

**MINUTES OF THE REGULAR MEETING OF SEPTEMBER 28, 2010
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The second regular meeting for September 2010 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday September 28, 2010, at 921 Lakeridge Way SW, Suite 201, Olympia WA 98502, commencing at 5:00 p.m. Commissioners Chris Stearns, Alan Corwin and Paul Pickett were present. Also present was John Weidenfeller the District's General Manager (GM), Kim Gubbe, the District's Operations Manager, Julie Parker, the District's Chief Financial Officer, and Jennifer Anderson, Clerk to the Board.

Commissioner Corwin called the general meeting to order at 5:15 p.m.

Approval of agenda:

The Board added an executive session after the Consent Calendar to address Real Estate acquisitions.

Public Comment

None

Public Comment on Ongoing Budget Hearing:

Consent Calendar:

Improvement Authorizations – None

Approval of Minutes: September 14, 2010

Prequalification of Contractors – Small Works Roster

Travel Approvals – None

Other –

Voucher Approval

1) Accounts Payable 9/15/2010, 9/22/2010

2) Payroll 9/20/2010

Approval for Commissioner Pickett's Attendance at an 11/17/2010 Water Rights Conference Addressing Investing in 21st Century Water Management in Seattle, WA

Resolutions:

Resolution 10-58 Organization Assignments Update to Resolution 10-03

Resolution 10-57 Contract with Balmelli Construction for Stillwell Street Water Main

Resolution 10-55 Policy Revision – Discontinuing Field Collection and Revision of Disconnection Procedures Main

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

Public Comment on Ongoing Budget Hearing: Commissioner Stearns opened the Public Hearing. No members of the public were present and so the Public Hearing was closed.

Commissioner Pickett moved to recess to an executive session for the purpose of Real Estate acquisitions which was expected to last approximately 20 minutes, and to return to the regular session when concluded. Commissioner Stearns opened the executive session at 5:20 p.m. At 5:40 p.m. the Board returned to the regular session.

Action Items:

None

Resolutions:

Resolution 10-56 Facility Improvements for Employee Safety

The Commissioners went to the third floor to see the space and after discussing the 3 options presented by staff they ruled out Option 1. The Board asked for more information about the cost to move to the 3rd floor (Option 3) before making a decision on either of the other two options. They would also like to have a 5-year lease if Option 3 is selected. The General Manager was directed to compile and analyze costs and bring a recommendation back to the Board.

Commissioner Pickett moved to table Resolution 10-56 Facility Improvements for Employee Safety. Commissioner Corwin seconded and all approved.

Presentations

Staff Presentations:

General Manager's Report: John Weidenfeller, GM

The GM presented a written report. He added comments about the Artesian Well: the City of Olympia is ready to move forward with their own testing. There will be celebration to acknowledge the public ownership of the community's artesian well and the PUD's involvement. The Board agreed that if Olympia was ready to take over testing, it was time for the PUD to leave the formal partnership.

On Wednesday, September 29, the GM will attend a DOH meeting on Class B water systems and may provide comment opposing the DOH proposal to eliminate some of the regulatory requirements for Group B systems serving up to 4 connections. He shared his reasons with the Board and they concurred.

He received the report from the Hearings Examiner regarding the Special Use Permit for the Tanglewilde Reservoir. We will need to work through landscaping mitigation to make it work; meeting with neighbors is one thing that needs to be done. Also, the Hearings Examiner made a change in Item 23 that conflicts with Item 24; Doug Eklund is working to resolve that without appealing.

The GM briefed the Board on the status of the Big Bird Trailer Park situation, and Commissioner Corwin asked the GM to follow-up with the owner before the final deadline.

Operations Manager's Report: Kim Gubbe, Operations Manager

The OM presented a written report. She added that she has resolved the issues with our managed system, Washington Land Yacht Harbor. She reminded the Board about the meeting on October 6th for the Stillwell Street project; it will be held in the Lydia Hawk school gymnasium. Commissioner Corwin will represent the Board at that meeting.

WinCo has requested water prior to the completion of several items that we require prior to delivering water. They have requested water by the end of this week or beginning of next week however, the easements and the Bill of Sale are not complete. They are asking for an extension to complete the easements and bill of sale. The Board was agreeable to a contractual agreement with a date certain to complete the missing items. Our attorney will draft an agreement. Commissioner Corwin requested that an extension agreement also include liability for any issues that may arise.

Chief Financial Officer's Report: Julie Parker, CFO

The CFO presented a written report. She explained that the proceeds from the Lathrop sale were not included in the balance of either fund because we had proposed to commit those funds to other purposes so she did not want to show it as available for appropriation for other things. Commissioner Pickett noted this is confusing and asked if there is any other way to book keep one-time receipts so they are easier to track. Commissioner Stearns requested information about our projected election expense with no one running against Commissioner Corwin and how the expense compares with the last contested election.

Information and Discussion of Operations/Policy Issues:

2011 Budget & Rates – Options, Discussion and Recommendations

The CFO presented updated options based on comments received from the Board at the last meeting. The current staff proposal is to increase rates 8.81%. She explained that the proposal includes funding for several items through reserves on a one-time basis and that doing so lowers the rate increase from 9.81% to 8.81%. She noted that cutting the CSR 1 position and adding the Accountant and Field Tech 3 positions are essential to maintain our service level and to keep us in compliance. The proposed budget also includes step increases for all eligible employees, a 0.5% COLA, a merit raise for the GM, and an increase to the Commissioner's compensation enacted by legislature.

Staff will prepare Resolutions to create new funds for equipment rental and replacement funds and facility acquisitions; staff will present these to the Board for consideration in October.

The Commissioners requested a new name for the line item 603.2: "County and State-wide planning") to include expenses for watershed planning, WPUA, TRPC, WWUC, RWA, NoaNet – any expense related to Commissioner activities with regional and statewide planning groups outside of core utility activities.

Staff will present a Budget Resolution to the Board at the Budget Hearing on October 4.

The GM expressed concern that there has not been any input from customers this year about the budget and he doesn't want staff or the Board to get blind-sided by customers saying they didn't know about the proposed rate increase. Last year we included an insert with bills outlining the proposed rate increase. This year customers were informed of the budget hearings and also that the budget and rate information is available on the web site.

Legal Report:

Tom McDonald, PUD Chief Counsel

Mr. McDonald reported that there is still no decision on the Jefferson County case or on the municipal water rights case. He offered recommendations about a resolution for higher GFC charges and rates for customers who are outside of the PUD service area – he will follow up with the GM. He has not received a response regarding the Maxvale water system; and he will start working directly with the owner.

He responded to a question from Commissioner Corwin concerning the Department of Ecology's proposed legislation and confirmed that DOE wants to charge a fee to people who have existing water rights and are proposing to institute a set fee per water right, certificate or claim. The Chief Counsel and the Board agreed that the current proposal discriminates unfairly against small utilities with many water rights, like the PUD, as compared to large utilities with few water rights, like a large city.

Information and Discussion of Operations/Policy Issues

Discussion – Spend up to \$1,500 for NoaNet Telecommunications Facilitated Risk Assessment and Feasibility Study

Due to the meeting running late, Commissioner Pickett asked to table this item to the next meeting. Commissioner Corwin seconded, and expressed his desire that the deliverable is substantive.

Commissioners Reports:

Commissioner Corwin

Commissioner Corwin did not have a report. He will attend the Stillwell Street Water Main public information meeting at Olympic View Elementary School on October 6, 2010.

Commissioner Pickett

Commissioner Pickett reported that he attended the WRIA11 Watershed Planning Unit meeting. He noted at the meeting that his name was dropped from their mailing list and that the items we had asked be included in the minutes had been omitted. The minutes were amended and the Planning Unit Chair apologized for the oversights. There was some discussion about the Ecology water rights fees report and proposal at the WRIA 11 meeting. Commissioner Pickett informed the Board that his employment with the State could be partially funded by the proposals being considered, and noted that he will recuse himself from any decisions the PUD Board may make regarding them. He also disclosed that he has started a paid position writing articles for the biweekly newspaper "Olympia Power & Light" He is currently working on an

article about the 5 County-wide contested election races and has been interviewing the candidates in preparation for his article.

Commissioner Stearns

Commissioner Stearns reported on his attendance at the WPUA Roundtable. The Telecom Committee primarily spoke about Chelan County in terms of their grant and how they implemented it. At the Board meeting, the rate structure was not changed but it did include a 26% increase to the PUD if none of the members, who have announced their withdrawal, rescinds their withdrawal. He also participated in a State DIS Department meeting in Grays Harbor regarding broadband.

Assignments:

GM: Get costs for move to the third floor.

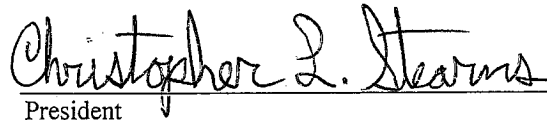
CFO: Get information about election cost

CFO: Change the name of line item 603.2 to "County and State-wide planning" to include expenses for watershed planning, WPUA, TRPC, WWC, RWA, NoaNet, and other regional and state planning activities outside core utility activities.

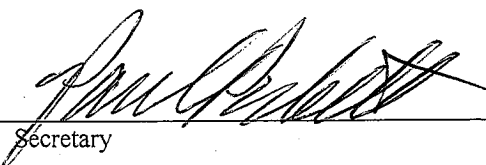
GM: Follow up with Mr. McDonald about higher GFC charges and rates for customers who are outside of the PUD service area

Staff : Prepare resolutions to create new funds for equipment rental and replacement funds and facility acquisitions

Commissioner Pickett moved to adjourn the regular meeting at 7:45??? p.m. Seconded by Commissioner Stearns and all approved. The meeting was adjourned.



President

Attest: 

Secretary

