

**MINUTES OF THE REGULAR MEETING OF APRIL 13, 2010
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The first regular meeting for April 2010, of the Commissioners of Public Utility District No. 1 was called to order on Tuesday April 13, 2009 at 921 Lakeridge Way Suite 201, Olympia, WA 98502 commencing at 5:00 p.m. Commissioners Chris Stearns, Paul Pickett and Alan Corwin 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 Tom McDonald, the District's Attorney who arrived at 6:25 p.m.

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

Approval of agenda:

The President adopted the agenda without change.

Public Hearing:

None

Public Comment

None

Consent Calendar:

Improvement Authorizations - None

Prequalification of Contractors – Small Works Roster

Rob's Excavating

Travel Approvals – None

Approval of Minutes: March 23, 2010

Resolutions:

Resolution 10-26 Change Order 1 to Contract with Boart Longyear Company

Other –Voucher Approval

1) Accounts Payable 3/31/10, 4/7/10

2) Payroll 4/5/10

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

Presentations

General Manager's Report – John Weidenfeller, General Manager

The GM presented a written report. In response to a question from Commissioner Stearns about Tempo Lake, the GM stated that we will include them in the Public Works Board application to be submitted in May for funding next year. The OM responded to a question from

Commissioner Corwin about the WINCO project at Tanglewilde. She informed the Board that an unspecified building is on the plans which has a meter going to it; they have asked to put in a restaurant. The project is currently in the review process with the engineers. The GM stated we're trying to make sure the ERU's are not more than 100 ERU's total.

Operations Manager's Report – Kim Gubbe, Operations Manager

The OM presented a written report. Commissioner Pickett asked who paid for the Artesian Well sanitary survey. The cost was split between the City of Olympia and the PUD; she has not received the report from the state. Commissioner Pickett asked her to share the report with H2Olympia.

The OM also announced that water from the PUD's Lazy Acres system won third place at the Annual Water Tasting Contest of the South Sound Subsection of PNWS-AWWA.

Chief Financial Officer's Report – Julie Parker, Chief Financial Officer

The CFO noted that the Capital Budget amendment addresses the 2009 carryover items that were not finished in 2009 and adds one capital item to the budget. We had discussed adding money to a fund to purchase real estate for an office building. Her recommendation is to plan for that in the 2011 budget.

She also reported that all of the costs are in for the Crescent Park and Terry Lane project. The total cost of the project is \$165,692.96 and we had budgeted \$240,000. This includes all of the fire hydrants but does not include valve replacement which was a separately budgeted project. It was included in a bulk capital item amount of \$50,000 for a set number of valves; we have spent approximately \$9,700 of that so far. We previously notified the customers that we would be surcharging them \$5.00/month over 20 years but since we are under budget, we will only need to charge them \$5.00/month for 12 years and 9 months. The Commissioners requested that the customers be notified that the project is complete, that the Board has tentatively decided on a surcharge of \$5.00/month for 12 years and 9 months and a hearing is scheduled for the next regular meeting at which time the Board will finalize the surcharge.

Commissioner Pickett moved that the Board tentatively adopt a surcharge of \$5.00/month for a period of 12 years and 9 months for the Terry Lane and Crescent Park project with the understanding at the next meeting there will be a formal hearing and the Board will adopt a final resolution. Seconded by Commission Corwin and all approved.

Commissioner Stearns asked about the bond financing. The CFO is moving forward with this and will be meeting with Alan Dashen next week. She will provide a timeline for refinancing at the next meeting.

Information Discussion of Operations/Policy Issues:

Future Office Options

The GM met with the owner of our current office space. A new rate was proposed which the GM recommends accepting; the terms are to be a 3 year lease at the current rate, parking stalls included for no charge and a 90 day termination clause which may be given at any time.

Commissioner Corwin moved to authorize the GM to sign a lease under the terms described above. Seconded by Commissioner Pickett and all approved.

Commissioner Pickett presented a criteria matrix so that potential properties could be compared and tracked. He asked about a site on Mottman and wondered if an industrial location is suitable. Commissioner Stearns noted there are other public offices in the area and Commissioner Pickett added that such a location would work if the building had an attractive front office area for customers. Staff concurred with the need for both a usable shop area and an attractive customer area. The Board and Staff concurred that a location in an industrial area was acceptable if it met these criteria. Commissioner Pickett recommended differentiating between necessary and desired features. It was agreed that the GM does not need to spend a lot of time on this and will forward information about potential properties for Commissioner Pickett for further review and investigation.

Casualty and Liability Insurance

The Commissioners discussed the benefits of WCIA versus PURMS. The Commissioners noted the need to notify PURMS of Thurston PUD's intent to withdraw from the PURMS liability and property insurance pools, transition to WCIA by modifying the timelines in the Pre-member agreement as needed to insure Thurston PUD does not have a lapse of insurance.

April 21 Meeting with County

The GM provided a draft MOU and list of items to be discussed at the Joint Meeting with the Thurston County Commissioners. The PUD Commissioners agreed the MOU is a good way to move forward with the County. Commissioner Stearns expressed his desire to be kept apprised of what meetings are currently taking place amongst County planning staff regarding water. Commissioner Pickett noted that with our updated Geodata mapping now on the County website, County staff can easily see if one of our systems is near proposed development.

The Commissioners did not feel there is a need to prioritize the 7 items on the short list. Commissioner Pickett expressed interest in having a discussion around the points on the list to hear their concerns if time allowed, but to not push for any particular resolution; Commissioner Corwin concurred. The meeting is at 4:00 p.m. on April 21st in the County Commissioner chambers. This meeting is organized by the County and has been publically announced with the Thurston PUD Commission on the agenda.

PUD Chief Counsel Tom McDonald joined the meeting at 6:25 pm.

Lewis County MOU

The GM noted one change that was made to the MOU; item #8 on the 3rd page was revised per Mr. McDonald's recommendation and clarifies that the PUD has to be the one to initiate a sale. The Board directed the GM to proceed with this draft and to try to negotiate a final agreement.

Action Items:

None

Resolutions:

Resolution 10-28 Intent to join WICA Insurance Pool

Commissioner Corwin moved to adopt Resolution 10-28 Intent to join WCIA Insurance Pool. Commissioner Pickett seconded and all approved.

Resolution 10-25 Capital Budget Amendment

Commissioner Corwin moved to adopt Resolution 10-25 Capital Budget Amendment. Commissioner Pickett seconded and all approved.

Commissioner Pickett moved to recess to an executive session for the purpose of potential litigation & Real Estate acquisitions which was expected to last approximately 20 minutes, and to return to the regular session when concluded. Seconded by Commissioner Corwin and all approved. Commissioner Stearns opened the executive session at 6:51 p.m. At 7:09 p.m. the Board returned to the regular session.

Commissioner Corwin moved to authorize the GM to negotiate the two potential acquisitions (Prairie Ridge and Moerke) discussed in executive session. Seconded by Commissioner Pickett, all approved.

Commission Reports

Commissioner Corwin's Report

Commissioner Corwin will attend the Nisqually WRIA meeting on Monday, the WPUDA water meeting on Thursday and the WPUDA Board meeting on Friday. Commissioner Corwin will be out of town April 29-May 3.

Commissioner Pickett's Report

Commissioner Pickett may attend the WPUDA Water Committee meeting to hear the legislative report, if his schedule allows. He attended the TRPC meeting, where the Department of Fish and Wildlife did a presentation about how they manage water which included riparian protection and habitat conservation and Hydraulic Project Approvals (HPA's). The Bylaws were also discussed; a group will meet to discuss the weighted voting section of the Bylaws before adopting them. It was reported that 56% Census forms have been returned in Thurston County; daily reports are available on the Census website. The Commissioners asked the GM to include a Census reminder on the April PUD billing. Commissioner Pickett will be out of town May 1 – May 9.

Commissioner Stearns' Report

Commissioner Stearns reported that he attended a TCAT meeting and heard a talk given by Nadine Romero. She reported examining the Olympia Airport rainfall statistics from 1948 to present and found that during that time there was a slight decline in rainfall from 53 to 50 inches per year but an increase in heavy rainfall events which could contribute to flooding. He also attended the Chehalis Partnership meeting and an Army Corps of Engineer's briefing to County staff regarding the viability of power production at proposed Chehalis basin dam sites.

Commissioner Pickett moved to recess the meeting at 7:35 p.m. Seconded by Commissioner Corwin and all approved.

The meeting was reconvened in the Thurston County Commission chambers at 4:15 pm on April 21, 2010 for a joint workshop between Thurston County Commissioners and PUD Commissioners to discuss a draft Memorandum of Understanding (MOU) between the County and the PUD.

Participating:

Thurston County Commissioners: Sandra Romero, Cathy Wolfe, Karen Valenzuela

Thurston PUD Commissioners: Chris Stearns, Paul Pickett

Thurston County staff: Don Krupp, Lester Olson

Thurston PUD staff: Kim Gubbe, Julie Parker

Absent: Commissioner Alan Corwin, GM John Weidenfeller

Thurston County Commissioners identified several issues they wanted to discuss:

1. They would rather not have a mutual aid agreement included in the MOU.
2. They had questions about the clause beginning "The PUD will strive to follow appropriate protocols".
3. They liked the clause beginning "The PUD will support the County's continuing lead role in planning..."
4. They wished to discuss the PUD's position on annexation of Tanglewilde/Thompson Place area by Lacey.

Mutual Aid

The County Commissioners were concerned that the mutual aid concept needed more discussion and legal review. The PUD Commissioners agreed to remove that clause from the MOU along with a "Whereas" clause referring to the same issue.

Mr. Olson mentioned that Thurston County and several cities already had a mutual aid agreement. It might be possible for Thurston PUD to sign onto that existing agreement. The PUD will contact Cathy Estus of Thurston County Emergency Services to explore this further.

Appropriate Protocols

PUD Commissioners explained that the purpose of this clause was for the County to help the PUD to use appropriate channels for interaction. The PUD would like direction from the County on the protocols for interaction, and are willing to observe those protocols. This clause also recognizes that both the County and PUD will work to resolve future disagreements amicably and through clear communication as much as possible. Don Krupp will work at rewording this section to clarify its intent.

Water Planning

The PUD had intended this clause to refer to a county-wide utility workgroup to discuss emerging operations issues and implementation of policy. The County Commissioners had interpreted this section as referring to a broader forum in the County to discuss water issues. The PUD Commissioners said that even if that was not exactly what they intended, it was a good idea and they would like to work with the County on this concept.

The County is willing to let the PUD take the lead on the technical workgroup. The PUD will further discuss the idea of the community discussion of water and present some ideas to the county. Don Krupp will work at rewording this section to clarify the two separate tracks.

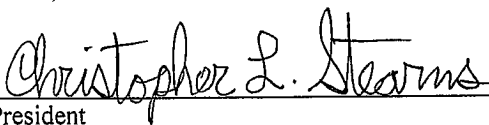
Tanglewilde/Thompson Place

The County Commissioners asked if the PUD was opposed to annexation of Tanglewilde/Thompson Place by Lacey. The PUD Commissioners said that they were not opposed to annexation, but did not want to give up ownership of their water system. They are supportive of annexation if they could retain ownership of the system. The PUD is willing to work cooperatively with the County and Lacey to help solve water quality and infrastructure problems in this area.

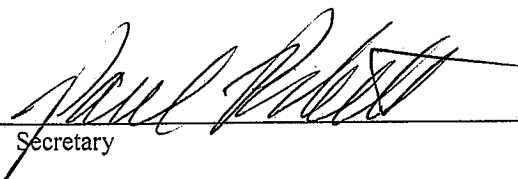
The meeting was adjourned at 5:00 pm.

Assignments

- OM: Provide the H2Oly group with a copy of the Artesian Well sanitary survey.
- GM: Send notice to Terry Lane and Crescent Park customers with good news about the project's completion, that the Board has tentatively adopted a surcharge of \$5.00/month for a period of 12 years and 9 months for the Terry Lane and Crescent Park project, with notice that a public hearing will be held on April 27 and after which the Board will consider public input and adopt a final resolution with the intent that surcharges will begin on their next bill.
- GM: Provide Elwha Dam information in News Tribune to the Commissioners.
- CFO: Provide bond refinancing timeline at next meeting.
- GM: Update the building checklist to differentiate between necessary and desired features
- GM: Get information about Census forms to put on the April bills.
- GM: Work on MOU with Lewis County.
- GM: Finalize the agreement with WCIA.
- GM: Contact Thurston County staff about mutual aid agreement.
- GM: Work on setting up a county-wide water utility workgroup.
- Board: Discuss how to work with County on a county-wide forum on water.
- Board: Review PUD position on Tanglewilde annexation.



President

Attest: 

Secretary