

**MINUTES OF THE REGULAR MEETING OF SEPTEMBER 14, 2010  
OF  
PUBLIC UTILITY DISTRICT NO. 1  
OF  
THURSTON COUNTY, WASHINGTON**

The first regular meeting for September 2010, of the Commissioners of Public Utility District No. 1 was called to order on Tuesday September 14, 2011 at 921 Lakeridge Way Suite 201, Olympia, WA 98502 commencing at 5:00 p.m. Commissioners Chris Stearns and 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, Tom McDonald, Attorney, arrived at 5:55 p.m. and Jennifer Anderson, Clerk to the Board.

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

**Commissioner Pickett moved to excuse Commissioner Corwin from PUD Meetings through October 31<sup>st</sup> ; the GM will keep him informed and provide meeting information packets. Seconded by Commissioner Stearns, all approved.**

**Approval of agenda:**

The Board adopted the agenda without any changes.

**Public Hearing:**

**Ongoing 2011 Budget Hearing**

Commissioner Stearns opened the Hearing at 5:06 p.m.

There were no members of the public present. The CFO reported on the calls she has received from customers and stated that she informed them of the hearing tonight and encouraged them to attend. She also noted that a newsletter with information about the proposed budget and hearing was included with the August 31 statement. The Budget is scheduled to be adopted on October 4<sup>th</sup> in accordance with the State Statute. Commissioner Pickett requested that the Hearing be reopened later in the meeting tonight if anyone from the public arrives.

The Hearing was closed by Commissioner Stearns at 5:12

**Public Comment**

There were no members of the Public present.

**Consent Calendar:**

Improvement Authorizations - None

Prequalification of Contractors – Small Works Roster - None

Travel Approvals – None

Approval of Minutes: August 24, 2010

Other –Voucher Approval

- 1) Accounts Payable 8/25/2010, 9/1/2010, 9/8/2010
- 2) Payroll 9/7/2010

Resolutions: Res 10-53 Lewis County Franchise Agreement

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

**Action Items:**

**Resolutions:**

Resolution 10-54 Marketing, Outreach and Employee Support Activities

**Commissioner Pickett moved to adopt Resolution 10-54 Marketing, Outreach and Employee Support Activities Commissioner Stearns seconded and all approved.**

**Information Discussion of Operations/Policy Issues:**

**Discussion of Revised Shutoff Procedures**

Staff presented written information and concerns regarding the current shut-off procedures and their recommendations for a revised policy. Management proposed modifying the procedure so that the Field Tech will no longer knock on a customer's door and accept payments in the field. All payments would be received only by a Customer Service Representative in person at the District office, either by phone or by internet. If a customer approaches the Field Tech while he is in the process of shutting off the water, the customer will have a brief period of time to make their payment by phone or internet and thus avoid having their water shut off. All customers who are on the dispatch list for disconnection will be charged a \$45.00 fee. Staff was directed by the Board to proceed with the proposed changes. Staff will present a Resolution at the next Regular Meeting for formal action by the Board. Notification to customers will be included with Late Notices and October disconnect notices in addition to door hangers which will be delivered to September disconnect customers by the Field Tech.

**Office Security**

Staff presented information and proposals for office remodels designed to improve office safety. The CFO proposed paying for the cost through the 2010 Reserves, she will also check with our insurance carrier to see if our policy will absorb some of the cost. Phase one addresses the office remodel, phase 2 includes a telephone monitoring system and security cameras. Staff received support from the Board to proceed with Phase 1; they will present a Resolution to the Board for formal consideration at a later meeting. Potential training for "hostile customers" or "difficult situations" was also discussed.

**Presentations**

**General Manager's Report – John Weidenfeller, General Manager**

The GM presented a written report. In addition he provided a synopsis of his meeting with the City of Olympia Public Works Director. Since the City of Olympia now owns the site where the Artesian Well is located, they would like to do their own water testing. There was discussion concerning the PUD's involvement with the well and the desire to see it maintained as a

community resource. The Board agreed that it was appropriate for the City to now take over those duties. The GM will follow up with the Public Works Director and a thank you letter to the Olympia City Council.

The GM asked the Board for direction concerning improved signage on the exterior of the building. Commissioner Pickett requested something more visible that people can see at the street corner and Commissioner Stearns requested words without the logo to avoid confusion with County offices. The GM will work on a design with the landlord. He will attend the WPUA manager's meeting on September 15<sup>th</sup> and is presenting three issues to the Commissioner's round table. Commissioner Stearns noted that he would also attend the Commissioners' Roundtable.

#### **Operations Manager's Report – Kim Gubbe, Operations Manager**

The OM presented a written report. She added that we had a bad sample at Evergreen Vista, which is a chlorinated system.

A sample from a managed system, Tempo Lake, contained arsenic levels of 20ppb, which is 2 times the MCL of 10ppb. She needs to do quarterly samples for a year before any decisions can be made about it – the Tempo Lake board has been notified about the sample. We will sample the other Tempo Lake well.

Certain challenges with the Land Yacht Harbor managed system may result in a recommendation to terminate our management agreement with them.

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

The CFO presented a written report.

#### **2011 Budget – Options, Discussion and Recommendations**

The CFO presented several budget options to the Board for consideration. Four options were included in the 2011 Budget Notes and she included a fifth option at the meeting. She noted that in order for the General Fund to balance she had to make major changes to how we allocate the shared costs; she shifted many costs previously accounted for in the General Fund to the Water Fund. She provided some information about several items within each budget option. The OM provided additional information about how she would use an added Operations employee and the CFO explained her vision of how she would employ an accountant.

The CFO requested direction from the Board about how they want to see the rates split between base rates and consumption rates. She explained that a higher base rate would give us a more stable revenue source, which would lead to a better bond rating.

Commissioner Pickett stated that due to the economy, he wants to shave down rate increases anywhere we can, he noted an important message to send to our customers is that we are doing everything we can to keep rates as low as possible. As far as hiring staff, he recognized that we haven't added staff for several years but wondered if we could phase in an employee part way through the year. He noted sizeable reserves in the Water account and wondered about one-time costs, such as the feasibility study and vehicle purchase, coming from reserves instead of rates. Another idea was instead of a COLA and Manager's salary increase, give a one-time COLA payment to employees in January also coming from Reserves instead of rates. He stated that he is

not in favor of changing the base rate structure as it would have the largest impact on our low-income customers.

Commissioner Stearns wants to move more towards the base charges and he does not have difficulty raising rates so long as we keep mindful of efficiencies and how to properly use employees to their full potential and how happy they can be staying with us. He stated that he thinks we take a lot for granted about our employees that want to always be here, and we should try to encourage employee longevity. As far as salaries, he would like to have a system that rewards meeting goals. He voiced support for raising base rates over time in a step manner; it is important to even out our revenues.

Commissioner Pickett wondered about including a certain amount of usage with the base rate. The CFO noted that rate trends have diverged from providing usage with the base charge as it does not promote conservation, we would also have to create a new charge for customers who are on stand-by. The Board and staff discussed lowering the thresholds for the lowest tier usage rates to offset the impact of increased base rates on the lowest volume users.

The CFO will provide preliminary rate information at the next regular meeting. On October 4<sup>th</sup> staff will present a budget to the Board. The final decision should be made on October 12<sup>th</sup>.

#### **Legal Report - Tom McDonald**

Mr. McDonald reported that he is still working on the lease agreement and that there is not any new information about the hydrant appeal issue. Several other cases of interest are still awaiting the decision of the Courts involved.

#### **Commission Reports**

##### **Commissioner Corwin's Report**

Commissioner Corwin was absent and excused from the meeting.

##### **Commissioner Pickett's Report**

Commissioner Pickett provided a written report.

##### **Commissioner Stearns' Report**

Commissioner Stearns did not have a report.

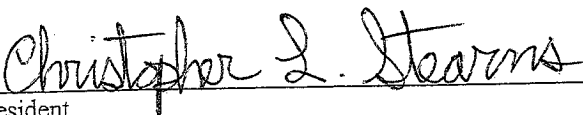
#### **Executive Session: Real Estate Acquisitions (RCW 42.30.110)**


**Commissioner Stearns moved to recess to an executive session for the purpose of real estate acquisitions and potential litigation which was expected to last approximately 23 minutes, and to return to the regular session when concluded. Seconded by Commissioner Pickett and all approved. Commissioner Stearns opened the executive session at 7:27 p.m. At 7:50 p.m. the executive session was extended for another 15 minutes. At 8:05 p.m. the executive session was extended for another 20 minutes. At 8:25 p.m. Commissioner Stearns closed the executive session and the Board returned to the regular session.**

**Assignments:**

1. CFO: check with insurance provider to see if our insurance will cover some of the cost of the office remodel.
2. GM will prepare a letter to the Olympia City Council regarding the Artesian Well.
2. GM: will work on a design for improved signage with the landlord.

**Commissioner Pickett moved to adjourn the meeting at 8:26 p.m. Seconded by Commissioner Stearns, all approved.**

  
\_\_\_\_\_  
President

Attest:   
\_\_\_\_\_  
Secretary

