

**MINUTES OF THE REGULAR MEETING OF FEBRUARY 25, 2014
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The second regular meeting for February 2014 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday, February 25, 2014, at 921 Lakeridge Way SW, Suite 301, Olympia, WA 98502, commencing at 5:00 p.m. Commissioners Linda Oosterman, Russell Olsen and Chris Stearns 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. Joe Rehberger, Chief Legal Counsel was excused from the meeting.

Call to Order:

President Commissioner Oosterman called the meeting to order at 5:00 p.m.

Approval of Agenda:

President Commissioner Olsen made a motion to approve the Agenda, as amended moving Resolution 14-06 from the Consent Calendar to Action Items, and modifying Resolution 14-06. Commissioner Stearns seconded, all in favor.

Consent Calendar:

Approval of Minutes:

January 28, 2013 Meeting

February 11, 2014

Prequalification of Contractors – Small Works Roster:

Chehalis Sheet Metal

SMA Contracts:

Correspondence:

Travel Approvals:

Other:

Voucher Approval:

Accounts Payable 2/12/2014, 2/19/2014

Payroll 2/20/2014

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

Public Comments: None

Public Hearing: None

Action Items:

Resolution 14-04, 2014 Capital Budget Amendment

CFO Parker reported this amendment is the first amendment to the 2014 Capital Budget. The Capital Budget is drafted in the September/October time frame. Since that time, some capital improvements have been added to the budget. Some projects that were not completed in 2013 have also been rolled over into the 2014 Capital Budget. **Commissioner Olsen made a motion to pass Resolution 14-04, 2014 Capital Budget Amendment as presented, Commissioner Stearns seconded, all in favor.**

Information or Discussion of Operations/Policy Issues:

Exploration of Community Operated Generator Systems for Small Water Systems

GM Weidenfeller stated it costs \$40,000 to \$80,000 to install an automatic start generator with fuel capacity to run the generator for up to five days. This is not feasible for the smaller systems owned by the PUD. GM Weidenfeller would like to explore a more feasible way of providing back-up power to some of the PUD's 130 class B water systems. He reported he receives requests from small water systems frequently. The most recent request is from a Pierce County water system with six connections. An option he would like to explore more is to partner with customers and train and certify customers to run generators for their water systems funded through surcharges if there is a 66% vote by the water system. This option would drop the price down to \$15,000 or less for a generator set-up. This option would involve developing a partnership with the customers on the system. GM Weidenfeller has contacted the PUD's insurance pool on this issue and they are looking into it. Commissioner Olsen asked if the PUD would purchase the generator. GM Weidenfeller explained the PUD would own the generators and the cost would be paid by the customers through a surcharge. Commissioner Olsen said he liked the idea. Commissioner Oosterman thanked GM Weidenfeller for presenting the advantages and disadvantages of the idea. Commissioner Stearns commented that 66% approval of the votes on a system with only six customers would be four customers. The Board approved investigating the concept and GM Weidenfeller will report back to the Board.

Resolution 14-03, Representation of PUD Positions

Commissioner Olsen made a motion to open Resolution 14-03, Representation of PUD Positions, for discussion, Commissioner Stearns seconded.

The Commissioners discussed the roles of the PUD Commissioners and the difference between making comments as a candidate vs. making comments as a Board Member. The Commissioners discussed elements of the draft resolution. Commissioner Stearns provided and handed out recommended changes he would like to see made to the draft resolution. The Commissioners will all review the resolution and submit changes to the draft resolution to the GM by March 4th so he can have them available for discussion using the overhead projector at the next meeting.

Resolution 14-06, New Job Classification, Accounting Assistant

CFO Parker provided the Commissioners a revised job classification for the resolution. The revision was to change the Financial Technician to Accounting Assistant. Commissioner Stearns asked how many employees the PUD has, excluding the GM, OM and CFO. GM Weidenfeller stated there are currently 12 regular positions including the three management positions; the positions of General Manager, Chief Financial Officer and Operations Manager. **Commissioner Olsen made a motion to approve Resolution 14-06 New Job Classification, Accounting Assistant. Commissioner Stearns seconded, all in favor.**

OM Gubbe reported she is in the second phase of selecting a Field Technician II position. The applicants are testing. She hopes to begin interviewing next week.

Legal Report: None. Counsel was excused from the meeting.

Presentations:

General Manager's Report: John Weidenfeller, General Manager

GM Weidenfeller provided the Commissioners a report in writing. GM Weidenfeller pointed out that he has received a lot of interest in acquisitions. He will provide the Commissioners with more information as he has it. He noted staff will be meeting with a private water company owner tomorrow.

GM Weidenfeller reported he has contacted the City of Olympia about the contract. The City responded back answering some questions he had; things are moving forward.

GM Weidenfeller, Commissioner Oosterman, CFO Parker, OM Gubbe, Counsel Rehberger and the Consulting Engineer will be meeting with the Webster Hill Community on March 15, 2014. The Community will vote that day to transfer the system to the PUD.

Commissioner Stearns asked about the owner of Rainier Terrace water system and if he was receptive to metering each property. GM Weidenfeller reported the owner does not have a problem with metering the properties. GM Weidenfeller explained the PUD would not be able to pay much for the system since meters would need to be installed. Commissioner Oosterman asked about vacant lots in a mobile home park in regard to pending legislation. GM Weidenfeller explained legislation was being considered to exempt vacant lots in mobile home parks from being required to pay the base rate. He said this is not the first time this legislation has been proposed. The Commissioners and staff discussed the different scenarios for billing vacant sites.

GM Weidenfeller and the Commissioners discussed the list of potential acquisitions.

Commissioner Stearns asked about the status of the Cost of Service Study. Commissioner Olsen explained the Consultants have clear direction. GM Weidenfeller said he will have a report for the Commissioners at the first meeting in April.

Operations Manager's Report: Kim Gubbe, Operations Manager

OM Gubbe provided the Commissioners a report in writing. OM Gubbe asked for questions from the Board.

Commissioner Stearns asked about the Coker well pump removal. OM Gubbe reported the project went well but we are still trying to figure out how it was damaged; the shaft was broken in half. She discussed possible causes for the damage. Doug Eklund, the District's Consulting Engineer, is looking at several options before installing the new pumps.

**Chief Financial Officer Report: Julie Parker, Chief Financial Officer
Financial Variance Report**

CFO Parker provided the Commissioners with a Financial Variance Report. She cautioned the Commissioners bills are coming in later all the time. She will continue to provide the Commissioners with updates as bills come in. Some of the late bills are due to vendors changing software and bills are sent out later.

CFO Parker reported there are three SMA customers who are behind on their payments. She was able to resolve the issues with one customer over the phone. She has asked the owner of another system to bring their account current by February 28, 2014. If the account is not brought current, the PUD will give them thirty days notice to cancel the contract. The PUD will provide the owner a copy of the State's list of Satellite Management Agencies. The third owner was sent a letter to bring their account current.

CFO Parker had provided the Commissioners with an e-mail earlier noting the number of customers from 2008 to the present time. She explained the growth over the past years.

The Commissioners discussed election costs.

Commissioner Topics, Discussion and Reports:

Commissioner Stearns reported he attended WPUDA Association meetings last Wednesday, Thursday and Friday. He discussed the different meetings he attended and legislative updates. The Commissioners discussed the Columbia River Treaty discussion at WPUDA.

Commissioner Olsen attended the WPUDA Dues Review Committee meeting. Commissioner Olsen read the list of concerns gathered from the PUDs which John Kountz provided at the meeting. Commissioner Stearns explained reasons Snohomish PUD withdrew from the WPUDA. Commissioner Olsen shared

discussions held at the meeting. Commissioner Olsen will bring back information after each meeting.

Commissioner Olsen thanked the Commissioners for excusing him from the last meeting.

Commissioner Oosterman had to cancel a meeting she was scheduled to attend due to food poisoning.


Commissioner Oosterman stated that the next disaster preparedness meeting for leaders is March 27th. This meeting will focus on major disasters. The Commissioners and staff discussed what staff will do in the event of a major earthquake.

Summary of Assignments:

Commissioners will submit recommended changes to Resolution 14-03, Representation of PUD Positions, to the GM by March 4, and these comments will be discussed at the next Commission meeting on March 11.

Adjournment:

Commissioner Olsen made a motion to adjourn the meeting at 6:40 p.m., Commissioner Stearns seconded, all in favor.



President, Linda Oosterman

Attest:



Secretary, Russell Olsen