

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

The second regular meeting for December 2010 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday December 28, 2010, at 921 Lakeridge Way SW, Suite 301, 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), and Cathy Skiles, Clerk to the Board. Kim Gubbe, the District's Operation Manager was excused because she is on vacation.

Commissioner Stearns called the general meeting to order at 5:08 p.m.

Approval of agenda:

Commissioner Corwin moved the approval of the agenda, Commissioner Pickett seconded, all in favor.

Consent Calendar:

Approval of Minutes: December 14, 2010

Prequalification of Contractors – Small Works Roster

3 Kings

Brumfield Construction

JAM Construction

JKA Enterprises

Sierra Santa Fe

Reliable Electric

Walker Specialty

SMA Contracts

First Addendum to Cedarwood Water System Management Contract

Travel Approvals

Other –

Voucher Approval

1) Accounts Payable 12/15/10, 12/22/10

2) Payroll 12/21/10

Resolutions:

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

Public Comment: none present

Commissioner Stearns made note that the Operations Manager is not present, she is on vacation.

Staff Presentations:

General Manager's Report: John Weidenfeller, GM

The GM presented a written report. GM John Weidenfeller also noted on the service outage we had at one system over the weekend (Friday, Saturday and Sunday), which was repaired

yesterday. He talked to the Commissioners about some of the communication challenges they faced and will be working on in the future.

GM Weidenfeller also followed up with the Big Bird trailer park today. He told the owner he had not seen the photos he had requested. He also asked the owner if he intended to comply with the letter they sent him in September, asking him to disconnect the intertie between the two trailer parks he owns. One trailer park is served by the Tanglewilde water system and the other park is served by the Shattuck water system. The owner of the trailer park said he did not plan to disconnect the intertie so GM Weidenfeller referred the issue out to our Attorney, Tom McDonald. They will have some recommendations for the Commissioners for the next meeting. Discussion continued regarding the history of the Big Bird trailer park.

Commissioner Pickett has asked GM Weidenfeller to add some kind of affirmative statement on the cover sheet for the Small Works Roster Applications. He would like to see something that states that staff has reviewed the application and recommends approval.

Operations Manager Report

The OM presented a written report. GM Weidenfeller also added that the Cornerstone Water System corrosion control has been installed. We will need to permanently chlorinate the system and will need to notify the customers. They have already been told that this will most likely happen and it should fit within the budget already approved by the Board.

The Pederson Place parts to complete the Corrosion control came in today and that project will be complete by the end of the week. CFO Julie Parker will compile the costs of installing the Corrosion Control and develop a surcharge to recover the costs. Discussion continued regarding corrosion control and what it does to the water.

Commissioner Corwin asked about who Mr. Fujimori is, who was referred to in OM Kim Gubbe's written report. GM Weidenfeller explained he is the property owner adjacent to the Tanglewilde property that we are building the new reservoir on. He built a fence in the right of way so the PUD is working with him to move the fence and address right of way issues.

Commissioner Stearns asked GM Weidenfeller if there have been any progress on new acquisitions. GM Weidenfeller stated our Attorney has done some good ground work on the system in the Yelm area and asked for some information from the Owners. GM Weidenfeller touched base with the Owners and they are still working out some issues. GM Weidenfeller will review the 2010 service area map and water systems for new acquisition. He hopes to target the ones in the Yelm area that Commissioner Corwin has pointed out to him. He also plans to target the privately owned systems since they are easier to acquire. GM Weidenfeller will also get service area maps for Lewis, Mason and Pierce Counties, if they exist. Commissioners Stearns explained that the "polygon layer" in GIS maps shows the property lines of the water system service areas.

Chief Financial Officer's Report: Julie Parker, CFO

The CFO presented a written report. Our costs are below 70% on the general side and 75% on the water side. He asked CFO Parker to explain why our costs are so low. CFO Parker explained that our purchased water costs are down on the water side, we achieved some extra savings by getting the Gaudio well on-line. Also the repairs and maintenance are way down. GM Weidenfeller added that they will see the acquisition of a portable generator in the forthcoming bills. This equipment and some other tools will let us perform some work we now contract out and help us keep repair costs down. Discussion continued regarding other line items that are significantly below the budgeted amount. The CFO noted there are some expense items that need to be accrued and included in the monthly report.

Commissioner Corwin requested a timeline for how we are going to approach a refinancing Bond. He wants to see the steps laid out. Commissioner Stearns confirmed that he would also like to see the timeline. GM Weidenfeller and CFO Parker will get the timeline to the Commissioners as soon as possible.

Commissioner Corwin commented that the number of late notices and disconnect notices that are mailed continue to increase. While the economy is difficult he asked staff to look into the numbers to confirm that there is not something else contributing to the increased number of delinquent accounts. Commissioner Pickett also pointed out that the number of actual disconnects significantly increased in November compared to October. All agreed this was due to the change in our field collection policy. Commissioner Stearns asked for information about the percentage of disconnect notices and disconnects as compared to the total number of customers billed. This way when he shows our numbers to the Legislators they can see what percent our customers are. CFO said a summary will be provided to the Commissioners.

Commissioner Corwin reported that the Lien Authority bill references low income and they are being asked to define low income. In the bill to allow PUD's to collect donations to help customers pay their water bill, Commissioner Pickett explained that they have not been asked to define low income. Most likely because there are agencies already set up to provide this service so the guidelines have already been set up.

Action Items:

Resolutions:

Resolution 10-79 Surplusing Equipment and Materials

Commissioner Corwin moved to approve Resolution 10-79 Surplusing Equipment and Materials, seconded by Commissioner Pickett seconded. Staff and Commissioners discussed the process to surplus the list of items. **All in favor.**

Resolution 10-80 Revocation of Resolution 10-67

Commissioner Corwin moved to approve Resolution 10-80 Revocation of Resolution 10-67 seconded by Commissioner Stearns and all approved.

Commissioner Corwin explained that he and Tom McDonald have been working together on the Lien Authority legislation. They have been able to address some concerns early which will improve the likelihood of the bill being passed.

Legal Report: **Tom McDonald, PUD Chief Legal Counsel**
Tom McDonald confirmed that one of the comments in the lien language that came in gave them an opportunity to really look at the bill and confirm that it fits well with other legislation. They revised the language of the bill to be in line with the Sewer and Water District language, and they addressed Clark PUD's concerns. He forwarded the language to Representative Hunt's office per Commissioner Corwin's request. Representative Hunt's staff believes they will have signatures by the end of this week.

The other piece of Legislation is when a house is sold the seller is required to disclose any outstanding bills. It may also include some language about what happens when the seller can not pay the bill. It is recommended that the Lien bill is kept separate from this bill.

The Ecology fee bill has been withdrawn. There are portions of the bill that are not fee related and those are still in place, including cost recovery for water right applications. Discussion continued regarding Ecology policies, ground water rights, exempt wells and the municipal water rights.

Information and Discussion of Operations/Policy Issues:

Discussion – 2011 Board Positions and Organizational Assignments

Commissioner Stearns opened the discussion regarding 2011 Board Positions and Organizational Assignments. The following committee assignments need to be removed from the list; Olympia Master Builders, Chamber of Commerce and EDC. Commissioner Stearns added that he attends Thurston Conservation District because it keeps him in touch with all three water sheds we serve in. The two others he thinks we should consider becoming involved with are the shellfish protection group and the Thurston Climate Action Team. He believes the shellfish protection committee is valuable for the PUD to be involved in. Commissioner Corwin said he believes being involved at an observer is a good idea, Commissioner Pickett added that if we were to get involved in sewer it would be important. Commissioner Stearns also added the TCAT (Thurston Climate Action Team) includes County Officials, prior Mayors etc. and that their focus is on saving energy, having a lesser carbon foot print, etc. He attends this meeting monthly. Commissioner Pickett noted that we had endorsed the TCAT process and continued involvement might be important.

Legislative Reception

Commissioner Pickett added this to the agenda because he wanted to make everyone aware of the luncheon for new legislators at noon on the 13th. There is still the annual Legislative Reception in the evening. He wanted to remind everyone to contact their Legislators and invite them to the receptions. Commissioner Pickett suggested at the PUD Commission meeting prior to the receptions they discuss items they would like to discuss with the Legislators.

Commissioners Reports:

Commissioner Corwin

Commissioner Corwin reported he continues to work on the lien authority bill.

Commissioner Pickett

Commissioner Pickett reported he will attend the TRPC meeting.

CFO Parker was excused from the meeting.

Commissioner Stearns

Commissioner Stearns suggested they assign an alternate to the Chehalis Partnership Group. He has attended the Chehalis Partnership.

Assignments:

GM: Provide and update to the Commissioners regarding the Big Bird water system.

GM: Add a cover sheet comment to the cover sheet for Small Works Roster applications that states, staff has reviewed the application and recommends approval.

CFO: Provide a timeline for the steps that need to be taken for Bond funding at the first meeting in January.

CFO: Provide the Board a summary of the no. of customers that are disconnects or shutoffs and what percentage those are of our total owned and managed systems.

Commissioner Pickett moved to recess the meeting at 7:30 p.m. until 8:00 a.m. the following morning to join the staff in a holiday gathering all approved.

The Board meeting adjourned at 9:00 a.m. on December 29, 2010.

Christopher L. Stearns 1/29/11
President

Attest: Paul Pickett 25 Jan 2011
Secretary

