

**MINUTES OF THE REGULAR MEETING OF NOVEMBER 9, 2010  
OF  
PUBLIC UTILITY DISTRICT NO. 1  
OF  
THURSTON COUNTY, WASHINGTON**

The second regular meeting for November 2010 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday November 9, 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, Tom McDonald, the District's Attorney (arrived at 6:00 p.m.), and Jennifer Anderson, Clerk to the Board. Guests present included: John Kounts, WPUWA Water Program Director and Acting Executive Director; Representative Sam Hunt, 22<sup>nd</sup> District; and Robert Hall, Sr., a customer of the Prairie Ridge system.

Commissioner Stearns called the general meeting to order at 5:04 p.m.

**Presentation:**

**Approval of agenda:**

The Board added Resolution 10-76 Professional Service Agreement with MTC, Inc for Stillwell project to the Consent Calendar.

**Public Information Meeting/Public Comment Period**

None

**Consent Calendar:**

Improvement Authorizations – None

Approval of Minutes: October 26, 2010

Prequalification of Contractors – Small Works Roster

SMA Contracts

Resolution 10-75 Beverly Beach Homeowners Association

Travel Approvals – None

Other –

Voucher Approval

1) Accounts Payable 10/27/2010, 11/3/2010

2) Payroll 11/5/2010

Resolutions:

Resolution 10-76 Professional Service Agreement with MTC, Inc for Stillwell Project

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

**Public Comment**

None

### **Public Hearing**

Proposed 2011 Water Rates and other Changes

Commissioner Stearns opened the Rate Hearing

Robert Hall, Sr. asked about the increase to base rates and consumption charges. Ms. Parker responded to his questions and clarified that the 8.81% increase is an overall average of the increases to all of the rates; individual rates are changing at different percentages. Commissioner Stearns provided some background as to why the rates are increasing.

Ms. Parker stated that we received some letters regarding the proposed rates.

Commissioner Stearns closed the rate hearing.

### **Information and Discussion of Operations/Policy Issues:**

Representative Sam Hunt, 22<sup>nd</sup> District, – Legislature's position of PUD's providing direct telecommunications to users and on no restriction to wholesaling.

Representative Hunt addressed the Board regarding PUD's and telecommunications authority. Based on an Attorney General decision in 1998, PUD's may sell wholesale excess telecommunication services; they may not sell those retail. In 2000, Senate Bill 6675 codified the standard. Subsequent Bills have not passed the Legislature. HB 2600, which would have allowed PUD's to provide retail telecommunication services, never moved out of committee. He noted that he would like to see more competition in the telecommunication business. The Board discussed this and other PUD activities with Rep. Hunt.

### **Presentations**

#### **Staff Presentations:**

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

The GM presented a written report. Several issues from the report were discussed by the Board. The GM noted that North Thurston School District staff complemented the PUD for their operation of the South Bay School system. The City of Olympia will be honoring the PUD for their help with the downtown Artesian well on December 7<sup>th</sup>.

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

(No written report.) The OM reported they started the project at Pleasant Valley and the leak was quickly found and repaired. The Stillwell Street project is expected to begin on November 15<sup>th</sup>; door hangers will be delivered to the residents who will be affected by the project.

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

The CFO had no report.

#### **Legal Report:**

#### **Tom McDonald, PUD Attorney**

Mr. McDonald reported that he has been working with staff on several contracts. He provided an update regarding the Municipal Water Rights case; the Washington Supreme Court delivered an

opinion recently that confirmed the law is constitutional “on its face” – the Statute passed by the Legislature in 2003 is confirmed as law with not inherent unconstitutional provisions. An appeal “as applied” for a specific situation is still a possibility. Mr. McDonald explained to the Board how this affects the PUD.

**Action Items:**

**Resolutions:**

**Resolution 10-65 Ad Valorem Tax Levy 2011**

**Commissioner Pickett moved to approve Resolution 10-65 Ad Valorem Tax Levy 2011, seconded by Commissioner Corwin and all approved.**

**Information Discussion of Operations/Policy Issues:**

**Discussion of Records Storage Options**

The CFO provided some information regarding retention schedules and described several storage options which are needed since we are moving into a smaller space. The Board expressed their concern for security of documents, and suggested staff check with our insurer. No action was requested from the Board; the Board indicated that staff should use their discretion in this matter.

**Commissioner Discussion of Public Comment on Proposed Rates**

Commissioner Pickett noted that the letter received from Mr. Jenkins was very thoughtful and raised issues, which he discussed with staff earlier today. He is satisfied that the proposed rate structure is good, for the most part. He stated that his personal preference is to bump up the rates on the highest tiers – as proposed, the 4<sup>th</sup> tier has less than the average rate increase – and reduce the 2<sup>nd</sup> tier to meet the budgetary rate needs. Commissioner Corwin responded by noting that the PUD philosophy is that by raising the highest tier, we discourage over utilization; it’s part of our conservation program.

After meeting with Commissioner Pickett before the meeting, the CFO put more information together regarding the tiers, which she provided to the Commissioners. She calculated the percentage of customers with their highest rate block in each tier. She also compared revenues in each tier. 51% of our customers stay within the second tier all year round. Only 3% fall in to tier 4. She is concerned that if we reduce the tier 2 revenue, we may not be able to make it up elsewhere. Commissioner Pickett noted that the CFO’s analysis shows an increase for the 3<sup>rd</sup> and 4<sup>th</sup> tiers would have very little effect on the 2<sup>nd</sup> tier.

Commissioner Corwin asked if there is any merit to a suggestion made in a letter to raise the consumption level of tier 1 from 500 cf to 700 cf, as a way to provide some relief to the lower income customers who do not use as much water. The CFO responded that her analysis shows that 0-500 cf for the first tier is a reasonable range.

Commissioner Pickett asked staff to prepare responses to the letters that we received. The Board and staff agreed that one summary of all the issues raised by the letters was appropriate. Each customer who sent a letter will get an individual reply and the summary would be attached

instead of a specific response to their concerns. The CFO added that she would also like to post the summary on the website to describe the questions and concerns which were raised by customers and how we are responding to those concerns.

After discussion, Commissioner Pickett expressed his satisfaction with the rate structure as proposed. Commissioners Stearns and Corwin also expressed support for the rates. Staff will prepare a Resolution to adopt rates which will be presented to the Board for action at the next regular meeting.

#### Discussion PUD Lines of Business (Commissioner Stearns)

The Board continued their discussion about moving in to additional lines of business. There was interest expressed about doing a public survey as a first step, however there would need to be a known cost of doing such a survey. Another idea is to approach the Economic Development Council, or local Chambers of Commerce, for business information. As an exercise, the Board agreed to each write down what they would ask the public in a public opinion poll and what are the questions they would ask a consultant to answer in a study and bring it back to the next meeting to compare results.

#### Follow-up on Discussion of Board Operating Procedures

At the last regular meeting the GM was directed to follow up with John Doan, the City of Tumwater's City Administrator, to inquire about the methodology used and the outcome. The GM emailed the information to the Board earlier this week. The Board continued to discuss the issue and requested that the GM check to see if Mr. Doan would be willing to speak individually with each Commissioner to get a better idea of what is needed.

#### **Commissioners Reports:**

##### **Commissioner Corwin**

Commissioner Corwin did not have a report.

##### **Commissioner Pickett**

Commissioner Pickett provided a written report. He had two Board actions in his TRPC report; the Water Conservancy Board could be useful in consolidating water rights. He asked for confirmation from the Board regarding the TRPC approach to addressing water through a spring retreat and through the sustainability planning grant. He noted that they will be looking for a representative to participate on the task force. The Board had no objection to this approach.

##### **Commissioner Stearns**

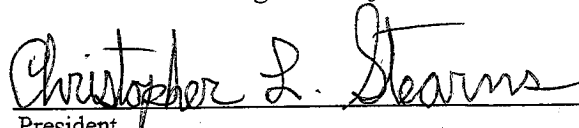
Commissioner Stearns attended the Deschutes TMDL meeting, a Chehalis Partnership meeting, and met with Karen Fraser.

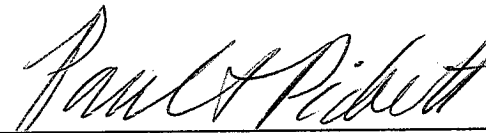
#### **Assignments:**

1. Staff: prepare a response summary to the rate hearing letters received from the public.
2. CFO: Follow-up with Mr. Hall on his past water use at Prairie Ridge and project his usage and rates for 2011 based on the proposed rates.

3. Board: PUD Lines of Business - each Commissioner should write down what they would ask the public in a public opinion poll and what are the questions they would ask a consultant to answer in a study and bring it back to the next meeting to compare results.
4. Staff: Bring forward the proposed rate structure resolution at the next Commission meeting.
5. GM: Follow-up with Mr. Doan and see if he would be willing to speak individually with each Commissioner to get a better idea of what is needed to enter into a discussion of improved board interactions in terms of a process and to derive a desired outcome the Commissioners can agree upon.

**Commissioner Pickett moved to adjourn the regular meeting at 8:00 p.m. Seconded by Commissioner Corwin and all approved. The meeting was adjourned.**

  
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President

Attest:   
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Secretary

