

**MINUTES OF THE REGULAR MEETING OF JULY 22, 2014  
OF  
PUBLIC UTILITY DISTRICT NO. 1  
OF  
THURSTON COUNTY, WASHINGTON**

The second regular meeting for July 2014 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday, July 22, 2014, at 921 Lakeridge Way SW, Suite 301, Olympia, WA 98502, commencing at 5:00 p.m. Commissioners Linda Oosterman, Chris Stearns and Russell Olsen were present. Also present were John Weidenfeller, the District's General Manager (GM), Kim Gubbe, the District's Operations Manager (OM), Julie Parker, the District's Chief Financial Officer (CFO), Joseph Rehberger, Chief Legal Counsel, and Kurin Rosado, Clerk to the Board.

**Call to Order:** Commissioner Oosterman called the Regular meeting to order at 5:04 p.m.

**Pledge of Allegiance:** The Pledge of Allegiance was recited by all present.

**Approval of Agenda:** Commissioner Olsen asked to add a Telecommunications Work Group update to the agenda's Action Items category. **Commissioner Olsen made a motion to approve the amended agenda as presented, Commissioner Stearns seconded, all in favor.**

**Consent Calendar:**

Approval of Minutes: July 8, 2014, July 9, 2014  
Prequalification of Contractors – Small Works Roster: None  
SMA Contracts: None  
Correspondence: None  
Travel Approvals: None  
Other: None  
Voucher Approval:  
    Accounts Payable: July 9, 2014, July 16, 2014  
    Payroll: July 21, 2014

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

**Public Comments:** None

**Public Hearing:** None

**Discussion Items:**

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

**Review of the July 9, 2014 Public Meeting in Thurston County**

Commissioners and staff reviewed the meeting and performance at the July 9 Thurston County Public Meeting. There was an issue accessing the gym at Lydia Hawk Elementary School; the meeting was conducted in a classroom after a Lydia Hawk teacher, also a TPUD customer, came to the staff's aid. It was agreed that the meeting went well, despite the initial hiccup.

Commissioner Olsen would like to know how much an average bill will increase so he can give this information to his constituents, especially those served by the Tanglewilde-Thompson Place water system. Reducing costs and efficiency was also discussed at the meeting.

#### **Discussion of 2015 Budget Priorities**

The 2015 Budget Priorities coversheet was provided in the agenda packet. Previously identified priorities include: consideration of a 1.5% property tax levy decreases unless the District will become active in telecommunications, providing an analysis of the breakeven point for the General Fund, implementation of the 2014 employee salary grid and review if a Cost of Living Adjustment (COLA) is an appropriate option, and funding of the Asset Management Plan. Not included on the coversheet was a priority to include efficiency operational improvements. GM Weidenfeller will ensure this is included this in the next cover sheet as a budget priority.

#### **Discussion of Strategic Plan & Quarterly Report, Second Quarter 2014**

A PowerPoint presentation was shown by GM Weidenfeller. A customer satisfaction survey will begin at the end of summer 2014. Customer complaints are down from last quarter.

TPUD is in compliance with all DOH standards for the water systems owned by the District, with the exception of the Deschutes Glen, Fuller, and Hunter 1 water systems (all Group B water systems). Plans for each of these systems were discussed. Public meetings to discuss implementation of the asset management plan, rates and surcharges were held in June and July in Pierce, Lewis and Thurston Counties.

Two leaks were recently found, one of those being the leak at the Evergreen Vista water system. OM Gubbe and CFO Parker are discussing a possible credit for Evergreen Vista customers, as they have been patient during the leak detection process.

The Quarterly Report will be changed to list Commissioner Stearns as the lead for the WPUDA Telecommunications Committee and Commissioner Olsen as lead for the Telecommunications Work Group working with the cities, locally.

#### **Telecommunications Workgroup Update**

Commissioner Olsen provided a verbal report on his work with the Telecommunications Work Group, which last met on July 21. Representatives from each city will bring forward a pilot project(s). The technical representatives from the cities will identify the fiber optic cables and conduit in their cities on a map. **Commissioner Olsen made a motion to approve a contract, for a period of 18 months and up to \$30,000 for telecommunications projects. Commissioner Stearns seconded, all in favor.**

**Action Items:** None

**Legal Report:** None

**Presentations:**

**Staff Presentations:**

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

GM Weidenfeller provided a written report. Mr. Weidenfeller recently attended a Rural Water Strategy Session at the Department of Ecology. He also reported that TPUD staff will be reviewing the Request for Qualifications (RFQs) received for the North Thurston School District new schools. Interviews will be scheduled in August.

The Skookumchuck Maintenance water system is a Group A water system in the Tenino area with 52 connections. The homeowners are reluctant to relinquish ownership of their water system, but they don't have the financial means to retain ownership while bringing the water system into compliance. GM Weidenfeller and OM Gubbe will meet with the HOA Board on July 23. If the water system is acquired by TPUD, there could be a possible surcharge to the water customers so that current PUD customers are not subsidizing necessary improvement for this new system when it enters the PUD.

GM Weidenfeller updated the Board on the issues at the Prairie Ridge water system. Staff has spoken with a few customers regarding the outages experienced at the system. The Commissioners expressed the desire to forward an acknowledgment letter to the Prairie Ridge customers. OM Gubbe explained the technical issues with the water system and stated that the outages may be related to high usage due to the customers' sprinkler system timer schedule.

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

OM Gubbe provided a written report. She reported that the reservoir inspection for the Tanglewilde-Thompson Place went very well; there was some corrosion found, but no more than normal. The reservoir inspection for Lake Lucinda, an SMA, was also recently completed. The cleaning project was bid with other Regional Water Cooperative of Pierce County projects and cost less than \$1,000; if the PUD had bid it separately, the cost for cleaning the reservoir would have been upwards of \$5,000.

OM Gubbe was contacted by customers with the North Overhause water system in Olympia. The water system has five connections and homeowners there are interested in acquisition by the PUD, as they are being challenged by Thurston County for issues of noncompliance. If the system is acquired, there would be a surcharge to the water customers to resolve issues so these customers would not be subsidized by current PUD customers.

The mainline for the newly acquired Hawk Acres water system is situated along Marvin Road, where construction for a new roundabout is planned. The mainline will need to be replaced. Since a private contractor completing the project, OM Gubbe reported that the mainline replacement will be paid for by the contractor, which would be a different case if the City of Lacey or Thurston County was completing the project. OM Gubbe will meet with the contractor on site on July 23.

GM Weidenfeller and OM Gubbe have been discussing the possible contract termination for an SMA managed by the TPUD.

**Chief Financial Officer's Report:** Julie Parker, Chief Financial Officer

CFO Parker provided a written report for June. Metered water revenue is at 44.72% of the annual budgeted expenditure; Commissioner Stearns asked if the Board should be concerned with this

figure, since the revenue is not at 50% at the half-year mark. CFO Parker will review the consumption reports that were recently compiled and look for a trend to report to the Board.

CFO Parker also reported that her financial reports have been completed, but there has been an issue submitting these reports to the Auditor's Office, due to submittal format limitations/procedures. An auditor is expected to visit the TPUD office within the next four weeks.

#### **Commissioner Topics, Discussion and Reports:**

Commissioner Stearns relayed that a new Chair was appointed for the WPUDA Telecommunications Committee. Currently, the WPUDA Telecommunications Committee is headed by two Eastern Washington utilities members. He attended the Thurston Regional Planning Council (TRPC) meeting in Bucoda. The attendees of that meeting discussed the rail issue associated with trains bearing coal or oil.

Commissioner Oosterman would like to take a two-week vacation and consulted with the other Board Members as to when the best time for this could occur. It was decided that the Board will work towards an adoption date for the 2015 budget of September 23, during the second regular meeting of September, so that the meeting on the first Monday in October can be cancelled.

**Executive Session:** (1) Potential Litigation (RCW 42.30.110 (1)(i)) and (2) Review the Performance of a Public Employee (RCW 42.30.110 (1)(g))

**Commissioner Oosterman announced the Board would enter an Executive Session for the purpose of discussion of potential litigation as authorized by RCW 42.30.110 (1)(i) for 20 minutes at 7:22 pm. The first Executive Session was closed at 7:42 pm. No actions were taken. At 7:42 pm, Commissioner Oosterman called for a five minute break.**

**Commissioner Oosterman called the meeting back into session after the break and announced the Board would enter another Executive Session for the purpose of reviewing the performance of a public employee as authorized by RCW 42.30.110 (1)(g) for 13 minutes at 7:47 pm. At 8:00 pm, it was announced in the public area that the Executive Session would be extended for ten more minutes. At 8:10 pm, it was announced in the public area that the Executive Session would be extended another ten minutes. The second Executive Session was closed at 8:20 pm. No actions were taken.**

#### **Summary of Assignments:**

1. Change the Strategic Plan Quarterly Report to reflect Commissioner Olsen serves as the lead role for the Telecommunications Work Group working with the cities and that Commissioner Stearns is lead for WPUDA Telecommunications Committee.
2. Amend budget to reflect a \$30,000 appropriation from the General Fund for the Telecommunications Work Group project for the next 18 months.
3. Send a letter to the Prairie Ridge community addressing the outages by the end of the week.

4. Schedule the Budget approval for the September 23rd Commission meeting and plan on canceling the October 6, 2014 Monday budget meeting.
5. Call PUD Commissioners that are in NoaNet to discuss how they feel about working with NoaNet.
6. Provide the Commissioners information on what an average bill will be under the 2015 Budget.
7. Ensure the CCR's for the new Marvin Road Water Company water systems are posted on the PUD's web site.
8. Update the Commissioner's Committee/Area matrix to reflect updates for the Telecommunications Work Group.

**Adjournment: Commissioner Olsen made a motion to adjourn the meeting, Commissioner Stearns seconded, and the meeting was adjourned at 8:20 pm.**

  
\_\_\_\_\_  
Linda Oosterman, Commissioner and President

Attest:

  
\_\_\_\_\_  
Russell E. Olsen, Commissioner and Secretary