

**MINUTES OF THE REGULAR MEETING OF MAY 8, 2012
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The first regular meeting for May 2012 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday, May 8, 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 (OM), was excused; she is on vacation.

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

Commissioner Pickett led the Pledge of Allegiance.

Approval of Agenda:

Commissioner Pickett asked to remove the April 24, 2012 minutes from the Consent Calendar since they were published just yesterday. **Commissioner Corwin moved adoption of the agenda as amended, Commissioner Stearns seconded, all in favor.**

Consent Calendar:

Prequalification of Contractors – Small Works Roster

SMA Contracts:

Correspondence:

Request for Public Disclosure – Justin Kover 4/25/12

Request for Public Disclosure – Justin Kover 4/25/12

Request for Public Disclosure – Amy Tousley 5/2/12

Request for Public Disclosure – Robertson-Bryan, Inc 5/7/12

Travel Approvals:

Accounts Payable: 4/25/12, 5/02/12

Payroll: 5/04/12

Other: Change Order 2 to Reservoir Project

Commissioner Corwin made a motion to approve the Consent Calendar, Commissioner Stearns seconded, all in favor.

Commissioner Pickett opened the Public Hearing on the Cornerstone Surcharge Revision.

CFO Parker reported this Hearing was scheduled to take comments related to the proposed surcharge revisions on the Cornerstone water system surcharge. In 2010, the PUD implemented a surcharge of \$26.75 per customer per month to pay for improvements on the system for approximately 20 years. The costs of improvements were approximately one half of what was anticipated. Staff recommended reducing the surcharge to \$16.30 per month per customer for ten years. One comment was made by a customer; they asked to pay the amount in one lump sum to save on finance charges. The amount would be approximately \$1,580.00, and the CFO intends to allow this option. After considering Public Comments, a Resolution will be provided at the next meeting. The monthly rate will be reduced approximately \$10.00 per month and the duration of the surcharge will be ten years less. The system is built-out with fifteen connections. Both corrosion control and chlorination treatment were installed. All of the Department of Health requirements have been satisfied.

No Public Comments were made on the Cornerstone Water System Surcharge.

Commissioner Pickett closed the Public Hearing.

Public Comments:

Commissioner Pickett opened the Public Comment period.

No public comments were made

Presentation: Kirk Gibson – Energy Attorney

Mr. Gibson introduced himself, and offered to answer any questions the Board may have relating to getting into the electric business. Mr. Gibson stated he has been involved in five or six acquisitions of electric utilities. He has always worked for clients after a vote to authorize a PUD to move into the electrical business and not before the vote. He recommended the Commissioners leave the election alone and let the people decide. Should the citizens of Thurston County vote for an electric utility, he outlined the steps that would need to be taken to get into the electric business. A question and answer period followed.

Information or Discussion of Operations/Policy Issues:

Chehalis Basin Partnership Funding

Commissioner Stearns suggested the PUD step forward and participate in the funding of the Chehalis Partnership. They have one staff person. The Tribe, Thurston County, Grays Harbor County, and the Port have all stepped forward with funding. The PUD has been established as an equal partner. Their activities are very good in cleaning up the basin and involving the counties. He suggested the PUD fund somewhere between \$1,200 to \$1,500 to show our support of their work.

Commissioner Corwin said he can not support this. He does not question their good work, and it has nothing to do with the PUD activities. This will set a precedent; he does not believe the WRIA should be staffed with a full time employee. Staffing should be provided by a County.

Commissioner Pickett asked if this would be funding for 2012, and if there would then be another assessment in 2013. Commissioners Stearns explained the Partnership is applying for grants and the amount he recommended the PUD fund is just a small portion of the total funding needed. He anticipated this would be an annual assessment.

Commissioner Pickett explained WRIA's are set-up to look at watersheds in regards to supply, exempt wells, surface water, and water rights. He pointed out the PUD systems that are in the Chehalis Basin and stated it is very important to the PUD.

Commissioner Stearns made a motion to provide \$1,200.00 as a one time contribution to the Chehalis Basin Partnership in response to a request for support, Commissioner Pickett seconded. Commissioner Corwin stated the WRIA was established prior to the PUD being an operational PUD. One thing he has seen in government that he does not like, is when you establish an organization it is almost impossible to stop funding it. He indicated that what we have here is an organization with no funding and people who want to keep it going, and what happens is someone comes up with a reason to keep it going and hires staff. He stated that he feels the counties are perfectly capable of doing the WRIA planning and he does not support funding the Chehalis Basin Partnership and will not support the option. Commissioner Pickett added that the Board voted and decided to become a member of the Chehalis Basin Partnership knowing there would likely be a request for funding. Commissioner Stearns has reported this is an active and beneficial group. **Commissioner Pickett and Stearns voted in favor of dispensing a one time contribution of \$1,200.00 to the Chehalis Partnership, Commission Corwin voted against the motion.**

Action Items: None

Commissioner Stearns,

Here are the notes from the 1/10/12 meeting. If these notes do not capture what you are looking for please let me know. The recorder was not started until Commissioner Corwin moved approval of the agenda.

Thank you
Cathy Skiles

General meeting 1/10/2012

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

Commissioner Corwin I move approval of the consent calendar. Commissioner Pickett mentioned a couple things that were added since the agenda was sent out. I did get an e-mail about the feasibility study that I edited under correspondence. Also there was a Request for Public Records from Kevin O'Sullivan for various records; this is under the General Managers report. Commissioner Stearns seconded, all in favor.

Commissioner Stearns stated we currently have three officers each serving as President, Vice President and Paul has served as Secretary. These positions are normally rotated every two years. I have served two years as President and I am no longer interested in doing so any longer.

Commissioner Corwin said if Commissioner Pickett wishes to serve as President he will nominate him, Commissioner Stearns seconded, all in favor.

Commissioner Pickett and Stearns exchanged seating.

Commissioner Stearns nominated Commissioner Corwin as Vice President, Commissioner Pickett seconded, all in favor.

Commissioner Corwin nominated Commissioner Stearns as Secretary, Commissioner Pickett seconded, all in favor.

(Commissioner Pickett OK I am in control now)

We will have to get adjusted, welcome it is a new year. We have never had a turn out anything like this. Bear with me as I

Pickett, there were some cards circulated for written comment.

Fifteen people have signed up to speak.

Staff Presentations:

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

GM Weidenfeller provided a report in writing. He noted a few updates. The CFO and Operations Manager submitted nine Public Work Trust Fund Loan applications to Public Works Trust Fund Board for a total of 3.3 million dollars. These are for low interest loans over 20 to 30 years. Many of those are applications we did not receive funding for in the DWSRF loan applications.

The GM requested that Commissioners Corwin and Stearns get together on their travel to the WPUDA meeting and that they check-out credit cards if they have not yet done it. Commissioner Corwin commended staff for acquiring the State Drinking Water Revolving Fund loans.

On Thursday and Friday GM Weidenfeller will be attending emergency management training put on by AWWA. On Saturday, he will attend the Tempo Lake Homeowners Association Annual Meeting.

Operations Manager's Report: Kim Gubbe, Operations Manager

OM Gubbe provided a report in writing. There were no questions about her report.

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

Legal Report: Joseph Rehberger, Legal Council

Information or Discussion of Operations/Policy Issues:

Discussion of Selection Process and Review of Applications for Interim District No. 1 PUD Commissioner GM Weidenfeller reported that on April 30th we received six applications to fill the Interim District No. 1 PUD Commissioner position. All applications were complete and provided the information requested. Copies of the applications were sent to the Commissioners. Copies are available to the Public as a public record. He noted that at one of the Commissioner's previous meetings, they had discussed doing the interviews during the afternoon. The concept is that the interviews will last 20 minutes each, the first 5 minutes the candidates will be able to say what they want to the Board. In the last 15 minutes, the Board will be able to ask the candidates questions. The interviews will be held before the next meeting. Our legal Counsel has advised us that the position can not be filled, or an applicant selected, until Commissioner Pickett's resignation is official, June 1, 2012. The Commission has decided to hold their first June Board meeting on June 5, 2012. The selection will be announced at the meeting of June 5, 2012.

Commissioner Pickett asked if the Commissioners want to interview all six applicants. Commissioner Stearns was not in favor of interviewing all six applicants. Commissioner Corwin would like to interview all six applicants for the appearance of fairness. Commissioner Pickett is reluctant to cast the tie breaking vote. Commissioner Stearns stated that the Board previously discussed their reluctance to interview candidates running for the permanent position. Commissioner Corwin responded that he is going to pick the best person, even if that is someone who has filed to run for the position. Commissioner Stearns agreed to interview all of six individuals who submitted an application.

GM Weidenfeller stated the Commission Agenda Bill on this subject in the agenda packet proposes the Board interviews the applicants on Tuesday May 22, 2012 beginning at 1:30. He asked the Commissioners to each provide him two questions. The Commissioners will hold an Executive Session on June 5, 2012 to select the individual to fill the District 1 Commission seat vacated by Paul Pickett. The

decision will be announced when they adjourn the Executive Session and go back into Regular Meeting, on June 5. The new Commissioner will be sworn-in and the meeting will proceed.

Executive Session: No Executive Session

Commissioner Reports:

Commissioner Corwin reported that he and Commissioner Stearns were both at the Democratic County Convention. He explained to the body that the PUD will take no position at all on the Initiative. All the other issues floating around are irrelevant until the people decided whether or not to grant the PUD Commission the authority to provide electrical service.

Commissioner Stearns reported that in the previous month the TMDL did not meet. He attended a Chehalis Basin Partnership meeting. Groundwater was of great concern, especially modeling. They are focusing on trying to keep the farms financially stable. The Commissioners discussed fish farms and how their waste can affect the groundwater.

Commissioner Stearns attended the TRPC. The Group, and the Chair, sent their best wishes to Commissioner Pickett.

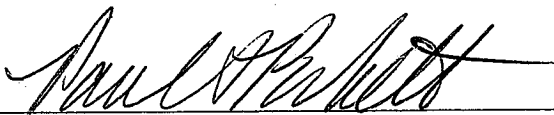
Commissioner Stearns would like to discuss the Commissioner assignments at a future meeting and how they are affected by Commissioner Pickett's leaving. Commissioner Stearns proposed that he become the Primary Delegate for the TRPC meetings. He proposed the new Commissioner serve as the Alternate Delegate to the TRPC and as the Primary Delegate to the Chehalis Basin Partnership since part of District 1 falls in the watershed. The other decision will be to assign a lead Commissioner to the TMDL.

Summary of Assignments:

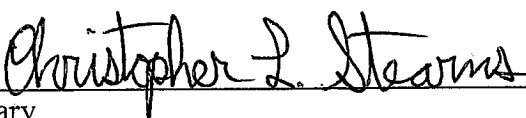
1. GM Weidenfeller make note to Chehalis Partnership the payment of \$1,200 is a one time contribution. Future contributions, if any, will be decided in future budget processes.
2. Notify the candidates for the Interim District 1 Commission position of the interview schedule.
3. Commissioners Corwin and Stearns each provide two interview questions to the GM for the Interim Commissioner interviews.

Adjournment:

**Commissioner Corwin made a motion to adjourn the meeting at 7:30 p.m.,
Commissioner Stearns seconded, all in favor.**



President

Attest: 

Secretary