

**MINUTES OF THE REGULAR MEETING OF FEBRUARY 10, 2009  
OF  
PUBLIC UTILITY DISTRICT NO. 1  
OF  
THURSTON COUNTY, WASHINGTON**

The first regular meeting for February 10, 2009, of the Commissioners of Public Utility District No. 1 was called to order on Tuesday February 10, 2009, at 921 Lakeridge Way SW, Suite 201, Olympia, WA 98502, commencing at 5:00 p.m. Commissioners Alan Corwin, Paul Pickett and Chris Stearns were present. Also present were John Weidenfeller the District's General Manager (GM), Don Taylor, the District's Attorney (arrived at 5:20pm), and Jennifer Anderson, Clerk to the Board

Attorney Tom MacDonald and Doug Eklund, Contract Engineer were also present.

**Members of the Public present:**

Linton Wildrick, Dawn Warren, Chris Jackson

Commissioner Corwin called the general meeting to order at 5:08 p.m.

**Approval of agenda:**

Commissioner Corwin requested a motion for approval of the agenda, noting that an amended agenda was proposed that added: a request for a motion to sign the SMA contract with Diamond Parking;— Resolution 09-11 authorizing the GM to approve requests for DWSRF funding and submit projects for Economic Recovery funding; and a motion authorizing a draw on the credit line of \$10,000.

**Commissioner Pickett moved the adoption of the amended (lavender) agenda for the February 10, 2009 general meeting, Stearns seconded and all approved**

**Public Comment**

Commissioner Corwin asked for any members of the public who wish to address the board. One guest (Linton Wildrick) stated that he was here to comment on the artesian well, which Commissioner Corwin noted would be discussed later in the meeting.

**Consent Calendar:**

Improvement Authorizations – None

Minutes of the January 27, 2009

Prequalification of Contractors – Small Works Roster

Travel Approvals - None

Other – SMA Agreement – Artesian Well (Diamond Parking 4<sup>th</sup> Ave. Lot, #036843)

Voucher Approval

1) Accounts Payable 11/28, 2/4

2) Payroll 12/5/2009

**Commissioner Pickett moved to adopt the consent calendar, Commissioner Stearns Seconded, all approved.**

Commissioner Corwin opened an Executive session at 5:11 p.m. to discuss potential litigation and real estate acquisitions. Tom MacDonald and Doug Eklund were invited to attend. Commissioner Corwin adjourned the Executive session at 6:06 p.m.

Commissioner Pickett requested to modify the agenda to ~~hear-discuss~~ the Artesian Well as guests had been waiting an hour to hear the issue. Commissioner Corwin had no objection however, cautioned that if discussion reached subjects concerning negotiations, those discussions would need to take place only in executive session.

Commissioner Corwin prefaced the discussion by stating that he is unhappy that the general perception within the community are that no one is doing anything while in reality there is a lot going on, although not all of it is visible at this time. A number of people are actively working on this and trying to find some ways to make it work.

Introductions of the Commissioners, staff, Attorney Don Taylor and Doug Eklund, Contract Engineer, were made to the public.

Members of the Public:

Dawn Warren, attending as private citizen

Linton Wildrick, was attending as private citizen but noted that he has worked with Doug Eklund and also with Commissioner Pickett when he was employed at Ecology. He has also been a consultant for a company, Pacific Groundwater Group, who has been doing work for the PUD with-regarding one of the wells in Tanglewilde, and was a member of the Friends of the Artesian for many years.

Chris Jackson, City of Olympia Water Conservation Program Coordinator, attending as a guest speaker.

Commissioner Corwin stated that the PUD has offered to do monitoring. Some new issues have been raised and that is where we are at the moment. There are two simultaneous items we are looking at: 1) how to keep current well functioning and 2) how to find a permanent solution.

Commissioner Pickett asked John Weidenfeller, GM, to bring everyone up to speed on what has been happening. Diamond Parking has stated that they would need complete indemnification against any claims related to the artesian well. John is working with the insurance pool on that; it may or may not be possible to do because as a public entity there are certain considerations that have to be taken in to account. Diamond Parking has also told us that if the indemnification can't be worked out they plan to prevent access to the well, until the property sells, effective March 1<sup>st</sup>. John Weidenfeller has asked them to extent that time frame to allow more time for this to happen. They are working on that on their side as well.

~~Diamond Parking has offered to sell the property but as of now there is no buyer, as far as we know. They are currently asking \$52/sf.~~

~~Commissioner Corwin noted that their asking price is higher than going rate of property in the down town core which is about \$25-\$30/sf. The city paid \$60/sf for the Safeway property. One idea that has been raised is somebody purchasing the property and then leasing it to the city, which the city would use for parking. One of the problems with Diamond is they want to sell all 3 properties at initial price of \$1.25 million. One parcel might be feasible on a different basis. It's a complicated thing; it takes a lot of people to buy into an overall concept. A discussion followed regarding Diamond's proposal to sell the lot.~~ Many people are looking for a solution but there is still a lot of work left to be done.

John Weidenfeller, GM, has been speaking with the City Manager, they are trying to see if they can help in a way to help share some liability. We are still working through these issues.

Commissioner Corwin noted the City is not prepared to take on the whole thing by themselves. They have been very positive and they have taken a constructive attitude with this. One other problem that has not been discussed very much is that there many contamination sites in that area. Any new action taken will have to jump thru some hoops with the Department of Health; it isn't as easy as it appears.

~~Commissioner Pickett, considering the 3 parcels, indicated that a possible solution would be for a non-profit to partner with an investor and have the non-profit pick up the parcel with the well on it and the investor pick up the two remaining parcels. Or, an investor who is willing to pick it up all three parcels and dedicate a public well area as part of their development. I noted that in a meeting Commissioner Pickett and Commissioner Corwin were at several weeks ago, the group talked about moving towards a non-profit group and Dawn Warren indicated that is a direction they are heading in, but that~~

~~Dawn Warren responded by saying~~ it is a new group. They have a wide range of experience within the group, which was formed 3 weeks ago. A small core group decided to continue meeting. They are doing research and investigating all types of options. They have met with the Friends, so as not to reinvent the wheel, and are pursuing many different avenues, and are also exploring the idea of incorporation. She feels strongly that community wells are a place of heritage and civic pride. She provided information about two web sites one of which has the addresses and photographs of every publicly held artesian community well in the country.

Commissioner Corwin questioned the amount of water that is going down the drain and asked if that is running into the storm water and/or sewer.

Linton Wildrick responded by saying they think it goes to the Moxley Creek outfall (??) in the east bay, but no body is sure about that. It is running at about 8gpm, +/- 1. He noted that an issue with the Diamond Parking lot well is that it does not have a water right; it needs one if it is conceived of as a beneficial use; anything over 5000gal/day has to have a water right. They worked through the issue of getting a new permit and had a conditional permit for a site on Marine Drive but never tried to get a water right for the existing well. He went on to say that there is contamination in the fill soils everywhere down town; they have been working with

DOH about the contamination issues – DOH was going to require a Phase 1 site investigation to find out what is down there.

Commissioner Corwin asked, geologically speaking, what kind of land is the current well on? Is the port on fill, and is that a problem?

Mr. Wildrick responded by saying the downtown area, away from the hill areas, is all fill. It is bay mud gradually filled in and then built on; it's just a thin cap compared to the natural geological structure. Beneath the fill there is fine grain material, silts, fine sands, and perhaps some clay, up to 30-50' of that. Then, below that we have Tumwater sand – that is the source aquifer for the flowing wells; it is hundreds of feet thick, based on a single well that was drilled by the Feds about 20 years ago.

Commissioner Pickett stated that we got into this because the Department of Health asked if we could help with testing. Our mission is to help people with water. We can't walk in and just start an artesian well. We're helping where we can help but we are not in a position to take the lead on running the well unless invited to do so by the city.

Mr. Wildrick said the attractive thing about the land they were going to be given on the port property is that it's free. They were going to give 5sf, a little pocket park with a few parking spaces. They had a well driller who had offered to drill if for free, Mr. Wildrick as going to log it, as a geologist, The Friends were going to pay for some monitoring equipment – they were going to monitor and test for a year – it wasn't going to get into big money but they still needed an entity, like the city, to take the ultimate responsibility.

Commissioner Corwin commented that we need to narrow down liability issues noting that what kind of liability there really is has yet to be defined. As an example, would the liability be just for the water or for the entire site; is whoever assumes liability going to be held liable if somebody slips or only liability for someone getting sick from the water.

Commissioner Stearns commented that the PUD is geared toward people gaining access to potable water. He is hesitant to deal with Diamond Parking.

Commissioner Pickett asked if there an option for the short term to find another well in town and open it up, with permission from DOH and Ecology, to run it the way the Diamond Parking lot well is being run, on in interim basis, and asked the public if that idea is on the table, too.

Dawn Warren responded that there are 196 well sites that have been identified over the last 100 years and that some of them are still running. Although, according to Linton Wildrick, most of them have been abandoned or have become decrepit or covered over and so for that, and other reasons, they are working hard to keep the existing artesian well flowing.

**Action Items:**

**Request for Motion to Sign SMA Contract with Diamond Parking**

~~Commissioner Pickett suggested authorizing John Weidenfeller to develop and enter into a contract and bring it back to the board for approval, conditioned upon resolving the liability issue. Don Taylor objected; what you want to do is authorize him to proceed to negotiate a contract, if possible, which he will bring back to you, once he has determined that the other side is willing to sign off on it. Give him the authority to negotiate a contract; if he can do that and bring it back to the Commissioners, then fine. The GM understands that any agreement is conditional upon resolving the liability issues and is subject to board approval.~~

**Motion by Commissioner Pickett authorizing John Weidenfeller, GM to negotiate a contract, enter into a tentative agreement and bring it back to the board for approval. Second by Commissioner Stearns, all approved.**

**Resolution 09-08 Interlocal Agreement with the City of Olympia.**

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Commissioner Pickett does not see any harm in approving it on our end.

Commission Corwin does not want to rush into an interlocal agreement that might have to be modified.

John Weidenfeller added that the next Olympia meeting is the same day as ours, the 27<sup>th</sup>, so it would not do any harm to table it.

It was agreed to table this item to the next meeting.

**Presentations**

**Guest Speaker: Chris Jackson, 753-8271, Olympia Water Conservation Manager**

Spoke from the hand-out

Kim Gubbe asked if our customers at Tanglewilde, who are on LOTT, would qualify for the Water Smart Technology Rebate Program. Mr. Jackson believes that they would.

Ms. Gubbe asked about the age of their meters. Mr. Jackson answered that some of them are 15-20 years old and range in age from 1 month to 20-25 years old.

Ms. Gubbe asked if the City has set a goal for the age of meters. Mr. Jackson said they have not due to their discussions about automated meter replacement project. They are trying to move forward with that but are constrained by budget/economy issues.

City leak detection is contracted out; they have been doing it for at least 6 years. Commissioner Corwin asked Mr. Jackson to provide John Weidenfeller with information about who they use and the cost.

Regarding water conservation education, Commission Corwin requested samples of their community outreach materials which Mr. Johnson agreed to provide it to Mr. Weidenfeller.

Per Mr. Johnson, the AWWA Water Conservation guide says we can expect savings of 2-5% from education as a conservation measure. Whether that is true, or not, he doesn't know. He groups Rain Barrel rebates with public education and rebates because they are a better vehicle for customer contact than they are an actual water saver.

Commissioner Corwin referred to the series of rebates in the hand-out and asked how much of a burden are rebates on the City's budget? Mr. Johnson's reply was that because a majority of the rebates are paid for by LOTT, they are not a burden on the City's budget. They budget about \$7,500/year for rain barrel rebates and they spend almost all of it. Commissioner Corwin believes this should be a line item to our budget and wants to look at what is cost effective.

Commission Stearns asked, due to the high turn-over of residents, how they manage on-going education. Mr. Johnson said this is handled in a number of ways including brochures distributed to public locations, i.e. the library, regular press releases, and bill inserts every other month. The public information program is an on-going thing for them.

Commissioner Pickett asked Mr. Jackson if he has a sense of time spent on each of these different conservation measures and what are the things that get the most bang for the time? Mr. Johnson agreed to provide this information to Mr. Weidenfeller.

Commissioner Pickett thinks that peak flow control and leak detection would benefit us the most. Mr. Jackson agreed that we would probably see the biggest result from leak detection. He has also seen reductions as large as 20% from irrigation audits, at the individual customer level. That involves querying the billing system for who is using more than 2.5 times water in the summer than they use in the winter and who is using more than X amount of gallons per day, i.e. 500gpd on average.

**Legal Report: Don Taylor, PUD ~~Attorney~~Counsel**

Don Taylor asked for questions about information he had provided over the past couple of weeks. ~~Commissioner Pickett asked what he had changed in the Board and PUD Counsel discussed~~ the ~~proposed~~ Commissioner Compensation Resolution.

~~Mr. Taylor responded that he had tuned it up a little bit.~~

~~Commissioner Corwin noted that there are a number of people weighing in on this, he wants to wait and see where the dust settles and not spend our time re-inventing the wheel and wants to see what the Attorney General letter says before we do anything.~~

~~Mr. Taylor sees an area in that statute that could be a problem, or not; the legislature could have drafted it better. His position, at the time we went through, is we were not fixing their salaries, we were accepting what the legislature gave to us. He would defend this.~~

**General Manager's Report – John Weidenfeller, General Manager – provided a report in writing.**

Mr. Weidenfeller requested to return to the Public Comment session.

**Discussion of Public Comments – Tanglewilde Water System Plan (WSP)**

Mr. Weidenfeller began by stating that this is an on-going information meeting for the Tanglewilde/Thompson Place WSP and that this is our very last informational meeting. He invited questions, there were none. Mr. Weidenfeller

~~explained that we have an umbrella plan for our 153 water systems. We have not had a specific plan for Tanglewilde and for many years we were under the City of Olympia. Doug Eklund did a majority of work on the WSP which consists of 5 major phases, 2 new wells, a new reservoir and some pipe replacement. The PUD has succeeded in obtaining a grant for \$1.4 million and 20 year loans at 1.5% interest; the balance may be paid for with bonds; however that has not been decided by the Commissioners, yet. The goal is to get off of City of Olympia water, which they have asked us to do because of their challenges and also because the city raised their rates to us by 111% in 2007. In the process of going into design and engineering in 2009, have been told our loans would be approved. We are hoping to drop 2 new wells, replace 1400 linear feet of pipe and build a new reservoir in 2010; it may be a bit ambitious but that is the goal. The next step is to replace the infrastructure at Tanglewilde at a cost of \$16 million, which we have not found a way to do yet.~~

~~On September 30<sup>th</sup> the Commissioners approved a WSP to move forward with the direction to staff that we bring it back to them after DOH approved it. We have the major aspects of it approved by DOH, there have been 2 letters that have been answered and addressed and they are very satisfied with our work on this project. This is a final informational meeting provided an overview of the WSP process to date.~~

~~Commissioner Corwin requested the board to move ahead to Resolution 09-03 Tanglewilde Water System Plan Approval and asked for discussion.~~

Commissioner Pickett asked Mr. Weidenfeller update the board regarding responses to letters received from DOH, Ecology and the County.

Mr. Weidenfeller explained we opened a State Environmental Policy Act (SEPA) review period with a recommendation of determination of non-significance, because there were no significant environmental issues. We received 2 comments back; one from the County Road Department asking that we fix the roads if we tear them up, and one from Ecology talking about water rights and but nothing related to the SEPA process itself. There will be a letter going back to the County and Ecology thanking them for their comments; it does not change the determination of non-significance.

Resolution 09-03 Tanglewilde Water System Plan Approval

**Commissioner Pickett made a motion to approve Resolution 09-03, Tanglewilde Water System Plan, Commissioner Stearns seconded, all approved.**

Commissioner Corwin questioned Mr. Taylor about Resolution 09-09 Commissioner Compensation and asked for any reason why we should adopt this resolution this evening.

Don Taylor recommends approving as it will consistently reiterate our position with respect to this.

Resolution 09-09 Commissioner Compensation

**Commissioner Stearns made a motion to approve Resolution 09-09 Commissioner Compensation, Commissioner Pickett seconded, all approved.**

**Operations Manager's Report – Kim Gubbe, Operations Manager** – provided a report in writing. ~~Nothing further.~~

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**Resolution 09-11 Economic Recovery Funding Program**

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Mr. Weidenfeller is asking for authority to submit DWSRF , noting that we have several of them that we are hoping to send in; he asking for their authority to move these items forward; we had a very short ~~fused~~ time frame on this.

Commissioner Corwin noted that the resolution should be amended to read “RESOLVED that the General Manager is authorized to submit requests for DWSRF funding and submit projects for funding;”

**Commissioner Stearns made a motion to approve Resolution 09-11 DWSRF Economic Recovery Program Funding, as amended, Commissioner Pickett seconded, all approved**

**Request to Authorize Draw on Line of Credit \$10,000**

Commissioner Corwin ~~stated that he has no problem with that, and would rather not do it here because he wants to reinforce the idea~~ noted that the GM already has the authority to draw up to \$10,000; Commissioner Pickett concurred.

**Resolutions:**

Resolution 09-05 Newspaper of Record

Mr. Weidenfeller believes we could save approximately 60% of the cost of our legal advertisements if we were to advertise in a publication other than The Olympian, where it makes sense and where it is timely. Thus, he has requested the ability to advertise legal notices in several papers, as needed.

Commissioner Corwin stated that with rate or budget hearings we would be willing to spend more money on The Olympian, but for routine matters he is in agreement with saving the 60% by using other newspapers of record. The goal is to save money and minimize rate creep.

Commissioner Stearns expressed concerns that our customers should be able to read any notices which pertain to them in the paper where they live.



Mr. Weidenfeller noted that in addition to publishing notices in the paper we also generally post hearings on our website and if enough time is available we will include a newsletter with the monthly statements.

Commissioner Pickett suggested amending the resolution to put The Olympian up next to the Nisqually Valley News so we list them both as alternatives and then say the "General Manager is hereby authorized to publish at his discretion, information for the PUD as required by law in the following news publications as set out below:" and show both the Nisqually Valley News and The Olympian.

**COMMISSIONER Pickett made a motion to approve Resolution 09-05 Newspaper of Record, as amended, Commissioner Stearns seconded, all approved.**

Resolution 09-07 Contract with Tom McDonald

**Commissioner Pickett made a motion to approve Resolution 09-07 Contract with Tom McDonald, Commissioner Stearns seconded, all approved.**

Resolution 09-10 Policy Update Approval

Mr. Weidenfeller noted these are simple, straight-forward housekeeping issues that he is bringing to the board a few at a time.

**Commissioner Pickett made a motion to adopt Resolution 09-10 Policy Update Approval, with the attached policies. Commissioner Stearns seconded, all approved.**

### Commission Reports

Commissioner Corwin's Report

Commissioner Corwin will be attending a WIRA 11 meeting on February 11 in Yelm to hear several legislative issues that are on the agenda. He is also continuing to work on the artesian well issue.

Commissioner Pickett's Report

Commissioner Pickett went to TRPC meeting, he stayed for one presentation regarding the Grand Mound development, a big study that the Chehalis Tribe paid for that just came out. He left copies here, one with John. The key points interesting to him, how closely the County has been working with the Tribe on water and sewer issues plus the plan that they implemented requires more water and more sewer than they currently have. It is an interesting relationship between the County and the Tribe, which can be further discussed on Friday

Commissioner Stearns asked if he is getting the sense that the County is making a significant commitment to what the Tribe wants to do? Commissioner Pickett responded that it appears so - yes; the County has done a lot of work to support development plans they're doing down there. The County obtained water rights in Lewis County that they are transferring for use in the Grand Mound area. So they have a big investment there. If we talk to the county about utilities, that will have to be a backdrop to keep in mind. If we're partners with the County, we need to be thinking about that.

He saw Liquid Assets, it's an ~~very cool~~ interesting movie and a ~~very~~ good illustration of the issues with water. ~~About~~ 30-40 people were there; ~~he asked about legislative people attending;~~ There was not a large turn-out of legislative people there but he did get an e-mail from a staff person at Brendan Williams's office saying that she had enjoyed it.

Commissioner Stearns' Report  
Commissioner Stearns went to Liquid Assets and also to Commissioner orientation.

Commissioner Corwin will be out of state next week and asked that Commissioner Stearns attend the WPUDA meeting in his absence, which starts at 8:00am on Friday.

#### Assignments

~~Commissioner Pickett had nothing new, just following through on the resolutions.~~

Commissioner Corwin requested that John Weidenfeller, GM follow up with Chris Johnson, City of Olympia to obtain the following items:

1. Who they contract out to for leak detection and the cost.
2. Samples of their community outreach materials regarding conservation education
3. Time the city spends on their different conservation methods, specifically the methods which Chris feels would have the greatest effect for us
4. Add a line item to the budget for rebates; take a look at what is cost effective

**There being no further business, Commissioner Corwin moved to adjourn the general meeting at 7:44 p.m, seconded by COMMISSIONER PICKETT, all approved. The meeting was adjourned.**

\_\_\_\_\_  
President

Attest: \_\_\_\_\_  
Secretary