

**MINUTES OF THE REGULAR MEETING OF DECEMBER 13, 2016
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The first regular meeting for December 2016 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday, December 13, 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), 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 5:01 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: November 22, 2016

Prequalification of Contractors – Small Works Roster: None

SMA Contracts: None

Correspondence: None

Travel Approvals: None

Voucher Approval:

Accounts Payable: November 23, 2016, November 30, 2016, December 7, 2016

Payroll: December 5, 2016

Resolution: None

Other: None

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

Public Comments: None

Discussion Items:

Information or Discussion of Operations/Policy Issues:

Building Update

GM Weidenfeller reported that an offer was made on a property located in Tumwater. A feasibility study will be completed by January 19, 2017, to determine if this location is a good fit for the PUD. The General Manager reported on various details of the property. Commissioner Olsen inquired about the current tenants at the property, as there are two buildings on the property and one of these will be leased to a tenant if the PUD purchases the property. Commissioner Oosterman also reported on the property, since she is the primary contact in regard to this project. The Commissioners and staff discussed possible tenant/office space opportunities.

Schedule Commissioner Office Election and Assignments for the January 10, 2017 Meeting

The Commissioners are scheduled to elect new positions for themselves at the January 10, 2017 Commission meeting. It is proposed that Commissioner Oosterman be elected as President, Commissioner Stearns be elected as Vice President, and Commissioner Olsen be elected as Secretary. Commissioner Oosterman reported that she would like to keep her current assignments, as she's just become more involved with some of her groups and other groups offer more engagement than in the past. Commissioner Olsen reported on his progress with the Thurston Regional Planning Council (TRPC), to concur with Commissioner Oosterman's perspective on staying with the current assignments for 2017. He also reported on his experience with the most recent WPUA meetings and his other assignments. Commissioner Stearns reported on his involvement with WPUA.

Resolution 17-01, Establishing Rates for Frog Hollow Divisions 1, 2, and 3 and the Red Tail Hawk Estates Water Systems

The PUD assumed ownership of the Frog Hollows 1, 2, and 3 and Red Tail Hawk water systems as of December 1st. Staff met with customers of the Frog Hollows 1, 2, and 3 water systems, and they were informed that a metered rate would be implemented. The customers of the Red Tail Hawk system already pay metered rates, though significantly lower than regular PUD rates. Staff recommends implementing a transition period over the course of the next couple of years to transition the customers to PUD rates. This allows the customers to get a better understanding of how their usage patterns affect their bills.

The proposed resolution would set rates for the new water systems - staff recommends that customers for both systems are kept at the current rates for at least a few months. Staff will bring forward a proposed rate transition at a future date. The resolution will explicitly state that the capital surcharge will be implemented for these customers beginning January 1, 2017. The Commissioners and staff discussed the transition, as well as customer opinion regarding the rates. Commissioner Olsen would like to develop a conservation plan and to educate the new customers regarding rates.

Generator Policy Review Discussion

GM Weidenfeller estimated that the small system generator project is still a year away from being completed due to testing and approval requirements; the estimated cost to build a generator is less than \$20,000. The cost to buy a generator is approximately \$35,000. The District's current policy stipulates that any system improvements not required by the Department of Health are to be paid by the customers of a system. The General Manager asked the Commissioners if they would consider subsidizing generators if a pilot program was implemented since the cost is higher for smaller systems. Commissioner Oosterman would like to revisit this subject in the spring due to the possibility of moving and other PUD projects. Commissioner Stearns would like staff to generate a document to send to the electric provider in areas with ongoing outage issues so that infrastructure/service be improved in that specific area. Commissioner Olsen would like to discuss this subject at the Commissioner Retreat.

Action Item(s):

Set Public Hearing on January 10, 2017 for Rates for Frog Hollow Divisions 1, 2, and 3 and Redtail Hawk Estates Water Systems

This subject was discussed earlier in the meeting, and the Commissioners agreed to hold the Public Hearing to establish rates for the Frog Hollows 1, 2, and 3 and Redtail Hawk water systems on January 10, 2017.

Schedule Special Workshop or Meeting for Budget Amendments

DFA Parker was out of the office for a week in December due to illness and was unable to complete adjustments to the 2016 Operating and Capital budgets in time for this meeting. Staff recommends to schedule a special meeting on December 20th to discuss the budget amendments. The Commissioners agreed to schedule a special meeting on December 20th at 5:00 p.m. Commissioner Oosterman made a suggestion for the future, and the other Commissioners concurred: due to past experience when a staff celebration is scheduled immediately after a Commission meeting, there have been time issues, so the Commission meetings may have to be scheduled either after the celebration, or on a different day (not to be paired with a Commission meeting).

Presentations:

Staff Presentations:

General Manager's Report: John Weidenfeller, General Manager

GM Weidenfeller provided a written report. He reported that acquisition of the Forest Glen water system (currently an Satellite Management Agency (SMA) client) is still underway; DFA Parker is scheduled to meet with a customer of this system to address his concerns before a homeowner meeting will be scheduled. An appeal of the Cedar Ridge Estates Water Association (CREWA) Department of Ecology decision has been submitted, and GM Weidenfeller believes that more information will be available by the end of January. The General Manager attended a drinking water meeting in Kent on December 12th, and the District and PUDs were mentioned several times throughout the meeting. He also reported that he has been researching information on a water distribution system that can be manufactured to dispense water to customers during an emergency situation.

Staff and Commissioners discussed WPUDA meetings scheduled in January. The General Manager went through the Operations Report and project timelines. More testing will be completed for the Keanland Park water system (an SMA client), and a flushing plan has been initiated. Commissioner Oosterman reported that she spoke with a representative from Puget Sound Energy about the recent water line breaks by their contractor; she also spoke to them regarding the Hawk Acres water system generator issue that occurred earlier in the year. She is hoping to meet with the Vice President or another individual about the generator issue to reopen the case.

Finance Report: Julie Parker, Director of Finance and Administration

DFA Parker will provide a written report at the second meeting in November. She reported that she is expecting to wrap up the audit with the state Auditor's office - she doesn't expect any significant issues. Ms. Parker has been completing interviews for the open Customer Service Representative position.

Commissioner Topics, Discussion and Reports:

Commissioner Olsen reported that he would like to be more engaged with WPUDA, since this term will be his first actual full term as a PUD Commissioner. He will attend the Telecommunications Committee meetings. He reported that he will be attending his Swearing-in ceremony at South Puget Sound Community College (SPSCC) on December 28th. He reported on TRPC, specifically about their Director Position recruitment and working with the Port of Olympia in regard to telecommunications.

Commissioner Oosterman will be out of the office from January 16th through January 18th. She passed on reporting during this section of the meeting since she reported during earlier discussion items.

Commissioner Stearns attended the most recent Conservation District meeting, and he reported on their possible move to Tenino.

Summary of Assignments:

1. Look into scheduling future holiday celebrations separately from Commission meetings.
2. Schedule a Public Hearing for January 10, 2017 for Frog Hollows 1, 2, and 3 and Red Tail Hawk water systems.
3. Schedule a discussion item in 2017 to revisit the small generator subject
4. Commissioner Oosterman will select cards to send to PUD Commissioners that were not recently reelected.
5. Commissioner Stearns would like an updated list of legislative districts for all systems including managed systems.

**Adjournment: Commissioner Oosterman made a motion to adjourn the meeting:
Commissioner Olsen seconded; all in favor. The meeting was adjourned at 7:31 p.m.**


Chris Stearns, Commissioner and President

Attest:


Linda Oosterman, Commissioner and Secretary