

**MINUTES OF THE REGULAR MEETING OF OCTOBER 7, 2013
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The first regular meeting for October 2013 of the Commissioners of Public Utility District No. 1 was called to order on Monday October 7, 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), and Cathy Skiles, Clerk to the Board. Kim Gubbe, the District's Operations Manager (OM) and Joseph Rehberger, Chief Legal Counsel, were excused from the meeting.

Commissioner Stearns called the general meeting to order at 5:00 p.m.

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

Commissioner Olsen made a motion to add the discussion of the Strategic Plan after the Other category in the outline of the Consent Calendar.

Consent Calendar:

Approval of Minutes: September 24, 2013 Meeting
Prequalification of Contractors – Small Works Roster:
SMA Contracts:
Correspondence:
Travel Approvals:
Other:
Voucher Approval:
 Accounts Payable 9/25/13; 10/2/13
 Payroll 10/5/13

Resolutions:

Other: Declaration of Emergency at Bald Hills Water System, 9/30/13

Discussion of the Strategic Plan

Commissioner Olsen provided each Commissioner with a copy of the Strategic Plan. He asked the Commissioners to develop a matrix showing each Commissioner's area of expertise and deliverables as outlined in the Strategic Plan's *Partnerships* Section, Action Step No. 2. He noted this can be done as a group or each Commissioner could provide the information to GM Weidenfeller. GM Weidenfeller asked the Commissioners to get something to him by October 17th so he can develop a matrix for the next meeting.

Public Comments: None

Public Hearing: 2014 Budget and Rates Hearing

Commissioner Stearns opened the Public Hearing at 5:05 p.m. Commissioner Stearns noted there were no members of the Public present to make comments.

GM Weidenfeller stated the reason for the Public Hearing is to receive public testimony regarding the 2014 Budget and Rates. The Public has had a chance to testify before the Board at every meeting for the past two months and there has been no public testimony. Three letters have been received and were provided to the Commissioners. Staff is recommending a 4.15% increase in rates which would provide basic operating costs, no COLA increase and implement the current salary survey.

Commissioner Stearns closed the Public Hearing at 5:07 p.m.

Information or Discussion of Operations/Policy Issues:

Presentations:

Staff Presentations:

General Manager's Report: John Weidenfeller, General Manager

GM Weidenfeller provided the Commissioners a report in writing. He noted in his report that Pierce County has provided their comments regarding the Part A Water System Plan. Susan Clark has been asked if she can follow-up on a response to Pierce County's comments.

The Covington arsenic mitigation project is moving forward.

The request for more Qi is being worked on for submission to the Department of Ecology.

The Prairie Ridge water system pumps have been pulled and replaced due to a manufacturer's defect. The system has been tested and is working well. GM Weidenfeller confirmed there was no interruption of service to the customers of Prairie Ridge. Commissioner Stearns commended staff for their hard work and expertise in fixing the problem.

GM Weidenfeller reported he sent eleven acquisition letters the week of September 23rd; he has not received any responses to those letters.

The Commissioners and GM Weidenfeller discussed the lack of response from NoaNet; GM Weidenfeller will follow-up with them again before the next meeting.

Operations Manager's Report: Kim Gubbe, Operations Manager

OM Gubbe provided a report in writing; she was excused from the meeting.

GM Weidenfeller noted an SMA issue involving service to the Delphi Homeowners Association came up when staff was reading meters. It is explained in the Operations Report. While staff was reading meters a customer confronted him, and the HOA Board Member that was with him. The Delphi customer has since put a restraining order on the Board Member of the Delphi HOA. GM Weidenfeller reported staff handled the situation exactly as he should have. The PUD Staff

member has provided a statement for the Board Member's attorney and he will testify in Court tomorrow if needed.

GM Weidenfeller reported both the Delphi and Tolmie water systems sampled coliform present. The follow-up cleaning and sampling of the systems are being done.

Chief Financial Officer Report: Julie Parker, Chief Financial Officer - Financial Variance Report (every 4th week's meeting)
CFO Parker was going to report on the Cost of Service Study but GM Weidenfeller took care of it.

Commissioner Stearns asked about the storm damage. GM Weidenfeller reported a tree fell and damaged a water line on the Bald Hills water system. About 20' of pipe had to be replaced. Commissioner Oosterman asked if insurance will cover the cost of the repair, CFO Parker said they will not.

GM Weidenfeller reported on recent leaks at the Tanglewilde-Thompson Place water system. A repair on Rhododendron Court took all day to repair. A repair on Husky should be repaired by the end of the week. There is one other leak that needs to be repaired.

Commissioner Topics, Discussion and Reports: (Russ, Linda, Chris)
Commissioner Oosterman stated she attended the County Emergency Management meeting. At the meeting the proposed RCW regarding emergency planning was discussed and the new regulations are very stringent. Commissioner Oosterman expressed at the meeting that Thurston PUD would like to participate more in the planning. Commissioner Oosterman discussed the Lew's 81st water system's challenges in being the last area to get power restored. The Commissioners discussed other water systems we serve in rural areas that are on the bottom of the list for having power restored. Commissioner Oosterman will attend a meeting on October 31st where PSE will be present to discuss emergency responses.

Commissioner Olsen reported the meetings in Leavenworth were good. There was good interaction with the Department of Ecology employee who provided a presentation. Commissioner Olsen also attended a presentation on emergency management. He attended the Commissioner Round Table discussion, the meeting was very informational. Commissioner Olsen heard many Commissioners are dealing with many dynamics. He reported Thurston PUD is accomplishing a lot and working well as a team. All-in-all, he said, it was a good conference. He appreciated GM Weidenfeller providing a presentation on rates and OM Gubbe making a presentation. A presentation from the WPUA Lobbyist and attorneys from a legal firm on water rights and acquisitions were interesting. GM Weidenfeller and the Commissioners discussed who attended the Conference.

The Commissioners discussed electrical and earthquake emergencies.

Commissioner Oosterman said she will be away from December 15th through January 7th.

Commissioner Olsen is supposed to be in Portland for the October 22nd meeting, he will call in for the meeting.

Commissioner Stearns reported he attended the Deschutes TMDL meeting. Staffing for the organization is in transition. The Deschutes TMDL group has some deadlines they need to meet.

Commissioner Stearns attended the Chehalis Partnership meeting. The organization has a new staff member who is familiarizing themselves with the Partnership. Grays Harbor is attending the meetings; entities are considering shipping coal on the river.

Commissioner Stearns attended the TRPC meeting on Friday; he made sure Thurston PUD will be in the *Profile*. GM Weidenfeller provided a short description of the PUD for the Profile.

Action Items:

Resolution 13-26, 2014 Budget

GM Weidenfeller reported there are no changes to the Budget as it was previously presented. The budget reflects a 4.15% increase in rates. CFO Parker did a good job in presenting the Budget. The Commissioners and staff discussed the writing of the Resolution. Commissioner Stearns asked if there are expenses that could impact the budget; CFO Parker responded there are none. GM Weidenfeller explained the budget is a plan and revenues and expenses will be reviewed throughout 2014. The Commissioners discussed items that can affect the 2014 budget. If a large acquisition should present itself, the PUD would fund it through a line of credit. The Commissioners discussed the federal government shut down.

Commissioner Olsen made a motion to approve Resolution 13-26, 2014 Budget, Commissioner Oosterman seconded, all in favor

Resolution 13-27, 2014, Water Rates and Other Charges

Commissioner Olsen made a motion to approve Resolution 13-27, 2014 Water Rates and Other Charges, Commissioner Oosterman seconded. CFO Parker stated the Commissioners will see other resolutions in the next few months; one will be the Ad Valorem Tax resolution and another will set the SMA rates for 2014. CFO Parker and the Commissioners discussed the tax process and how those revenues are determined. CFO Parker also reported the ancillary charges have been adjusted. CFO Parker will look at the seasonal rate adjustment for the last six months in January and report back to the Commissioners. **The Commissioners voted all in favor of approving Resolution 13-27, 2014 Water Rates and Other Charges.**

Resolution 13-31, Low Income Assistance Program

CFO Parker reported this is a program developed at the request of the Commissioners.

Commissioner Olsen made a motion to approve Resolution 13-31, Low Income Assistance Program Commissioner Stearns seconded, all in favor

Commissioner Stearns thanked staff for putting the Low Income Assistance program together.

Commissioner Stearns reported he will be working with Thurston County Commissioner Sandra Romero to set up the 2014 TRPC agenda. He will also be working with County staff to set up a

work plan for the TRPC. The TRPC had a series of presentation called Water 101 which were very informative.

Summary of Assignments:

Commissioners provide GM Weidenfeller their areas of expertise and deliverables for the Strategic Plan Partnerships Action Step 2. by October 17, 2013.

CFO Parker will look at the seasonal rate adjustment for the last six months in January and report back to the Commissioners

Joe Rehberger, Chief Legal Counsel will report to the Commissioners regarding the Low Income program and who can participate and how.

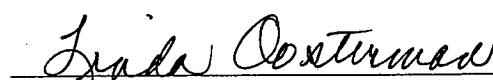
Adjournment:

Commissioner Olsen made a motion to adjourn the meeting, Commissioner Oosterman seconded, and the meeting was adjourned at 6:30 p.m.



Chris Stearns, President

Attest:



Linda Oosterman, Secretary