

**MINUTES OF THE REGULAR MEETING OF NOVEMBER 8, 2016
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The first regular meeting for November 2016 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday, November 8, 2016, at 921 Lakeridge Way SW, Suite 301, Olympia, WA 98502, commencing at 5:00 p.m. Commissioners Linda Oosterman and Chris Stearns were present for the meeting; Commissioner Russell Olsen was present via teleconference. Also present were John Weidenfeller, the District's General Manager (GM), Julie Parker, the District's Director of Finance and Administration (DFA), and Kurin Rosado, Clerk to the Board.

Call to Order: Commissioner Stearns 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 Olsen seconded the motion; all in favor.

Consent Calendar:

Approval of Minutes: October 25, 2016

Prequalification of Contractors – Small Works Roster: None

SMA Contracts: None

Correspondence: None

Travel Approvals: None

Voucher Approval:

 Accounts Payable: October 26, 2016, November 2, 2016

 Payroll: November 4, 2016

Resolution: Resolution 16-29, Refund Tax Levy

Other: Letter, Declaration of Emergency Waiver of Competitive Bidding Requirements on November 1, 2016 for the Christensen Muck 1 Water System

 Letter, Declaration of Emergency Waiver of Competitive Bidding Requirements on November 7, 2016 for the Heslep Water System

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

Public Comments: None

Discussion Items:

Information or Discussion of Operations/Policy Issues:

Discussion of Rates for Frog Hollow and Redtail Hawk Estates

The District will own the Frog Hollow 1, 2, and 3 and Redtail Hawk Estates water systems (a total of 66 connections) on December 1st. GM Weidenfeller reported that a community meeting was held for Frog Hollow 1, 2, and 3, and another was held for the Redtail Hawk system, although this meeting was unattended by homeowners within the development. It is staff's recommendation to implement the Redtail Hawk system rates for the Frog Hollow systems after two months of monitored usage. Staff will then bring forward a proposed rate schedule for these

systems for the next two years to transition these customers to PUD rates; the transition is expected to begin in April 2017, and a Public Hearing will be scheduled in December. Redtail Hawk system customers are exceeding their water rights, but this will be addressed once the District owns the system.

Resolution 16-15, Authorization to Surplus

The purpose of this resolution is to request Commission approval to surplus and dispose of PUD equipment and materials. This is the first reading of this resolution.

Resolution 16-32, 2017 SMA Fees and Charges

The purpose of this resolution is to adopt the satellite management agency (SMA) fees for 2017. This is the first reading of this resolution. The Commissioners granted permission to list Resolutions 16-15 and 16-32 in the Consent Calendar for the second meeting in November.

Action Item(s): None

Presentations:

Staff Presentations:

General Manager's Report: John Weidenfeller, General Manager

GM Weidenfeller provided a written report. He reported that he received notification from Lake Lucinda (an SMA) regarding terminating their contract. He also spoke with the Commissioners about the possibility of initiating an SMA contract with the Holiday Valley water system; Commissioners and staff discussed issues noted for this system. The GM also reminded the Commissioners of the upcoming WPUDA meetings, scheduled to begin next Wednesday, November 16th.

Staff received an amended permit from the Department of Ecology, but this stipulates an insufficient amount of water allocated for this system - staff recommends the consideration of an appeal to the Pollution Control Hearings Board (PCHB). Staff and the Commissioners discussed education for regulators regarding the PUD; Commissioner Olsen will serve as the Commission Representative and work with the General Manager on this issue with officials at the Department of Ecology. Staff and Commissioners discussed quality and compliance issues, as well as the Forest Glen water system and acquisition by the PUD. The GM reported that the correct part needed for the generator project was received and is being tested by Parker Holden. GM Weidenfeller will be out of state from November 11th through 14th on vacation.

DFA Parker reported on three items during the GM Weidenfeller's report: the State Auditor's Office audit is scheduled for the weeks of October 31st and November 7th, an internal promotion opportunity for a Customer Service Representative II has been opened, and the holiday gatherings have been scheduled for November 22nd (at 2:30 p.m.) and December 27th (at 2:00 p.m.).

Finance Report: Julie Parker, Director of Finance and Administration

DFA Parker will provide a written report at the second meeting in November.

Commissioner Topics, Discussion and Reports:

Commissioner Olsen reported attended the Thurston Regional Planning Council (TRPC) meeting last Friday, November 4th. The topics discussed at this meeting include the open houses and recruitment for the open Director position, transportation funding, and area projects.

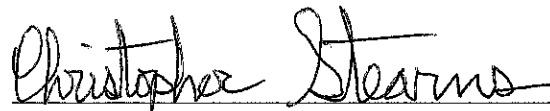
Commissioner Oosterman reported on her progress in regard to finding a new location for the PUD. There have been a few issues with a building in Lacey that the PUD was interested in, but the Commissioner is planning to do further research. In addition, she has upcoming Chamber meetings, an Economic Development Council (EDC) meeting, and an Emergency Management meeting.

Commissioner Stearns hasn't attended any meetings recently. He reported that the Commissioners finished GM Weidenfeller's evaluation. He also emphasized the importance of the PUD's relationship with the Washington State Auditor's Office.

Summary of Assignments:

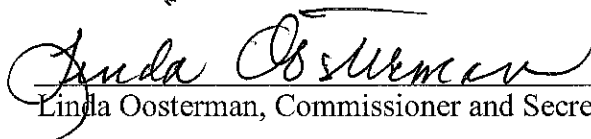
- Look into the possibility of using a postcard to notify the Redtail Hawk Estates and Frog Hollow systems of the higher summer usage.
- Schedule a Public Hearing in December regarding rates for the Redtail Hawk Estates and Frog Hollow 1, 2, and 3 water systems.
- Post Resolutions 16-15 and 16-32 in the Consent Calendar for the November 22nd Commission meeting.

Adjournment: Commissioner Oosterman made a motion to adjourn the meeting: Commissioner Olsen seconded; all in favor. The meeting was adjourned at 6:48 p.m.



Chris Stearns, Commissioner and President

Attest:



Linda Oosterman, Commissioner and Secretary