

**MINUTES OF THE REGULAR MEETING OF AUGUST 9, 2011
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The first regular meeting for August 2011 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday August 9, 2011, at 921 Lakeridge Way SW, Suite 301, Olympia WA 98502, commencing at 5:00 p.m. Commissioners Chris Stearns, Alan Corwin, 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), and Cathy Skiles, Clerk to the Board. Kim Gubbe, the District's Operations Manager (OM) is on vacation and will not be present.

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

Approval of Agenda

Commissioner Corwin asked to move the Redistricting discussion to follow Donald Krupp's presentation on Redistricting. All agreed to the change, Commissioner Corwin moved approval of the Agenda, Commissioner Pickett seconded, all in favor.

Consent Calendar:

Approval of Minutes: July 26, 2011

Prequalification of Contractors – Small Works Roster

SMA Contracts

Correspondence:

Travel Approvals:

Other –

Voucher Approval

Accounts Payable 7/27/11 8/3/11 8/5/11

Payroll 8/5/11

Resolutions:

Res. 11- 32 Declaration of Emergency & Waiver of Competitive Bidding Requirements, C Muck 1

Res. 11-37 Revoke Resolution 11-06 Ballmelli Change Order

Commissioner Corwin moved adoption of the Consent Calendar, Commissioner Pickett noted that there had been minor changes to the minutes from the copy sent to the Commissioners on Friday, Commissioner Pickett seconded, all in favor.

Commissioner Stearns opened the Public Hearing at 5:12 p.m. There were no members of the public present for the Budget Amendment Hearing.

Public Hearing: Budget Amendment

CFO Parker summarized the Budget Amendment; a resolution will be presented later in the meeting for the Commissioner's review and decision. This is the first revision of the 2011 Capital Budget. Handouts were provided showing a detailed list of the requested changes.

There have been some additions and a couple of projects were removed from the original 2011 budget. The items removed may be rescheduled in the 2012 Capital Budget. CFO Parker provided a brief description of the changes and the reasons for making them.

Commissioner Stearns closed the Public Hearing at 5:17 p.m.

Discussion of Public Hearing Comments: No comments were made.

Redistricting Presentation: Donald Krupp, Thurston County Manager
GM Weidenfeller thanked Mr. Krupp, the Thurston County Manager, for attending the meeting to provide information on the redistricting process. The Thurston County Auditor wanted to be present tonight but she already had a commitment to make a presentation to the Tumwater City Council. Commissioner Corwin stated he did take his proposal to Mr. Krupp; he made it very clear that this was his personal proposal and in no way represented the Thurston PUD Board. GM Weidenfeller provided copies of the three sample maps to the Commissioners and large maps were posted on the walls.

Discussion regarding the changes in each sample and how they affect the different districts continued. The district maps are based on balancing population rather than registered voters.

Commissioner Stearns explained that when he talked to the Thurston County, he indicated that he prefers minimizing moving as many precincts as possible and welcomes comments from the other County and Port Commissioners. Commissioner Corwin stated he is pleased with the process so far. Commissioner Pickett stated Sample Map 3 is his first preference, sample 2 would be his second choice, and sample 1 would be his least favorite choice. Commissioner Stearns preferred in order: Samples 1, 3, and 2. Commissioner Corwin did not wish to state a preference.

GM Weidenfeller asked if GIS could add the Thurston PUD Class A water systems to the maps so the Commissioners can see where each water system is located within each district's boundaries. Mr. Krupp indicated that the GM could ask the County staff to prepare the maps for the follow-up meeting tomorrow. A joint meeting is scheduled for August 31, 2011 at 11:30 at the County for the PUD, County and Port Boards of Commissioners. After that meeting they will decide if they want to hold public meetings. GM Weidenfeller thanked Mr. Krupp and the County GIS and County Auditor staffs for being so helpful.

Action Items:

Resolutions

Res. 11-33 Relinquishment of Service Connection

Commissioner Corwin initiated this policy due to his concerns regarding foreclosure properties. Input from the other PUD's Resolution 11-33 was discussed, and Commissioner Corwin expressed his wish to table the resolution for discussion with the PUD Counsel and further consideration.

Commissioner Corwin made a motion to table approval of Resolution 11-33, Commissioner Pickett seconded, all in favor.

Res. 11-34 Authority for General Manager to Declare Emergencies

GM Weidenfeller introduced Resolution 11-34, he provided the Commissioners a copy of the RCW related to PUD's declaring an emergency.

Commissioner Pickett made a motion to table Resolution 11-34 until they can have Tom McDonald present to answer questions, Commission Corwin seconded, all in favor.

Res. 11-38 Change Orders Ballmelli Contracting Inc.

CFO Parker explained the Engineer withdrew the prior change orders and replaced it with a revised set. Resolution 11-37, passed on the consent calendar, revoked the earlier change order. The total of the change orders is \$ 23,425.33. Commissioner Stearns expressed his concerns regarding low bidders costing more because they initiate change orders. He would like to make note of this when the project closes out so it will be considered when the contractor bids on projects in the future.

Commissioner Corwin made a motion to approve Resolution 11-38, Commissioner Pickett seconded, all approved.

Res. 11-31 1st Revision to 2011 Capital Budget

Commissioner Corwin moved approval of Resolution 11-31, there was no public comment on this Resolution, Commissioner Pickett seconded. Commissioner Stearns asked if putting off the \$1.8 million desired for line repairs will cause any problems. GM Weidenfeller explained we hope at some point to find funding for these improvements in Tanglewilde but funding is not currently available so we recommend removing it from the capital improvement program (CIP). We will continue to seek funding and if we find it, will request adding it to the CIP.

All approved the resolution.

Presentation and Discussion of Next Steps for the Nisqually Planning Unit:

Guest: Justin S. Hall, Executive Director, Nisqually River Foundation

Commissioner Stearns mentioned to Mr. Hall that all three Commissioners have attended the Nisqually planning meetings and that he attends two other watershed planning meetings and will need to continue attending the TMDL meetings for another two years.

Justin Hall introduced himself; he gave a presentation on his study of future management and financing options for the Nisqually Watershed Planning unit The Board discussed the options, the role of the PUD in the planning unit, and their individual preferences among the options.

Staff Presentations:

General Manager's Report: John Weidenfeller, General Manager, submitted a report in writing. Commissioner Corwin will attend the September WPUDA meetings. Commissioner Pickett will defer going to the Water Workshop if Commissioner Stearns will attend. Commissioner Stearns agreed to attend.

GM Weidenfeller reported he and other managers received an e-mail from the General Manager of Grays Harbor PUD suggesting that, with the busy agenda the WPUA Managers Committee, which has served as a clearing house for the other WPUA Committees, all PUD GM's meet quarterly. He suggested the first meeting be held in October at Ocean Shores. Mr. Lovely also suggested inviting PUD General Managers who are not members of WPUA.

Commissioner Pickett noted that he had asked GM Weidenfeller to provide the other Commissioners a copy of the State Supreme Court decision regarding Kittitas County and water availability. Commissioner Corwin asked Commissioner Pickett if there is any follow-up or orders? He commented that the Hearing Board said that Kittitas County Planning was not adequate. Commissioner Pickett will try to find out what the remedy is.

Commissioner Pickett asked about the County Technical Utility Group. He suggested mentioning our progress to the Thurston County Commissioners since it was in our MOU with them. He would like to make them aware that we have started the work group. The Board's consensus was to wait until the first meeting has been set-up and then to send the County Commissioners a brief letter.

Operations Manager's Report: Kim Gubbe, Operations Manager – on vacation.

Chief Financial Officer's Report: Financial Variance Report (every 4th week's meeting)

**Information or Discussion of Operations/Policy Issues:
2012 Budget Discussion**

Commissioner Corwin made the following introduction to budget. First, he made comments regarding the Reserves noting there are two reserves and they should not be commingled. The Water Fund reserves should be used for shortfalls in revenue due to weather or unbudgeted repairs, etc. He asked for information on what the General Fund Reserves will be used for. He wants to make sure that if we move money from one area to another we address what was lost when we moved the money.

Commissioner Stearns noted that the General Fund is to benefit the County as a whole and not just limited to water operations. Commissioner Pickett agreed that when an expense comes up that is not budgeted and is paid from a specific reserve, it needs to be looked at very closely. With that said, the Commissioners were pleased with their ongoing strategic planning, goal setting, and prioritization and feel our process, with three budget options is good. The budget process is moving along and the GM noted there are a couple of pages of Commissioner's questions and direction staff will work on addressing in upcoming meetings.

Legal Report: No Legal Report

Commissioner Reports: Chris/Alan//Paul

The Commissioners provided an update on their ongoing activities and meetings.

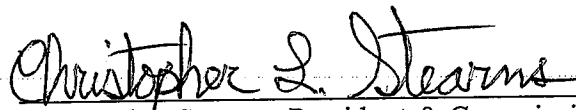
Summary of Assignments:

1. GM: Once the first meeting of the water purveyor technical work group has been set-up, draft a letter from the PUD Commissioners to the County Commissioners informing them of our progress.
2. GM and Board: Discuss tabled resolutions with the PUD Counsel.

None.

Executive Session: None.

Adjournment: Commissioner Pickett moved for adjournment at 8:50. Commissioner Corwin seconded and the meeting was adjourned.



Christopher Stearns, President & Commissioner

Attest:



Paul Pickett, Secretary & Commissioner

I SUPPORT THURSTON P.U.D. ²⁷ DOING A FEASIBILITY STUDY FOR PUBLIC ELECTRICAL DISTRIBUTION

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I SUPPORT THURSTON P.U.D.²⁸ DOING A FEASIBILITY STUDY FOR PUBLIC ELECTRICAL DISTRIBUTION

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