

**MINUTES OF THE REGULAR MEETING OF JUNE 9, 2009
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The first regular meeting for June 2009, of the Commissioners of Public Utility District No. 1 was called to order on Tuesday June 9, 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 District's General Manager (GM), Julie Parker, the District's Chief Financial Officer (CFO), Kim Gubbe, the District's Operations Manager, Don Taylor, the District's Attorney (5:50 p.m.), and Jennifer Anderson, Clerk to the Board.

Commissioner Corwin called the general meeting to order at 5:05 p.m.

Approval of agenda:

Commissioner Corwin requested a motion for approval of the agenda.

Commissioner Stearns moved the adoption of the agenda, amended so the Legal Report follows the Consent Calendar, for the June 9, 2009 general meeting; Commissioner Corwin seconded and all approved.

Public Comment

No members of the public were present

Consent Calendar:

Improvement Authorizations – None

Approval of Minutes: May 12-13, 2009 and May 26, 2009

Prequalification of Contractors – Small Works Roster

None

Travel Approvals

Other –

Voucher Approval

- 1) Accounts Payable 5/27/2009, 6/3/2009
- 2) Payroll 6/5/2009

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

Legal Report:

Don Taylor, PUD Attorney

Mr. Taylor reported that he has delivered two deeds, one in Thurston County and another in Pierce County, and a Bill of Sale with 30 exhibits to clear up all of the items in Pierce County that are rated as Personal Property. That should conclude getting all of the properties out of American Water Resources and to the PUD.

Executive Session

Commissioner Corwin opened an Executive Session at 5:10 p.m. to discuss potential litigation and real estate acquisitions (RCW 42.31.110). The Board closed the Executive Session at 5:28 p.m. and returned to the Regular meeting at 5:28 p.m.

The Board directed the GM to move forward with exploring acquisition of The Goat Rocks Association water system.

General Manager's Report: John Weidenfeller, General Manager

The GM presented a written report. The GM asked the Commissioners to provide feedback, prior to the June 23rd meeting, regarding the proposed budget agenda. Commissioner Pickett requested time to review the 2010 Strategic Goals before beginning to work on the budget. The Board agreed to discuss goals at the June 23rd meeting. Due to vacation schedules, the July meeting dates were changed to the 9th and 23rd.

Operations Manager's Report: Kim Gubbe, Operations Manager

The OM submitted a written report.

Financial Report: Julie Parker, Chief Financial Officer

The CFO did not have a report. Commissioner Pickett asked about the status of moving our IT services to the County. The CFO replied that we don't have the funding based on the current budget. Suggestions for funding were proposed by both the CFO and Commissioner Pickett. The CFO suggested start up costs could come from General Capital which would allow us to get started on the infrastructure. Commissioner Pickett suggested reallocating up to \$15,000 of capital money designated for planning in the current budget and use it to pay County IT operational costs. Commissioner Corwin questioned the benefit and costs. The CFO explained this is support for our server and we don't have a qualified staff person to keep us operational. There was concern expressed about the stability and security of our current system. The Board directed staff to get a firmer cost for services from the County.

Information Discussion of Operations/Policy Issues:

System Improvements requested by Customers – Generators (Hebert & Loma Vista – Others?)

Commissioner Corwin noted we have looked at this before and it isn't economical and it also presents liability issues. Commissioner Pickett proposed looking at requests for generators as something beyond our level of service – we'll help finance it but the customers would have to pay the cost. Commissioner Corwin pointed out that in addition to capital costs there are staff and maintenance costs as well as liability and we can't help pay for everything customers request. Commissioner Stearns noted the increased air pollution from generator use. The OM explained that many of our systems that are affected by power outages are also communities with homes connected to septic systems that require pumping to the drain field. In this case, each home would each have to have a generator on the septic pump if they want to be able to use water in the house during a power outage. The Board direction to staff was that the PUD would not consider supporting backup generators at this time.

Discussion – Terry Lane and Crescent Park Improvements

Commissioner Corwin will attend the Crescent Park meeting on June 16th. The GM and Commissioner Stearns reported back to the Board about the Terry Lane meeting. Commissioner Stearns will review the GM's notes from the Terry Lane meeting before they are mailed to the home owners.

Commissioner Pickett questioned if it makes sense to take care of all of the capital improvements needed at Terry Lane and Crescent Park at ~~once along with~~ the same time as the intertie upgrade. The OM recommended getting the bids with the additional improvements as a separate line item a decision can then be made to proceed, or not, with including additional capital improvements.

CFO provided financial information about the intertie and hydrant removal and the estimated costs to the customer and PUD to do each project.

The Board directed the GM to proceed with obtaining bids for both Terry Lane and Crescent Park upgrades.

Commissioner Reports:

Commissioner Corwin

Commissioner Corwin did not have a report.

Commissioner Pickett

Commissioner Pickett attended the TRPC meeting on the 5th. He reported to the board about 2 issues which arose at that meeting.

A program called Neighborhood Stabilization will provide a substantial amount of money for purchasing derelict homes or homes in foreclosure. This is a competitive federal grant which the State will apply for. If successful, the funds will be divided among 5 counties; south Thurston County has been targeted for receiving some of this money. There is potentially \$9 million dollars available in Thurston County for community improvements, which includes sewer and water systems upgrades.

The statewide economic forecast was also discussed. It was noted that the largest economic engine in this county are employees who work outside the county and bring their income back to Thurston County. This is a growing percentage and is now a higher percentage than state workers. It was also noted that the some areas with high foreclosure rates are the same areas with a high commuter rate going to Pierce County. The forecaster predicted that the decline in jobs in the region would hit bottom in September and the unemployment rate would peak around 10% in early 2010 and continue at that rate for many months.

Commissioner Stearns

Commissioner Stearns reported on classes he attended last week in Port Angeles (Water Audit & Rates) and Renton (Setting Water Rates to Promote Conservation). The Renton seminar promoted a tiered system of rates to encourage conservation. He also participated in a Deschutes River tour lead by a member of the Squaxin Tribe during which issues affecting the watershed, and their consequences, were presented.

Public Hearing: Tanglewilde Conservation Goal

Commissioner Corwin opened the public hearing. There was no one present from the public and the public hearing was closed.

The OM informed the Board that under the municipal water law the PUD must set a demand side water conservation goal for Tanglewilde by July 1, 2009. She provided a recommended goal to the Board which states "The Thurston PUD will reduce the amount of water use by 3% per Tanglewilde connection through teaching and encouraging conservation to our customers over the next 6 years."

Commissioner Corwin asked for a motion to adopt the goal as stated by the OM. Commissioner Pickett so moved, Commissioner Stearns seconded. All approved.

Commissioner Pickett asked for clarification about education and encouraging conservation. The OM explained that our fee structure encourages conservation and that other methods will evolve during the six year time period.

Commissioner Corwin asked that each board member prioritize the list of options provided by the OM and bring it back for discussion at the next meeting. OM provided information about the conservation programs currently being used by the City of Lacey, PSE and LOTT. She will continue to investigate these programs to see where we may be able to partner with them in the future. She plans to recommend a few conservation measures to be phased in over the coming year. Commissioner Pickett asked what we're required to do. The OM replied that setting the goal is our only requirement. Under our water use efficiency plan (?) we have to comply with 5 measures which we already comply with. Commissioner Pickett asked about creating a written conservation plan, the OM responded that will be included with our water use efficiency plan(?).

There was discussion about the water loss at Tanglewilde, and-what is currently being done to reduce the amount being lost, and repairs that are planned for the future. Water conservation for irrigation and car wash use was also discussed.

The OM requested the Board provide input and direction regarding the end use conservation measures they would like her to focus on.

Action Items:

None

Resolutions:

None

Summary of Assignments

1. Staff is to get a firmer cost breakdown for obtaining County IT services.
2. Staff is to get bids for upgrades at Terry Lane and Crescent Park.
3. The Commissioners are to prioritize the conservation list and provide feedback to the OM at

the June 23 meeting.

4. Staff and Board are to prepare ideas for a Strategic Goal setting discussion at the next meeting.

There being no further business, Commissioner Pickett moved to adjourn the Thurston PUD Board meeting at 7:07 p.m., seconded by Commissioner Stearns, all approved.

President

Attest: _____
Secretary