

**MINUTES OF THE REGULAR MEETING OF June 23, 2009
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The second regular meeting for June 2009, of the Commissioners of Public Utility District No. 1 was called to order on June 23, 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), Julie Parker, the District's Chief Financial Officer (CFO), Kim Gubbe, the District's Operations Manager (OM) arrived at 6:00 p.m., and Jennifer Anderson, Clerk to the Board.

Commissioner Corwin called the general meeting to order at 5:04 p.m.

Approval of Agenda:

Commissioner Stearns moved the adoption of the agenda, Commissioner Pickett seconded and all approved.

Public Hearing:

None

Public Comment:

No members of the public were present

Consent Calendar:

- Improvement Authorizations
- Approval of Minutes: June 9, 2009
- Prequalification of Contractors – Small Works Roster
- Travel Approvals
- Other –
- Voucher Approval
 - 1) Accounts Payable 6/10/2009, 6/17/2009
 - 2) Payroll 06/19/2009
- Resolution 09-30 DWSRF Loan for Reservoir
- Resolution 09-31 DWSRF Loan for Source
- Resolution 09-32 NSF and Return Payment Policy Revision

Commissioner Pickett moved to adopt the consent calendar as modified, Commissioner Corwin Seconded, all approved.

Presentation:

None

Staff Presentations:

General Manager's Report: John Weidenfeller, GM

The GM presented a written report and information about the staff picnic on July 18th. There was discussion about potential acquisitions. In addition, the GM presented a spreadsheet regarding the cost to install an intertie with the City of Lacey to provide water to the Covington water system. There was also discussion about transferring the system to the City of Lacey and the uncertainty of a short-term contract with the City of Lacey. Commissioner Pickett asked what options the PUD would have if the City of Lacey decided to stop selling water to us and also did not want to purchase the system. The Board directed the GM to develop an alternate plan in the event the City of Lacey stops selling us water, including the possibility of including in the agreement with Lacey the option of wheeling water from other PUD sources to Covington through Lacey's system.

Operations Manager's Report: Kim Gubbe, OM

The OM presented a written report. She added information about a report received on Friday afternoon regarding possible tampering of the artesian well. After further investigation it was determined that the tampering occurred at a well not managed by the PUD.

Chief Financial Officer's Report: Julie Parker, CFO

The CFO presented a written report. She noted that the RFP's were delivered to 8 engineering firms that are due on June 30th for 3 Tanglewilde projects. She also responded to a question from Commissioner Pickett regarding the effect of the Gaudio well on our purchase water costs; she noted that the Gaudio well has produced a net savings of \$6,570 through May. When leak detection is added in, the savings in reduced water purchases approach \$12,000. Commissioner Corwin questioned our postage cost; staff will continue efforts to encourage customers to receive E-bills rather than paper bills.

Information Discussion of Operations/Policy Issues:

Resolution 09-26 Tanglewilde Water Use Efficiency Goal

Commissioner Pickett asked for clarification about the goal. The OM explained that the 3% goal applies to the demand side (after it passes through the customers' meter), and represents the total reduction over a 6 year period, taking into account any change in the number of ERU's.

Commissioner Pickett moved to adopt Resolution 09-26 Tanglewilde Water Use Efficiency Goal, Commissioner Stearns seconded, all approved.

Discussion: Contracting for IT Services from Thurston County

The CFO presented the County proposal for IT services to the Board. Her goal is to begin services with the County by August 1 and noted it will take approximately 6 months to make a complete transition to their service.

Commissioner Pickett moved to authorize the GM to move forward in developing a contract for service with Thurston County to provide IT services to Thurston P.U.D. No. 1 of Thurston County, Commissioner Stearns seconded, all approved.

Commissioner Prioritization of Conservation Activities

The OM presented her recommendations for demand-side and distribution conservation and loss prevention as outlined below:

Demand-side Goal Budget for 2009 is \$2,000

2009-2010

- Showerheads
- Shower Timers
- Educate multi-unit renters

2010-2011

- Work with the City of Lacey Toilet Program

Distribution Loss Goal – 2009 Budget is from CIP Item CI-43 Replace Service Lines at Tanglewilde (\$50,600)

2009-2010

- Hire contractor for leak detection
- Fix all major leaks found

Commissioners approved use of 2009 CIP line item CI-43 for this purpose in 2009

2010-2011

- Repair or replace fire hydrants that are leaking (multi-year project)

Commissioner Pickett suggested adding language indicating that we are looking for opportunities to coordinate with the City of Lacey for irrigation conservation.

Commissioner Pickett moved to approve the Conservation Activities, Commissioner Stearns seconded, all approved.

Legal Report:

Mr. Taylor reported on 2 items. The annual budget hearing is coming up in October; he recommended publishing the public notice in the Nisqually Valley News. He will bring a proposed notice to the next meeting. He also provided direction to the GM for delivering an excise tax affidavit to Pierce County; he explained that tax should not be due because we are exchanging our stock with ourselves and that is exempt from taxation.

Action Items:

None

Executive Session

Commissioner Corwin opened an Executive Session at 6:32 p.m. to discuss potential litigation and real estate acquisitions (RCW 42.31.110). The Board closed the Executive Session at 6:58 p.m. and returned to the Regular meeting.

The Chair moved to authorize the GM to enter into negotiations for acquisition of the Little Rock water system, seconded by Commissioner Stearns, all approved.

Resolutions:

Resolution 09-27 Contract with Hatton Godat Pantier, Inc. for Terry Lane System Improvements

Resolution 09-28 Contract with Hatton Godat Pantier, Inc. for Crescent Park System Improvements

Commissioner Pickett moved to approve Resolution 09-27 Contract with Hatton Godat Pantier, Inc. for Terry Lane System Improvements and Resolution 09-28 Contract with Hatton Godat Pantier, Inc. for Crescent Park System Improvements; Commissioner Stearns seconded, all approved.

Strategic Goal Setting

The Proposed 2010 Goals were discussed and modifications were agreed upon by the Board. The GM will redraft and circulate a revised version of 2010 Goals for final approval at the next meeting.

Commissioner Reports:

Commissioner Corwin

Commissioner Corwin attended the WRIA11 meeting and also a meeting with the State Director of the Department of Commerce. He will be going to the PURMS meeting on Thursday. He also noted changes and corrections that need to be made to the commissioner's calendar.

Commissioner Stearns

Commissioner Stearns voiced concern that PSE has taken an interest in improving infrastructure in Jefferson County and none in Thurston County; maintenance is not being performed on the entire grid. He suggested that this issue be brought to the attention of WPUA.

Commissioner Pickett

Commissioner Pickett noted his concern with the lack of progress on the Thurston Regional Planning Council's work item for water, and will contact the Executive Director to ask about the status of the work item.

Summary of Assignments:

1. The Board directed the GM to develop an alternate plan in the event the City of Lacey stops selling us water.
2. GM to move forward in developing a contract for service with Thurston County to provide IT services.
3. GM to enter into negotiations for acquisition of the Little Rock water system.

There being no further business, Commissioner Pickett moved to adjourn the meeting at 7:57 p.m., seconded by Commissioner Stearns, all approved.

President

Attest: _____
Secretary