

**MINUTES OF THE REGULAR MEETING OF APRIL 27, 2010  
OF  
PUBLIC UTILITY DISTRICT NO. 1  
OF  
THURSTON COUNTY, WASHINGTON**

The second regular meeting for April 2010 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday April 27, 2010, 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), Don Taylor the District's Attorney, and Jennifer Anderson, Clerk to the Board.

Commissioner Stearns called the general meeting to order at 5:02 p.m.

**Approval of agenda:**

The Board removed the second Commissioner Report item and agreed to discuss Information Discussion Items after Resolutions.

**Public Hearing**

Crescent Park and Terry Lane Capital Surcharge

Commissioner Stearns opened the Public Hearing at 5:06 p.m. No members of the public were present. The CFO, OM and GM reported that they did not receive any comment from customers.

Commissioner Stearns closed the Public Hearing at 5:09 p.m.

**Public Comment**

None

**Consent Calendar:**

Improvement Authorizations – None

Approval of Minutes: April 13, 2010

Prequalification of Contractors – Small Works Roster

Travel Approvals – None

Other –

Voucher Approval

1) Accounts Payable 4/14/2010, 04/21/2010

2) Payroll 4/20/2010

Resolutions:

**Commissioner Pickett moved to approve the Consent Calendar, Commissioner Corwin seconded and all approved.**

## **Presentations**

### **Staff Presentations:**

#### **General Manager's Report: John Weidenfeller, GM**

The GM presented a written report. He added a review of comments received from Pederson Place customers who expressed concerns about the PUD purchasing the system. One area of concern is the effect that our tiered rates will have on high summertime usage; they are accustomed to a flat rate charge that is not affected by any amount of consumption. The CFO noted that we will send conservation tips to them; Commissioner Corwin requested conservation tips also be included in the next newsletter.

Commissioner Pickett asked if during the purchase process we could have allowed customers the opportunity to comment about the purchase rather than informing them after it was a done deal. The GM responded that would have entailed public hearings and a lot of public comment as well as coordinating that with the sellers of the system. Commissioner Pickett asked if there is a way to improve our process with future acquisitions; he noted that our process sends a message to new customers about how we do business. He suggested a more customer-friendly letter. Commissioner Stearns voiced concern about the implications of handling future customers in a manner that is welcoming, even if they disapprove of being owned by the PUD. He also expressed no sympathy for non-metered usage and rates. Commissioner Corwin stated that once we begin managing a system he wants it on the record that we have a first right of refusal to purchase the system so that the customers won't feel blind-sided if we exercise the right to purchase. Commissioner Corwin clarified three issues; the customers feel blind-sided because they did not receive adequate notice, they don't understand why conservation rates are an accepted policy and they don't understand the postage-stamp rate.

The GM also reported on attending the WPUDA managers' meeting. The meeting focused on WPUDA governance. The GM emphasized the importance of Thurston PUD's presence at these discussions.

Commissioner Stearns asked the GM about the Lewis County MOU. The GM outlined the changes that Lewis County recommended; he will follow up with each of the Commissioners and Mr. McDonald.

### **Action Items:**

#### **Prairie Ridge Water System**

Commissioner Corwin stated that he would vote against this because the cost is too high. The GM wants to proceed quickly and described the offer to the Board. The Board discussed the implications of approving the 10 future connections the seller asked to reserve. It was clarified that the 10 connections would not be held exclusively for the seller's future use; the PUD could give the connections to someone else if there are any available and the seller has not claimed them. Possible counteroffers were discussed.

**Commissioner Pickett moved to adopt the motion as provided in the agenda with an amendment to section 1.c. Two options are added as follows: 1. add \$15,000 to the price and drop 1.c. OR, 2. offer a \$30,000 credit toward future GFC's that expire in ten years,**

**they are not a reservation of water, they are not transferable by sale but can be transferred by will. The GM, President and Chief Counsel may negotiate terms within those parameters and have the authority to sign the agreement and consummate the sale on those terms, seconded by Commissioner Stearns. The motion passed 2 -1.**

**Legal Report: Tom McDonald, PUD Attorney**  
Mr. McDonald was excused at 6:30 p.m.; he did not have a report.

**Resolutions:**

Resolution 10-30 Green House Gas Emissions Policy

Commissioner Pickett noted that the Resolution only met minimal requirements under state law, but that it is a good first step for the PUD. **Commissioner Pickett moved to adopt Resolution 10-30, Green House Gas Emissions Policy. Commissioner Corwin seconded and all approved.**

Resolution 10-31 Purchase of Pederson Place Water System

**Commissioner Corwin moved to adopt Resolution 10-31, Purchase of Pederson Place Water System. Commissioner Pickett seconded and all approved.**

Resolution 10-33 Capital Surcharge Crescent Park and Terry Lane

**Commissioner Pickett moved to adopt Resolution 10-33, Capital Surcharge Crescent Park and Terry Lane. Commissioner Corwin seconded and all approved.**

**Presentations**

**Staff Presentations:**

**Operations Manager's Report: Kim Gubbe, OM**

The OM presented a written report and responded to Commissioner Corwin's questions about repairs to be made at the Land Yacht Harbor water system. Commissioner Corwin also asked for a brief description of what is involved in connecting the WINCO project from today to when they are operational.

**Chief Financial Officer's Report: Julie Parker, CFO**

The CFO presented a written report. Scheduling issues prevented her from completing the Budget amendment; she will have this at the next regular meeting. She explained that Alan Daschon believes the bond refinancing will take about 12 weeks to finalize; he needs a 5-year projection of revenue and expenses which the CFO is preparing. There was some discussion about the underwriting process, which Commissioner Corwin will participate in.

The Commissioners were asked to start thinking about the things they want to include in the 2011 budget; Staff would like to see the priorities and goals at the next regular meeting. The GM will send the Commissioners a projected timeline in draft form for the rest of the year.

**Information and Discussion:**

Future Office Options

Commissioner Pickett reported that he is screening possible properties with the OM and GM. If they find anything worth taking a further look at, they will follow up with the Realtor. Don Krupp suggested checking with Mark Neery, the Thurston County Capital Assets Manager; they may have surplus property.

#### **April 21 Joint PUD Commissioner & County Commissioner Meeting**

Commissioner Pickett provided a debriefing of the meeting with the County Commissioners. As the next step, he proposed the Board focus on finalizing the MOA and save the water work group and the water forum for subsequent steps. The assignments and key issues were included in the April 13, 2010 minutes.

There was discussion about the idea of the City of Lacey annexing Tanglewilde. The GM will research this issue with WPUDA and follow up with Mr. McDonald to gain a better idea of where we stand so that we are prepared for a future conversation.

#### **Commissioners Reports:**

##### **Commissioner Corwin**

Commissioner Corwin reported on the WPUDA meeting.

##### **Commissioner Pickett**

Commissioner Pickett previously provided information about the County Commissioner meeting.

##### **Commissioner Stearns**

Commissioner Stearns attended the Deschutes TMDL meeting. Commissioner Pickett asked if there are any water/waste water issues arising that we could play a role in and noted that if there is pressure to limit exempt wells, which could mean business for us since they would be looking for PUD's to form consolidated systems in place of exempt wells. In response, Commissioner Stearns stated they have just finished working with the upper watershed where we are not affected and they are mainly looking at agricultural concerns, sediment and temperature issues.

#### **Assignments:**

GM: Where possible, notify customers that the PUD has a first right of refusal to purchase the system in the contact so that the customers won't feel blind-sided

GM: Include conservation tips to be included in the next newsletter.

OM: Prepare a brief overview describing what is involved in connecting the Winco project from today to when they are operational.

Commissioner Pickett: Talk to Ecology about the Chehalis flood response

GM: The GM will send the Commissioners a 2011 budget projected timeline in draft form for the rest of the year.

GM: Work with Thurston County to revise MOU.

GM: Review the Lewis County MOU and if changes are minor make and send back to Lewis County Board

GM: Provide Commissioner Pickett with a list of undeveloped parcels (without wells or other PUD infrastructure) that the PUD owns.

GM: Work with Mr. McDonald to get legal background concerning Tanglewilde annexation and what the impact would be to the PUD

**Executive Session:** None

**Commissioner Pickett moved to adjourn the regular meeting at 7:55 p.m. Seconded by Commissioner Corwin and all approved. The meeting was adjourned.**

  
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President

Attest:   
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Secretary

