

**MINUTES OF THE REGULAR MEETING OF JANUARY 27, 2009
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The second regular meeting for January 2009, of the Commissioners of Public Utility District No. 1 was called to order on Tuesday January 27, 2009, at 921 Lakeridge Way SW, Suite 201, Olympia WA 98502, commencing at 5:00 p.m. Commissioners Alan Corwin, Paul Pickett and Chris Stearns were present. Also present were John Weidenfeller the Districts General Manager (GM), Julie Parker, the District's Chief Financial Officer (CFO), Kim Gubbe the Districts Operations Manager (OM), Don Taylor the District's Attorney and Cathy Skiles, Clerk to the Board

Executive Session

Commissioner Corwin opened an Executive session at 5:05 p.m. to discuss potential litigation. Commissioner Corwin adjourned the Executive session at 5:07 p.m.

No members of the Public were present.

Commissioner Corwin called the general meeting to order at 5:08 p.m. He welcomed Commissioner Stearns to the Board.

Approval of agenda:

Commissioner Pickett moved the adoption of the agenda for the January 27, 2009 general meeting; Commissioner Stearns seconded and all approved

Public Hearing Tanglewilde Water System Plan (WSP) Public Notice and Public Hearing on Notice of Application and Determination of Non-significance (DNS)

No Public present to make comment.

GM Weidenfeller opened the public hearing noting that he had considered environmental impacts under the State's environmental impact SEPA, which falls under RCW 43.21. The PUD prepared an environmental impact statement and determined this project does not have any public significant adverse impacts on the environment. One comment has been received on this and the comment period ends on January 29, 2009. There have been two series of comments from the Washington State Department of Health (DOH) responses have been made, and DOH is very satisfied with the Water System Plan. GM Weidenfeller has included changes to the Water System Plan made as a result of the Washington State Department of Health comments Commissioners packets. The DOH Engineer is satisfied with our progress and as soon as the SEPA review process is complete the GM will bring the WSP this back to the Commissioners for their approval.

Commissioner Pickett asked about the SEPA review, and asked if this will be the only one that is required? GM Weidenfeller explained that another SEPA review will be required when we go to construction.

There being no further comments the Hearing was adjourned at 5:15 p.m.

Consent Calendar:

- Improvement Authorizations – None
- Approval of Minutes: January 13, 2009
- Prequalification of Contractors – Small Works Roster
- Travel Approvals – None
- Other – Springbrook Contract Upgrade to Web Payment Product
 - Contract Amendment to Retail Water Service Agreement with Triway (Extending (Time of Payment)
- 1) Accounts Payable 1/14/09, 1/21/09
- 2) Payroll 1/20/09

Commissioner Pickett moved to adopt the consent calendar, Commissioner Stearns Seconded, all approved.

Presentations

Legal Report: Don Taylor, PUD Attorney

Counsel Taylor reported he has prepared deeds for a couple of the water systems we acquired from American Water Resources in 2005. OM Kim Gubbe will work with staff to prepare some maps for Counsel Taylor. Pierce County has quite a few water systems that need deeds recorded; he will meet with staff to identify these systems.

General Manager's Report – John Weidenfeller – provided a report in writing.

GM Weidenfeller stated ~~that the leadership~~ at the initiative of Commissioner Pickett, WPUDA has brought the documentary Liquid Assets to the Olympia where it will be shown at the WPUDA building on February 6 at 12:00. It is a ~~one hour~~ ninety minute show; Legislatures, their staff and the managers are invited to attend.

GM John Weidenfeller met with the City of Olympia and Thurston County Health Department, on the artesian well issue he has provided a complete list of topics discussed. A press release will be presented to the Commissioners sometime this week. Commissioner Pickett thanked Commissioner Corwin for his work on the Artesian well. His quote in the Olympian and Tacoma news tribune was very positive.

GM John Weidenfeller had CFO Julie Parker gave a report regarding the elections costs. They met with the Auditor's Office; the PUD was originally billed \$188,000 for the 2008 elections costs. Prior to meeting with the Auditor's Office found an error in the allocations and after the meeting they found another error. The corrected bill is \$99,400; \$80,000 was budgeted. The CFO noted that she had requested an estimate in August prior to elections and the final number was much higher. The Auditor's Office has provided a detailed statement and will allow the PUD until the 4th Quarter in 2009 to pay the balance of the bill over our budgeted amount.

Operations Manager's Report – Kim Gubbe, Operations Manager – provided a report in writing.

OM Kim Gubbe provided a list of shovel ready projects; she is still working on refining the cost for two of the Pierce County projects. Commissioner Corwin added that there was quite a discussion regarding the definition of shovel ready at the WPUDA Board meeting. ~~The stimulus package is to generate new projects, if a project is shovel ready it has gone through the design and approval process so it is not a new project. If it is a new project and you need to do design work etc. so that makes it not shovel ready. It is a catch 22 concept.~~ Commissioner Pickett added that he talked to Karen Frasier about shovel ready projects and she said she is tired of receiving projects that are not shovel ready. ~~The projects need to be designed and approved, with easements in place etc.~~ Commissioner Pickett asked the GM & OM to add a timeline to the list of projects. Commissioner Stearns added that the Government process is to make a list of projects and there is a cut-off at one point so people are queuing up projects.

Commissioner Stearns asked about the hydrants in Tanglewilde and providing adequate flow through the hydrants. Will any of the proposed projects address the issues? CFO Julie Parker said none of the proposed plans addressed this yet but some of the line replacements will help.

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

Commissioner Corwin said there is discussion amongst staff to refinance the PUD's existing funding and before they can do that they need to complete the annual audit so everything is in order. CFO Julie Parker explained the discussion regarding refinancing is due to the SRF for Tanglewilde. We are short \$850,000 to take advantage of the \$1.4 million grant. The recommendation is to refinance the existing debt.

~~Commissioner Stearns asked about the hydrants in Tanglewilde and providing adequate flow through the hydrants. Will any of the proposed projects address the issues? CFO Julie Parker said none of the proposed plans addressed this yet but some of the line replacements will help.~~

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

Information Discussion of Operations/Policy Issues

Strategic Vision Workshop

GM John Weidenfeller had sent the Commissioners an e-mail asking for input for the Strategic Vision Workshop agenda. He provided a list of items that were submitted, he went through the list and they discussed the agenda for the workshop. GM John Weidenfeller asked for assistance in putting together the outside Thurston County acquisition portion of the workshop. The workshop will be held on February 13, 2009 beginning at 8:30 a.m. at the WPUDA offices in Olympia.

Commissioner Stearns would like to get more in-line with the County and what their plans are in light of budget cuts and decreased staffing. There is potential for creating some win/win situations through working closely with them.

Discussion of Public Comments

The Public Comment period for the Tanglewilde Water System Plan ends in two days. There was discussion regarding refining the ERU count.

Discussion – Tanglewilde Water System Plan

Discussion – Commissioner Compensation

Commissioner Corwin explained that his understanding is that the compensation of the Commissioners changes once the PUD reaches \$2 million in gross revenues. Commissioner Pickett asked to have this put on the agenda because he has seen [a recent letter from the State Auditor's Office on this subject and lots of e-mails discussion regarding this issue](#) from WPUDA and from other PUD's. He has asked Counsel to review the Compensation issue to confirm Thurston PUD is in line with the regulations. Counsel Taylor said he would like to make some tweaks to the existing resolution and would have them ready for the next meeting.

Discussion – Replacement of Election Costs

Commissioner Stearns asked that the issue of Replacement Costs be added [to the strategic session](#), because the public could ask us to enter into other lines of business and we would want to build up some reserves to fund a feasibility study. Commissioner Pickett suggested that a reserve be established with the refinance package.

Action Items: None

Resolutions:

Resolution 09-04 Policy Update

Commissioner Pickett made a motion to approve Resolution 09-04 Policy Update, Commissioner Stearns seconded, all approved.

Commissioner Reports

Commissioner Pickett

Commissioner Pickett attended the public meeting regarding the Artesian well. He was pleased to see two of the Olympia Council Members and the large turnout. There was also a large turnout of young people at the meeting. The group seems to be pleased with PUD role in the artesian well project.

Commissioner Pickett attended the WPUDA Legislative Reception; he did talk briefly with Karen Frasier and got her opinion regarding the shovel ready projects.

Last Saturday, he attended a workshop titled *How to Finance your Clean Energy Projects*. John McLean with EEFC gave the presentation.

Commissioner Corwin

Commissioner Corwin asked if staff sent a Tanglewilde WSP public hearing notice to [Representative Alexander](#); he asked that we keep him in the loop [since his District includes a part of Tanglewilde](#).

He is not able to attend as many meetings as possible due to his situation at home.

He added whenever there is public comment he will listen closely. There are two types of public comment, one regarding a policy issues. Commissioners should not try to change policy or discuss policy during the meeting. It would be best to acknowledge their comments. The second type of comments are service issues, he will not put staff on-the-spot to address the issue during the meeting he will encourage the speaker to set-up a meeting with the appropriate staff member.

He attended the WPUDA board meetings, there is another meeting on the 22nd, and he has asked Commissioner Stearns to attend since Commissioner Corwin will be out-of-state.

Commissioner Stearns

Commissioner Stearns attended the Thurston County Conservation District meeting today, they discussed the current budget. They are tracking many of the Legislative bills that WPUDA is tracking.

He attended the WPUDA Board meeting also.

Assignments

1. OM Kim Gubbe will provide maps for Don Taylor showing where the TPUD water systems are located in Thurston County.
- ~~1-2.~~ OM Kim Gubbe will revise the "shovel-ready" table to show when projects are expected to reach that status.
- ~~2-3.~~ Include Representative Alexander on Tanglewilde-Thompson Place information. He lives in the neighborhood.
- ~~3-4.~~ Staff will continue to look at refinancing the existing debt.
- ~~4-5.~~ Provide a comparison of the 2003-2008 business plan and where the PUD is now will be added to a future agenda.
6. Counsel Don Taylor will review the Auditor's letter regarding Commissioner Compensation.
7. Add "Replacement Costs" to the agenda of the "Strategic Visions" workshop.
- ~~5-8.~~ Commissioners will review the Tanglewilde WSP, SEPA determination and the Resolution for adoption of the plan.

There being no further business, Commissioner Corwin moved to adjourn the general meeting at 7:00 p.m.

President

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Attest: _____
Secretary

