

MINUTES OF THE REGULAR MEETING OCTOBER 23, 2012  
OF  
PUBLIC UTILITY DISTRICT NO. 1  
OF  
THURSTON COUNTY, WASHINGTON

The second regular meeting for October 2012 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday, October 23, 2012, at 921 Lakeridge Way SW, Suite 301, Olympia, WA 98502, commencing at 4:00 p.m. Commissioners Chris Stearns, Alan Corwin and Jim Lazar were present. Also present were John Weidenfeller, the District's General Manager (GM), Julie Parker, Chief Financial Officer (CFO), Kim Gubbe, the District's Operations Manager (OM), Joseph Rehberger, Legal Counsel, and Cathy Skiles, Clerk to the Board.

Commissioner Corwin called the meeting to order at 4:00 p.m.

Pledge of Allegiance: All

**Commissioner Corwin made motion to reverse the order of Information or Discussion of Operations/Policy Issues. He asked to discuss the Out-of-County Rate or Surcharge Increases prior to discussing the full-time CSR – Customer Service Functions. Commissioner Lazar added a motion to move Public Comment prior to the Consent Calendar. All in favor.**

**Commissioner Lazar made a motion to adjourn the Regular meeting to go into Executive Session for the purpose of evaluating a Public Employee pursuant to RCW 42.30.110 (g). Commissioner Corwin stated the meeting is expected to last 55 minutes until 5:00 p.m. Commissioner Stearns seconded, all in favor.**

**Commissioner Corwin closed the Executive Session at 4:55 p.m. and they took a short break.**

**Commissioner Corwin called the General meeting to order at 5:03 p.m.**

**Commissioner Corwin called for a motion to approve the Consent Calendar. GM Weidenfeller asked for a motion to authorize GM to place two (2) vehicles on order for 2013 due to a state GSA increase in the cost of a base model increasing by \$1,000 if not ordered by November 1. Commissioner Lazar made a motion to approve the Consent Calendar as amended, all in favor.**

**Consent Calendar:**

Approval of Minutes: October 9, 2012 Meeting  
Prequalification of Contractors – Small Works Roster  
SMA Contracts:  
Correspondence:  
Travel Approvals

Accounts Payable: 10/10/12, 10/17/12

Other:

Resolutions:

Other:

Interlocal Agreement with Thurston County for SMA Management of the Tilley Road and the Emergency Operations Center Water Systems

Authorize the GM to place two (2) vehicles on order for 2013 due to State GSA cost of ordering the base model rising by \$1,000 for any vehicles not on order by November 1, 2012.

Commissioner Stearns asked to add discussion of the General Manager's 2013 compensation to the 2013 Budget discussion, all in favor.

**Public Comments: None**

Commissioner Lazar asked that the "Public Comments" section of the meeting be placed on the agenda prior to the Consent Calendar. If there were public comments made regarding items on the Consent Calendar, he would call for a motion to reconsider the Consent Calendar.

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

**Resolution 12-28 WA Warn Mutual Aid and Assistance Agreement**

GM Weidenfeller stated Washington Water/Wastewater Agency Response Network (WARN) agreement is with the Water/Wastewater Agency Response Network (WARN) organization, a volunteer effort of public and private water and waste water purveyors. WARN is a state-wide network of water and sewer organizations organized to provide and receive mutual aide. Thurston PUD has an agreement like this with the PUDs and one with Region 3 of FEMA but does not belong to WARN. WARN is the preferred mutual aid method recommended by the Office of Drinking Water. The PUD's Attorney has looked through the agreement and has no problem with the PUD signing it. **Commissioner Lazar moved adoption of Resolution 12-28, Commissioner Corwin seconded.** Commissioner Lazar asked if it costs the PUD anything to adopt this Resolution, GM Weidenfeller stated, "No". Commissioner Lazar asked if it costs the PUD to provide service to another agency do we get compensated for that, GM Weidenfeller stated, "Yes". Commissioner Lazar asked the PUD is to receive assistance from another agency will we compensate them for that, GM Weidenfeller stated, "Yes". Commissioner Lazar asked if the method of compensation is spelled out in the Agreement, GM Weidenfeller stated, "Yes". Commissioner Lazar asked if the method of compensation is fair, GM Weidenfeller stated, "Yes".

**All voted in favor of adopting Resolution 12-28.**

**Budget Issues:**

**COLA and Health Care Costs**

Commissioner Lazar asked about the Cost of Living Allowance (COLA); the proposed COLA is 1.5%. He stated that all but one employee has step increases and asked what the approximate

percentages of the step increases are? GM Weidenfeller stated they are approximately 4%. The Board discussed the proposed COLA.

Commissioner Corwin asked how Thurston PUD's employee contribution to health care benefits compares to other PUDs. CFO Parker did not have the answer immediately available. She stated that she did know that some PUDs pay 100% of the Health Care Benefits for employees. Commissioner Corwin stated that many agencies have reduced their benefits in some way or another. Commissioner Lazar stated he is here to break ties and if this issue requires him to make a decision to break a tied vote between the other two Commissioners, he will do so.

GM Weidenfeller asked for three decisions from the Commissioners that we might finalize our budget and develop the rates to support the budget. Based on the Commissioners request for additional information at the last meeting, staff has provided it in a memo prior to the Commission meeting. The three decisions requested were: 1) A decision on the cost of living allowance (COLA);, 2) A decision on his recommendation to make the part-time CSR position a full time position with health care benefits, and; 3) A decision on what amount, if any, to raise the out-of-county surcharge.

**Commissioner Lazar made a motion to provide a 3% increase to all employees who do not have step increases which would include the General Manager. The employees who still have step increases will not receive COLA increases.** Commissioner Corwin asked that the General Manager not be included in the motion because he has always been addressed separately from the employees. **Commissioner Lazar revised his motion to provide a 3% increase to all employees who do not have step increases. The employees who still have step increases will not receive COLA increases. Commissioner Corwin seconded the motion, all in favor.**

#### **Compensation for General Manager**

**Commissioner Lazar made a motion to increase the General Manager's compensation by 3%; Commissioner Corwin seconded the motion, all in favor.**

Commissioner Corwin made a suggestion for future discussion to change the office hours. He felt the PUD could provide better service to the public if we extend the office hours.

#### **Out-of-County Rate or Surcharge Increases**

Commissioner Lazar suggested increasing the out-of-county surcharge to \$4.00 per month per customer. Gas prices have increased since the \$3.25 surcharge was put into place. CFO Parker stated she is concerned about burdening the out-of-county customers with more of an increase. The out-of-county surcharge of \$3.25 covers the PUD's entire fuel budget. In the ongoing discussion it was noted that the cost of serving out-of-county includes not only fuel but the time it takes to serve out-of-county. All of the in-county customers are also paying property taxes and the out-of-county customers are not. GM Weidenfeller stated we expect a lot of response from our out-of-county customers if the costs are raised much.

**Commissioner Lazar made a motion to increase the out-of-county surcharge to \$4.00, Commissioner Corwin seconded, all in favor.**

The GM sought to confirm with the Board that he would like the rest of the rate placed in the base rate since increases at the higher tiered rates budgeted in the past few years have not resulted in meeting the revenue projections. Commissioner Lazar suggested rates be spread among the tiers and suggested that there could be a rate stabilization charge added if revenue projections were not met that could be included in the rate resolution. Commissioner Lazar will work with staff to design two possible proposals; one that adds the increase to the base rate only, the second will apply a uniform increase to each block rate.

#### **Full-time CSR – Customer Service Functions**

Commissioner Lazar stated that the General Manager has demonstrated that the level of customer service will be better if they fund this position, than if they do not fund the position. Providing a high level of customer service is important. Commissioner Stearns concurred with Commissioner Lazar and it is important to moral to keep the coherence of the team that has been established. Commissioner Corwin stated his position is we are running a Cadillac here. He felt there are ways to deal with some of these things and we have not looked at alternatives sufficiently, but he will go along, noting this reservation. Commissioner Lazar suggested there is a real benefit to having two employees on a part-time basis fill the CSR full time position. He stated this would give the organization some flexibility during high volume work times and employee vacations. He would be more comfortable adding an additional 30% employee to the 70% employee already here. There are good people in this community who would be happy to work part-time.

Commissioner Corwin asked how many hours would be budgeted for all the aspects of billing. He asked if a 30% employee could perform the billing functions and cover for vacation time and thought it would give the PUD more flexibility. GM Weidenfeller stated that as we grow, part-time employees could be an option, but at this time the need is for a full time-person who can come in and be fully functional in all aspects of the customer service duties. Commissioner Corwin stated that the need for a 100% CSR position has been demonstrated, and asked what is the difference between one full-time CSR and two people one at 60% and the other at 40% would be. GM Weidenfeller explained he would like to make the 60% employee 100% because she is trained, bi-lingual; she is extremely good at customer service having come from a PUD. She understands PUD's, how we do things, she works well in an office with three other employees which are very cramped spaces. He stated that we could not expect to get this quality of employee who only comes in 40% of the time.

Commissioner Stearns added he thinks this it is abominable in a bad economy to bring in part-time people with no benefits when we can bring on one full-time employee with a complete benefit package. He stated that the current employee has demonstrated dedication to the organization; has the skill sets needed and has worked for a PUD in the past. We are trying to build more of a team here not more disparate employees who are going to wander off because they are not full-time with benefits.

GM Weidenfeller added that if we have an employee who only works 60% of the time and wants to work 100% of the time, they will seek other full-time employment. Commissioner Corwin said he is looking at the dedication to this employee and not the benefit of flexibility for the company.

Commissioner Stearns added that we have a stressed out CSR staff that needs additional help, and believes that we should resolve this situation in a way that builds teamwork. He indicated that one of the best ways to get out of this situation is to grow out of it. We have not achieved our goal of growing to 5,000 customers. He does not want to lose staff and since he is the next one up for re-election he is willing to stick his neck out to support this position. He indicated he does not like the trend of hiring part-time employees to avoid paying benefits, and does not support that. If we have a part-time employee who fits the position, he is in support of hiring that employee full-time.

Commissioner Corwin stated that if we need to improve the benefits to part-time employees, he is willing to look at that. He feels that he is being black mailed here for the benefit of a particular employee. He believes the benefit to this organization should be the first priority. He believes the best benefit to the company will be to support the suggestion made by Commissioner Lazar.

GM Weidenfeller stated he understands what Commissioner Corwin is saying, but respectfully, he feels that bringing another employee and training them to answer phones, and learn the Springbrook software and the other customer service duties would add an extra burden to CFO Parker and her staff. A part-time CSR making the amount of money they are currently making most likely would not be able to afford the prorated co-pays they would have to pay to be able to get medical benefits.

Commissioner Corwin stated he understands there is a time period where there would be extra training; he would be willing to pay overtime to the person doing the training. What if one of our CSR's wanted to retire, then we would have to train someone anyway. Commissioner Corwin stated that using the fact that we would have to train someone is totally irrelevant because we are going to have to train somebody anyway. If we do train somebody we are a step ahead.

Commissioner Stearns understands Commissioner Corwin's position but he does not feel it supports the current needs. He feels they are micro-managing GM Weidenfeller, and he does not like it. Commissioner Corwin said he may think we are micro-managing but the budget is their main concern at this point. Commissioner Stearns said he is trying to build moral around here because he is concerned about it. He will not support hiring part time employees to skirt around paying benefits. Commissioner Corwin objected to the fact that Commissioner Stearns stated we are micro managing GM Weidenfeller when he did not say he felt that way. Commissioner Corwin stated that the PUD should not set any precedents regarding a single employee.

Commissioner Stearns suggested the Commissioners address the budget issue, by approving the budget to add a 40% for the CSR in the 2013 budget and let the General Manager fill that position as he sees fit. He stated that the decision of whether the position is one person or two people with prorated benefits is the General Managers decision. The concept of prorating benefits has long term precedence. He said they need to decide if they are going to approve an additional 40% CSR in the budget. Commissioner Corwin suggested they approve the 40% CSR as far as the budget, but have further discussion on how to fill the position. **Commissioner Lazar made the motion to increase the CSR staffing by .4%, and include in the budget the benefits for 1 CSR, and to reserve the discussion on how to fill the position before the end of the year. Commissioner Stearns seconded the motion.** Commissioner Stearns added that when the CFO can get the staff to do what

they need to be doing and the CFO does not need to fill-in for what they are not getting done, we become more efficient. **All indicated they are in favor of the motion.**

CFO Parker added that at the next meeting she will have a number of resolutions for the Commissioners to sign. She will have a resolution establishing the General Manager's salary at the level the Commissioners approved tonight, two property tax resolutions, and a revised salary schedule. All of these are all housekeeping items. Commissioner Corwin asked her to put the items on the Consent Calendar, and then if someone needs to bring one of them up for further discussion they can ask to remove it from the Consent Calendar. She will also have a rate resolution which she will not put on the Consent Calendar.

Commissioner Corwin asked CFO Parker to provide a paragraph explaining what the impact of the increase tax will mean to the Citizens of Thurston County. He is certain it is less than one cent; he would like to provide the hand out to anyone at the meeting so they know what it means prior to making public comment. CFO Parker stated she will prepare a paragraph, distribute it and place it on our website.

#### **Resolutions:**

##### **Resolution 12-22 Adoption of 2013 Budget**

Commissioner Lazar stated that under the consent calendar the Board approved a satellite management contract with the County which adds \$4,200 to this budget. Second, the Board approved some amount less than the \$13,184 for COLA increases along with the General Manager's increase. The Board increased the out-of-county surcharge by 75 cents. The 4.7% increase will be around 4% and he noted that last year the Board voted to take a portion of the increase from reserves. He asked for a report of the change in reserves for the next meeting.

Commissioner Corwin asked about the status of the North Thurston School District (NTSD) South Bay Elementary School water system. GM Weidenfeller stated with the change in Operations management there does not seem to be interest in selling the system to the PUD. Commissioner Corwin asked GM Weidenfeller to bring his recommendation for their next course of action to the next meeting.

##### **Resolution 12-27 3<sup>rd</sup> Revision 2012 Capital Budget**

Commissioner Lazar stated there have been changes to the Capital Budget recommended by staff. Commissioner Corwin made a motion to table the approval of Resolution 12-27 for discussion. CFO Parker explained the proposed changes to the 2012 Capital Improvement Budget. One major change is the addition of a \$9.8 million line replacement project in Tanglewilde; this is a future capital improvement for which staff will pursuing financing. The other items are to combine Platt and Sward, combine Lew's 81<sup>st</sup> and Jenni, replaced the check valve at Terry Lane; these are all DWSRF fund loan projects that have been approved for funding. There are also two (2) other DWSRF projects included. GM Weidenfeller asked the Commissioners to approve the 3<sup>rd</sup> Revision to the 2012 Capital Budget to include the DWSRF Loans. **Commissioner Lazar made a motion to approve Resolution 12-27 3<sup>rd</sup> Revision 2012 Capital Budget, Commissioner Corwin seconded.** Commissioner Lazar asked if there are additional items for conservation. Some of the conservation

such as leak repairs, leak detection etc. are included in the operations budget. Commissioner Lazar added that installing variable speed pumps are also a conservation item even though they are electrical conservation. **All voted in favor of approving Resolution 12-27 3<sup>rd</sup> Revision 2012 Capital Budget**

**Presentation:**

**Staff Presentations:**

**General Manager's Report: John Weidenfeller, General Manager**

GM Weidenfeller provided a report in writing; he also made a request to take a vacation day on Friday, October 26, 2012.

He has given each of the Commissioners a registration form for the WPUDA meetings.

GM Weidenfeller provided a list of the invitees to the Reservoir Celebration. Commissioner Corwin will not be able to attend because he has a previous commitment out of state. He asked GM Weidenfeller to announce at the celebration that is why he is not in attendance.

GM Weidenfeller said telecommunications is on the agenda for the WPUDA Managers meeting. Commissioner Corwin said this is very important to Thurston PUD since there is so much government in Thurston County. He directed GM Weidenfeller to draft a letter to the WPUDA Association that Thurston PUD is in strong support of government to government telecommunications. He asks that WPUDA make this a part of their 2013 business plan.

Commissioner Lazar and GM Weidenfeller met with Rich Hoey of the City of Olympia to discuss the PUD contract for purchased water. Their suggestion to Mr. Hoey was to change the PUD from a purchased water full-demand customer to a back-up needs customer. Mr. Hoey suggested that FCS, the consultant who performed the cost of service study for the City, write a revision to their study. The PUD and City of Olympia would share in the cost of the revision and FCS would work for both the City and the PUD. Mr. Hoey will provide an estimate for the FCS contract. Commissioner Corwin stated he believes the study would be done professionally and the cost of the revision should be offset by the savings in purchased water. Commissioner Lazar added if we are successful in getting the cost of water purchased from the City of Olympia significantly, we should see up to a 50% cut, which would mean a \$50,000 to \$55,000 savings in the 2013 budget. This might affect the amount of increase that would be needed. He suggested the PUD plan to budget some money out of reserves banking on the fact they will use the savings on purchased water to cover expenses. Commissioner Corwin said if there are any press releases on this or correspondence, we make it clear we are doing this due to the City's request that we reduce our water demand on the City water. GM Weidenfeller added that the first comment made to Mr. Hoey was that as requested, that we have succeeded on reducing our demand on the City of Olympia water and are ready to renegotiate the contract. Mr. Hoey is also willing to continue to work with the PUD to remove a backflow device that is in the County right-of-way.

**Operations Manager's Report: Kim Gubbe, Operations Manager**

OM Gubbe submitted a written report. She added that three of the sanitary surveys were completed today and there are only a few housekeeping items to take care of.

Concerning the Reservoir "Circling Salmon Celebration", she added she is watching the weather report and rains are coming in so she is not sure how they will keep the area dry. The kids will be brought out two classes at a time, they will have acrylic paint on sponges, and they will have five colors to choose from. The kids will place their hand prints on the tank then wash their hands in a bucket and move back to class. The grass is coming in and she will do what she can to protect the grass. The celebration begins at 1:30 p.m. on October 30. The kids get out of school at 3:00 o'clock and that is when things get crazy around there with extra traffic. Hopefully, the hand printing will be finished by then. The OM noted that she found out today that the reservoir contractor, T.Bailey, is asking for a final inspection which has been scheduled for 8:00 a.m. the day after the celebration.

GM Weidenfeller added there was a problem with the grout and we called in a materials inspection firm.

Commissioner Lazar asked about the back flow device. OM Gubbe noted that it is perfectly functional but the County does not like the location where it is located in the county's right of way. OM Gubbe added the existing one needs to be changed and it will also add benefits to the PUD to move it.

Insurance waivers were not required by the PUD's insurance pool.

The Tempo Lake project is coming along well.

The Cedarwood project's reservoir is in and in its 20 day cure period.

Commissioner Stearns asked about the Windolph water system. GM Weidenfeller reported the homeowner's association (HOA) has a competent SMA manager who is aware of the problems. The PUD was approached by the water system and the GM and OM met with the HOA and they are not interested in assistance from the PUD. GM Weidenfeller suggested they apply for some State Revolving Fund loan monies. Their SMA Manager, Tim Tayne, was at the meeting. It appeared that a majority of the customers do not want to give up ownership of their water system. Commissioner Stearns added that when the PUD is driving in the area people notice.

#### **Chief Financial Officer's Report: Financial Variance Report**

CFO Parker provided the Commissioners a financial report via e-mail and one in their packets. Commissioner Stearns asked if we saw a pick-up in revenues through the dry spell we experienced. CFO Parker reported they picked-up but the conservation rates we put into place in prior years make customers reluctant to use much water. The September revenues brought us up to 73% percent of the annual budget. CFO Parker anticipated we should be at 75% of the annual budget, or higher, so we are still behind schedule.



**Commissioner Reports:**

Commissioner Stearns attended the WPUA Communications and Government Relations meeting where members of the Committee discussed the transition of the merged committees are going through.

Commissioner Stearns attend the Sustainability Roundtable at TRPC; they discussed mainly land use issues and will do so again at their next meeting in December. Commissioner Corwin asked him to bring back a report on what percentage of the time the TRPC spends discussing water at their meetings. Commissioner Stearns said in terms of sustainability meetings, water is greatly considered. As far as the regular TRPC meetings, they do not discuss water much, however, certain members like Lacey's Virgil Clarkston consider it a priority issue. Commissioner Corwin asked Commissioner Stearns to bring up issue about the exempt wells and see if that is an issue they need to address.

Commissioner Lazar asked if it is efficient to consolidate 6-pack water systems into a Class A water system. He asked if this gives a water right for that system? Commissioner Stearns noted that getting a water right for consolidations is not that easy to get with the Department of Ecology's Water Resources section. This issue was discussed further amongst the GM and Commissioners.

**Legal Report:**

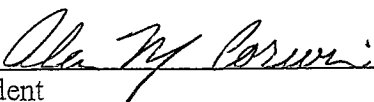
Legal Council Joe Rehberger was excused earlier in the meeting.

**Follow up**

1. GM- Order two vehicles for 2013 before November 1 to take advantage of lower pricing.
2. GM – Execute Interlocal agreement with Thurston County for SMA management of the Tilley Road and EOC facilities.
3. GM – Execute the WARN contract for mutual aid.
4. CFO - Prepare a resolution which provides a 3% increase to employees that are not eligible for a step increase in 2013.
5. CFO - Prepare a resolution which provides a 3% increase for the General Manager in 2013.
6. Include a .75 cents increase per month in out-of-county surcharges increasing the monthly surcharge from \$3.25 to \$4.00.
7. CFO & GM – Work with Commissioner Lazar to design two possible two proposals; one that adds the increase to the base rate only, the second will apply a uniform increase to each block rate and include a rate stabilization charge to be added for the next year if revenue projections were not met.

8. GM - In the 2013 Budget, increase the CSR 1 position staffing by .4% of an FTE to a full FTE including full benefits for CSR 1 position. Prior to the end of 2012, discuss a decision on how to fill the position. The Board was interested in "job sharing" the CSR 1 position with two part time employees and the General Manager and CFO want the position to be one full time employee.
9. CFO – Prepare the various budget resolutions and place them on the Consent Calendar. Have the rate resolution placed under the Action Items section of the Commission Agenda.
10. CFO - Prepare a paragraph explaining what the impact of the increased tax will mean to the citizens of Thurston County before the November 13 meeting and have it available to hand out to anyone at the meeting so they know what it means prior to making public comment. Also place the information on the web site.
11. CFO - Include updated revenue and expenditure changes from the November 13 Commission meeting.
12. GM – Provide a status update on the North Thurston School District (NTSD) South Bay Elementary School water system with a recommendation at the next meeting.
13. GM – Bring the Board a proposed contract cost sharing agreement for an updated cost of service rate study for purchased water and water availability with the City of Olympia when it is ready. Once this is addressed, provide an estimate of the approximate savings from the water budget in the future for the PUD.
14. GM - Announce at the Tanglewilde Reservoir "Circling Salmon Celebration" that Commissioner Corwin was not able to attend due to a prior out of state commitment.
15. Draft a letter to WPUA that Thurston PUD is in strong support of Government to Government telecommunications.
16. Commissioner Corwin asked Commissioner Stearns to bring the WPUA sponsored legislation that was initiated for restricting exempt wells near existing water systems and see if it can be included on the Thurston Regional Planning Council legislative agenda for 2013.

**Commissioner Stearns made a motion to adjourn the meeting at the moment there is only one Commissioner in the room.**

  
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President

Attest:   
\_\_\_\_\_  
Secretary