

**MINUTES OF THE REGULAR MEETING OF JUNE 25, 2013  
OF  
PUBLIC UTILITY DISTRICT NO. 1  
OF  
THURSTON COUNTY, WASHINGTON**

The second regular meeting for June, 2013 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday June 25, 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), Joseph Rehberger, Chief Legal Counsel, and Cathy Skiles, Clerk to the Board were present.

**Call to Order:**

President Commissioner Stearns called the meeting to order at 5:02 p.m.

**Approval of Agenda:** President Commissioner Stearns called for a motion to approve the Agenda. **Commissioner Olsen made a motion to approve the Agenda, Commissioner Oosterman seconded, all in favor.**

**Consent Calendar:**

Approval of Minutes: June 11, 2013 Meeting

Prequalification of Contractors – Small Works Roster:

SMA Contracts:

Correspondence:

Travel Approvals:

Other:

Voucher Approval:

Accounts Payable 6/12/13, 6/19/13

Payroll 6/20/13

Resolutions:

Other: Increasing Line Item 71 on the 2013 Capital Improvement Projects for electrical upgrades for the Crescent Park water system.

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

**Public Comments:**

Rob Whitlock – Tullis Street NE. He is not currently a customer of Thurston PUD. He commended the Commissioners on how they handled the Power Initiative and encouraged them to continue to pursue electrical service in Thurston County.

**Presentations:**

**Staff Presentations:** Asset Management Plan (Kim Gubbe and Susan Clark)

OM Gubbe provided a presentation on the Asset Management Plan she has been working on since last year. Susan Clark was hired to help prepare the data for the plan.

The next step will be to hire a consultant to do a Cost of Service rate study. Once that is complete there will be public hearings to solicit customer input to help decide how to adjust the rates.

OM Gubbe provided the Commissioners with handouts; the first included the total amounts needed to fund the Asset Management Plan. OM Gubbe and Susan Clark described the assumptions used in the plan. There was discussion.

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

##### **June 12<sup>th</sup> Meeting Tanglewilde-Thompson Place Water Main Improvements.**

Commissioner Olsen reported on the Public Meeting held on June 12, 2013. He reported staff did an excellent job on the presentation. There was a lot of energy in the room, a lot of the feedback were questions asking why we are in this position, why are the numbers so big and why aren't these costs already a part of what are being charged in rates. It was noted that there are customers going door to door asking customers to not support the initiative. He felt overall the customers would support option two.

##### **Discussion of the Covington Public Hearing & Update on Other Potential Option**

CFO Parker reported that at the hearing there were members of the public present who were concerned about the cost of the treatment. The customers suggested the PUD purchase water from the City of Lacey. CFO Parker noted that in 2009 there was a proposal to connect to the City of Lacey but it was not feasible at that time. Since the City of Lacey recently lifted their moratorium they have agreed to serve the Covington customers through a master meter. CFO Parker has evaluated the cost and found this is the most cost effective way to correct the arsenic issue. Her recommendation is to have another Public Hearing to provide this as a third option. She reported the PUD has spent \$17,700 to investigate options to correct the problem, since June of last year the PUD has spent \$47,500 to design treatment. There will be more money required to decommission the well if Lacey water is purchased and the well is no longer needed. OM Gubbe reported that hooking up to City of Lacey will definitely meet the October deadline to correct the problem. The treatment system may not meet the deadline.

##### **Cost of Service Rate Study and General Facilities Charges Request for Proposals (RFP)**

GM Weidenfeller provided a handout in the packet that discusses a cost of service study and provided a timeline. He asked the Commissioners to provide any questions on the RFP proposal to him by the end of the week. He would like to advertise for the RFP next week. Over the next 45 days RFPs will be received and evaluated. After discussion it was agreed that interviews, if any would be conducted the week of August 5. Commissioner Olsen will represent the Board. After negotiations, the evaluation team hopes to bring a recommendation for a consultant contract to the Board at the second meeting in August. The first meeting in August will be changed to August 6 from August 13.

##### **Update on Telecommunications Workshop, July 12, 2013**

GM Weidenfeller provided the Commissioners a handout. On July 12<sup>th</sup> the workshop has been scheduled with NoaNet. The meeting will be held from 9:00 a.m. to 4:00 p.m. Commissioner Stearns added that GM Weidenfeller and he had a conference call with the NoaNet staff who will

be sending two representatives to the workshop.

#### **Adoption of PUD Governance Policies and Roberts Rules of Order**

Commissioner Oosterman believed that since Robert's Rules of Order were in her Commissioner handout, she thought the PUD had already adopted them but evidently the Board had not adopted Robert's Rules of Order. Commissioner Olsen said he had referred back to the minutes of prior meetings and he understood the Commissioners had decided they would prefer to be informal yet have the ability to bring the meeting back to subject when they get off track.

Commissioner Olsen offered to bring a simple set of governance rules to the next meeting for the Board to consider. He will provide it to GM Weidenfeller, who can then provide it to the other Commissioners.

#### **Strategic Plan**

Commissioner Olsen reported he has reviewed the comments from the other Commissioners and staff and will consolidate them into a document and bring a new draft of the strategic plan to the next meeting.

#### **Action Items:**

#### **Resolution 13-15 General Manager Evaluation Procedures**

The purpose of Resolution 13-15 is to develop and clarify the process of General Manager evaluation procedures and to adopt a performance evaluation form to use in the future.

**Commissioner Oosterman made a motion to approve Resolution 13-15 General Manager Evaluation Procedures, Commissioner Olsen seconded, all in favor.**

#### **Schedule a Public Hearing on August 13, 2013 to consider rate increases and surcharges for the Tanglewilde-Thompson Place Water System Improvements.**

The meeting was rescheduled from the proposed date of August 13 to August 27, 2013. CFO Parker reported she had a discussion with the Department of Commerce and the Washington Department of Health to discuss the new State Drinking Water Fund loan requirements. She was able to inform them that we may not take the full \$12 million; they were pleased to hear that because they were not sure how our customers were going to be able to pay it. They told her in the future, all loans will be required to have the governing board adopt a Resolution to approve rates to pay for the loan.

**General Manager's Report:** John Weidenfeller, General Manager  
GM Weidenfeller provided a report in writing. He added that Commissioner Oosterman received an e-mail from Mr. Haapala a customer in Mason County about the Ready to Serve Rate. GM Weidenfeller will work with Commissioner Oosterman to draft a letter back to him.

Commissioner Olsen commented that he appreciates the communication with the Prairie Ridge water system customers. He feels there is a communication gap between the PUD and the customers. As representative of their District he feels responsible to correct the issue. He will

look to management and Commissioners for input. Commissioner Stearns suggested he talk to Carol West who works at WPUDA since she is also a customer of the Prairie Ridge Water system. Commissioner Olsen will work with staff to write a letter to the customers of Prairie Ridge water system.

CFO Parker reported that Tempo Lake water system has paid off their State Revolving Fund Loan from their reserves. They have hired a new engineer who has drafted up plans. The plans have been approved by the Washington State Department of Health. Effective July 1, 2013, the PUD will no longer be their Certified Operator. We will work with the Tempo Lake Board through the transition.

**Chief Financial Officer's Report:** Financial Variance Report (every 4<sup>th</sup> week's meeting)  
CFO Parker reported water usage has gone up. We have not recovered from the cooler months; we are in the middle of the billing process right now so she can update them once the bills have gone out.

OM Gubbe and CFO Parker have been working on the Water Quality reports. There are 34 Water Use Efficiency reports that also need to go out by the end of the month. This year, the PUD is using an electronic URL system to allow customers access to water use efficiency reports rather than mailing each customer a report; this is newly authorized in 2013 for the first time ever. Customers may also request a copy be mailed to them.

Commissioner Olsen asked for a definition of the base rate. Commissioner Stearns explained the base rate and how he answers the question why they have to pay for water when they do not use any water. CFO Parker will write something up for him.

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

**Update on Rate Discussions with the City of Olympia**

CFO Parker reported they met with the City of Olympia, who answered all the questions the PUD had. The City asked some questions regarding fire capacity CFO Parker is getting the answers for them. The City also asked the PUD to work with them on a lead sentence for the report. The PUD is currently on stand-by service only and they would like the PUD to describe where they see themselves in the future.

GM Weidenfeller explained acquiring peak day Qi gallons per minute capacity for the Tanglewilde water system is a top priority. In 2014, the City of Olympia rate will increase significantly and the PUD needs to be off their system as a wholesale water customer at the earliest possible time.

**Commissioner Topics, Discussion and Reports:**

Commissioner Olsen reported he will call into the WPUDA meetings tomorrow. He will attend the Deschutes meeting on Thursday morning.

**Legal Report:** Joe Rehberger, Chief Legal Counsel

Joe Rehberger reported he is working on the consolidation of three water rights to consolidate several of the PUD's water systems.

**At 8:21 p.m. Commissioner Stearns moved into Executive Session for 15 minutes to discuss the Review the Performance of a Public Employee in accordance with the provisions of RCW 42.30.110 (1)(G).**

**At 8:36 p.m. Commissioner Stearns extended the meeting for 5 more minutes.**

**Commissioner Stearns adjourned the Executive Session at 8:41 p.m.**

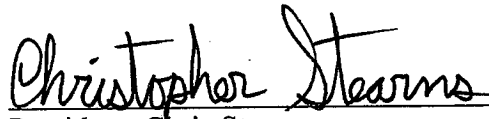
**Commissioner Olsen made a motion to award to the General Manager the rating and review of the Board. Commissioner Oosterman seconded, all in favor.**

**Summary of Assignments:**

CFO Parker will provide a definition or description of the base rate as requested by Commissioner Olsen.

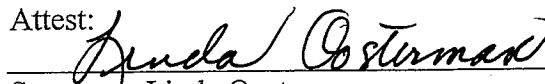
**Adjournment:**

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



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President, Chris Stearns

Attest:

 7.9.13  
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Secretary, Linda Oosterman