

**MINUTES OF THE REGULAR MEETING OF OCTOBER 26, 2010
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The second regular meeting for October 2010 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday October 26, 2010, at 921 Lakeridge Way SW, Suite 201, Olympia WA 98502, commencing at 4:00 p.m. Commissioners Alan Corwin, Paul Pickett (arrived at 4:12 p.m.) and Chris Stearns were present. Also present were John Weidenfeller the District's General Manager (GM), Kim Gubbe, the District's Operations Manager, and Jennifer Anderson Clerk to the Board. Julie Parker, the District's Chief Financial Officer (CFO), was excused from the majority of the meeting to address other priorities.

Commissioner Stearns called the general meeting to order at 4:00 p.m.

Presentation:

Tanglewilde-Thompson Place Water System Improvements Update
Jerome W. Morrissette and Associates, Inc. P.S. Consulting Engineers
Mr. Morrissette and Doug Eklund, Project Engineer, presented an update to the Board regarding Tanglewilde-Thompson Place system improvements. They addressed the integration of the new wells with the system, the Stillwell Street project and the reservoir/booster station project that includes distribution improvements.

The Board recessed at 5:08 p.m. The meeting resumed at 5:20 p.m.

Approval of agenda:

The Board added an item to the agenda regarding the WPUDA annual meeting to follow the discussion item WPUDA Operating Committee Appointed Representatives. After reviewing an email from Commissioner Pickett, the Board agreed to remove discussion item Office Space from the agenda.

Public Information Meeting/Public Comment Period

None

Consent Calendar:

- Improvement Authorizations – None
- Approval of Minutes: October 12, 2010
- Prequalification of Contractors – Small Works Roster
- Travel Approvals – None
- Other –
- Voucher Approval
 - 1) Accounts Payable 10/13/2010, 10/20/2010
 - 2) Payroll 10/20/2010

Resolutions:

- Resolution 10-63 Lost Tax Revenues

Resolution 10-68 Adoption of Retention Schedules
Resolution 10-70 Establishment of Vehicle Replacement Fund
Resolution 10-71 Establishment of a Facilities Acquisition Fund
Resolution 10-74 Pleasant Valley #307 Leak Repair

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. Commissioner Corwin asked why South Bay Elementary has been on the to-do list for several months; he would like to get this item completed. The GM will follow up with North Thurston School District.

Commissioner Pickett asked if the GM needed further direction regarding the Beverly Beach concerns with our contract. The GM noted the issues they have raised require follow up with our legal counsel and our insurance pool, but may ask the Board to approve changes to the boiler plate contract for Beverly Beach.

Operations Manager's Report: Kim Gubbe, Operations Manager

The OM presented a written report. Commissioner Stearns asked for an indication as to the field staff duties that are not currently being performed due to inadequate staffing. It was noted that the new Field Technician III is expected to spend 70-80% of their time in the field and 20-30% of their time freeing up time of the OM so she can focus on other priorities. A projected break out of these duties will be provided in February.

Chief Financial Officer's Report: Julie Parker, CFO

The CFO presented a written report. Commissioner Stearns asked about the impact of the cool summer on our revenue. The CFO responded that revenues are slightly down from the same time period last summer but we have a higher customer and rate base than we did last year.

Action Items:

Resolutions:

Resolution 10-72 Contract Amendment with Robinson Noble for Hydrogeological Services

Commissioner Corwin moved to approve Resolution 10-72 Contract Amendment with Robinson Noble for Hydrogeological Services, seconded by Commissioner Pickett and all approved.

Information and Discussion of Operations/Policy Issues:

Report – Conservation Water Use Efficiency Report for Tanglewilde (OM Gubbe)

The OM acknowledged former Commissioner Gary Cooper's work in preparing the report. The report was prepared for the Board; it will also go in to the Water System Plan to comply with the

law. The Board expressed their thanks to Commissioner Cooper for providing this volunteer assistance to the PUD.

Discussion – PUD Lines of Business (Commissioner Stearns)

Commissioner Stearns introduced the topic and noted that he wanted to discuss the lines of business the Board wants to pursue before moving forward with any one option. Telecommunications, electricity and sewer were topics of discussion. The GM suggested the Board agree on a scope of work and open it up as a request for qualifications – see what kind of proposals come back with an opportunity to expand. There was not consensus on how to proceed. Commissioner Pickett suggested a facilitator to help the Board draft a request for qualifications. Commissioner Stearns expressed an interest in doing a feasibility study but only on things on which the Board agrees. Commissioner Corwin stated we need to think through on whom this will affect. Commissioner Pickett suggested that the Board proceed incrementally in a phased approach; a public opinion survey might be a good first step.

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

Commissioner Corwin does not want to spend any money on this until we have some idea of what the potential is; he wants to know what the market potential is before they are invited to make a presentation. The GM will get information from Kitsap PUD what they did before they got in to telecom and how much they paid for the public opinion poll they did. The GM will also notify NoaNet that the Board is still discussing the issue.

Discussion of Board Operating Procedures

Commissioner Pickett introduced the topic and advised the Board that he has spoken to Pete Kmet, Mayor of Tumwater, who offered to have the Tumwater City Administrator, John Doan, facilitate a meeting. Mayor Kmet had told Commissioner Pickett that Mr. Doan is willing and would next like to talk to the PUD's GM. Commissioner Corwin would like to have a better idea of scope; before bringing in a facilitator, we need to define what we want as an outcome. The GM will contact John Doan and ask for an example that was used for Tumwater; something the Board can use as a first draft to refine the process and goals before making a decision to ask him to facilitate. There was also discussion about setting the agenda.

WPUDA Operating Committee Appointed Representatives

The Board agreed on the primary and alternate members for the WPUDA Board and the Government Relations, Communications, and Water Committees. Commissioner Stearns agreed to be the primary representative on the Communications Committee, while Commissioner Corwin will be the alternate representative. The assignments agreed by the Board are attached. The GM will notify WPUDA of the appointments.

WPUDA Annual Meeting

The Board discussed the cost of sending a representative to the WPUDA annual meeting and the value of attending. No decision was made – the Commissioners will give this more thought.

Legal Report:

Tom McDonald, PUD Attorney

Mr. McDonald recently returned from a vacation. He reported there is a decision on the Jefferson County case, John Kounts sent a synopsis to the Board and Mr. McDonald provided his analysis to the Board.

Commissioners Reports:

Commissioner Corwin

Commissioner Corwin attended the WPUDA Budget Committee meeting and WPUDA Board meeting.

Commissioner Pickett

Commissioner Pickett did not have a report. He did mention that the Deschutes River TMDL sent an email with a link to a presentation by Thurston County staff on the Woodland Creek project; he encouraged the other Board members to look at the presentation.

Commissioner Stearns

Commissioner Stearns attended the WPUDA Board meeting and the Chehalis Partnership meeting.

Assignments:

GM: Ensure Tanglewilde Gantt Chart is color coded for PUD Board Action Items

GM: Follow up with North Thurston School District regarding South Bay Elementary

GM: Follow-up with Beverly Beach's proposed changes to SMA contract and advise Board when contract comes forward.

GM: Follow-up with John Doan to address which process he would use to facilitate a meeting and what deliverables would be

GM: Notify WPUDA of Committee Assignments

GM/OM: Provide scope of work for Field Technician III to Commissioners.

GM: Get information from Kitsap PUD regarding what they did before they got in to Telecommunications and how much the feasibility study cost.

GM: Contact John Done and ask for an example that was used for facilitating Tumwater Board procedures

Executive Session:

Commissioner Stearns moved to recess to an executive session for the purpose of Potential Litigation and evaluation of a public employee, which was expected to last approximately 30 minutes, and to return to the regular session when concluded. Seconded by Commissioner Pickett and all approved. Commissioner Stearns opened the executive session at 7:33 p.m. At 8:00 p.m. the executive session was extended for another 15 minutes. At 8:15 p.m. Commissioner Stearns closed the executive session and the Board returned to the regular session.

Commissioner Pickett moved to adjourn the regular meeting at 8:15 p.m. Seconded by Commissioner Corwin and all approved. The meeting was adjourned.

Christopher L. Stearns
President

Attest: Paul Hulet
Secretary

