

MINUTES OF THE REGULAR MEETING OF JUNE 22, 2010
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON

The second regular meeting for June 2010 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday June 22, 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), Tom McDonald the District's Attorney, Jennifer Anderson, Clerk to the Board, and Doug Eklund, Engineer.

Commissioner Stearns called the general meeting to order at 5:04 p.m. He congratulated Commissioner Corwin for running unopposed for re-election in the fall.

Approval of agenda:

The Board agreed to discuss Commission Meeting Management after the Consent Calendar. The Board agreed to discuss WPUA prior to Continuation of Planning Session on Strategic Goals and Commissioner Priorities.

Public Hearing

The GM noted that there were two Public Hearings scheduled for this evening, one for the Prairie Ridge Water System Plan and another for Water Use Efficiency Goals for Class A water systems with less than 1,000 connections. There were no members of the public present.

Jim Steele's written comments on water conservation were noted for the record.

Commissioner Stearns closed the Public Hearing at 5:09 p.m.

Doug Eklund, Engineer, provided a brief analysis of the Prairie Ridge water system. He noted an unusually large increase in its' maximum day demand from 1001 gallons/day/ERU to 1838 gallons/day/ERU. He noted this is very high consumption. That is making a negative impact on the system in its ability to maintain adequate service pressure and on its ability to serve the connections it is obligated to serve in addition to the existing connections. He believes the existing pressure problems are associated with a miscalculation on the capacity of the booster pumps. At this time, he believes they are adequate to serve 77 connections at the current level of consumption. If the customers can reduce their maximum day demand to 1100 gallons/day/ERU, the existing booster pumps would support 145 connections. As the PUD's water rates go into effect customers may reduce their water use since our highest tier of consumption-based rates could triple the water bills of some customers at current use levels. If bumper stations they do need replacement the cost could be \$10,000 – 20,000, but the recommended approach would be to see if our rates reduce consumption and increase pressure before upgrading booster pumps. The GM noted that it is early in the process and more analysis will be needed. Doug will provide a draft water system plan for the July 13th meeting.

The Board discussed whether it would be possible to keep some of the purchase funds in escrow as part of a warranty to address problems such as this that arise immediately after a purchase. The GM will investigate this as a possible approach for future system purchases.

Public Comment

Cathy Skiles, Thurston PUD CSR 3 provided information to the Board regarding customer service activities and issues.

Jennifer Anderson, Thurston PUD CSR 1 spoke to the Board concerning customer service issues.

Commissioner Pickett noted the importance of a "Learning Organization" where employees can provide suggestions for improvement, and hoped that employee suggestions would be addressed in this spirit. The Board asked the GM to report back with them in response to the Ms. Skiles and Ms. Anderson's discussion with the Board. Commissioner Corwin asked for a cost estimate to install a closed circuit TV system for the improvement of employee safety in the office.

Consent Calendar:

Improvement Authorizations – None

Approval of Minutes: June 8, 2010

Prequalification of Contractors – Small Works Roster

Travel Approvals – None

Other –

Voucher Approval

1) Accounts Payable 6/9/2010, 6/16/2010

2) Payroll 6/4/2010

Resolutions:

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

Information Discussion of Operations/Policy Issues:

Discussion – Commission Meeting Management

Commissioners Pickett and Corwin submitted suggestions in writing. Those discussed include:

- Be more succinct
- Better information before the meeting
- Written reports from staff and Commissioners
- Keep track of time

Presentations

Staff Presentations:

General Manager's Report: John Weidenfeller, GM

The GM presented a written report. He added that has a meeting on Wednesday morning with the City of Olympia Public Works Director to discuss the artesian well.

Operations Manager's Report: Kim Gubbe, OM

The OM presented a written report and made a correction to the WINCO item. Walls are going up, but the groundwork involving water has not started; the engineer is still working on the list of components. She also responded to a question from Commissioner Pickett regarding Pleasant Valley leak detection; the money is being spent on the valve project and RS Underground leak detection services.

Bids for the Stillwell Street project will be opened on June 30th and the current leak is scheduled for repair on Thursday.

Chief Financial Officer's Report: Julie Parker, CFO

The CFO presented a written report and added that she updated the monthly debt summary. The report presented reflects payments and current amount of draws through June 22. Commissioner Corwin warned of possible future increases in bond rates. Regarding the Bond process, she informed the Board she is working on financial projections to provide to the financial advisor so that we can start working with an underwriter to get a bond rating. She will have things moving forward by July 23rd.

Information and Discussion:

Discussion – Public Comment on Prairie Ridge Water System Plan - None

Discussion - Future Office Options

Commissioner Pickett moved the PUD will continue an active but low-level search for potential property for the PUD to purchase as a permanent office, that this search will be led by Commissioner Pickett with support from the GM and OM, this effort will be a low priority compared to other work and only limited support is expected of staff, Commissioner Pickett will report in writing before each meeting of development since the previous meeting, will use time at the meeting for getting resolution from the Commissioners on emerging issues that arise in the course of the real estate search, if no issues arise, no time will be needed at the meeting, that the GM is authorized to enter in to a purchase agreement for real estate upon the advice of Commissioner Pickett and the OM provided that the purchase agreement has a clear and unambiguous escape clause that will allow the PUD to back out of the contract within at least 60 days if the decision is made to not proceed with the purchase and that once a purchase contract is signed any further involvement by staff or Commissioner Pickett will occur with the direction and authorization of the Board as a whole. The motion failed for lack of a second.

Commissioner Pickett noted that from this action he interprets that the Board's direction is to not spend any time looking for real estate for a new office until at least 2011. He will let the realtor and the County real estate person he is working with know this.

Action Items:

Resolutions:

Resolution 10-43 Water Use Efficiency Goals for Group "A" Water Systems

Commissioner Pickett moved to adopt Resolution 10-43 Water Use Efficiency Goals for Group "A" Water Systems. Commissioner Corwin seconded and all approved.

Resolution 10-44 Acquisition of Cornerstone Estates Water System
Commissioner Corwin moved to adopt Resolution 10-44 Acquisition of Cornerstone Estates Water System. Commissioner Pickett seconded and all approved.

Attorney's Report: Tom McDonald

Mr. McDonald reported to the Board about proposed legislation for liens and foreclosures. He noted that the Jefferson PUD tax case has been heard and is now under review by the presiding judge. He noted that accomplishing warranties through escrow when purchasing new systems was doable. He also answered some questions about our bond obligations.

Commissioners Reports:

Commissioner Corwin

Commissioner Corwin will be out of town June 26 – July 6.

Commissioner Pickett

Commissioner Pickett submitted his report and writing and had nothing new to add. He noted that the Nisqually WRIA 11 Planning Unit was planning a joint event with Thurston County on June 30, and asked to attend as the PUDs representative, which the Board was agreeable to.

Commissioner Stearns

Commissioner Stearns provided Board Members a written report and informed the Board that he applied to for the alternate position on the County Conservancy Board. Commissioner Pickett noted the potential for conflict of interest and advised Commissioner Stearns to take appropriate actions if he got the position. He attended the Thurston Climate Action Team meetings.

Information and Discussion:

Discussion – WPUDA

Commissioner Corwin stated we are obligated to retain membership until December 2011 unless we give notice that we are withdrawing by June 30. The Board discussed the merits of WPUDA membership and the potential financial liability if we don't give notice to withdraw and continue our membership through 2011. Commissioners Pickett and Stearns expressed their desire to not provide notice to withdraw our membership at this time.

Commissioner Corwin moved to instruct the GM to give notice on June 30 if by June 29 more than three additional PUD's have given notice to WPUDA. The motion failed for lack of a second.

Continuation of Planning Session on Strategic Goals & Commissioner Priorities

Commissioner Corwin moved adoption of the Strategic Goals as presented with the caveat that at a subsequent meeting the Board will prioritize them as high, medium or low. Seconded by Commissioner Pickett.

The Board discussed the items on the Draft 2011 Strategic Goals presented by the GM. The Board agreed to one edit regarding "steady growth" instead of a numeric target.

Commissioner Pickett moved adoption of the Strategic Goals as presented with the understanding that 1: the Board will prioritize them as high, medium or low and 2: understanding that there will be further discussion about how to implement the goals. Seconded by Commissioner Corwin

There was further discussion regarding item number 6.

Commissioner Corwin called for the question. Seconded by Commissioner Pickett. The motion to end debate passed 2 - 1.

The board voted on the motion made by Commissioner Pickett. All approved.

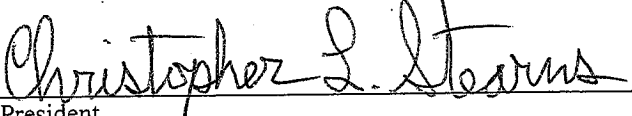
Assignments:

1. Commissioners: Prioritize goals as high, medium or low and deliver to the GM prior to the next regular meeting.
2. GM: GM to report to the Board in response to the Ms. Skiles and Ms. Anderson's discussion with the Board.
3. GM: Provide a cost estimate to install a closed circuit TV system.
4. GM: Investigate the possibility of a warranty using funds in escrow for future purchases, and provide information for future discussion.

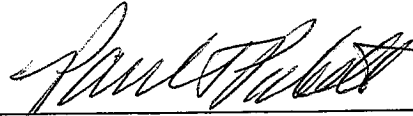
Executive Session:

None

Commissioner Pickett moved to adjourn the regular meeting at 7:52 p.m. Seconded by Commissioner Corwin and all approved. The meeting was adjourned.



President

Attest: 

Secretary

