

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

The first regular meeting for August 2012 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday, August 14, 2012, at 921 Lakeridge Way SW, Suite 301, Olympia WA 98502, commencing at 5:00 p.m. Commissioners Alan Corwin and Jim Lazar were present and Commissioner Chris Stearns called into the meeting and was on speaker phone. 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 to remove Resolution 12-13 from the agenda because Commissioner Stearns has asked to review the suggested changes. Commissioner Lazar asked to move Public Comment ahead of the Consent Calendar for this meeting and all future meetings. The reason is in the event someone from the Public wants to comment on something on the Consent Calendar, it would be best to hear the comments prior to taking action. There were no objections. Commissioner Lazar added at a prior meeting the Commissioners discussed the possibility of creating a fact sheet or taking a position on the ballot issue and he would like it added to the agenda. Commissioner Corwin asked to have the item removed from the agenda because he is against taking a position on the ballot issue. Commissioner Stearns concurs that the PUD Board should not take a position; he would like to discuss publishing a fact sheet. **Commissioner Lazar moved adopting the agenda as amended, Commissioner Stearns seconded, all in favor.**

**Public Comment: None**

**Consent Calendar:**

Approval of Minutes: July 24, 2012

Prequalification of Contractors – Small Works Roster

SMA Contracts:

Correspondence:

Travel Approvals:

Accounts Payable 7/25/12, 8/1/12, 8/8/12

Payroll: 8/6/12

Other:

Change Order 6 Tanglewilde Reservoir and Booster Pump Station

**Resolutions:**

- Resolution 12-16, DWSRF Loan for DWSRF Loan Approval for Sward & Platt Water Systems into a Class A System
- Resolution 12-17, DWSRF Loan Approval for the Garden Acres Water Systems into a Class A System
- Resolution 12-18, DWSRF Loan Approval for Terry Lane Water System Booster Pump Upgrades
- Resolution 12-19, DWSRF Loan Approval for Lew's 81<sup>st</sup> Water System Improvements, Water System Plan, and Consolidation of Class B Water Systems
- Resolution 12-20, DWSRF Loan Approval for Covington Arsenic Treatment

Commissioner Lazar asked to remove the minutes of the July 24, 2012 meeting to make a couple of revisions.

**Commissioner Lazar made a motion to approve the Consent Calendar as amended, Commissioner Stearns seconded, all in favor.**

Commissioner Lazar asked for two minor changes to the minutes of the July 24, 2012 meeting. First, on page 6 Commissioner Lazar stated added the plan used an old forecast, it should read Commissioner Lazar added that the sustainable Thurston process used an old forecast. The second change is the statement Commissioner Lazar attended the TRPC meeting. It should be changed to say he will attend the September TRPC meeting. **With those corrections Commissioner Lazar made a motion to adopt the minutes of the July 24, 2012 minutes, Commissioner Stearns seconded, all in favor.**

**Public Hearing:** None

**Action Items:**

Approve Strategic Priorities, Goals and Objectives - The Commissioners have all reviewed and discussed the Strategic Priorities, Goals and Objectives at prior meetings, there were no changes or discussion. Commissioner Corwin read a summary of the Strategic Priorities, Goals and Objectives to the Public in attendance. **Commissioner Lazar made a motion to approve the Strategic Priorities, Goals and Objectives, Commissioner Stearns seconded, all in favor.**

**Resolutions:**

**Resolution 12-15, Property Tax Policy** – Commissioner Corwin noted this resolution states it is the policy of this PUD that they will not use tax revenues for acquisitions. Currently the PUD has a tax levy of less than one cent per thousand dollars, this equals approximately \$2.40 on a property valued at \$250,000. To increase the levy amount it would require a vote of the people. This puts to rest the idea that the PUD would raise taxes to make acquisitions. **Commissioner Lazar made a motion to approve Resolution 12-15, Property Tax Policy, Commissioner Stearns seconded, all in favor.**

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

Discussion - Initial Proposed Budget – CFO Parker does not have a budget to present at this time; the discussion was placed on the calendar earlier in the year to lay out a plan for the budget.

As part of the bond process, the PUD prepared a strategic budget projecting a 2% to 3% increase in revenue each year. CFO Parker provided a copy of the strategic budget prepared with the assistance of a financial advisor used in the bond process. The strategic budget is for discussion only, it is the beginning process. She also noted that a preliminary asset management plan will be completed in the fall. Part of the strategic budget process is to set multi-year rates; a workshop has been scheduled for August 28<sup>th</sup> before the next general meeting.

The strategic goals have impacted the budget. CFO Parker provided a report requested by Commissioner Corwin, to justify the goal of hiring a CSR full time. In five years of operation there has been little change of staffing, especially in the customer service area, in spite of the growth and additional services provided in that area. The biggest is the change in operating revenues from 2007 of 1.4 million to 2012 budget revenue of 2.2 million. The number of customers in 2007 was 2,969 the current count we are operating 4,239 customers. We started with a staff of 10 and we now have 12.1 staff members; we also have 2 part time people in that figure. CFO Parker will bring the Commissioners a list of the services that have been added and the increasing number of customers using those services. The accounting duties were expanded in 2011, one employee was doing 50% customer service and 50% accounting, we hired an accountant who is performing duties that are 75% accounting and 25% customer service. The accounting function has increased due to the reporting requirements of the loans taken on. GM Weidenfeller added that the customer service section will also be taking on the low income program administration that was estimated at 50% of a full time employee. Commissioner Lazar added the proposed water conservation program will not come on board time free. Commissioner Stearns asked if relieving the field staff from collecting payments in the field caused more work for the office staff. CFO Parker said it had and when payments were being collected in the field there were 20-25 customers being disconnected, currently there are 35-40 customers being disconnected, and this has increased phone volume, payment processing and dispatching of reconnects.

Commissioner Corwin questioned the value of implementing the low income program. He does not want to burden the customers with the cost of implementing and running the program. Commissioner Stearns agreed with Commissioner Corwin but added that the program could reduce the time spent collecting from customers. The Commissioners will discuss this in more detail. Commissioner Lazar stated that staff needs guidance on whether to base the preliminary budget on 12.1 FTE's or 12.4 FTE's.

The current CPI-U for June is 1.2%, CFO Parker would like input on whether the Commissioners would consider a COLA increase to employees. Commissioner Stearns added that many costs have increased at higher rates than 1.2% that have to be considered. CFO Parker

added another driving force in the budget is the required updated of the Part A Water System Plan estimated at \$50,000. Additionally, the Commissioners have approved several DWSRF loans so the cost of debt service will increase. We also have 11 Public Works Trust Fund loans that are expected to be approved in 2013; these loan projects will require tracking so she is proposing the acquisition of project management software. The Board's water conservation program recommendations are expected to increase that budget from \$2,000 to \$3,500. The budget will include the acquisition of two vehicles for approximately \$70,000. There is a proposal to purchase heavy equipment and the handheld devices purchased in 2005 need to be replaced.

CFO Parker will provide more numbers and information at the next meeting.

#### **Discussion - Average Rate Impact**

Since a preliminary budget has not been prepared and the rates are budget driven, this discussion will be held at the next meeting.

#### **Discussion of the Fact Sheet**

Commissioner Lazar stated he is seeing a lot of sloppy information about the ballot measure, and he is seeing it on both sides. There is a real benefit to this PUD to put together a simple fact sheet. He noted that there is a limit to what we know; a future Commission will be making decisions should the PUD been given electric authority. Someone needs to provide unbiased information.

The Commissioners discussed when a fact sheet should be published and how it will be circulated. Commissioner Lazar suggested the Commissioners work with staff to prepare a fact sheet over the next two meetings. GM Weidenfeller will work with Commissioner Lazar on drafting a fact sheet and will send it out to the Commissioners so they can discuss it at the next meeting.

#### **Staff Presentations:**

##### **General Manager's Report:**

John Weidenfeller, General Manager

GM Weidenfeller provided the Commissioners a report in writing. He reminded them on Thursday evening August 16<sup>th</sup>, 5:00 p.m. is a retirement party for Steve Skiles, and the Commissioners are invited to attend. GM Weidenfeller provided a supplemental report to the Commissioners. A menu for meals between the next two workshops and meetings was provided. He also provided information regarding the WPUA meetings in Ellensburg. A new projector is scheduled to be installed in the Commission Chambers by the end of the month.

Operations Manager's Report: Kim Gubbe, Operations Manager

OM Gubbe added that the old reservoir is down and no longer standing, she has some video of the demolition. She is looking at a new phone service. The Districts current service provider, Nextel, is getting harder to use for effective cellular communication. Commissioner Corwin asked about the Friendship water system transition. OM Gubbe explained the water system sits

in the middle of the City of Lacey; the PUD has been managing the water system for the HOA. They have decided to hook up to the City of Lacey due to the age and condition of their infrastructure.

Chief Financial Officer's Report: Financial Variance Report – 2<sup>nd</sup> Quarterly Report  
CFO Parker provided the Commissioners financial information via e-mail. Commissioner Lazar asked about the Engineering budget, at what time will there be an amendment to the budget. CFO Parker anticipates November; some overages are allocation issues that will be corrected.

**Commissioner Reports:**

Commissioner Stearns attended a Chehalis Partnership meeting; they will not meet this month but will meet again in September.

**Legal Report:** Nothing new to report

**Executive Session:** Not Applicable

**Summary of Assignments:**

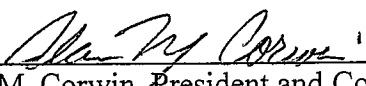
Move public comment before approval of the Consent Calendar on all future agendas.

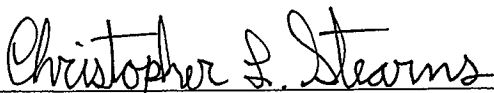
On a future agenda, add Commissioner discussion about developing a fact sheet on the ballot issue.

Draft a fact sheet regarding the ballot measure

**Adjournment:**

**Commissioner Lazar made a motion to adjourn once only one Commissioner was present, Commissioner Corwin seconded, all in favor.**

  
\_\_\_\_\_  
Alan M. Corwin, President and Commissioner

Attest:   
\_\_\_\_\_  
Christopher Stearns, Secretary and Commissioner