

**MINUTES OF THE REGULAR MEETING OF JULY 9, 2013
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The first regular meeting for July 2013 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday, July 9, 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 5:00 p.m.

Approval of Agenda:

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 25, 2013 Meeting
Prequalification of Contractors – Small Works Roster:
 Durels Construction & Management LLC.
 Advanced Government Services Inc.

SMA Contracts:

Correspondence:

Travel Approvals:

Other:

Voucher Approval:

 Accounts Payable 6/26/13, 7/3/13

 Payroll 7/5/13

Resolutions:

Other:

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

Public Comments: None

Presentation:

Covington Water System Arsenic Mitigation Options

GM Weidenfeller thanked the people who attended the meeting tonight, those who provided testimony previously and the members of the audience who have worked with the PUD on

this issue. On June 11, 2013, a Public Hearing was held regarding the arsenic treatment. Customers who were present suggested purchasing water from the City of Lacey.

Chief Financial Officer, Julie Parker checked into purchasing City of Lacey water several years ago and at that time it was not feasible. The Board approved looking into purchasing City of Lacey water on June 25, 2013. On June 28, 2013, a letter went out to the customers of the Covington water system that explained purchasing water from the City of Lacey is a viable option.

GM Weidenfeller provided a handout to the customers who attended the meeting. He explained the handout shows three potential options to deal with the arsenic in the water. The handout noted the PUD has spent \$65,000.00 on this project already. Option 1 addresses purchasing water from the City of Lacey. Option 2 addresses the PUD constructing arsenic treatment. Option 3 addresses transferring the Water System to the City of Lacey.

GM Weidenfeller explained the guidelines for Public Comment during the Public Hearing on the Covington Water System Arsenic Mitigation Options. Mr. John Martin of 2512 Covington Ct SE, Olympia, WA 98516, provided testimony in an e-mail. The e-mail has been given to the Commissioners and the Clerk to the Board will enter it into the public record and attach it to the minutes.

Public Hearing:
Covington Water System Arsenic Mitigation Options

Mr. Youmans signed in; he stated his concerns have been addressed in the presentation given.

Mr. Peterson asked what the point of coming to the hearing was. Commissioner Stearns explained the Commissioners are elected to represent the public and were here to take testimony. He noted he has instructed staff to be conservative on their estimates to make sure all costs are covered. Discussion continued regarding the comment and decision making process. Commissioner Olsen invited Mr. Peterson to provide him with his preferred option or another viable option.

Mr. Youmans, 2236 Covington Ct. S.E., Olympia, WA, pointed out the letter he submitted to the last Public Hearing on this issue is very appropriate to tonight's discussion. He testified in support of Option 1, using City of Lacey water. He then asked when they should know how much a prepayment would be on the project. Staff explained it would not know the final costs of the project until after it was completed. Mr. Youmans asked for a prepayment amount based on a \$20.00 surcharge amount. It was noted that the Board had not made a decision if they would approve a prepayment amount, but staff will put together a number and conduct a survey of the residents to see who is interested in a prepayment of the surcharges. The PUD has a deadline to have the project completed in October 2013. No decisions will be made by the Board without giving the community the opportunity to comment on proposed options at a public meeting.

GM Weidenfeller closed the Public Hearing.

The meeting recessed for a 10 minute break.

Presentations: None

Staff Presentations:

Operations Manager's Report: Kim Gubbe, Operations Manager

OM Gubbe provided the Commissioners a report in writing. She added that the Shadowood water system was out of water for a little over 24 hours. She called all the customers for whom she had good phone numbers on both Saturday and Sunday. The pump has been replaced.

Work did not start on the Prairie Ridge water system today. The work has been rescheduled for next Tuesday. The customers have been notified and we have not received any comments, letters or e-mails back from them.

Commissioner Oosterman requested updates on the water system outages so that if Board Members receive any calls they can answer the questions. GM Weidenfeller said he will try to ensure Commissioners are kept informed. The subject of information sharing with all Commissioners was discussed. Commissioner consensus was that all Commissioners should be kept informed even if one Commissioner is working an issue with the General Manager. The GM said he will try to ensure all Commissioners are informed on the issues.

OM Gubbe is on vacation Friday July 12th through Friday July 19th.

Chief Financial Officer Report: Julie Parker, Chief Financial Officer

Chief Financial Officer Parker told the Commissioners a customer filed a complaint with the Attorney General's office. The complaint was forwarded to the PUD since the complaint is out of their jurisdiction. The customer stated that the monthly base meter charge is causing a hardship on her. This customer has had many questions answered over the years. She has been provided information regarding the rate structure and other information to address her concerns. Staff has worked with her making her exempt from past due statements. When she stopped making payments, customer service staff removed her from the being exempt from the past due statements. This may have been what caused her to file the complaint.

CFO Parker and OM Gubbe were excused from the meeting.

Information or Discussion of Operations/Policy Issues:

Reminder, July 12th Telecommunications Workshop (9 a.m.-4 p.m.)

All three Commissioners will attend.

Low Income Assistance Program (Commissioner Stearns)

Commissioner Stearns wanted to address the low income assistance program because he has received communication from a Jefferson County Commissioner stating they have implemented a low income assistance program. CFO Parker is scheduled to bring a presentation and recommendation on this subject to the Board next month. He encouraged staff to provide this service if at all possible. CFO Parker explained the process of collecting contributions for the low income assistance program, having a third party manage the request process and the challenges and staff time it takes. She will talk to other PUDs how they are handling contributions that come in with water payments.

Discussion of Governance Policies (Commissioner Olsen)

Commissioner Olsen has been working on a Governance policy and provided a handout. The Board discussed it.

Commissioner Oosterman made a motion to review the Rules and bring them back to the next meeting, Commissioner Stearns added to give feed back through GM Weidenfeller and seconded the motion, all in favor.

Strategic Plan (Commissioner Olsen)

Commissioner Olsen incorporated the edits to the Strategic Plan and provided a final version. **Commissioner Stearns made a motion to bring the final Strategic Plan to the next meeting as an action item, Commissioner Oosterman seconded, all in favor.**

Action Items: None

Commissioner Topics, Discussion and Reports:

Commissioner Olsen attended the Deschutes TMDL meeting and noted a lot of good information is being developed. The Commissioners discussed the issues the group has been working on.

Commissioner Oosterman reported she was not able to attend the Deschutes TMDL meeting because she attended the Water Committee meeting at WPUDA. It was a very interesting meeting and she learned a great deal. She also sat in on the Telecommunications and Electric Committee meetings.

Commissioner Oosterman has a goal that as a Board they stabilize. She wants to work together well and present a good, confident persona to the public. She wants it to be authentic and something that the customers can count on. Commissioner Oosterman does not want to see another group of customers come in, like the ones present tonight, and ask why the PUD is not funding their improvements like we funded the project for this group. She would like to see a consistent policy developed. The Board discussed how to finance future projects and how to present it to the Public.

Commissioner Stearns reported he attended the WPUDA Water Committee Meeting; he commended Commissioner Oosterman for bringing up the issue of a low income assistance program to Seniors.

Commissioner Stearns attended the Chehalis Partnership meeting. They have hired a new Coordinator.

Presentations: None

Staff Presentations:

General Manager's Report: John Weidenfeller, General Manager

GM Weidenfeller provided a report in writing. GM Weidenfeller asked for lunch orders for Friday's Commission Workshop.

GM Weidenfeller reported Tempo Lake Glade has not paid one of their engineering bills for just over \$900.00. Their contract is with the engineer and not the PUD.

GM Weidenfeller will be on vacation from August 8 – 22.

GM Weidenfeller received a call from a staff member of the Public Works Trust Fund Board today. The \$1.3 million funding for programs our PUD was recommended to receive was not approved by the legislature. The Trust Fund monies were removed by the legislature and transferred to fund education.

On August 1, 2013, the Assistant State Auditor will be here to begin the annual audit.

GM Weidenfeller reported the Pierce County Community Development Block Grant is available for the Webster Hill Water System. The environmental portion of the project has begun.

GM Weidenfeller reported the Olympia water contract amendment is progressing, the news is not good. We are expediting the process. As soon as the additional Qi is approved by Department of Ecology we will be able to cancel the wholesale water contract with the City of Olympia.

GM Weidenfeller asked who will attend the Pierce County Cooperative picnic on August 8th. None of the Commissioners will be able to attend.

GM Weidenfeller will survey the customers of the Covington Water system to see who desires to make a onetime payment instead of monthly surcharges. A discussion continued regarding the pro's and con's of prepayment of the surcharge. GM Weidenfeller will put together a summary of the Covington options for the next meeting and will coordinate it with Commissioner Oosterman.

Legal Report: Joe Rehberger, Chief Legal Counsel was excused from the meeting.

Executive Session: None Planned

Summary of Assignments:

Confirm Victoria McCormick does not have a leak.

Add the Governance Rules to the next meeting as an agenda item.

Add the Strategic Plan to the next meeting as an agenda item.

GM Weidenfeller will put together a summary of the Covington proposal.

Adjournment:

Commissioner Olsen made a motion to adjourn the meeting at 7:30, Commissioner Oosterman seconded, all in favor.

Attachment: E-mail from John Martin, 2512 Covington Ct NE, Olympia 98516, submitted as Public Testimony at the Covington Water System Arsenic Mitigation Public Hearing


Chris Stearns, President

Attest:


Linda Oosterman, Secretary

John Weidenfeller - Re: Covington Water System Arsenic Mitigation letter dated June 28, 2013

From: John Weidenfeller
To: jcmartin2000@comcast.net
Subject: Re: Covington Water System Arsenic Mitigation letter dated June 28, 2013

>>> <jcmartin2000@comcast.net> 7/9/2013 10:45 AM >>>
Good morning, Mr. Weidenfeller!

I am a resident of Covington Court NE, having lived here since building my own home in 1987, and am currently in receipt of your letter dated June 28, 2013. That letter has prompted me to respond in adamant opposition to the proposal you have presented.

One of the ongoing tangible benefits of our neighborhood over many years has been the quality of the water specifically provided by the dedicated local system serving the Covington neighborhood. It consistently has produced some of the finest tasting water to be found anywhere in this region, and all within the parameters of established standards for consumption safety. Our water was perfectly acceptable until some governmental agency a couple of years ago issued a rather arbitrary inflation of acceptable levels of chemical elements that has since led to a false perception that we are in danger of consuming excessive levels of arsenic in our water. That trigger has produced contention and a belief that we are being forced into yet another undesired avenue of "public safety compliance". I respectfully argue the validity of the County's approach.

It seems that an unfounded "adjustment" of safety parameters does not lead to a justification of the magnitude of change you are proposing for our neighborhood. First of all, addressing what is probably the most important consideration of all, the taste of the water produced by the Covington system compared to that provided by the City of Lacey is like night and day. The City water has notoriously been considered less than stellar because of the perpetual presence of "chemical smells and tastes" inherent in their treatment and delivery process. Our Covington water is far superior and has long been revered for its natural taste and purity of flavor. Because of that fact alone, I have no desire to pursue or endorse consideration of extending the City of Lacey water system into the Covington neighborhood, even with your "selling point" that we would maintain access to water service during power outages. Yes, even though loss of power is somewhat aggravating, the rarity of those very infrequent occasions in our area constitutes nothing more than a minor inconvenience and certainly is not an overriding reason for change. Secondly, I am opposed to even treating the existing water as you've described, my fear being that the process you've described will significantly alter the taste of our water without producing significantly "safer" water. As I mentioned earlier, we were well under the threshold of safety concerns for the entire history of our dedicated system until the target point for arsenic levels was arbitrarily inflated just a couple of years ago, with no justification or documentation of the reasoning behind that adjustment. As far as I'm concerned, I feel absolutely no threat of danger from our water, and therefore I am a proponent of absolutely no change at all to our

current system.

To have the County approach our neighborhood with the proposal as you've presented, which certainly feels like yet another eye-rolling episode of having an undesired change forced down our throat, amounts to little more than unjust travesty unleashed by unbounded bureaucracy.

Although I will be unable to attend the public hearing on July 9th, I am more than happy to discuss this issue with you and/or the PUD commissioners at a different time. I appreciate your consideration of my concerns, and I sincerely hope for an equitable resolution of this issue.

Sincerely,

John Martin
2512 Covington Ct NE
jcmartin2000@comcast.net