

**MINUTES OF THE REGULAR MEETING OF MARCH 8, 2011
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The first regular meeting for March 2011 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday March 8, 2011, at 921 Lakeridge Way SW, Suite 301, Olympia WA 98502, commencing at 5:00 p.m. Commissioners Chris Stearns, Alan Corwin, and Paul Pickett 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), and Cathy Skiles, Clerk to the Board. Tom McDonald, the District's Attorney arrived at 5:30 p.m.

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

Approval of Agenda

Commissioner Pickett moved adoption of Agenda, Commissioner Corwin asked to add a brief discussion of the PUD Strategic Goals, all in favor of the amended agenda.

Consent Calendar:

Approval of Minutes: February 22, 2011
Prequalification of Contractors – Small Works Roster
Culligan Water Co., LLC.

SMA Contracts
Correspondence:
Travel Approvals:

Other --

Voucher Approval

- 1 Accounts Payable 2/23/11, 3/2/11
- 2 Payroll 3/4/11

Resolutions:

Commissioner Pickett moved to approve the Consent Calendar, stating that the Commissioners were all provided the final draft of the minutes by email that morning and in their packets this evening, Commissioner Corwin seconded, all approved

Public Comment: None

Staff Presentations:

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

GM Weidenfeller reported that he followed up with Clark Halverson from the Department of Health, who talked to Tom Loranger this afternoon and confirmed that the letter regarding the Tanglewilde wells was in the mail. CFO Parker added that a couple of weeks ago she submitted invoices for reimbursement from the DWSRF Loan funds for this project. This was a small request for reimbursement she was told that Commerce could not issue the funds. They had been notified by the Department of Health to stop all disbursements on the source project due to the letter from Department of Ecology questioning the water rights for the wells. CFO Parker informed staff at Commerce that the PUD had challenged that opinion and we expected resolution soon. She also explained that we do have a water right for 300 GPM that is not being questioned in addition to the other two rights under dispute. With the 300 GPM we have ability to start the source project. The disbursements should be authorized – staff will wait and see.

Commissioners Stearns asked about the 2011 Bond, he said Commissioners Corwin expressed interest in finding some local agencies to sell the Bonds. Commissioner Stearns ask if staff had a method of

contacting local banks to inform them of the availability. Commissioner Corwin explained the Underwriters purchase the whole Bond. The next level is the Seller: the Underwriters negotiate with the Sellers the amount of the Bond they can market and can assemble a group of local buyers. On March 15th Commissioner Corwin and staff will be interviewing three Underwriters who have been solicited by Alan Dashen. The PUD wanted to have several candidates to review even though this process is not subject to open bidding requirements.

Commissioner Stearns asked OM Weidenfeller to report on their meeting with the owner of KVAR Kim has chosen Prairie Ridge and Nisqually Vista, both in Thurston County, as test sites. The target is to begin the tests in early April. Commissioner Stearns reported KVAR will be in contact with Puget Sound Energy. The representative will also ask Puget Sound Energy what happens if we add more customers to the two water systems or add other energy efficiencies such as solar power. Commissioner Pickett asked if staff would be checking references from KVAR and making sure there will not be any technical difficulties with Puget Sound Energy, and the GM confirmed this would occur. Commissioner Stearns added that he has a local contact who has worked very successfully with this company.

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

Commissioner Stearns asked about the Field Technician III position being filled April 11th, this is the original target date; he had thought it was later in the year. If the employee is needed, Commissioner Stearns has no problem with starting them in April. OM Gubbe reported this is a very busy time for them - they have many leaks from the freezing weather, such as a leak in Tanglewilde they cannot find. Two of her Field Tech's have also had non-work-related injuries causing them to miss work.

OM Gubbe reported she has been working on the potential Nisqually Commercial Park SMA contract with the Tribe and system owner. They have been getting familiar with the treatment on the system - it is not on line yet but it will be soon.

The Prairie Ridge water sample will be submitted in the AWWA South Sound Unit on March 25th. The competition will held at The Ram restaurant in Lakewood. Commissioner Pickett suggested she have a mini water tasting competition at a Board meeting.

Chief Financial Officer's Report: Financial Variance Report (every 4th week's meeting)

CFO Parker has been contacted by the Tacoma Rainiers baseball club. She discussed with the Board and GM several options for a possible Thurston PUD annual employee party at a Rainiers ball game. The Commissioners were supportive, and recommended they pick a couple of dates and find out from staff if there is interest in attending.

Information Discussion of Operations/Policy Issues:

Letter to Federal Elected Officials Supporting Science-based processes when choosing substances for regulation in drinking water (Corwin).

Commissioner Corwin explained that he asked to have this item put on the Agenda because he saw a letter proposed by AWWA regarding a Senate bill. He directed a question to Tom McDonald, the District's Chief Counsel: wanting to be very careful of the PDC and other laws, are there any restrictions on how the Commissioners can communicate with Congress? Tom McDonald will check with the PDC and report back to the Commissioners.

Commissioner Pickett noted that he specifically opposed sending the letter proposed by AWWA; he does not want to go on record as opposing the regulation of highly toxic drinking water contaminants. He shared the results of the research he did regarding the bill being discussed. Commissioner Stearns asked Tom McDonald to follow up with the PDC to clarify how the PUD could communicate with Congress in the future should it wish to.

WPUDA Meeting Schedule – Commissioner Corwin will attend the telecom meeting. Commissioner Stearns will cover the water sessions.

PUD Goals and sub-goals

Commissioner Corwin pointed out the PUD Goals and sub-goals listed on the back of the Agenda. He asked if the Agenda Items and the Commission Meeting Assignment Sheet could reference the Goals they applied to. He wants to help the Board focus in meetings on items that further the PUD's goals. GM said he would add the number of the goal to those documents as a reference to the list of goals.

Legal Report: Tom McDonald

Tom McDonald reported on the dispute over Tangelwilde water rights that has gone to appeal. We are waiting for a letter from the Department of Ecology to the Department of Health stipulating what they need to do to finalize their approval. GM Weidenfeller confirmed that he had heard the letter has gone out from Ecology to Department of Health already. Discussion continued regarding the Municipal Water Law and the status.

Commissioner Reports:

Commissioner Pickett asked about the situation with the Big Bird and Tony's water systems. GM Weidenfeller updated him on the status of the follow up the Department of Health has done. Mr. Loncar will follow up with us to schedule the inspections we need. Discussion continued regarding the history of the hook-up to the Tanglewilde water system. Commissioner Corwin suggested sending a "very soft" letter to Mr. Loncar stating the steps he will need to go through to add connections to the water system so he is aware we can not wait until the last minute to hook those connections up to the water systems. Commissioner Pickett asked that, if needed, the Board discuss the implications of disconnecting the Mobil Home Park at the next meeting (March 22nd) prior to the actual disconnect.

The bill on PUD lien authority being sheperded by Commissioner Corwin's made it to the Rules Committee but did not pass out by the deadline. The bill can be addressed in the next Legislative Session.

Commissioner Pickett attended the TRPC meeting they discussed the Sustainability Planning Grant. We are a consortia partner so an MOU will be coming for the Commissioners to sign.

Commissioner Stearns reported on his contact with the EDC's Michael Cade, who would like to attend a future Commission meeting to discuss the financial side of the Solar Panels they will be installing on the Farmers Market. He will present how it will be financed and the payback.

Commissioner Stearns did not attend the Chehalis Partnership Committee.

The Commissioners discussed the WPUDA reorganization, current processes, the recent WPUDA special meeting, and the new Executive Director of WPUDA.

Commissioner Corwin will attend the March 24th staff meeting.

Commissioner Corwin and CFO Parker are reviewing the Long Term Disability Policy. None of the employees have taken Long Term Disability. The policy has a 180 day waiting period and there are other

reasons to look into the policy. Commissioner Pickett will find out who the State is using for its LTD program.

Summary of Assignments:

- GM/CFO: Pick a couple of dates for an annual employee get together then find out level of interest in attending a baseball game.
- Chief Counsel McDonald will check with the PDC on communicating with members of Congress and report back to the Commissioners.
- The GM will include the Strategic Goal number with agenda items and list of assignments.
- Commissioner Corwin will attend the March 24th staff meeting.
- Commissioner Pickett will find out who the State uses for LTD.

Adjournment:

Commissioner Stearns moved to adjourn the meeting at 6:55 and move into Executive Session until 7:15, with the three Commissioners in attendance only, to discuss the review of a Public Employee, Commissioner Pickett seconded, all approved.

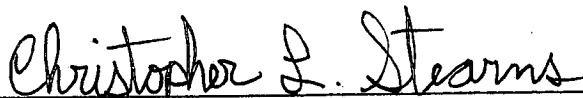
Executive Session broke at 7:15 to announce that discussions regarding the review of a Public Employee would continue until 7:30.

Executive Session broke at 7:30 to announce that discussions regarding the review of a Public Employee would continue until 7:45.


Executive Session broke at 7:45 to announce that discussions regarding the review of a Public Employee would continue until 8:00, GM Weidenfeller joined the meeting at this time.

Executive Session broke at 8:00 to announce that discussions regarding the review of a Public Employee would continue until 8:15.

The Commissioners came out of Executive Session and adjourned the meeting at 8:12.



President

Attest: 

Secretary