

MINUTES OF THE REGULAR MEETING OF AUGUST 23, 2011
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON

The second regular meeting for August 2011 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday August 23, 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), Tom McDonald, Chief Legal Counsel, and Cathy Skiles, Clerk to the Board.

Guests: Steve Harrington, 3242 Capital Blvd, Tumwater, WA 98501

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

Approval of Agenda

Commissioners Stearns stated they have a request from the GM John Weidenfeller for a motion from the Board to approve a leak adjustment in the amount of \$1,551.92, account No. 001544-000. Commissioner Pickett moved to add the motion for the adjustment to the Consent Calendar, Commissioner Corwin seconded, all in favor.

Consent Calendar:

(5:01)

Approval of Minutes: August 2, 2011, August 9, 2011
Prequalification of Contractors – Small Works Roster
CNI Locates LTD

SMA Contracts

Correspondence:

Travel Approvals:

Other –

Voucher Approval

Accounts Payable 8/10/11, 8/17/11

Payroll 8/19/11

Resolutions:

Res. 11- 39 Declaration of Emergency & Waiver of Competitive

Res. 11-41 Contract with American Pump for Booster Pump Upgrade at Elk Heights #247

Authorization for General Manager to authorize a leak adjustment of \$1,551.92 for Sampan Restaurant, account no. 001544 000.

Commissioner Pickett moved adoption of the Consent Calendar with the addition of the leak adjustment for account No. 001544-000, Commissioner Corwin seconded, all in favor.

Introduction of New Field Technician I: Ronnie Black:

OM Kim Gubbe introduced Ronnie Black the new Field Tech 1 employee. OM Gubbe added that Ronnie Black was laid off from the City of Chehalis; he came highly recommended by his supervisor who stated he was the best employee he had in his whole career. His supervisor from

the City of Olympia where he worked as a seasonal temporary employee also gave him excellent recommendations.

Commissioners Stearns asked Steve Harrington, a member of the Public to introduce himself. He was present to observe and had no comments.

Action Items:

Resolutions

Resolution 11-34 Authority for General Manager to Address Competitive Bidding Requirements
The Resolution moved included edits suggested by Commissioner Pickett to clarify when the item will be brought to a Board meeting for Commissioner Approval. **Commissioner Corwin moved adoption of Resolution 11-34 Authority for General Manager to Address Competitive Bidding Requirements, Commissioner Pickett seconded, all approved.**

Resolution 11-35 Policy, Employees and Political Activities

Commissioner Corwin moved approval of Resolution 11-35, Commissioner Pickett seconded. Commissioner Pickett asked that they wait for input from Tom McDonald to give clarification regarding the proposed policy and the employee's rights to freedom of speech. The discussion will be postponed until Tom McDonald arrives.

Resolution 11-36 Policy, Base Rate

GM Weidenfeller explained this is a house keeping item. The PUD has been enforcing a base rate since 2009. We have been asked for specific authority to bill a base rate when there is no consumption and when the water service has been turned off. The Resolution moved includes some edits suggested by Commissioner Pickett for clarity. **Commissioner Pickett moved adoption of Resolution 11-36, Commissioner Corwin seconded, all approved.**

Resolution 11-40 Contract Amendment, Jerome W. Morrissette & Associates

CFO Parker explained the reasons the contract with Morrissette and Associates has been revised. **Commissioner Corwin made a motion to approve Resolution 11-40, Commissioner Pickett seconded, all in favor.**

Staff Presentations:

General Manager's Report: John Weidenfeller, General Manager submitted a report in writing.

GM Weidenfeller added that there is a WPUDA Water Committee conference call tomorrow afternoon; he and Commissioner Stearns will participate in the conference call.

GM Weidenfeller will be attending a Tempo Lake Board meeting on Thursday evening.

GM Weidenfeller provided a Calendar of meetings and conferences to the Commissioners.

He will be meeting with staff and the consulting engineer in the near future to brainstorm issues concerning the Tanglewilde water system. We have recently received a request for a water availability letter to serve 170 units from the Tanglewilde system.

The next Regular Commission meeting will be held in Tenino; an opportunity to carpool to the meeting will be available.

The initial audit review has come back with very good comments. GM Weidenfeller publicly thanked the CFO, staff and OM for all their hard work. CFO Parker provided the Commissioners with a spreadsheet showing audit costs for annual audits with a reduced audit every other year vs. full audits every year. The Bond agreement requires that we have an annual audit of limited scope. The Board discussed the differences in the choices. A full audit every year cost more but is more efficient for the CFO and will allow adjustments to occur more quickly. The Board expressed their support for a full audit every year.

Operations Manager's Report:

Operations Manager Kim Gubbe provided a report in writing. She added that the Tanglewilde reservoir project has been delayed due to the added requirement of testing the paint inside the tank and soils around the tank for lead. The results of the tests will be sent to the contractors and if needed, an amendment will be made for the bid. Steve Harrington asked if there is any evidence of asbestos, OM Kim Gubbe will check with the engineer to confirm.

Commissioner Corwin asked if we could add to our next newsletter, the accumulation of leaks we have repaired and the amount of water we have saved. OM Gubbe said there will be something in the next newsletter.

Tom McDonald, Chief Legal Counsel arrived. Resolution 11-35 Policy, Employees and Political Activities was brought back up for discussion. Commissioner Pickett asked if the Commission was within their rights to establish this policy. Tom McDonald provided an opinion from the State Ethics Advisory Board. He also talked to a Human Resources Manager from the State. Mr. McDonald indicated that under normal circumstances, a public entity cannot prohibit the display of buttons, hats, posters, etc. in a work area dependent on the extent of involvement the employee has interacting with the public. Commissioner Pickett noted that the GM has the discretion to manage employee's dress, and requested a friendly amendment that the phrase prohibiting wearing political paraphernalia be removed. The Commissioners that moved and seconded the motion concurred. **Call for the question, all in favor of the amended Resolution.** CFO Parker provided a revised copy of Resolution 11-35 for signature.

The Commissioners took a five minute break.

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

CFO Julie Parker opened her report. Commissioner Corwin asked what the effect is of the cold weather; he asked for a YTD actual compared to projected by the second meeting in September. Discussion continued regarding the spring and summer weather.

Information or Discussion of Operations/Policy Issues:

2012 Budget Discussion – CFO Parker provided an updated budget proposal. The CFO noted that an error was made and COLA was not included in the previous proposed option 3. The effect of the adjustment is rather than a \$62,000 deficit in option 3 it now shows an \$82,000 deficit. With that option it would require a 3.988% rate increase. There has also been more detail added to the new proposal. This budget proposal has been entered in to the Public record and will be posted on line on the PUD web site prior to September 1. Discussion regarding the proposed budget continued.

Cost of living increases versus step increases were discussed at length. Commissioner Corwin stated his concern about giving COLA increases. He feels that step increases are an obligation. OM Weidenfeller stated he is in the process of performing a salary survey. The Commissioners noted that the GM's salary for 2012 needed to be negotiated, which most likely needed to be in a scheduled executive session. Until that occurs, including the same COLA increase in the proposed budget as the other employees would be appropriate.

Commissioner Corwin asked if any of the Budget proposals reflect the canceling of the LTD insurance for the employees and using those funds to offset the higher medical premiums being charged to the PUD. OM Weidenfeller explained he had a different proposal for the Commissioners; he would like to propose taking the cost of the LTD premium and taking those funds to contribute to the employee deferred comp as matching funds. Commissioner Corwin asked that OM Weidenfeller put this item on the employee staff meeting for discussion. OM Weidenfeller explained he has asked the employees and all but one employee went along with it and he would also put it on the agenda of the next all staff meeting.

Commissioner Pickett added he has the same concerns regarding COLA increases in regards to what is happening with the economy and other agencies. His recommendation at this time is the bare bones proposal with no rate increase. The PUD currently has twice as much in its reserves as its policy requires. Steve Harrington provided a summary of the compensation packages for the employees of his water company.

GM Weidenfeller wanted the Commissioners to know that three employees will be at the top of their step level this year and will not receive an increase in wages in 2012 if they do not receive a COLA increase; in 2013, two additional employees will be at the top of their step levels. Commissioner Corwin said that is good input but the salary survey may provide those employees an increase.

Commissioner Stearns stated that he feels the same way about the COLA as the other Commissioners. However, he is concerned about using reserves. He believes reserves can be used in dismal economic times but are intended to be used for unforeseen items and emergencies.

Legal Report: No Legal Report

Tom McDonald reported he has been working with John, Julie and Kim working out some of the new resolutions put before the Board. He updated the Commissioners on the Kittitas legal case. Commissioner Pickett moved to take a break until 7:00 p.m.

Executive Session:

Commissioner Stearns moved into executive session and 7:04 to finish at 7:25.
At 7:17 they closed the Executive Session and opened the regular meeting.

Commission Corwin made a motion for GM Weidenfeller to proceed with negotiating the acquisition he proposed during Executive Session, Commissioner Pickett seconded, all in favor.

Commissioner Reports:

Commissioner Pickett reported he will be meeting with Sandra Romero on the following day - they have no agenda.

Commissioner Stearns attended a meeting at the Thurston County Courthouse regarding the Stormwater Citizens Group which is different from the Stormwater Working Group. The citizens group is assigned by watershed. He is attending the meetings to gather information regarding stormwater, wastewater and recycled water.

Commissioner Stearns met with Jon Tunheim, the County Prosecuting Attorney, as requested by the Board concerning the Kittitas County exempt well legal case decision and how it affects or is expected to affect Thurston County. Mr. Tunheim will get back to Commissioner Stearns after Labor Day.

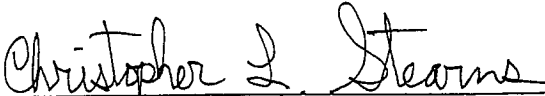
Commissioner Pickett said the TRPC meeting will be on September 9, 2011

Summary of Assignments:

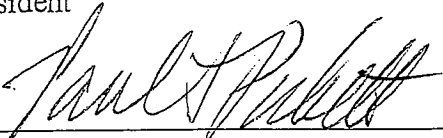
1. Report our progress in reducing leaks in our next newsletter; report the accumulation of leak repairs we have made and the amount of water we have saved.
2. Staff will continue to address budget questions asked by the Commissioners.
3. Prepare proclamation from the Board honoring Dave Doern for his years of service.
4. Staff will let Commissioners know schedule to car pool to the September 13 meeting.

Adjournment:

Commissioner Corwin moved to adjourn the meeting at 7:32p.m., Commissioner Pickett seconded, all approved.



President

Attest: 

Secretary

