

**MINUTES OF THE REGULAR MEETING OF MAY 28, 2013  
OF  
PUBLIC UTILITY DISTRICT NO. 1  
OF  
THURSTON COUNTY, WASHINGTON**

The second regular meeting for May, 2013 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday May 28, 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.

**Call to Order:**

President Commissioner Stearns called the meeting to order at 5:01 p.m.

**Consent Calendar:**

Approval of Minutes: May 14, 2013 Meeting

Prequalification of Contractors – Small Works Roster:

SMA Contracts:

Correspondence:

Travel Approvals:

Other:

Voucher Approval:

Accounts Payable 05/15/2013, 05/22/2013

Payroll 05/20/2013

Resolutions:

Res. 13-12 General Manager Authority

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

**Public Comments: None**

**Executive Session:** None planned

**Approval of Agenda:**

Commissioner Stearns asked to amend the Agenda adding the General Manager Evaluation Process to the agenda between the Commissioner Topics, Discussion and Reports and the General Manager's report. **Commissioner Olsen made a motion to approve the Agenda as amended, all in favor.**

**Presentations:**

**Staff Presentations:**

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

OM Gubbe provided the Commissioners a report in writing. She added that they were notified last week that the Cedarwood project needs to be completed by May 31<sup>st</sup> to qualify for their funding. She and Consulting Engineer, Doug Eklund P.E., put a bid packet together, and sent it out on Friday morning. She received three bids and awarded the contract to Rob's Excavating. She will be working closely with the contractor to insure the project is complete by May 31<sup>st</sup>.

Commissioner Stearns asked CFO Parker about the Elections bill from the County. He explained that at the next election there will be two Commissioners running for office. Is the PUD prepared to pay the added expense? CFO Parker responded that they will be receiving an estimate from the Auditor's Office. She will provide the information to Commissioners once she receives it.

**Chief Financial Officer's Report: Julie Parker, CFO  
Financial Variance Report (every 4<sup>th</sup> week's meeting)**

CFO Parker answered the Commissioner's questions on the financial reports.

**CFO Rate Adjustment Revenue Charge Update**

CFO Parker reported that last year, the Commissioners decided to compare the consumption figures to the same period the prior year. If consumption is higher or lower in the current period than the prior period, a rate adjustment would be considered. CFO Parker recommended no adjustment at this time. She asked to gather two more months of data and come back to the Commissioners with a recommendation; the Commissioners approved her request.

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

**Information Paper - Webster Hill Water System Acquisition**

GM Weidenfeller provided an information paper in the Commission Packet. At this time, the County has not received the CDBG funds, but they are expected. Once the funding is in place, it would require a vote of the HOA to approve the sale of the water system. Once they approve the sale, a contract will be drafted and brought before the Commission for approval.

Commissioner Stearns commented that this will be a like new water system once we acquire it and will be an asset to the PUD. The system will come with extra water rights; the system may be able to be expanded in the future. OM Gubbe added that there are two lots that would like to connect to the system. GM Weidenfeller added the PUD would receive ownership of the Roads, take the necessary easements, then deed the roads to the HOA.

The current water rate is \$130.00 per month per customer. CFO Parker added this includes a loan and fees for the judgment against the HOA. Commissioner Stearns asked that we make it clear to future homeowners that it was not the PUD that incurred the loan and legal fees that caused the rates to be so high.

Commissioners and staff discussed the three accounts that have been difficult to collect from. The three accounts are paying their current bill and a very insignificant amount toward the prior balance. CFO Parker assured the Commissioners that as part of the acquisition we will not assume the prior balances on those accounts.

CFO Parker reported we can start some of the pre-acquisition work prior to funding with a grant from the Office of Drinking Water. We will not meet with the community or transfer property until the funding is available.

CFO Parker and OM Gubbe were excused from the meeting.

### **Strategic Plan**

Commissioner Olsen provided a handout to the Commissioners and staff. He explained the handout is a draft document of a proposed Strategic Plan. The goals included input from all the Commissioners and the General Manager. He added some performance measures to be discussed tonight.

The purpose of the Strategic Plan is to have a very streamlined communication tool of what the PUD's main goals are and how they will get there. Commissioner Olsen would like to go through each item; he is open to suggestions and amendments. He anticipates this to be a very active discussion with participation from all. He invited the Public in attendance at the meeting to make comments if they wish.

Commissioner Olsen stated he believes the Mission Statement is acceptable with everyone, the other Commissioners agreed. The Purpose Statement is agreeable to the Commissioners. GM Weidenfeller suggested a change that was acceptable to all. The Value Statement has been discussed and revised. The Code of Ethics Statement was accepted by all.

The Commissioners and GM Weidenfeller discussed the goals and performance measures. Commissioner Olsen asked the Commissioners and GM Weidenfeller to bring back comments and revisions.

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

GM Weidenfeller provided a report in writing. He added a reminder that the Public Hearing for the proposed Covington Water System surcharge will be held at the next regular Commission Meeting. GM Weidenfeller will open with introductions. Doug Eklund, P.E., will give a short presentation, and then the Board will take public testimony.

On Wednesday, June 12<sup>th</sup>, the PUD will hold a public meeting for the Tanglewilde-Thompson Place water system customers to discuss the Drinking Water State Revolving Fund and Public Works Trust Fund loans and improvements that could be made. A meeting notice will be enclosed with the customer's May water bills and is posted on our web-site. The meeting will be held at Lydia Hawk Elementary School at 7:00 p.m. in the Gym. Staff will set up and we will provide a roving microphone.

GM Weidenfeller discussed the letter received from the previous owner of the water systems we acquired. GM Weidenfeller suggested, in this case, at this time, the District should not require Mr. Fox to pay the Ready to Serve Rate on the properties he still owns.

At the June 11<sup>th</sup> meeting, a presentation of the Asset Management Plan was scheduled. Since two Commissioners will not be in physical attendance at the meeting, the presentation will be rescheduled to the June 25<sup>th</sup> meeting.

GM Weidenfeller said the OM is working on a plan to recommend projects for the bond funding. The Board will be briefed on the recommended spending plan once it is ready.

GM Weidenfeller has been working with the new City of Olympia Water Department Manager from the City of Olympia on the next steps to complete the Tanglewilde back flow project.

Commissioner Stearns said Commissioner Olsen will be discussing rates and the City of Olympia contracts and how it affects Tanglewilde-Thompson Place water rates. GM Weidenfeller explained with the \$3.6 million in improvements the PUD has put in, the higher base rate should remain in effect. Commissioner Stearns said the City of Olympia contract and the proposed improvements will affect rates and should be discussed with the customers. GM Weidenfeller and Commissioner Olsen felt this was too much to be discussed at the Public Meeting.

Commissioner Stearns asked about the Tanglewilde water right application. GM Weidenfeller discussed the status.

Commissioner Stearns asked about the Asset Management Plan and if the effect to the rates and facility charges will be adjusted in 2013. GM Weidenfeller noted the fees will be addressed in the budget, but the District should conduct a cost of service rate study prior to revising the general facility charge and the recommended rate changes to support the data from the Asset Management Plan. He ran through the process and steps of the rate study, public meetings and rate adoption process for the Commissioners and said he would provide a timeline. Commissioner Stearns stated he felt the District is overdue in reviewing the fees and general facility charge and would like to have them adjusted in 2013. GM Weidenfeller said the fees would be adjusted in the budget cycle but he was not sure all rates and the general facility charge could be adjusted, as changed to reflect the Asset Management Plan updates, that quickly and it was probably a nine month process.

Commissioner Stearns asked about the funding we received through bonding that needs to be used by May 2014. This money can be used for capital items and equipment. He asked if the money can be used for a study for telecommunications. GM Weidenfeller did not think it is possible, he will follow up on the question with Bond Counsel.

Commissioner Stearns asked about putting down money for property. He does not know for sure that all the Board Members want to quit being renters and own our facilities. He wants to make sure if acquiring our own facilities is a priority, that a timeline is prepared.

**Legal Report:** Joe Rehberger, Chief Legal Counsel – Excused from Meeting

**Action Items:** None

**General Manager Evaluation Process:**

Commissioner Stearns provided the Commissioners a memo, draft evaluation report, draft evaluation form for their consideration, and a draft resolution to establish the process for evaluating the General Manager. The Commissioners will review the handout and the draft evaluation and discuss it at their second meeting in June.

**Commissioner Topics, Discussion and Reports:**

Commissioner Oosterman reported on June 30<sup>th</sup> there will be a meeting with the Emergency Management. This meeting will determine how much time she spends with this group. A recent Emergency Management Council meeting was cancelled. The night before, or the morning of the meeting, an e-mail was sent out saying the meeting was canceled. She did not receive the e-mail and so she drove out to where the meeting was scheduled to be held only to find out it had been canceled. Commissioner Stearns suggested the Board send a letter to the County Commissioners explaining what an inconvenience it was for her. Commissioner Oosterman was not sure that was a good approach. She is having lunch with one of the County Commissioners this week.

Commissioner Oosterman discussed the Canadian/US Treaty. It was brought to her attention and she was asked to study it because it is about to be changed. Senator Fraser is getting feedback from some State representatives to get involved with the issue. Commissioner Olsen cautioned that there is a lot of history and background to these treaties and he does not believe we could have a complete understanding of the Treaty to take a stand. Commissioner Stearns added that the Commissioners are not elected to get involved with this subject because it does not affect Thurston County. Commissioner Oosterman explained that she feels it is a function of the PUD and she would like the Commissioners to study the issue.

Commissioner Stearns made a motion to excuse himself and Commissioner Oosterman from the next meeting on June 11, 2013. Commissioner Oosterman will call in for the meeting, Commissioner Stearns will call in if he is able.

Commissioner Stearns asked if one of the other Commissioners could attend the TRPC meeting on June 7<sup>th</sup>, Commissioner Olsen will attend.


**Summary of Assignments:**


1. GM Weidenfeller will send Commissioner Olsen a reminder of the June 7<sup>th</sup> TRPC meeting.
2. GM Weidenfeller should ensure funds are budgeted for a future annual Commission retreat.
3. GM Weidenfeller will develop and provide the Commissioners with a draft timeline for outlining a process to completed the Asset Management Plan, develop, advertise for a cost of service rate study request for proposal that will produce recommended rates and a general facility charge(s), a process of public outreach, Public Hearing(S) and a timeline to adopt new rates, charges and fees.
4. CFO Parker will review a possible rate adjustment with two more months of data and get back with the Board.

5. The Commissioners will review the proposed General Manager evaluation form, draft evaluation, and process outlined in the draft resolution and discuss it at their second meeting in June. They will also go into an executive session at the second meeting in June to address the performance of a public employee.
6. GM Weidenfeller will find out if bond monies can be used for a broadband feasibility study or to acquire equipment to start another line of business.
7. Commissioners and Staff will provide input on the Strategic Plan to the GM by 6/20 so it can be brought to the 6/25 meeting.

**Adjournment:**

**Commissioner Oosterman made a motion to adjourn the meeting, Commissioner Olsen seconded, all in favor.**

  
\_\_\_\_\_  
Vice President, Russell Olsen

Attest:  
  
\_\_\_\_\_  
Secretary, Linda Oosterman