

**MINUTES OF THE REGULAR MEETING OF JANUARY 26, 2016
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The second regular meeting for January 2016 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday, January 26, 2016, at 921 Lakeridge Way SW, Suite 301, Olympia WA 98502, commencing at 5:03 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), and Kurin Rosado, Clerk to the Board. Joe Rehberger, Chief Legal Counsel, was excused for the meeting.

Call to Order: Commissioner Stearns called the regular meeting to order at 5:03 p.m. The Pledge of Allegiance was recited by all present.

Approval of Agenda: Commissioner Olsen made a motion to approve the agenda as amended, to include the Commissioner Retreat as a Discussion Item: Commissioner Oosterman seconded; all in favor.

Consent Calendar:

Approval of Minutes: January 12, 2016

Prequalification of Contractors – Small Works Roster:

- 1) Kaufman Construction and Development, Inc.
- 2) General Mechanical, Inc.

SMA Contracts: None

Correspondence: None

Travel Approvals: None

Voucher Approval:

Accounts Payable: January 13, 2016, January 20, 2016

Payroll: January 20, 2016

Resolution: None

Other: None

Commissioner Olsen made a motion to approve the Consent Calendar as presented: Commissioner Oosterman seconded; all in favor.

Public Comments: A member of the Public was present, but this individual declined to speak at the meeting (and therefore, they did not sign in to the sign in sheet).

Action Item:

Decision Concerning Award of the Tanglewilde-Thompson Place Generator Installation Project (CI-85-004-2015)

At the last regular meeting, staff discussed rejecting all bids received for the Tanglewilde-Thompson Place generator installation project. However, after reviewing the additional costs to go out for another bid and the possibility that the project wouldn't be completed by the date agreed upon with the community if another bid is initiated, it is staff's suggestion to award the project to the lowest responsible bid. The Commissioners and staff discussed reasons for why the bids received may have come in higher than forecasted by engineering predictions. GM

Weidenfeller recommended that the Commissioners approve Resolution 16-01 to award the contract for the Tanglewilde-Thompson Place water system generator installation project to Waunch Construction and Trucking, Inc. **Commissioner Olsen made a motion to approve Resolution 16-01: Commissioner Oosterman seconded the motion; all in favor.**

Discussion Items:

Commissioner Retreat

The Commissioners discussed the scheduling of this year's Retreat; they also discussed their goals for these meetings. The Commissioners hope to schedule a Retreat after the Legislative session ends this spring, also after the Telecommunications workgroup meeting.

Strategic Plan Performance Measures, 4th Quarter 2015

GM Weidenfeller gave a fourth quarter update for 2015 for the Strategic Plan review. Customer complaints are down after selling the Country Meadows East No. 2 water system in Pierce County. In addition, staff is working with county/state agencies to bring two Thurston County systems in compliance with Department of Health (DOH) standards.

Discussion of Tanglewilde-Thompson Place Generator Installation Project Options

The options for the Tanglewilde-Thompson Place generator installation project were discussed earlier in the meeting and Resolution 16-01 was approved by the Commissioners.

Discussion of Trinity Muck Water System, Quality Issues

The Trinity Muck 1 water system, located in Pierce County, has received complaints due to the high level of iron and manganese in the water. It was noted that the water is only aesthetically displeasing (i.e. color, taste, and smell); the water is safe for consumption. OM Gubbe compiled a list of options to improve the water quality for this system. It is her recommendation to employ the first option presented to the Commissioners, listed below, for at least a year; staff can reevaluate the system in 2017. OM Gubbe received positive feedback from a customer after field technicians recently super-chlorinated the well.

Option 1 -

1. Have the system professionally cleaned and scrubbed on an annual basis, including chlorinating distribution.
2. In-house super-chlorinate well and distribution annually.
3. Continue flushing one to two times per month.

Leak Adjustment Policy Review Discussion

Following the testimony received from Mr. Eugene Whitehead, a Tanglewilde-Thompson Place water system customer, at the last meeting, GM Weidenfeller compiled a list that compares the leak adjustment policies for various entities. The General Manager reviewed the policies listed on his report. The current PUD policy stipulates that 50% of the overage (over the prior year) is forgiven once every 24 months; GM Weidenfeller is allowed to forgive up to \$1,000.

The Commissioners discussed a few options to modify the current leak adjustment policy. It was an agreement that the timeframe imposed or a similar timeframe (current limitation is 10 days to fix the leak after the customer is notified) should remain in place to recognize the customer's responsibility to deal with the leak. One possibility would be to forgive 70% of the leak

consumption overage if the customer can provide proof that their leak has been fixed within 10 days, otherwise the forgiveness would be limited to 50% of the overage. Another option discussed would be to forgive 100% of the overage if the customer was able to fix their leak within 10 working days. Types of leaks, special circumstances, the cost of water, and a leak adjustment surcharge were also covered during discussion. The Commissioners would like to bring forth multiple options to discuss at a later meeting.

Commissioner Stearns proposed 100% forgiveness only up to \$1,000. Commissioner Olsen offered to modify the proposal to read 100% forgiveness on the overage beyond the previous year's bill (if there's no prior year history, there is a baseline established) up to \$1,000, if the customer responds within 10 days. A customer would only be eligible for a leak adjustment every 24 months. If a customer couldn't fix the leak within 10 days, they would need to prove hardship. Any exceptions would be brought to the Board.

Commissioner Olsen made a motion specific to Mr. Whitehead's request, to forgive the amount in excess of his prior year's billing cycle due to his expedited action to fix his leak after being contacted by the PUD (i.e. the customer will be paying for usage as if he consumed the same amount of water as last year for the leak months): Commissioner Oosterman seconded the motion; all in favor.

Staff will need to bring forward a revised leak adjustment policy. The GM confirmed with the Board that the revised policy will include the provisions below.

- 1) Leaks must be reported within 10 days. Leaks not responded to within 10 days will not receive an adjustment.
- 2) As long as leaks meet the criteria outlined in the policy, 100% of the leak will be forgiven, not to exceed \$1,000.
- 3) The leak adjustment will only be granted once every 24 consecutive months.
- 4) Any exceptions to this policy will be made by the Board of Commissioners.

The Commissioners would like customers to be educated about aging infrastructure.

Action Item:

Refund for the Overpayment by North Thurston School District

As reported by staff in November 2015, North Thurston School District was overbilled for one of its accounts. The error was found and corrected, resulting in large credit balance on their account. Normally, customer service would refund the credit balance, but the amount of the refund is above the expenditure levels authorized by the Board of Commissioners.

Commissioner Olsen made a motion to authorize a refund in the amount of \$45,646.98 to North Thurston School District: Commissioner Oosterman seconded the motion; all in favor.

Legal Report: None

Presentations:

Staff Presentations:

General Manager's Report: John Weidenfeller, General Manager

GM Weidenfeller provided a written report. He reported that the road at the Lew's 81st water system will need to be fixed by the PUD – the consolidation project has taken its toll on the gravel road. Staff is also still working on the total coliform issue discussed at the last meeting for the Lew's 81st system. Commissioner Stearns, GM Weidenfeller and OM Gubbe met with the Cedar Ridge Estates HOA Board to discuss acquisition by the PUD. Their HOA Board would like staff to make a presentation to the homeowners in late February; a vote for ownership would occur after the presentation.

Staff will meet with City of McCleary representatives on January 28 to conduct a tour of the PUD-owned systems in Grays Harbor County. The City has expressed an interest in purchasing these systems from the PUD. An exit interview was recently conducted with the State Auditor's Office – there is a 'soft' finding by the auditors, which the PUD will not dispute any further.

Staff has conducted the first round of interviews for the Meter Reader position and the second round will be scheduled soon. Staff also met with a security consultant who discussed monitored video and intrusion alarm systems to improve security at certain water systems. Staff is researching the costs to improve security at the Tanglewilde-Thompson Place water system reservoir. Finally, GM Weidenfeller will be attending the Legislator's Water Fair on February 10; he will be presenting on infrastructure replacement.

Operations Manager's Report: Kim Gubbe, Operations Manager

OM Gubbe provided a written report. The Lew's 81st consolidation project is on the list to receive extra funding in the amount of \$185,252 from the Drinking Water State Revolving Fund (DWSRF) program. The list will be reviewed by the Public Works Board in early February and the funds should become available in June 2016. In addition, the Granite 1 and 2 water systems treatment upgrade project bid has been awarded to Pacific Northwest Pumps; the project should be completed by the end of February.

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

CFO Parker provided a written report. Thurston County's IT Department has revised its e-mail retention policy so none of the PUD's e-mails are being retained by the County any longer. CFO Parker will be working on creating an e-mail retention policy for approval by the Board. Until then, she provided a guideline on e-mail deletion, drafted by the County. Commissioner Olsen asked that we find a way to back-up the emails and was not comfortable not backing up emails.

CFO Parker provided an update regarding the PUD employee health care premiums. The costs incurred in 2015 were significantly lower than in prior years, which results in a lower premium to the PUD employees. This is based on the same methodology used annually for several years.

CFO Parker hasn't closed the financials for 2015 yet, but there are no adjusting entries for revenues. Revenues are above what was predicted, even after the large credit to North Thurston School District's account.

Commissioner Topics, Discussion and Reports:

Commissioner Oosterman has been dealing with items related to her Emergency Management groups. She will be leaving for eastern Washington on Friday, January 29; she is expecting to be out of town for up to 10 days. She may attend the Legislator's Water Fair on February 10. Commissioner Olsen stated the Telecommunications Work Group will meet in March. It is expected that the Commissioners will know more about funding by the Cities after this workgroup meeting. He also explained the timeline on proposed bills in Legislation.

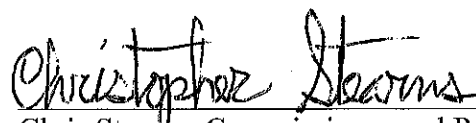
Commissioner Stearns attended the Thurston Conservation District meeting; among the topics discussed at this meeting was the shellfish initiative and that entity's budget. The Commissioner attended the HOA Board meeting at the Cedar Ridge Estates water system.

Though an Executive Session was scheduled per the agenda, the Commissioners didn't hold an Executive Session during this meeting.

Summary of Assignments:

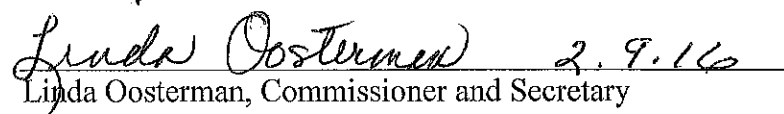
1. Draft a response to the Trinity Muck customer who contacted Commissioner Oosterman regarding the system's water quality.
2. Bring forward a modified leak adjustment policy for approval by the Board.
3. Process a refund for Mr. Whitehead.
4. Find a way to back-up emails since the County will no longer back-up email.

Adjournment: Commissioner Olsen made a motion to adjourn the meeting; Commissioner Stearns seconded; all in favor. The meeting was adjourned at 8:49 p.m.



Chris Stearns, Commissioner and President

Attest:

 2.9.16

Linda Oosterman, Commissioner and Secretary