

**MINUTES OF THE REGULAR MEETING OF MARCH 23, 2010  
OF  
PUBLIC UTILITY DISTRICT NO. 1  
OF  
THURSTON COUNTY, WASHINGTON**

The second regular meeting for March 2010 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday March 23, 2010, 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 (OM), Don Taylor the District's Attorney, and Jennifer Anderson, Clerk to the Board.

**Members of the Public Present: Alison Metheny, representing H2Olympia was present.**

Commissioner Stearns called the general meeting to order at 5:03 p.m.

**Approval of agenda:**

The Commissioners moved Commissioner Reports to the end of the agenda, motions for Commission Meeting Expenses and TRPC Membership were added, Resolution 10-24 was moved from the Resolution section to the Consent Calendar, H2 Olympia, an Artesian Well Discussion was added to the first Information and Discussion section and Future Office Options Update was added to the second Information and Discussion section.

**Public Hearing**

None

**Public Comment**

None

**Consent Calendar:**

Improvement Authorizations – None

Approval of Minutes: March 9, 2010

Prequalification of Contractors – Small Works Roster

Travel Approvals – None

Other –

Voucher Approval

1) Accounts Payable 3/10/10, 3/17/10

2) Payroll 3/19/2010

Resolutions:

Resolution 10-21 Change Order to Contract with RS Underground

Resolution 10-22 Uncollectable Accounts

Resolution 10-19 Contract with Tom McDonald for Legal Services

Resolution 10-24 Easement for Tanglewilde Reservoir with North Thurston School District

**Commissioner Pickett moved to approve the Consent Calendar, Commissioner Corwin seconded and all approved.**

**Information and Discussion:** H2Olympia Members, Artesian Well Discussion & Information  
Alison Metheny, a member of H2Olympia addressed the Board at the invitation of Commissioner Pickett. She explained they are a public advocate group looking for a permanent solution to the artesian well in downtown Olympia on the Diamond Parking Lot land. Commissioner Pickett provided a summary of the H2Oly meeting he attended on March 13<sup>th</sup>. The group is a State registered non-profit organization; they are looking for a public agency to buy the well. He noted there were some strong views that this be viewed as a public works project to provide a public water source rather than a parks process; there are differing levels of commitment with each process. There are issues with how you prevent public access if there is a quality problem. Ms. Metheny explained that the current agreement is temporary; they are seeking a final and permanent solution that includes public ownership of the well. Commissioner Stearns stressed that he wants a final plan with no intermediary measures. Commissioner Pickett noted the relationship we have with the City could continue if we view the water as a county-wide resource; one possible scenario is the PUD owning the well and providing the service of providing the water with the City owning the property. The message to the group was to stay actively involved with the city and to contact us through the GM if we can be of assistance.

**Presentations**

**Staff Presentations:**

**General Manager's Report: John Weidenfeller, GM**

The GM presented a written report. He added that the new Thurston PUD website will be activated tomorrow. Commissioner Pickett asked if the new Geodata maps will be on the site; they are not currently planned for the site but is something that can be added in the future. It was noted that one of the benefits of the new website is the amount of space available; the plan is to grow the site as needed into the future.

Commissioner Stearns asked about the upcoming meeting with the County Commissioners, scheduled for April 21. Before then, the GM will put together a package of what we might take to the Board using the list of concerns already developed by the Board, meet with Mr. Krupp to discuss the package, and then report back to the Board at the next regular PUD meeting about what he feels are viable discussion points with the County Commissioners.

The GM also asked the Board to consider sending a thank-you letter to the North Thurston School Board regarding their quick and helpful action for the Tanglewilde reservoir easement. The Commissioners agreed and the letter was signed.

**Operations Manager's Report: Kim Gubbe, OM**

The OM presented a written report. She commented on the Water for Life event she attended today in Pierce County where she ushered 5<sup>th</sup> graders to various water-oriented classes. She

added that the new Tanglewilde well has been drilled to 112 feet and expect to hit the clay layer tomorrow. A time will be set for the Commissioners to visit the site, however they can visit anytime if they want so long as they follow the proper safety precautions. She also addressed the RS Underground change order noting that the section of their bid concerning valves was understood to be open; it could not have been known before hand exactly how many would be found. The CFO added that we are still below budget for the project, however the change order for the valves will not be included in the customer surcharge.

Commissioner Corwin asked the OM to tell about her experience at Tempo Lake. She is currently working on issues involving the radio system. The field staff is also rerouting the meter reading. The GM added that the entire system needs to be replaced; we submitted a \$1.7 million request for replacement of the distribution system and \$328,000 for source improvements.

At Commissioner Corwin's suggestion, the Board asked that the GM include in information sheets about potential acquisitions their status regarding DOH planning (for example, a Class A System Plan), and any history of DOH or County non-compliance.

The artesian well is due for a sanitary survey so she is working with the State and City of Olympia to see who is going to pay for the survey or if costs will be shared.

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

The CFO presented a written report. She will be proposing an amended budget in April because of an error made last year which omitted Commissioner salary from the General Budget; the expense was disclosed but was not included in the total expenses. She will also present a Capital Budget adjustment at the next meeting. She identified items in the 2009 budget that need to be rolled forward to 2010. She also found projects that were not previously identified that need to be added to the Capital Budget. She will present a Capital Budget report and revised Operating Budget report at the second meeting in April.

**Legal Report: Don Taylor, PUD Attorney**

The Board recognized Don Taylor for his 50 years of service, and informed him that he was being offered the position of "Of Counsel" so the PUD could still make use of his knowledge when needed.

Mr. Taylor reported that he ordered the preliminary title report for Pederson Place. When received, he will review it and report his findings to the GM.

**Information and Discussion:**

**Lien Authority**

The Commissioners discussed how best to pursue this issue. Commissioner Corwin emphasized the importance of keeping this issue moving forward. Commissioner Pickett suggested revising the draft prepared by Mr. Taylor to include sewer and to specifically exclude electrics, get the incoming Chief Counsel Tom McDonald to review it, and then take that to the April WPUDA Water Committee meeting. The GM will make sure this issue gets on their agenda.

#### April 21-22 Manager's Meeting in Portland – Association Reform

The GM presented the Commissioners with information about the meeting. The point of the Manager's Meeting is the organization of the PUD association. The Commissioners discussed the value of the GM's attendance; it was agreed that we need to be represented at the meeting.

#### Commissioner Compensation

The CFO provided an e-mail to the Commissioners about the effects of House Bill 2707 which changed the Commissioner Compensation law. The Bill raised all Commissioner compensation to the maximum level for the size of the utility. It will impact our budget in 2010 in the amount of approximately \$7,000 and in 2012 the impact will be \$12,000. Commissioner Corwin asked if the increase could be declined, the CFO explained that the increase can be declined on an individual basis and she would need a written statement asking to forgo a certain amount of salary during a specified period of time. Salary would revert to the statutory level when the period time expires. The Commissioners asked for a form where they could fill in the blanks to designate the amount of salary they wish to decline and the period of time; the CFO will prepare and deliver a form to the Commissioners. Commissioner Corwin asked that the decline of the salary increase by Commissioners be included as a news item on the website due to the economy and the inability to provide employees an increase for 2010.

#### Future Office Options

Commissioner Pickett expressed that as we look at property, we learn more the condition of the marketplace and what our criteria might be for property. He felt it would be helpful check in at every meeting to see what we've learned and continue to clarify the parameters. The Commissioners discussed the pros and cons of various properties that are currently for sale as well as the option of renegotiating our current lease. As a result of the discussion the Board clarified several points:

- The PUD will pursue a 2-track strategy, renegotiating the lease on the current office for more favorable terms, while also watching for land and buildings entering the market and making offers for properties that might fit our parameters.
- Either bare land or one with one or more buildings is acceptable.
- The PUD will start an account to set aside cash for a downpayment.
- The PUD will not consider a building that is much too large for our needs and has rental space.
- Property in either the three north Thurston Cities or in the unincorporated County is OK.
- Property can either be visible (on a major street) or secluded.

The GM noted he would provide the PUD Commissioners a matrix of space needs and would meet with the owner of our current building before the next meeting.

#### **Action Items:**

##### Appeal of GM Decision – Letter from Attorney General's Office

Commissioner Corwin asked that the minutes clearly reflect that the PUD will treat the letter from a customer forwarded from the Attorney General's Office as an appeal of the GM's prior decision. Commissioner Pickett asked why the customer was reimbursed for less than their total bill. The CFO explained that their bill included a \$99 charge for a lifetime preferred customer membership that entitles them to future discounts with the plumber; she did not feel it was

appropriate to provide a lifetime membership to them or to pay for their paper goods or bottled water. She explained they were reimbursed in full the plumbers' dispatch fee, labor charge and taxes on each item, even though the plumber did not fix the water. The customers also received a rebate on the base fee for the time they were without water. Commissioner Stearns stated that his concern is how we reached this point with the customers. OM explained that communication between customer service staff and field staff was less than ideal because we were dealing with several frozen meters at the time due to the extreme weather conditions. Commissioner Corwin noted the importance of policy and precedence; we cannot provide uninterrupted service under all conditions.

**Commissioner Pickett moved that the Commissioners have reviewed the complaint to the Attorney General, which we are treating as an appeal, that we affirm our GM's decision, and that we authorize President Stearns to send a letter to the customer to that effect. Seconded by Commissioner Corwin all approved.**

Motion - TRPC Membership

**Commissioner Corwin moved to direct the GM to notify TRPC that we are going to switch our membership from full membership to associate membership. Seconded by Commissioner Pickett. Commissioner Corwin moved to table the item to the first meeting in May. Seconded by Commissioner Pickett and all approved.**

Motion - Commission Meeting Expenses

**Commissioner Pickett moved to reimburse the GM for \$48.17 as expensed for the special meeting on March 23<sup>rd</sup>. Seconded by Commissioner Corwin and all approved.**

**Resolutions:** Resolution 10-23 Appointment of Registered Agent

**Commissioner Pickett moved to adopt Resolution 10-23 Appointment of Registered Agent. Commissioner Corwin seconded and all approved.**

**Commissioners Reports:**

**Commissioner Corwin**

Commissioner Corwin attended the WRIA11 meeting where the discussion still concerned financing. He intends to review the minutes of this meeting regarding a regulation which would prevent development by limiting the amount of water that could be drawn.

**Commissioner Pickett**

Commissioner Pickett did not have anything additional to report.

**Commissioner Stearns**

Commissioner Stearns reported that he attended the TRPC meeting; some long term members were leaving. He commented about the tribes' participation. He also attended the Lewis PUD and Grays Harbor PUD meetings.

Assignments:

GM: Prepare a package for the meeting with the county and meet with Don Krupp.

GM: In future acquisition information sheets: include the status of DOH planning, any history of DOH or County violations, and the potential impact on staff resources. Include future office real estate update as a regular agenda item. Send the Commissioners the matrix of space needs. Meet with the current landlord to renegotiate the current lease.

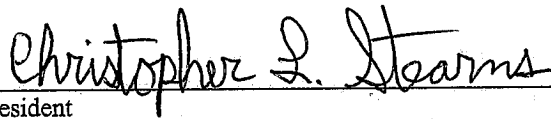
CFO: Prepare a form for the Commissioners to use to decline a salary increase;

GM: Draft letter per motion to send letter regarding the Appeal of GM Decision – Letter from Attorney General’s Office.

GM: Get the lien authority bill revised, reviewed by PUD Chief Counsel, and included on the April WPUA Water Committee agenda

**Executive Session:** Potential Litigation & Real Estate Acquisitions (RCW 42.30.110)

**Commissioner Pickett moved to recess to an executive session for the purpose of potential litigation & Real Estate acquisitions at 8:19 p.m. which was expected to last approximately 15 minutes, and to adjourn the regular meeting at the conclusion of the session. Seconded by Commissioner Corwin and all approved. The continuation of the Executive session was announced for another 15 minutes at 8:34 p.m. and at 8:49 p.m. The executive session was closed at 9:05 p.m. and the meeting was adjourned.**

  
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President

Attest:   
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Secretary