

**MINUTES OF THE REGULAR MEETING OF DECEMBER 8, 2015
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The first regular meeting for December 2015 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday, December 8, 2015, at 921 Lakeridge Way SW, Suite 301, Olympia WA 98502, commencing at 5:00 p.m. Commissioners Russell Olsen, Linda Oosterman and Chris Stearns were present for the meeting. 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), Parker V. Holden, the District's Electrical Engineer, Colby Dixon, the District's Accountant, and Kurin Rosado, Clerk to the Board. Joe Rehberger, Chief Legal Counsel, was excused for the meeting.

Call to Order: Commissioner Olsen called the regular meeting to order at 5:00 p.m. The Pledge of Allegiance was recited by all present.

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

Consent Calendar:

Approval of Minutes: November 10, 2015, November 23, 2015

Prequalification of Contractors – Small Works Roster: None

SMA Contracts: None

Correspondence: None

Travel Approvals: None

Voucher Approval:

Accounts Payable: November 25, 2015, December 2, 2015

Payroll: December 5, 2015

Resolution: None

Other: None

Commissioner Stearns made a motion to approve the Consent Calendar as presented, including the meeting minutes for November 10 (as this document was approved during the November 23 meeting); Commissioner Oosterman seconded; all in favor.

Public Comments:

Two members of the public were present – Mr. Spurgeon, a customer of the Fir Tree 1 water system, and Mr. Birge, a customer of the Fir Tree 2 water system. Mr. Spurgeon testified that when the community loses power, they also lose water, as a generator hasn't been installed for his water system. The customers have endured power outages that last a couple of weeks and he asks the Board to consider installing a generator for the system.

GM Weidenfeller spoke to details of past requests for generator installation and noted that in 2010 the Fir Tree customers of Fir Tree 1, 2, and 3 and Fir Tree 4, 5,6 & 7 voted not to install a generator system that would be paid for by surcharges on their monthly bills. He also spoke

to current efforts to allow customers of the PUD-owned water systems to request generator installation and the District's efforts to install a generator for less than the \$40,000 to \$80,000 range estimated in 2010. Mr. Weidenfeller noted that an Electrical Engineer, Mr. Parker V. Holden, has been hired to build a prototype back-up generator for small water systems. If the District is able to provide these generators to our systems, the costs are estimated to be between \$15,000 and \$20,000, and an additional \$7,000 or \$8,000 for a more complicated system. Following a successful beta test, the District intends to notify our customers of the opportunity to have backup generators installed if a supermajority (66%) of customers on a water system vote to pay monthly surcharges to pay for engineering, acquisition and installation of a generator on their water systems for the next 20 years; replacement would be programmed in the District's Asset Management Plan funding calculations.

Mr. Birge, President of the Fir Tree Homeowners Association, also attested to the inconvenience of losing water when electricity goes out. In addition, he wanted to get clarification on water quality reporting for his water system. OM Gubbe clarified that since the system is a Group B system (not a Group A water system), a water quality report is not required. The Department of Health does require a bacteriological sample on an annual basis, with a nitrate test every three years. If any of these tests are unsatisfactory, the customers of that system are notified by the PUD. The Operations Manager provided him those results. Finally, Mr. Birge spoke to the pressure issues they have been experiencing, which he thinks may be related to be strain of too many customers on specific pumps. He asked for clarification when this issue will be resolved. GM Weidenfeller will research this issue and respond to Mr. Birge when he has more information.

Discussion Items:

Resolution 15-46, Third Revision Amendment to the 2015 Capital Budget

Approval of this resolution would revise the following items:

- Adds the Skookumchuck 4-Log Treatment at \$197,000, funded by DWSRF Loan.
- Adds \$10,000 to CI-66 Multiple Systems Upgrade.
- Adds \$5,000 to CI-71 Electrical Controls/Upgrades.
- Adds \$40,000 to CI-76 Well and Booster Pump Replacement.
- Removes \$10,000 from CI-41 Isolation Valve Maintenance, item deferred to later year.
- Removes \$20,000 from CI-44 Rebuild Pumphouses, rehabilitation work was performed through Operations.
- Removes \$10,000 from CI-69 Easement Clearing, item deferred to later year.
- Removes \$25,000 from CI-70 Decommissioning of Wells, item deferred to later year.
- Removes \$40,000 from CI-88 Indian Crest 1 Upgrade, item deferred to later year.
- Removes \$30,000 from CI-90 North Thurston School District Addition, item deferred to later year.

Discussion of the Generator Project for Small Systems

GM Weidenfeller gave an update regarding his progress with the generator project. Mr. Holden, the project engineer, also gave a brief update regarding his progress in building the prototype to test on a Group B water system; his full written report was provided to all present. Mr. Holden provided copies of photos and answered questions as needed.

Asset Management Plan, Capital Financial Plan and 20-Year Financial Plan

CFO Parker and OM Gubbe provided an overview of the Asset Management Plan spreadsheet and then a brief conversation was held. CFO Parker highlighted the District's Operating and Capital budgets revenues and expenditures modeling forecast for the next eleven years, through 2027. She is working on adding nine more years (2027-2036) to make the report a true 20-Year Financial Plan and the intent is to bring forward a presentation on the 20 year financial plan before or at the 1st Quarterly Report for 2016 scheduled for April 26, 2016. Staff and Commissioners discussed topics related to the asset management and financial plans.

Action Items:

Resolution 15-44, Authorization to Surplus

The purpose of this resolution is to request Commission approval to surplus and dispose of PUD equipment/materials. **Commissioner Stearns made a motion to approve Resolution 15-44 as presented; Commissioner Olsen seconded the motion; all in favor.**

Resolution 15-45, Cancellation of the Ready to Serve Rate

The Board of Commissioners adopted the Ready to Serve rate in February 2013 (see TPUD Resolution 13-01). Staff recommends the Board discontinue the Ready to Serve rate, the management and continued implementation of which is deemed to be not in the best interests of the District. **Commissioner Oosterman made a motion to approve Resolution 15-45 as presented; Commissioner Olsen seconded the motion; two Commissioners in favor, Commissioner Stearns against.**

Legal Report: None

Presentations:

Staff Presentations:

General Manager's Report: John Weidenfeller, General Manager

GM Weidenfeller provided a written report. Staff visited the Cedar Ridge Estates water system, an HOA-owned system located in District 3, for possible acquisition; a proposal will be brought forth at the next meeting regarding this system. The PUD is also looking into acquisition of the Maxvale water system soon. A letter was received by customers, who are Department of Ecology employees, on a privately-owned water system regarding acquisition of their well. They hoped that the PUD could assume ownership of their water system.

The exit interview for the annual audit was scheduled for December 8, but will be rescheduled to a later date.

GM Weidenfeller will try to schedule a follow-up meeting for the Telecommunication Work Group in January and February of 2016. The Webster Hill water system construction contract is close to close out. Mr. Holden, the generator project engineer, will be attending a meeting with Mr. Dixon, the PUD's Field Supervisor, which focuses on Variable Frequency Drives (VFDs). The General Manager also reported that staff is looking into installing a 20 foot high antenna on our building as part of the emergency radio communications system project that is currently underway.

Operations Manager's Report: Kim Gubbe, Operations Manager

OM Gubbe provided a written report. She reported that the Tanglewilde-Thompson Place generator project bid packet will go out tomorrow; she was awaiting results from a soil analysis that was just completed. There will be a walk-through on December 14 and the opening bid is scheduled for January 6.

Two bids were received for the Hawks Acres generator project. The resamples of the Lew's 81st system were returned as positive for total coliforms, although the well sample was negative. Staff will be temporarily chlorinating the system to resolve this issue. In addition, OM Gubbe will be suggesting temporary/permanent chlorination to the Lake Lucinda water system.

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

CFO Parker will provide a written report during the second meeting of the month.

Commissioner Topics, Discussion and Reports:

Commissioner Olsen attended the Thurston Regional Planning Council (TRPC) meeting last Friday, December 4. He also received an e-mail from Mayor Kmet regarding a City of Seattle study on telecommunications.

Commissioner Oosterman had nothing to report.

Commissioner Stearns attended the WPUDA meetings in SeaTac earlier this month. There were reports at the meetings of the preparation for the upcoming legislative session.

Summary of Assignments:

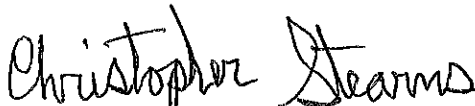
1. Research the pressure issue put forth by Mr. Birge, Fir Tree water systems, during the December 8, 2016 PUD Commission meeting and follow-up with him.
2. Add Resolution 15-46 as an action item to the next meeting's agenda.
3. Schedule a follow-up Telecommunications Work Group meeting in January or February 2016.
4. Send an updated timeline for the Tanglewilde-Thompson Place generator project to staff and Commissioners.
5. Commissioner Olsen will invite the DOH, Office of Drinking Water Director, Clark Halvorson, to a future PUD Commission meeting.

**Adjournment: Commissioner Oosterman made a motion to adjourn the meeting:
Commissioner Stearns seconded; all in favor. The meeting was adjourned at 7:12 p.m.**



Russell E. Olsen, Commissioner and President

Attest:



Chris Stearns, Commissioner and Secretary