

**MINUTES OF THE REGULAR MEETING OF AUGUST 9, 2016  
OF  
PUBLIC UTILITY DISTRICT NO. 1  
OF  
THURSTON COUNTY, WASHINGTON**

The first regular meeting for August 2016 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday, August 9, 2016, at 921 Lakeridge Way SW, Suite 301, Olympia, WA 98502, commencing at 5:01 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), Kim Gubbe, the District's Director of Operations and Compliance (DOC), Julie Parker, the District's Director of Finance and Administration (DFA), Joe Rehberger, Chief Legal Counsel, and Kurin Rosado, Clerk to the Board.

**Call to Order: Commissioner Stearns called the regular meeting to order at 5:01 p.m. The Pledge of Allegiance was recited by all present.**

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

**Consent Calendar:**

Approval of Minutes: July 12, 2016, July 26, 2016, July 29, 2016

Prequalification of Contractors – Small Works Roster: None

SMA Contracts: None

Correspondence: Petition for Jenni Street Road Improvements

Travel Approvals: None

Voucher Approval:

    Accounts Payable: July 27, 2016, August 3, 2016

    Payroll: August 5, 2016

Resolution: None

Other: Reschedule August 23, 2016 Commission Meeting to August 30, 2016

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

**Public Comments:** There was a member of the Public present, but the individual did not comment during the meeting, nor did he sign in.

**Discussion Items:**

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

**Discussion of Resolution 16-14, Operations Budget Amendment**

DFA Parker reviewed the adjustments to be completed with the Operations Budget amendment. Adjustments include an adjustment for over \$12,000 received from insurance proceeds for two theft claims in 2015, higher interest revenue earned this year, and an expense adjustment for increased costs related to Commissioner meetings. The DFA also included an additional line item for contractual accounting services, as the District has hired a CPA to review financial documents. The Commissioners discussed estimated election costs, the Auditor, and chemical purchasing costs with staff.

### **Discussion of Field Staff Analysis**

GM Weidenfeller, DOC Gubbe, and Superintendent Dixon met to analyze field staffing. The information in the packet was discussed with the Board. Their analysis demonstrated a shortage of field staff to perform the minimum essential duties. It was concluded that in order to perform the minimum duties required, 1.58 additional field personnel are required. Staff proposes adding one additional field staff position during August 2016 and one vehicle. Funding for the salary and benefits of the new field staff position is estimated to cost \$28,510 for the rest of 2016, and this position will be recommended as funded in the 2017 budget. Funding for the new vehicle would come from the vehicle fund.

Commissioners and staff discussed the benefits of adding more connections/purchasing water systems in relation to adding staff.

### **Initial Proposed Budget Presentation**

DFA Parker gave a brief overview on the first reading of the proposed 2017 budget. The proposed budget includes a four percent rate increase to all customers, which generates \$86,000 in additional revenue. The proposed budget also includes:

- Proposed increase of field staff for a Field Technician I position, which is partially offset by eliminating the part-time work study student in the customer service department.
- Retention of the Project Engineer position, although the FTE rate is expected to be lower in 2017.
- Step increases for all eligible employees, including the contract employee who assists with East Lewis County systems.
- A three percent increase for the General Manager's salary (a placeholder figure).

The DFA hasn't yet incorporated the costs related to providing telecommunication services to public events in 2017, as she is still researching this subject along with the costs to providing emergency access to drinking water in the case of a natural disaster. The proposed budget includes a one percent increase in the property tax levy.

Commissioner Olsen voiced his concerns over the increase in salaries for 2017 and decrease of total income from 2015 to the 2017 projection. DFA Parker spoke to the allocation of labor to capital projects and factors that are effecting her estimates (e.g. the inability to estimate other revenue like grant revenue, discontinuation of the ready to serve rate in 2015, the decrease in consumption experienced from several customers in 2016, etc.). Commissioners and staff discussed salaries and wages, the costs to attend Commissioner events, payment of the base rate and consumptions charges by customers, property tax assessments, and the capital budget for 2017. It was noted that the numbers are preliminary for the budget and the DFA and GM will review the budget and address Commissioner Olsen's concerns at the next PUD Commission meeting.

### **Action Item(s):**

#### **Resolution 16-16, Updated Job Classifications**

The purpose of this resolution is to update the employee job classifications to realign with duties currently being performed. The following changes are proposed in addition to duty description amendments:

- The Chief Financial Officer title is amended to Director of Finance and Administration
- The Operations Manager title is amended to Director of Operations and Compliance
- The Field Supervisor title is amended to Superintendent
- Payroll Officer duties added to the job classification/duty description of the Accountant I

**Commissioner Olsen made a motion to approve Resolution 16-16 as presented:  
Commissioner Oosterman seconded the motion; all in favor.**

**Resolution 16-17, Authorization to Purchase the Todd Hansen Water Systems**

The purpose of this resolution would be to authorize the General Manager to negotiate with Violet Prairie Water, Inc. to acquire additional water systems. The resolution was discussed at a prior Commission meeting. **Commissioner Oosterman made a motion to approve Resolution 16-17 as presented: Commissioner Olsen seconded the motion; all in favor.**

**Authorization to Increase Field Staffing/Funding from Fund Balance**

The Field Staff Analysis was presented to the Board earlier in the meeting. The General Manager brought this forward as an action item to get Board approval to hire an additional field staff member (funded by the Water Fund balance) and purchase a vehicle (funded by the Vehicle Fund). Commissioner Olsen asked for clarification regarding the validity of bringing this item forward for approval during the same meeting it was introduced; the Commissioners discussed the procedures recently established for discussion/approval. If approved, the financial implications will be covered by fund balance changes that will be codified in a budget amendment later this year.

Commissioner Olsen explained his concern regarding approval of this item after discussing the proposed 2017 budget with staff earlier in the meeting. Commissioner Stearns discussed past history of the Board (including former Board members) in regard to decision-making and the budget. **Commissioner Olsen made a motion to authorize to increase field staffing, funding from the Fund balance: 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. A petition was received from several customers of the Lew's 81st water system regarding road repair; it was provided in the Consent Calendar as Commissioner Correspondence. The Tanglewilde-Thompson Place generator installation project was completed and closed effective August 2, 2016. The General Manager reported that DOC Gubbe has been working on the Forest Glen water system acquisition; GM Weidenfeller had Joe Rehberger update the Board on information pertaining to the acquisition of the Cedar Ridge Estates water system. GM Weidenfeller and DOC Gubbe visited the Blue Horizon water system and encouraged representatives from that system to sign on as an SMA client. The systems owned by Violet Prairie Water, Inc. will be managed as SMA clients effective September 1, 2016.

Commissioner Oosterman, GM Weidenfeller, and DFA Parker met with Terry Wilson, the Vice President of the Olympia branch of Kidder Matthews. Commissioner Oosterman recounted the meeting, and she discussed the criteria given to Mr. Wilson to find another location for the PUD as well as possible locations already being reviewed. In addition to giving approval to work with Mr. Wilson, the other Commissioners agreed to give Commissioner Oosterman authority to grant approval to sign a non-binding offer, should the opportunity arise for any promising properties, and to continue to be the lead for this project.

**Operations Report:** Kim Gubbe, Director of Operations and Compliance

DOC Gubbe provided a written report. The drawings for the Deschutes Glen water system have been approved, and she will be meeting with the homeowners on-site about the project and to point out trees that will be removed to accommodate the system plans. The chlorine and soda ash distribution pumps were replaced at the Loma Vista system. The last round of samples came back as satisfactory for the Enslow 1 system, so samples will revert to an annual basis.

**Finance Report:** Julie Parker, Director of Finance and Administration

DFA Parker will provide a written report during the second meeting in August. She did report that she's contracted Mary Fall, a temporary hire that has worked for the District in the past, to cover during the Accountant's maternity leave this year.

**Commissioner Topics, Discussion and Reports:**

Commissioner Olsen is expected to received the packet for the September 9th Thurston Regional Planning Council (TRPC) meeting on September 2, 2016. The Commissioner had nothing additional to report.

Commissioner Oosterman had nothing additional to report, as she already reported earlier in the meeting. After the Executive Session, Commissioner Oosterman proposed a new seating arrangement during the Commission meetings, and this will be utilized during future meetings.

Earlier in the meeting, Commissioner Stearns asked the other Commissioners to address their comments through the Chair in order to better follow parliamentary procedure. The Commissioner will not be attendance for the August 30th Commissioner meeting, but will call-in. He also reported that he will attend a funeral in eastern Washington.

**Summary of Assignments:**

1. A budget amendment for the water fund and vehicle fund will be brought forward at a future meeting to account for the new field personnel and vehicle costs in 2016.
2. DFA Parker and GM Weidenfeller will review the budget and address Commissioner Olsen's concerns at the next PUD Commission meeting.
3. Schedule a time for the Commissioners to review Assignments and amend as needed.

**At 7:09 p.m., Commissioner Stearns announced that the Board would be entering Executive Session to discuss the performance of a public employee, as authorized by RCW 42.30.110 (1)(g), and to discuss potential litigation, as authorized by RCW 42.30.110 (1)(i), for 21 minutes until 7:30 p.m. At 7:30 p.m., it was announced in the public area that the**

**Executive Session would continue for 10 more minutes. At 7:40 p.m., it was announced in the public area that the Executive Session would continue for 5 more minutes. At 7:45 p.m., the Executive Session was adjourned and the regular meeting resumed. No decisions were made.**

**Adjournment: Commissioner Oosterman made a motion to adjourn the meeting: Commissioner Olsen seconded; all in favor. The meeting was adjourned at 7:47 p.m.**

  
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Chris Stearns, Commissioner and President

Attest:

  
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Linda Oosterman, Commissioner and Secretary