

**MINUTES OF THE REGULAR MEETING OF FEBRUARY 14, 2012
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The first regular meeting for February 2012 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday February 14, 2012, at 921 Lakeridge Way SW, Suite 301, Olympia WA 98502, commencing at 5:00 p.m. Commissioners Chris Stearns, Paul Pickett and Alan Corwin were present. Also present were John Weidenfeller, the District's General Manager (GM), Julie Parker, the District's Chief Financial Officer (CFO), Joseph Rehberger, Chief Legal Counsel and Cathy Skiles, Clerk to the Board. Kim Gubbe, the District's Operations Manager was excused from the meeting.

Commissioner Pickett called the general meeting to order at 5:00 p.m.

Commissioner Pickett opened the meeting with the Pledge of Allegiance.

Approval of Agenda:

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

Consent Calendar:

(5:04)

Approval of Minutes:

January 10, 2012

January 24, 2012

Prequalification of Contractors – Small Works Roster

Skycorp, Inc.

Oceanside Construction, Inc. SWR

Henkles and McCoy, Inc. SWR

Andy Johnson and Co.

SMA Contracts

Correspondence:

Request for Public Disclosure – Linda Osterman (1/31/12)

Request for Public Disclosure – Kevin O'Sullivan (2/1/12)

Request for Public Disclosure – Dan LaFreniere (2/10/12)

Request for Public Disclosure – Justin Kover (2/12/12)

Travel Approvals:

Other – 1/25/12 Declaration of Emergency & Waiver of

Competitive Bidding Requirements, Tanglewilde water system

2/11/12 Declaration of Emergency & Waiver of

Competitive Bidding Requirements, DWS Little water system

Voucher Approval

Accounts Payable 1/25/12, 2/1/12, 2/8/12

Payroll 2/6/12

Other: 2012 Prioritized Goals

Commissioner Pickett asked to pull and table the January 24, 2012 minutes because he has not had a chance to review them. Commissioner Stearns agreed. **Commissioner Stearns move to approve the Consent Calendar with the exception of the January 24, 2012 minutes. Commissioner Corwin seconded, all in favor.**

Public Comments:

Commissioner Pickett opened the Public Comment period.

Andrew Barkis – 5012 Raccoon Valley Road SE, Olympia – Spoke against the RFP - He is a local business owner and customer of PSE. He has a 100% green power business and an energy efficient certified business. He said it does not make sense to remove a company with 90 employees that has been of service Thurston County for over 100 years. They recently demonstrated they have the resources and ability to respond to a storm like we recently had.

Fran McNair – 2940 B Limited Lane, Olympia – Spoke against the RFP - She is the Executive Director of the Olympic Regency Clean Air Agency (ORCA). Puget Sound Energy has been a great community partner to help keep clean air in the community. PSE provides energy audits, provides information to use less energy and has a rebate program. They are asking people to use cleaner energy and PSE is working very closely with them to work with the community.

Commissioner Stearns asked Fran McNair what the agency is doing about Trans Alta just south of Thurston County. She explained the regulations and resources they are using to work with them.

Glenn Morgan – 17644 Old Highway 99 SW, Tenino – He provided a handout about the reclaimed water project that LOTT has at Hawks Prairie and all of the wells in the area it affects. He is concerned about the short term and long term effects of this project. Commissioner Stearns asked if he is addressing the correct group because the PUD is not currently involved in the sewer. He stated he is addressing everyone he can.

Brent Foster – 1910 Kempton St. SE, Olympia – Spoke against the RFP. He is an independent energy auditor. To have a start up company take over an established company such as PSE concerns him. He was out of power for days and when the crew hooked up the lines in his neighborhood, he found they were from Missouri. PSE had pre-planned their emergency response to make that happen. He is not against for-profit utilities.

Justin Kover – an Olympia resident – He spoke in favor of the PUD Commissioners overseeing the LOTT facilities. The voters of Thurston County would gain elected authority over their sewer district. It would also preclude the cost of implementing another elected board election and so forth.

Mark Soeteng – 7617 Young Rd. NW- Vice President of Operations for Potelco, who does the engineering, maintenance and construction for Puget Sound Energy. He came because he wants to dispel some rumors he has heard such as there is not a local work force. He assured them that Potelco does have a Manager who lives in Thurston County along with 34 unionized employees. He added that Potelco works throughout Western Washington for many companies and PUD's and Puget Sound Energy is a well run company. They are efficient and responsive to their customer needs.

Resolutions:

Resolution 12-04 Surplus Equipment

GM Weidenfeller stated this is a routine resolution requiring the Commissioner's approval to dispose of obsolete equipment to surplus. **Commissioner Corwin made a motion to approve Resolution 12-04, Commissioner Stearns seconded, all in favor.**

Resolution 12-05 Safety Clothing Reimbursement

GM Weidenfeller stated this proposal is a request to provide safety clothing, boots, for the employees. Currently the PUD does not provide reimbursement for boots; they are requesting reimbursement of up to \$200.00 every other year. This is a benefit Thurston County provides their Public Works employees.

Commissioner Corwin made a motion to approve Resolution 12-05, Commissioner Stearns seconded. Commissioner Corwin supports this resolution because he considers it a moral imperative. He can not imagine the PUD requiring employees to purchase specialized equipment to do their job. Commissioner Pickett asked if there are standards for safety boots and who sets those standards? GM Weidenfeller said he checked with the PUD insurance pool and they do not have a standard. He did research it more and felt that steel toed, ankle-high boots are a minimum requirement. Commissioner Pickett stated that he would like the staff to ensure that boots meet safety requirements before providing reimbursement. **All in favor.**

Resolution 12-06 Resolution and Proclamation Honoring Ed Stanley

Commissioner Pickett made a motion to approve Resolution 12-06, Commissioner Stearns seconded. Commissioner Corwin added that Ed Stanley was not only a former PUD Commissioner but also a leader with the Thurston Regional Planning Commission and a City of Tumwater Councilmember. Copies of the Proclamation will be sent to both agencies and his family. Commissioner Stearns stated Ed Stanley was not only a good friend and impacted many people. **All in favor.**

Information or Discussion of Operations/Policy Issues:

Draft Electrical RFP – Commissioner Pickett had requested comments from his fellow Commissioners and he received quite a few. He asked the Board if they would like him to proceed with another draft RFP to encompass the comments he received. If he continues to work on it he would like to stop calling it a feasibility study because there is a lot of confusion about that. Commissioner Pickett suggested calling it something like a business assessment.

Commissioner Corwin said he provided comments in detail. His concern is they have to be very specific about the RFP and watch the costs. Everybody he has spoken with says there will be a lot of up-front costs; it could be upwards of one million dollars before the PUD has one electrical customer. The PUD can not fund these types of expenses out of water revenues. The amount of tax dollars collected is modest and most of what is spent pays for election expenses. One option is to get authority to raise tax dollars and in this economic climate that would be problematic. The only other option is to borrow money which would be difficult because there are no assets for electrical.

Commissioner Stearns added that the issue of scale needs to be incorporated to the discussion of the RFP. While there are a lot of anxious people in the County for the PUD to take over providing electrical power in Thurston County, he would like to see a scaled approach addressed in the RFP. He wants to see something reflective of the size of the PUD.

Commissioner Corwin added that he hopes the Public understands that if this becomes a ballot measure and it passes, it simply authorizes the PUD to enter into the power business. It does not mean that PUD will go into the Power business. The authority expires ten years after it is given.

Commissioner Pickett added that if the PUD does not receive authority to be in the power business, there are there projects that can be done to partner with Puget Sound Energy in other ways. He would like to discuss this more at a future meeting.

The Commissioners authorized Commissioner Pickett to write up a revised RFP draft incorporating the comments he has received.

Presentation:

Staff Presentations:

General Manager's Report: John Weidenfeller, General Manager Updated GM Report

GM Weidenfeller provided the Commissioners an initial report in writing, and then he sent out an updated report.

We are requiring the contractor who is working on the reservoir project to re-do some work he did incorrectly. This will involve a shut down of some customers on the 20th.

The GM has been working with four communities who are interested in generators; he is working with a key person in each community. In the next few weeks, he will be sending out a survey to the customers of each system asking if they are willing to pay a surcharge to provide this non-health related upgrade to their water system. Commissioner Pickett asked if the added operation and maintenance time will be included in the surcharge, GM Weidenfeller stated that O&M costs would be absorbed in rates.

He provided a list of improvements that have potential funding that staff will be applying for the loans. If we do not get low interest loans or grants for these projects we will need to use our own capital funding.

Operations Manager's Report: Kim Gubbe, Operations Manager

An Operations Report was provided in writing and there were no questions from the Commissioners.

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

CFO Parker does not have a financial report other than the number of public records requests has increased. She provided the Commissioners with a log showing the status of requests; the ones highlighted in green are still outstanding. The regular financial report will be provided at the next meeting.

Legal Report: Joseph Rehberger, Chief Legal Council

Tacoma v. City of Bonney Lake Supreme Court Hydrant Decision

GM Weidenfeller had asked him to report on this. This addresses who is responsible for hydrant maintenance under this particular contract. The City of Tacoma has franchise agreements to serve water to the cities of Fircrest, Bonney Lake and Federal Way. The Judge has determined that under this particular agreement the City of Tacoma is responsible to maintain and repair the hydrants. This is strictly an interpretation of the contract.

Commissioner Reports:

Commissioner Corwin attended the WPUDA Telecommunications Committee meeting last Thursday. The discussion circulated around Representative McCoy's substitute bill. We need to understand how the legislative process works, part of this is educating the members and part of it is refining the language. This should be back in the next session; WPUDA staff and members will continue to work on this in the interim. Commissioner Stearns added that they have discussed this as being a potential new line of business.

Commissioner Stearns reported he attended the sustainability meeting; this was the last meeting of the Waste Section. They discussed meeting again this month to schedule public meetings to comment on their Sustainability Plan. He provided the Commissioners a copy of the code of ethics that Grant County had provided them. Since the PUD Commissioners are starting to review Board policy and procedures this would be good information for them. Commissioner Pickett added that staff is extremely busy and suggested Commissioner Stearns mark up the Grant County policies and bring to the meeting suggestions for Thurston PUD.

Commissioner Pickett noted that the Deschutes Plan is out for comment; the comment period ends on the 29th and was wondering if the PUD Commissioners want to comment. Commissioner Corwin will defer any comments to Commissioner Pickett since this is his area of expertise.

Commissioner Pickett attended the TRPC meeting on the 3rd. The Port gave a presentation on their Strategic Plan. The presentation is on the TRPC web site. There was an article in the paper that mentioned the Port is going to meet to discuss if they are going to rejoin the TRPC. Discussion continued regarding the presentation given regarding the aging population.

The cost of living reports came out and they stated that Olympia is 105% of the national average.

Commissioner Pickett adjourned the meeting for a five minute recess. They will reconvene for executive session at 6:45 p.m. and adjourn at 7:00 p.m.

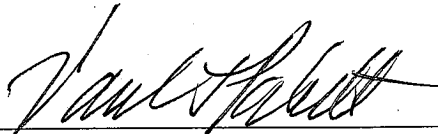
Executive Session: RCW 43.30.110(1)(c) & (1)(i)
Commissioner Pickett called the Executive Session to order to discuss potential litigation and potential sale of assets at 6:45 p.m.. The Executive Session was extended to 7:15 p.m. after making an announcement in the public area. Commissioner Pickett reconvened the General meeting at 7:15 p.m.

GM Weidenfeller requested permission to negotiate the sale of a water system, the Board gave him permission. Commissioner Stearns moved to approve, Commissioner Pickett seconded, all in favor.

Summary of Assignments:

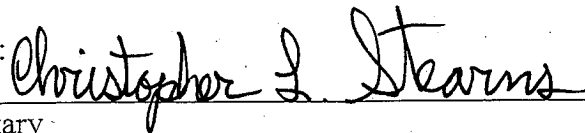
Adjournment:

Commissioner Pickett adjourned the General Meeting at 7:20 p.m.



President

Attest:



Secretary

