

**MINUTES OF THE REGULAR MEETING OF SEPTEMBER 22, 2009
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The second regular meeting for September 2009, of the Commissioners of Public Utility District No. 1 was called to order on September 22, 2009, at 921 Lakeridge Way SW, Suite 201, Olympia WA 98502, commencing at 5:00 p.m. Commissioners Chris Stearns, Paul Pickett 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 and Jennifer Anderson, Clerk to the Board.

Commissioner Stearns called the General Meeting to order at 5:02 p.m.

Approval of Agenda:

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

Presentation of Award:

Presentation of Plaque – Winner Great American Water Taste Test for Washington (Lazy Acres 9/2/2009) by Gary Rhoades, Executive Director, Evergreen Rural Water Association of Washington.

Consent Calendar:

Improvement Authorizations
Approval of Minutes: September 8, 2009
Prequalification of Contractors – Small Works Roster

Travel Approvals

Other –

Voucher Approval

1) Accounts Payable 9/9/2009, 9/16/2009

2) Payroll 9/21/2009

Resolutions:

Resolution 09-40 GM's 2010 Contact

Resolution 09-41 Interlocal Agreement with Thurston County IT for Services

Commissioner Pickett moved to adopt the consent calendar with the Voucher Approvals omitted, Commissioner Stearns Seconded, all approved.

Public Hearing:

Ongoing Public Hearing – 2010 Budget & Rates

Commissioner Stearns opened the Public Hearing at 5:18 p.m.

No members of the public were present.

The CFO presented an overview of the three budget options and noted that staff recommends Option 2. She provided copies of three letters received from customers with comments about the budget. Commissioner Pickett expressed his concern about the effect of a rate increase upon customers with a fixed income and asked about looking further at a 0% rate increase. Commissioner Stearns expressed his preference for taking predictable, regular, small rate increases rather than a large rate increase in a following year.

The CFO mentioned that GFC charges and SMA schedules are also being considered at this time. She is proposing a \$27 increase to the GFC in Tanglewilde and is proposing a GFC increase of \$790 for the other PUD systems, based on past and future capital improvements. Commissioner Pickett wants to make sure that our GFC is capturing the real value to get access to water; he does not want rate payers subsidizing new growth. Ms. Parker will provide comparison GFC's to Commissioner Pickett.

2nd Amendment 2009 Operating & Capital Budget

The CFO provided an overview of the Proposed 2nd Amended 2009 Budget worksheets. The amendments being proposed are primarily housekeeping issues and also because the Capital Budget now includes improvements at Crescent Park, Terry Lane and Brookhaven systems. Commissioner Pickett asked for a projected timeline with regard to a rate increase to capture the service cost for financing the Crescent Park and Terry Lane. The GM estimates this issue will be ready for consideration in December.

Commissioner Stearns closed the Public Hearing at 5:55 p.m.

Public Comment:

No members of the public were present

Legal Report:

Mr. Taylor reviewed several items that were sent to him and did not have a problem with any of them. Regarding the budget process, the GM asked Mr. Taylor if we would need to re-advertise the special meeting to include approval of the Lathrop sale at the Budget Hearing on October 5th. Mr. Taylor advised publishing a special notice that the contract to sell the Lathrop System to the City of Tumwater will be considered at a special meeting on October 5th. In addition to the public notice, Commissioner Pickett would like a letter sent to customers letting them know we are considering this sale at the October 5th meeting. Commissioner Pickett will draft the letter and deliver it to the CFO.

During Mr. Taylor's medical leave, he advised the GM to contact Bob Fristoe for any legal questions that may arise.

Resolutions:

Resolution 09-42 Contract Awarding Bid for Crescent Park and Terry Lane Construction

The contract was awarded to the first lowest bidder; their initial notice of their inability to perform in October will be stricken from the final contract.

Commissioner Pickett moved to adopt Resolution 09-42 (as amended) Contract Awarding Bid for Crescent Park and Terry Lane Construction, subject to minor revisions, Commissioner Stearns seconded, all approved.

Executive Session

Commissioner Stearns announced that the Commissioners would have an Executive Session to discuss potential litigation and real estate acquisitions (RCW 42.31.110) at 6:15 p.m. and that the executive session was expected to end at 6:50. At 6:50, it was announced in the public area that the executive session was extended until 7:05 but ended at 6:55 p.m. The Board then returned to the Regular meeting.

Staff Presentations:

General Manager's Report: John Weidenfeller, GM

The GM presented a written report. He will be attending the Water Conference this week along with Commissioner Stearns and the OM.

Operations Manager's Report: Kim Gubbe, OM

The OM presented a written report and had nothing further to add.

Chief Financial Officer's Report: Julie Parker, CFO

The CFO noted that irrigation revenue is down, particularly at Bucknell Park. There is a question regarding the functionality of the meter and she has requested that be investigated. The meter has not registered any usage since last October. In the case of a broken meter, our policy allows us to estimate consumption.

The Capital Budget expenditure report, as previously requested by the Commissioners, was also presented.

Commissioner Reports:

Commissioner Corwin

Commissioner Corwin was absent.

Commissioner Stearns

Commissioner Stearns attended the Thurston Regional Planning Council retreat on September 11th which focused on four significant issues for the council to work towards. The three issues emphasized by Commissioner Stearns, and selected by the council, were water, holistic land use planning and climate change. The fourth issue selected by the council was streamlining social services.

He will attend the Tumwater City Council meeting on October 6th at 7:00 p.m.

Commissioner Pickett

Commissioner Pickett is planning to attend the Thurston Regional Planning meeting on October 2nd. He reported that both the Squaxin and Chehalis Tribes are willing to meet with the PUD and he will work on scheduling meeting times.

Action Items:

None

Summary of Assignments:

1. Ms. Parker will provide Commissioner Pickett with comparison GFC's.
2. Commissioner Pickett will draft a letter to customers to let them know we are considering the Lathrop sale at the October 5th meeting.
3. The GM and Commissioner Stearns will attend the Tumwater City Council meeting on Tuesday, October 6th at 7:00 p.m.
4. The CFO will email the Commissioners a copy of the Hillis Homes case study received from Don Taylor.
5. The CFO will put a notice in the newspaper regarding the Lathrop sale to be considered at the October 5th meeting.
6. The GM will provide Commissioner Pickett with dates in October that he is available to meet with the Squaxin and Chehalis tribes.

Adjournment:

There being no further business, Commissioner Pickett moved to adjourn the Thurston PUD Board meeting at 7:30 p.m., seconded by Commissioner Stearns, all approved

President

Attest: _____
Secretary