller will be reporting to TRPC regarding the District's water systems in the near future. He was asked about the State's Capital Budget by Commissioner Olsen.

Commissioner Stearns spoke about WPUDA and issues introduced to the Legislature outside of the public utility scope.

Commissioner Oosterman discussed her desire to remain nonpartisan in the role of a Commissioner to focus on public utility issues. The other Commissioners affirmed their desire to remain nonpartisan Commissioners as well.

At 5:43 p.m., Commissioner Oosterman announced that the Board would be entering into an Executive Session to consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price, as authorized by RCW 42.30.110(i) (Commissioner Oosterman erroneously stated RCW 42.30.110(c)), and to review the performance of a public employee, as authorized by RCW 42.30.110(g), until 6:00 p.m. At 5:59 p.m., the Executive Session was closed, and the regular meeting was resumed.

Summary of Assignments:

- Schedule the Public Hearing for proposed rate schedule on October 10, 2017.
- Add the General Facility Charge to the proposed rate schedule.
- Schedule discussion of field staff take-home vehicles at a later Commission meeting.
- Cancel the November 21, 2017 Public Meeting/Rate Hearing in Gig Harbor.
- Request information from the Attorney regarding coal plant water rights.

Adjournment: Commissioner Olsen made a motion to adjourn the meeting; Commissioner Stearns seconded the motion; all in favor. The meeting was adjourned at 5:59 p.m.



Linda Oosterman, Commissioner and President

Attest:



Russell E. Olsen, Commissioner and Secretary