

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

The second regular meeting for July 2010 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday July 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, and Jennifer Anderson Clerk to the Board

Commissioner Stearns called the general meeting to order at 5:07 p.m.

Approval of agenda:

The Board adopted the agenda without any changes.

Public Information Meeting/Public Comment Period

Pederson Place Water System Corrosion Control

There were three members of the public present and the GM noted written comment sent to the Commissioners from two additional Pederson Place residents. Mr. Reed asked about the proposed cost. The GM explained that we try to insure that our estimates are high enough, to cover unexpected contingencies, to avoid asking for additional funds after the project begins. Once the project is complete and we have the final cost, we will notify the residents of their monthly surcharge. There was further discussion of the project's timeline and engineering approaches, and the PUD's rate structure, finances and policies.

Commissioner Stearns closed the public comment period at 5:33 p.m.

Consent Calendar:

Improvement Authorizations – None

Approval of Minutes: July 13, 2010

Prequalification of Contractors – Small Works Roster

John Lupo Construction, Inc.

Travel Approvals – None

Other –

Voucher Approval

1) Accounts Payable 7/14/2010, 7/21/2010

2) Payroll 7/20/2010

Resolutions:

Resolution 10-49 Uncollectables \$654.15

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

Point of Personal Privilege: Alan Corwin

Mr. Corwin spoke about the Nisqually WRIA 11 water banking report. He placed responsibility on Commissioner Pickett for misstatements in the report. Commissioner Corwin also stated that he felt he had not been consulted and had been by-passed even though he was the primary WRIA 11 planning unit representative.

Commissioner Pickett responded that he noted the misstatements in the report, and discussed it with the GM. He believes his comments to the interviewer were misrepresented in the report. He also remembered consulting regularly with the Board during the process. He told the Board he would look into meeting records regarding this project and report back.

Presentations

Staff Presentations:

General Manager's Report: John Weidenfeller, GM

The GM presented a written report and noted that he added items 6, 7, 10 and 13 after delivering the report to the Board last Friday and noted that the PUD Annual Picnic is scheduled for September 19. The GM reported that 58% of Prairie Ridge customers voted on whether they wanted to pay a surcharge for a generator, and that 64% of those voting were opposed. Several comments have been received on the draft Prairie Ridge Water System Plan.

Operations Manager's Report: Kim Gubbe, Operations Manager

The OM presented a written report. Mr. Corwin asked for an update about the Winco project, which she provided. She noted two issues that have arisen: one is that the Morrissette cost for engineering inspection and plan review, which is passed on to Winco is already above their threshold of \$4,999 and that staff will bring forward an additional contract for Commission approval. The second issue discussed a disagreement between Winco's engineer and the PUD over looping the water system. The GM stated that we expect Winco to comply with the agreement and plans as approved and that Winco is trying to back out of that agreement. He is concerned that the situation could lead to litigation. Mr. Corwin asked about the advantages of looping the system to which the OM responded it would provide better flow and pressure to our customers in addition to helping fire flow on the Thompson Place side. Without the looping, serving Winco could have a negative effect on our service to other customers.

Chief Financial Officer's Report: Julie Parker, CFO

The CFO presented a written report. In response to a question from Mr. Corwin, she noted that our revenues are slightly below projections however, we are just entering into the heavier watering season after a cool and wet spring. She presented the 2009 Annual Report; it will also be published on our web site. The Board asked staff to write a newsletter article and also a public news release about the highlights of the report.

Legal Report: Tom McDonald, PUD Attorney

Mr. McDonald was excused from the meeting.

Information and Discussion of Operations/Policy Issues:

Discussion – Public Comment on Pederson Place Corrosion Control. The Board reviewed comments and determined that no changes in the current approach to the project is needed. The costs and surcharge rates can be reviewed at the end of the project.

Discussion - Prioritization of 2011 Strategic Plan

Commissioner Pickett explained the Median Score that he added to the prioritization matrix. The Board discussed the list of goals and agreed on prioritization. Commissioner Corwin noted that this was the first time we have prioritized our goals and it is a great step forward.

Discussion – NoaNet Meeting and Possible Options

Commissioner Pickett recommended that we look at the offer of a risk assessment by NoaNet; the potential opportunity with the Port in the Tumwater New Market area is interesting. The Board requested the GM contact NoaNet and find out more about a risk assessment, including what NoaNet would do for free and how much staff and Board time would be necessary.

Attendance at Water Workshop in Bremerton, 9/29 – 10/1

The GM, OM and Commissioner Stearns want to attend. Commissioner Pickett may attend on Wednesday afternoon and Thursday morning only; he will follow up with the GM.

Action Items:

Resolutions:

Resolution 10-50 Approval of Proposal for Pederson Place and Cornerstone Corrosion Control with KPFF

Commissioner Corwin moved adoption of Resolution 10-50 Approval of Proposal for Pederson Place and Cornerstone Corrosion Control with KPFF. Commissioner Pickett seconded and all approved.

Commissioners Reports:

Commissioner Corwin

Commissioner Corwin attended the WPUA meetings; he did not approve of their mission statement and did not agree with many of the decisions. Mr. Corwin asked about the Thurston County Comprehensive Plan update. The GM will check on the status of that process and report back to the Board.

Commissioner Pickett

Commissioner Pickett asked the Board for suggestions on how to respond to the water banking report. The Board agreed to read a statement from the PUD into the minutes of the next WIRA 11 Planning Group meeting. The GM will coordinate what should go into the statement. A new local paper, Olympia Power & Light, invited Mr. Pickett to write an article about the Intercity Transit sales tax ballot measure.

Commissioner Pickett moved that Thurston PUD endorse the Intercity Transit ballot measure on the condition that the GM checks with the Public Disclosure Commission, and

that they assure us that it is permissible for the PUD to endorse a ballot measure. Commissioner Corwin seconded. The motion passed 2 votes to 1 with Commissioner Stearns opposed. [Note: the GM contacted the Public Disclosure Commission, who determined that this motion did not follow the required legal process. Therefore, the motion did not meet the required condition and did not take effect.]

Commissioner Stearns

Commissioner Stearns reported that he attended the Chehalis Partnership and the Deschutes TMDL meetings. The Deschutes TMDL is working on the middle part of the watershed moving closer to Capital Lake. Olympia has purchased land along the Deschutes River near Lawrence Lake; they will be making improvements to the riparian zone. The Chehalis Partnership is reviewing salmon recovery rankings; they prioritized three projects.

Executive Session: None

Assignments:

Commission Pickett: Will report back on the process followed for the water banking report.

GM: Send letter to Prairie Ridge customers to let them know the results of the generator vote.

GM: Contact NoaNet and get information about a risk assessment.

GM and CFO: Write a newsletter article and press release about the PUD 2009 annual report.

GM: Coordinate what should go into the statement regarding the water banking report

GM: Find out where the County is on the comprehensive plan process.

GM: Check with the PDC about endorsing the Intercity Transit ballot measure and report the Board's motion to support the ballot measure to Sandra Romero

Commissioner Corwin moved to adjourn the regular meeting at 7:42 p.m. Seconded by Commissioner Pickett and all approved. The meeting was adjourned.

President

Attest: _____
Secretary