

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

The first regular meeting for July 2012 of the Commissioners of Public Utility District No. 1 of Thurston County was called to order on Tuesday July 10, 2012, at 921 Lakeridge Way SW, Suite 301, Olympia WA 98502, commencing at 5:00 p.m. Commissioners Alan Corwin, Chris Stearns and Jim Lazar were present. Also present were John Weidenfeller, the District's General Manager (GM), Julie Parker, the District's Chief Financial Officer (CFO), Kim Gubbe, the District's Operations Manager (OM), Joseph Rehberger, Chief Legal Counsel, and Cathy Skiles, Clerk to the Board.

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

Commissioner Corwin led the Pledge of Allegiance.

Approval of Agenda:

President Alan M. Corwin asked for a motion to approve the agenda. Commissioner Lazar asked to add a discussion item to address informal discussion among the Commissioners. Commissioner Lazar also asked to add discussion regarding the business assessment study and the public records requests associated with it. **Commissioner Lazar made a motion to approve the agenda as amended, Commissioner Stearns seconded, all in favor.**

Consent Calendar:

Approval of Minutes: June 19, 2012

Prequalification of Contractors – Small Works Roster

SMA Contracts: Webster Hill Water System

Correspondence:

Travel Approvals:

Accounts Payable: 6/20/12, 6/27/12

Payroll: 6/20/2012, 7/5/2012

Other: Change Order No. 4 to Tanglewilde Reservoir and Booster Pump Project
Change Order No. 5 to Tanglewilde Reservoir and Booster Pump Project
Contract, Brockington & Associates

Commissioner Stearns made a motion to approve the Consent Calendar, Commissioner Lazar Seconded, all in favor.

Public Hearing:

None

Public Comments:

None

Action Items:

Business assessment, public requests – Commissioner Lazar stated the PUD has received a preliminary draft business assessment from the Consultant. The PUD has received two public requests for the draft document. Commissioner Stearns explained they expected the document by the end of June and they did not receive it until July 8th. The Commissioners have not had time to thoroughly evaluate the draft study. Commissioner Corwin proposed releasing the draft in the interest of full disclosure, with the explanation that there are errors and omissions and the Commissioners will not approve the study until it has been revised. Commissioner Lazar agreed, noted the Public

Records Act allows the Commissioners to withhold some of the information, however, since the citizens of Thurston County are paying for the study he agrees it should be released to the public. He does not see anything in the draft that would be harmful to the PUD and its existing customers. He also asked that those who receive a copy of the draft provide timely feedback if they have comments so the Commissioners can consider their comments. Commissioner Stearns added the Commissioners requested the study as a majority; all the details they asked for have not necessarily been included. All the Commissioners were in favor of releasing the report.

Resolutions:

None

Information or Discussion of Operations/Policy Issues:

Strategic Priorities, Goals and Objectives – GM Weidenfeller has worked with CFO Parker and OM Kim Gubbe to recommend the proposed 2013 Strategic Goals and Priorities.

Commissioner Corwin asked to revise item No. 6 to state if the public authorizes Thurston PUD to go into the electrical business it will be a high priority, if they do not authorize it will become a low priority. Telecommunications is an issue but until it is worked through the legislature, it is still a low priority.

This item will be on the next agenda.

The Commissioners will hold a workshop prior to a future General Meeting to discuss the advantages of multiyear rates

Projected Agenda - Discussion – The projected agenda was provided to the Commissioners to lay out a schedule for the 2013 budget process. Commissioner Stearns asked to add a workshop with the goal of exploring multiple year rates while Commissioner Lazar is serving with us on this Board. Add a workshop to to the 2012 Strategic Goals and Objectives.

GM Evaluation Process – Tabled until the next meeting.

Staff Presentations:

General Manager's Report:

John Weidenfeller, General Manager provided a report in writing. GM Weidenfeller added that CFO Parker will be on vacation from 7/16/12 through 7/27/12. We have trainers from Springbrook working with office staff; CFO Parker has coordinated the Springbrook software upgrade.

GM Weidenfeller reported that Dean Stohl, who owns the property the Covington well site property is on, agreed to provide the easements we need to build the arsenic treatment plant. In response to an inquiry from Commissioner Lazar, GM Weidenfeller explained that the PUD has worked with the project's engineer, the City of Lacey and LOTT to find the best treatment for the system. CFO Parker added that we have a loan lined up for the completion of the project.

We have been working on mapping of our water systems in Pierce County. Ron Funderburk is working on getting the GIS maps updated.

We have made an offer that was accepted and Brad Chatwood will fill the Field Technician 1 position. He will be starting on 7/23/12. He has worked for the Cities of Yelm and Lacey.

GM Weidenfeller and OM Kim Gubbe met with a developer and the developer's engineer, Steve

Hatton, to discuss a proposed 170 unit multifamily housing complex in Tanglewilde. GM Weidenfeller explained to them our facility charges and that we give approximately 58% of the fees to the City of Olympia. He is working with staff to evaluate the current facility charge. OM Gubbe updated the Commissioners on the status of the Tanglewilde projects.

The next Thurston County Water Utility Purveyor meeting has been scheduled for August 16, 2012.

Operations Manager's Report: Kim Gubbe, Operations Manager

Commissioner Lazar asked about the Cedarwood water system, a system we manage as an SMA contract. Staff explained that there are currently 59 connections and 6 who can not be connected due to inadequacies. The work will be a total water system rebuild and the cost of improvements is expected to be \$500,000.

Chief Financial Officer's Report: Financial Variance Report (May 2012 – usually every 4th week's meeting) – Commissioner Corwin asked how revenues are looking versus projections. CFO Parker stated they seem to be on track.

Commissioner Stearns explained that the concept of satellite management agency (SMA) as a tool to acquire systems has not been useful in acquiring water systems. He said this would be a good time to re-evaluate our acquisition process. GM Weidenfeller stated that as a rule of thumb, he has directed OM Gubbe not to take on new SMAs.

Commissioner Reports:

Commissioner Corwin has no report at this time; he will have reports at the next meeting after attending the WPUA meetings in Leavenworth.

Commissioner Stearns and Lazar attended the WPUA Water Committee meeting. There was discussion about what will be coming-up in the next legislative session. Commissioner Lazar reported on the presentation regarding the Public Works Trust Fund loans. DOH gave a presentation; due to budget cuts they may abandon the regulation of the small water systems. Commissioner Stearns added that while small water systems are a good percentage of our mix, statewide, small systems represent a minority of the total customers served. The majority of citizens are served by large water systems.

Legal Report:

Joe Rehberger, Legal Counsel, provided a copy of the Jefferson County lawsuit regarding taxation and the use of the funds and discussed the case.

Commissioner Corwin explained the property tax assessment and what the funds are used for. He asked that staff provide the Board with the percentage and a description of the tax.

Informal discussion:

Commissioner Lazar noted that after meetings have been adjourned, he has seen Commissioners have discussions with members of the audience. He suggested that the meetings be adjourned by the last Commissioner leaving the room. As long as there are two Commissioners in the room, the meeting should be in session. Commissioner Lazar also mentioned that they can not require members of the audience to sign in or verbally identify themselves. He explained that we can ask people to sign-in and that if they wish to sign-in, they may. If individuals wish to speak they may be required to sign-in and identify themselves. He asked that the Sign-in Sheets be updated.

Executive Session: None Planned

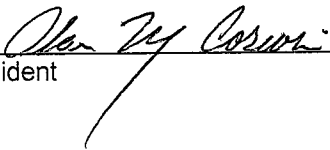
Summary of Assignments:

1. Update the 2012 and 2013 Strategic Goals and Priorities with the Commissioners input for the next meeting.
2. Schedule a Special Workshop to address the advantages or multiyear water rates.
3. Release the Business Assessment to the public that requested it under State records management law.
4. Provide the Commissioners with the description of the size and description of the Thurston County property tax fee.
5. Amend the Sign-in sheet.

Adjournment:

Commissioner Lazar made a motion to adjourn at the point that there is only one Commissioner in the room. Commissioner Stearns seconded, all in favor.

The meeting adjourned at 7:50 p.m.



President

Attest: 

Secretary