

**MINUTES OF THE REGULAR MEETING OF SEPTEMBER 9, 2014  
OF  
PUBLIC UTILITY DISTRICT NO. 1  
OF  
THURSTON COUNTY, WASHINGTON**

The first regular meeting for September 2014 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday, September 9, 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), Kim Gubbe, the District's Operations Manager (OM), Julie Parker, the District's Chief Financial Officer (CFO), and Kurin Rosado, Clerk to the Board. Joseph Rehberger, Chief Legal Counsel, was excused from the meeting.

**Call to Order: Commissioner Oosterman called the Regular meeting to order at 5:02 pm.**

**Approval of Agenda: Commissioner Olsen made a motion to approve the agenda as presented, Commissioner Stearns seconded, all in favor.**

**Consent Calendar:**

Approval of Minutes: August 26, 2014

Prequalification of Contractors – Small Works Roster: None

SMA Contracts: None

Correspondence: None

Travel Approvals: None

Resolution:

Voucher Approval:

Accounts Payable: August 27, 2014, September 3, 2014

Payroll: September 5, 2014

Other: Letter, Declaration of Emergency & Waiver of Competitive Bidding Requirements, Ridgewood Water System, September 7, 2014

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

**Public Comments:** None

Commissioner Oosterman announced that the first Public Hearing is scheduled for 7:00 p.m. tonight.

**Discussion Items:**

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

**Resolutions 14-19, Proposed 2015 Budget, 14-20, Proposed Rates & Charges, & 14-21, Proposed Capital Budget & Capital Surcharges**

Copies of Resolutions 14-19, 14-20, and 14-21 were included with the meeting's agenda packet. It is the intention of the Board to adopt the resolutions at the next meeting on September 23, 2014. However, if staff needs more time to prepare or adjust the budget, this deadline can be extended, as the 2015 budget can be amended up until October 1.

The most recent budget draft includes a proposed increase in rate revenue of 2.66%, which results in a water rate increase of 4.0% for residential customers. To meet these figures, several line items were reduced. The proposed part-time summer laborer position was cut, but the

proposed part-time meter reader position is included in the proposed budget. The draft budget and supporting rates includes increases for normal estimated costs and \$5,000 for operational improvements that promote greater efficiency. In all, the proposed budget doesn't provide for much 'wiggle room.'

Commissioner Stearns proposed not eliminating surcharges. At the public meetings in June and July, the proposal made in PUD Commission Special Meetings held in 3 counties proposed eliminating existing surcharges for water systems that were in the PUD prior to May 30, 2014. By consensus, the Board approved developing the Preliminary Budget and rates to fund that budget by eliminating surcharges. The Commissioners discussed Commissioner Stearns' proposal that the budget be revised so that surcharges were not eliminated. CFO Parker will provide the Board members with information on the effect of eliminating of these surcharges.

It is estimated that the reserves in the General Fund will be depleted by the end of 2015. This would result in cutting \$45,000 from General Fund expenses in the 2016 budget. If rates were increased to cover these expenses in the Water Fund, this translates as an estimated 2% water rate increase for 2016.

#### **Resolution 14-22, Proposed 2015 Meter Reader Wage & Salary Range**

Resolution 14-22 establishes a wage range for the meter reader position proposed for 2015. Based on the General Manager's recommendation, the wage range for this position is \$14.45 an hour to \$18.46 an hour. This position, a part-time position, would not receive medical benefits, but would be enrolled with the Public Employees' Retirement System (PERS) and would receive other prorated benefits such as vacation and sick leave.

#### **Reoccurring Payments on Credit Card Fees**

CFO Parker followed-up on a request to update the Commissioners on setting-up reoccurring payments on credit cards and to see if credit card fees can be charged to customers for making payments on line. These payments are taken by the PUD's customer service representatives by phone with the customers. The system now in place allows a customer to call the PUD's office each month to make a payment by e-check, VISA or MasterCard, free of any charges. The PUD is currently receiving the most favorable rates for phone payments, as transaction fees are not passed onto the customers, and may not be passed on to customers.

If the contract with the provider is modified to include reoccurring credit or debit card payments, the cost to the PUD will significantly increase. Commissioner Oosterman brought up the possibility of the customer database being hacked and the PUD's liability in reference to loss of financial data or money. Staff will check with Legal Counsel to see if there is any liability.

#### **Average Bills in 2015**

CFO Parker provided a handout with a compilation of customer impact scenarios. With the proposed water rate increase of 2.66% it is estimated that the average customer's bill (assuming 750 cubic feet in usage every month) will increase by \$1.79 per month for customers both inside and out of Thurston County. Due to the elimination of the monthly base rate differential for Tanglewilde-Thompson Place, the average customer's bill for that water system will only increase by \$0.34 per month. These figures don't account for the additional \$1.00 capital surcharge for 2015, which is the same for each PUD customer; thus, the average bill would increase by another \$1.00 per month to implement the Asset Management Plan to replace and refurbish the District's infrastructure.

**Rate Adjustment Mechanism Briefing**

CFO Parker will be working on information for the rate adjustment mechanism. It takes about three hours to pull the data from the database, and another few hours to analyze the information pulled. Ms. Parker should have a report to present at the next regular meeting.

**Action Items:** None

**Legal Report:** None

**Presentations:**

**Staff Presentations:**

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

GM Weidenfeller provided a written report. It is Mr. Weidenfeller's recommendation that the PUD not proceed with acquisition of the Rainier Terrace water system. If the water mains running under trailers broke, it would present a significant financial risk and he does not recommend the PUD assume such risk.

Staff is waiting on approximately \$30,000 in grant funding for both the Cougar Mountain and Skookumchuck Maintenance water systems to perform feasibility studies. The OM will be meeting with the homeowners of the Cougar Mountain water system on September 20 at their annual meeting.

TPUD now owns the Webster Hill water system road parcel. GM Weidenfeller has provided the City of Olympia with a letter terminating the PUD's purchased water contract with the City of Olympia. The letter provides nine months notice as required in the District's contract with the City, for the purchased water contract. The contract will be terminated effective June 1, 2015. We will enter into a mutual aid agreement with the City.

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

OM Gubbe provided a written report. While she was away on vacation, the field staff was able to perform their duties without any major disturbances. Several leaks have been found within the past few days, so plans are in process for getting those leaks repaired. Field Supervisor Scott Dixon has been doing inventory and staff is expecting a large invoice for supplies, which will allow the Field Technicians to complete more repairs instead of contracting services out.

Due to the time of the year, there have been many service orders (service requests) and line locates received from customers. In addition, eight pump houses have been renovated this year so far.

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

CFO Parker will provide a report for the September 23 regular meeting.

**At 6:50 pm, Commissioner Oosterman called for a recess of the regular meeting and a ten minute break was observed before calling the first Public Hearing to order.**

**Public Hearing: Commissioner Oosterman called Public Hearing to order at 7:00 p.m.**

Six members of the public were present for the Public Hearing. Of these six, five individuals signed-in to speak. There were as follows: Flora and Cliff Chezum, Anna Hess, Michael Donovan, and Brian Hess (not a TPUD customer). CFO Parker explained the proposed budget and water rate increase, as well as the capital surcharge proposed to begin in 2015. The public's comments, questions, and concerns were addressed by the Commissioners and staff. Any issues not resolved were put aside for research and will be addressed with the customer directly. **Commissioner Oosterman closed the public hearing at 7:58 pm and the regular meeting was resumed.**

CFO Parker provided written information to the Commissioners on two budget, rate and surcharge related comments that have been provided to the District. One was an e-mail and the other was a record of the telephone conversation she had with a customer.

**Commissioner Topics, Discussion and Reports:**

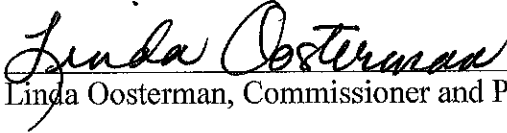
Commissioner Olsen reported that the next Telecommunications Work Group meeting is scheduled for September 22. The Cities have been asked to bring in their proposed pilot projects. After receiving more information at the scheduled meeting, Commissioner Olsen will provide an update at the next meeting.

Commissioner Stearns reported on a family matter. Commissioner Oosterman reported that she attended a County Emergency Management meeting at the Port of Olympia.

**Summary of Assignments:**

1. CFO Parker will provide the Commissioners with information pertaining to the elimination of surcharges for the Terry Lane, Crescent Park, Cornerstone Estates, and Pederson Place water systems.
2. Staff will speak to Mr. Rehberger about the PUD's liability in regard to customer payment information.
3. Staff will provide the Commissioners with more information on the loss of revenue expected from losing the WinCo, Wendy's, and Great Floors service area.
4. A Telecommunications Report and Discussion agenda item will be added to the agenda for the next regular meeting.

**Adjournment: Commissioner Stearns made a motion to adjourn the meeting, Commissioner Olsen seconded, all in favor. The meeting was adjourned at 8:22 pm.**

  
Linda Oosterman, Commissioner and President

Attest:

  
Russell E. Olsen, Commissioner and Secretary