

**MINUTES OF THE REGULAR MEETING OF MARCH 26, 2013  
OF  
PUBLIC UTILITY DISTRICT NO. 1  
OF  
THURSTON COUNTY, WASHINGTON**

The second regular meeting for April 2013 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday, April 23, 2013, at 921 Lakeridge Way SW, Suite 301, Olympia, WA 98502, commencing at 5:00 p.m. Commissioners Chris Stearns, Linda Oosterman and Russell Olsen 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), and Cathy Skiles, Clerk to the Board. Joseph Rehberger, Chief Legal Counsel, was excused from the meeting.

**Commissioner Stearns called the general meeting to order at 5:11 p.m.**

**Approval of Agenda:**

**Commissioner Olsen made a motion to approve the agenda, Commissioner Oosterman seconded, all in favor.**

**Consent Calendar:**

Approval of Minutes: April 9, 2013 Meeting

April 16, 2013 Workshop

Prequalification of Contractors – Small Works Roster:

Kaufman Construction and Development

Northwest Cascade Inc.

SMA Contracts:

Correspondence:

Travel Approvals:

Other:

Voucher Approval:

Accounts Payable 4/10/13, 4/17/13

Payroll 4/20/13

Resolutions:

**Commissioner Olsen made a motion to approve the Consent Calendar, Commissioner Oosterman seconded, all in favor.**

**Public Comments: None present**

**Action Items:**

**Covington Water System Improvements**

GM Weidenfeller reported the PUD has been working on the Covington Arsenic Removal Project since 2007. The project is funded with a State DWSRF loan with 30% forgiveness. The total cost, after the loan forgiveness, is estimated to be approximately \$148,230.60. The Board of Commissioners previously committed to the PUD picking up part of the cost. GM

Weidenfeller proposed a surcharge to the customers on the Covington water system for 25% of the total cost. The proposed surcharge would be \$12.59 per customer for 20 years. GM Weidenfeller asked for a decision from the Commissioners to move forward with this recommendation or an amendment to the recommendation. Once a decision is made, staff can move forward with scheduling a Public Hearing which is needed before implementing a surcharge.

OM Gubbe reported the system will require more maintenance in the future due to the new treatment. Staff and Commissioners discussed the arsenic requirement changes that caused the need for the treatment.

**Commissioner Olsen made a motion to take staff's recommendation and amend it so the 15 customers of the Covington water system pay 33% to 35% of the cost of treatment through a surcharge not to exceed \$20.00 per month per customer. The balance of the cost will be carried by the rest of the customers throughout the PUD. Commissioner Stearns seconded the motion, all in favor.**

#### **Commissioner Bill Review Procedure**

CFO Parker recommended changes to the Commissioner bill review process. This comes based on comments made from the Washington State Auditor's Office. Having the Commissioners review bills and approve payment outside a Public Meeting could present a potential compliance issue with the Open Public Meeting Act. CFO Parker explained the details of the requirements for bill review. The process would be basically the same, payment will be reviewed by the managers and then warrants would be issued. Staff will advise the Commissioners of payments ahead of time. The Commissioners should not approve the warrants but they can request a payment to be held until they receive a better explanation of the payment.

Commissioner Stearns opened a discussion regarding the General Managers spending limits from \$5,000.00 to \$25,000.00.

**Commissioner Olsen made a motion to approve the new distribution process as proposed by staff. Commissioner Oosterman seconded, all in favor.**

#### **Presentations:**

##### **Staff Presentations:**

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

OM Gubbe provided a report in writing and added that all projects are moving forward as scheduled.

Commissioner Olsen asked to schedule some time with OM Gubbe to discuss low flow toilets and setting up a rebate program.

Commissioner Stearns asked about the pressure reducing valves (PRV) in Tanglewilde. OM Gubbe explained the PRVs will be installed to reduce the pressure from the Tanglewilde tank.

Commissioner Oosterman asked about the status of the Tempo Lake Glade (TLG) contract. GM Weidenfeller explained that it is our understanding that the TLG Board is looking for another engineer and are also closing and paying off their State Revolving Fund Loan. CFO Parker explained the PUD, as their SMA, is responsible for making sure they are meeting all requirements. The Commissioners and staff discussed the Tempo Lake Board situation as it relates to the DWSRF loan with the Department of Commerce and the Department of Health.

**Chief Financial Officer's Report:** Financial Variance Report (every 4<sup>th</sup> week's meeting)  
CFO Parker provided the Commissioners with a Financial Variance Report. In addition to the variance report, she provided fund balances, delinquency statistics, and billing statistics. The statistical reports were discussed. Commissioner Stearns asked if the customers who are disconnected would qualify for a low income program if we had one. Staff felt most of the disconnect customers are habitual repeaters and a low income program would not help if it was available.

CFO Parker outlined the various options available to the customers to pay their bills that have been implemented in the past couple of years.

CFO Parker provided and went over the quarterly update of the financial variance report. She noted that the CFO report also included an update of the review to the PUD's health care benefits that are administered by PURMS. A review of health care benefits was conducted with the PUD employees and a number of changes were agreed to that would limit the liability of the PUD and add more co-pays. Prior to bringing these changes to the Board, the GM and CFO met with Mr. Dick Roderick, Executive Director of PURMS. He advised that the PUD not make any changes to the plan at this time based on the law governing the Affordable Health Care Act. Under the current program, the PUD's benefits are grandfathered-in and if we increase or limit coverage currently provided, the PUD would lose its grandfathered status and be subject to all of the new provisions of the Affordable Health Care Act. This would not be in the financial best interest of the PUD. In order to make changes at this time, the District would need to prove they meet all the new requirements of the affordable medical plan rules. The Board agreed that the PUD should not change the health care benefits plan based on the new federal rules of the Affordable Health Care Act.

**Commissioner Topics, Discussion and Reports:**

Commissioner Olsen thanked Commissioner Stearns for his work with the Department of Commerce. Commissioner Olsen had been trying to reach the manager of the Department of Commerce Broadband Office but his calls had not been returned. Commissioner Stearns had followed-up and Commissioner Olsen now has a meeting scheduled tomorrow morning at

7:00 a.m. with the Department of Commerce. At the meeting with Broadband Office staff, he will review the prior application and give suggestions for the new application. Commissioner Olsen will come back with information after his meeting and provide information to GM Weidenfeller to share with the other Commissioners.

Commissioner Oosterman called-in to the WPUA Communications conference call meeting.

Commissioner Oosterman commented on the WPUA meetings the last couple of days. The new WPUA President seems to be "hands-on" involved with the group. She feels it is good to have small PUD's represented in leadership roles at these meetings. The group wanted feedback; she suggested bringing someone in to discuss when statements are correct and when they are not. She also asked what the most important meeting is to attend; and that by consensus, everyone agreed that the Water Workshop in Leavenworth is the best meeting. Commissioner Oosterman and Commissioner Olsen will attend the Water Workshop this year. Commissioner Stearns will not attend.

Commissioner Stearns attended the WPUA meetings last week. He also attended a Thurston Regional Planning Council Sustainable Task Force meeting yesterday and he has provided the other Commissioners with the first draft report.

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

##### **Report on April 8<sup>th</sup> AWWA Rate Workshop (Commissioner Stearns)**

Commissioner Stearns provided the Commissioners with handouts he received from the AWWA Rate Workshop. He discussed the rate blocks and the difference between increasing rate blocks and decreasing rate blocks.

##### **Broadband Grant**

Commissioner Olsen has a meeting with the Department of Commerce tomorrow. He received the Board's authority to work with the General Manger and submit a grant application.

##### **Strategic Planning Session**

Commissioner Olsen has read through the information Commissioner Oosterman and Commissioner Stearns comments provided. He thanked them for their input and information. He noted that Commissioner Stearns provided a great strategic framework and Commissioner Oosterman provided some detail on how to achieve the PUD's goals. Commissioner Olsen offered to go through the information tonight or he could merge the documents for their review at the May 14<sup>th</sup> General Meeting. Commissioner Olsen will get the document to GM Weidenfeller on the 7<sup>th</sup> so the other Commissioners will have it to review prior to the meeting on the 14<sup>th</sup>.

The Commissioners discussed the Mission Statement and Purpose Statement of the PUD. The Commissioners agreed the Mission Statement fits what the PUD is doing. The Purpose

Statement will be discussed at a future meeting. Commissioner Olsen noted that what the Values Statements represent the key values of PUD No. 1 of Thurston County. The Commissioners discussed each value and made some changes for clarification. They will pick up the discussion at the May 14<sup>th</sup> general meeting.

**General Manager's Report:** John Weidenfeller, General Manager  
GM Weidenfeller provided a report in writing. He went over the highlights of his report.

GM Weidenfeller gave a short report on the Thurston County Water Purveyors meeting held on April 12, 2013.

The clothing with the PUD logo should be delivered prior to the next meeting.

Commissioner Stearns asked about the Nisqually Commercial Park and staff provided an update.

The City of Olympia purchased water contract was discussed as well as why the PUD needs to maintain access to Olympia water. The primary reason a wholesale contract is needed to insure there are sufficient gallon per minute (Qi) capacity for peak day needs and to insure there is an emergency water source.

**Legal Report:** Joe Rehberger, Chief Legal Counsel - Excused from the meeting.

**Executive Session: None**

Commissioner Stearns will be leaving on Thursday May 25<sup>th</sup> and does not know when he will be back in town. If he is not able to attend the next meeting, Commissioner Olsen will run the meeting. He will try to call-in. Meeting dates were discussed. **Commissioner Olsen made a motion to excuse Commissioner Stearns from the next two meetings if he deems it necessary, Commissioner Oosterman seconded, all in favor.**

Commissioner Oosterman asked to confirm that the Commissioners should no longer reply or approve the bills to be paid. Staff replied that the bills requiring payment will still be e-mailed to Commissioners for information purposes and only if a Commissioner wants to hold a bill from payment for discussion at the next meeting would a Commissioner respond to the e-mail.

**Summary of Assignments:**

1. Commissioner Olsen will send GM Weidenfeller the Strategic Plan so it can be sent out with the Commission agenda packet on May 10.
2. Commissioner Olsen will work with GM Weidenfeller to submit a request for Broadband Grant funding.

3. The GM will schedule a public hearing on the proposed Covington Arsenic Removal Project.
4. The new process for bill and voucher review will be implemented.
5. Sign up Commissioners Olsen and Oosterman for the 2013 Water Workshop.
6. Commissioner Stearns will be excused for the next two meetings, if needed.

**Adjournment:**

**Commissioner Oosterman made a motion to adjourn the meeting at 7:33 p.m.,  
Commissioner Olsen seconded, all in favor.**

*Christopher Stearns*

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President, Chris Stearns

Attest:

*Linda Oosterman*

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Secretary, Linda Oosterman