

**MINUTES OF THE REGULAR MEETING OF JUNE 23, 2015
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The second regular meeting for June 2015 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday, June 23, 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. Also present were John Weidenfeller, the District's General Manager (GM), Julie Parker, the District's Chief Financial Officer (CFO), and Kim Gubbe, the District's Operations Manager (OM). Joe Rehberger, Chief Legal Counsel, and Kurin Rosado, Clerk to the Board, were excused from 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 Stearns made a motion to approve the agenda as amended; Commissioner Oosterman seconded, all in favor.

Consent Calendar:

Approval of Minutes: June 9, 2015 (Regular Meeting), June 16, 2015 (Special Meeting)

Prequalification of Contractors: None

SMA Contracts: None

Correspondence: None

Travel Approvals: None

Voucher Approval:

Accounts Payable: June 10, 2015, June 17, 2015

Payroll: June 19, 2015

Resolution: None

Other: Approval of Tanglewilde Generator Contract and Specifications

Declaration of Emergency and Waiver of Competitive Bidding Requirements, Tracy 1 Water System, June 21, 2015

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

OM Gubbe introduced Sergio Merino-Orozco, the new Meter Reader/Laborer. He has been employed at the PUD for approximately two weeks.

Public Comments: None

Discussion Items:

Information of Discussion of Operations/Policy Issues:

WPUDA Water Committee Meeting

Commissioners Oosterman and Stearns are scheduled to attend the WPUDA Water Committee meeting on June 25, from 9:00 a.m. to 3:00 p.m.

Discussion of Rate Stabilization Adjustment

CFO Parker would like to postpone discussion of the rate stabilization adjustment until the next meeting, so she can perform more analysis and research.

Discussion of the General Fund

A preliminary General Fund budget worksheet for 2016 was provided with the meeting packet. Certain aspects of the preliminary budget were discussed, as well as options to adjust the projected deficit. The Commissioners will revisit the issue during the budget process. The GM and CFO will meet with the Board Chair, Commissioner Olsen.

Updated Strategic Budget Priorities

Per the discussion at the first meeting in June, the following items were added to the list of strategic budget priorities.

- Addressing security within the PUD.
- Including the Telecommunications/Broadband line of business, should the potential present itself.
- Addressing the potential for solar power or other renewable energy opportunities.
- Making an emergency communications system and a PUD Mobile Operations Center a priority.

First Meeting in July 2015

The first meeting in July is currently scheduled for Tuesday, July 14. The next day, the WPUDA Association meetings will be held in Kitsap County. GM Weidenfeller recommends that the first meeting in July be changed from July 14 to Monday, July 13. Commissioner Olsen has a prior engagement until 6:00 p.m., so the meeting will begin at 6:30 p.m. on July 13.

Action Items:

Schedule a Public Hearing for the First Meeting in July

Legal Counsel has urged the District to schedule a Public Hearing to set the fair market value of the Country Meadows East No. 2 water system. Members of that community have expressed an interest in acquiring the system from the PUD. A Public Hearing will be scheduled for the first meeting in July; the fair market value amount will be set immediately following the Public Hearing.

Resolution 15-21 Approval of the Skookumchuck DWSRF Loan

This resolution would authorize GM Weidenfeller to sign the contract of the Drinking Water State Revolving Fund (DWSRF) loan for the Skookumchuck Maintenance water system in the amount of \$194,350 with 50 percent forgiveness at 1 percent over a term of 24 years. Proceeds of the loan will be used to install 4-log disinfection treatment and fully meter the water system. Staff will be meeting with the Skookumchuck homeowners on June 28. **Commissioner Stearns made a motion to approve Resolution 15-21 as presented; Commissioner Oosterman seconded the motion; all in favor.**

Proposed Skookumchuck Flat Rate

Approval from the Commissioners is needed to allow a new flat rate in the amount of \$50 for the Skookumchuck Maintenance water system customers, if they choose to be acquired by the District during the June 28 meeting. Customers will also pay the capital surcharge all PUD customers pay currently. The current flat rate for Thurston County is \$68.26, and this would be a hardship to

these customers who are paying \$35 per month now. The flat rate will only be in effect until the system is fully metered plus two months after the fully metered date. Customers will receive information on what their rates would be if they were paying the PUD tiered rates. A resolution will be brought forth at a later meeting for the Commissioners to approve and sign. **Commissioner Oosterman made a motion to approve the special \$50 flat rate for Skookumchuck Maintenance customers, should the system be acquired by the PUD: Commissioner Stearns 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 will reach out to representatives from the cities of Lacey, Olympia, and Tumwater to set meeting dates for the telecommunications projects update. The Mutual Aid Agreement with the City of Olympia is on their agenda's consent calendar for their August 18 meeting.

Operations Manager's Report: Kim Gubbe, Operations Manager

OM Gubbe provided a written report. The Tanglewilde-Thompson Place water system generator's approved specifications will go out to the public during the week. The Webster Hill project is going well – the customers should be changed over to the new mainlines by the end of next week. There have been several leaks discovered and much of the work has been contracted out. The line item for the Capital Improvement Projects (CIP) has been exceeded, so adjustments will be made and incorporated into a proposed capital budget amendment.

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

CFO Parker will provide a written report. Washington Cities Insurance Authority (WCIA) has required staff to go through anti-harassment training; CFO Parker has obtained a video to show to employees and made this resource available to the Commissioners as well.

At 6:45 p.m., Commissioner Olsen called for a five minute recess. The regular meeting was resumed at 6:50 p.m.

Commissioner Topics, Discussion and Reports:

Commissioner Oosterman had nothing to report.

Commissioner Stearns is getting ready for the Sunday, June 28 meeting with the Skookumchuck homeowners. He would like Commissioner Olsen to speak to the drought issue at the next Thurston Regional Planning Council (TRPC) meeting. Commissioner Stearns isn't planning on attending that meeting.

Commissioner Olsen has surgery this week. He has asked Commissioner Oosterman to take over the Chair responsibilities until he returns to duty on July 6. He is expected to attend the next TRPC meeting on July 10.

At 7:00 p.m., Commissioner Olsen announced that the Board would enter an Executive Session to discuss and to consider the selection of a site or the acquisition of real estate, as authorized by RCW 42.30.110 (1)(b), and to review the performance of a public employee as authorized by RCW 42.30.110 (1)(g) for 20 minutes. At 7:20 p.m., it was announced in the public area that the Executive Session would continue for ten more minutes. At 7:30 p.m., it was announced in the public area that the Executive Session would continue for five more minutes. At 7:35 p.m., the Executive Session was adjourned and the regular meeting was continued. No decisions were made.

Summary of Assignments:

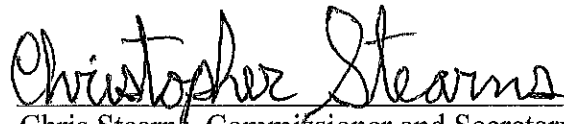
1. Advertise for a change in meeting dates – the first meeting in July has been moved to Monday, July 13 at 6:30 p.m. from the regularly scheduled meeting on July 14.
2. Bring forth a resolution regarding the Skookumchuck Maintenance flat rate.
3. The GM and OM will meet with Chair Olsen to discuss options to resolve the General Fund projected deficit in future years.

Adjournment: Commissioner Stearns made a motion to adjourn the meeting: Commissioner Oosterman seconded; all in favor. The meeting was adjourned at 7:36 p.m.



Russell E. Olsen, Commissioner and President

Attest:



Chris Stearns, Commissioner and Secretary