

**MINUTES OF THE REGULAR MEETING OF SEPTEMBER 13, 2011
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The first regular meeting for September 2011 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday September 13, 2011. The meeting was held at the Tenino School District Board Room located at 301 Old Highway 99 N. Tenino, WA 98589, commencing at 5:00 p.m. Commissioners Chris Stearns, Alan Corwin, were present and Commissioner Paul Pickett arrived at 5:30 p.m. Also present were John Weidenfeller, the District's General Manager (GM), Julie Parker, the District's Chief Financial Officer (CFO), and Cathy Skiles, Clerk to the Board. Kim Gubbe, the District's Operations Manager (OM) and Tom McDonald, Chief Legal Counsel, were excused from the meeting.

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

Approval of Agenda

Commissioner Corwin asked to add a brief report summarizing a meeting that he, GM Weidenfeller and CFO Parker had today with the Vice President of PURMS.

Commissioner Stearns added a motion requested by the GM. Commissioner Corwin moved to approve the agenda with the two revisions, Commissioner Stearns seconded, all in favor.

Consent Calendar:

Approval of Minutes: August 23, 2011

Prequalification of Contractors – Small Works Roster

SMA Contracts

Res 11-42 Amended Contract with Tempo Lake Glade Assoc.

Correspondence:

Travel Approvals:

Other –

Voucher Approval

Accounts Payable 8/24/11, 8/31/11, 9/7/11

Payroll 9/6/11

Resolutions:

Res. 11-45 Proclamation Declaring September 21st, 2011 as Dave Doern Appreciation Day

Commissioner Corwin moved adoption of the Consent Calendar, Commissioner Stearns seconded, all in favor.

Public Hearing: 2012 Proposed Budget

Commissioner Stearns opened the Public Hearing at 5:07 p.m. GM Weidenfeller stated the purpose of the Public Hearing is to allow customers and other members of the Public make comments and provide testimony regarding the 2012 Proposed Budget. He took a moment to welcome Mayor Ken Jones from the City of Tenino to the Hearing.

The GM noted that Commissioners and the members of the public have been presented a handout which includes three budget options. Staff noted that they had completed a salary survey. In the budget proposals, Option 1 proposes a bare bones budget with no rate increase. It maintains salaries at the 12/31/11 levels. Option 2 proposes increases to maintain operations and provide the employees with their normal step increases but no COLA. Option 3 includes all the above plus a COLA for the employees.

There being no Public Comment the Hearing was closed at 5:09 p.m.

Discussion of Public Hearing Comments:

Commissioner Corwin stated he will request some changes to the Draft Resolution regarding the Budget, one being the effective date of salary increases. More discussion will be held later in the meeting regarding the proposed Budget.

Public Comment: Mayor Ken Jones welcomed the Board and Staff to the City of Tenino.

Action Items:

Resolutions - Resolution 11-43 Contract Approval Authorization Levels

This Resolution raises the General Manager's authorization level for purchasing from \$5,000 to up to \$10,000 for unbudgeted items and up to \$35,000 for items already budgeted. GM Weidenfeller explained this will be very helpful; there are fifteen (15) items on the capital improvement budget, which the Commissioner recently approved in a budget amendment we hope to complete in 2011 that exceed the General Managers Authorization level. Commissioner Stearns does not have any objection to approving the Resolution due to the fact that GM Weidenfeller has done an excellent job of bringing any issues to them promptly.

Commissioner Corwin moved approval of Resolution 11-43 Contract Approval Authorization Levels, Commissioner Stearns seconded, all in favor.

Presentation: None

Staff Presentations:

General Manager's Report: John Weidenfeller, General Manager

GM Weidenfeller provided a report in writing. He e-mailed the Commissioners an update regarding the Bob Cocker well. The pump is down and should be back-up and running on Thursday September 15, 2011. The repair should be covered by warranty.

GM Weidenfeller requested a motion by the Commissioners to authorize the General Manager to approve expenditures up to \$10,000 to make repairs on the Prairie Ridge Water System.

Commissioner Corwin moved adoption, Commissioner Stearns seconded, all in favor.

Commissioner Stearns asked about the Tempo Lake water system. He commented that drilling wells in the area is not good. GM Weidenfeller explained they have enough water rights to serve

the system. They have drilled seven wells and only two of them are operational. A member of the community wanted to drill another well. PUD staff explained that they would place their DWSRF loan in jeopardy and probably lose the funding if they drilled a well outside of the scope and without following the required archeological and environmental regulations if they drilled a well using their own funds.

Commissioner Pickett arrived and he was brought up to date on the meeting.

Operations Manager's Report: Kim Gubbe, Operations Manager was excused from the meeting; a report was provided in writing.

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

CFO Parker reported that she has completed an analysis of the 2011 water revenues and how the cooler weather has affected them. She estimates the revenues will be below budgeted by 8% to 11% which equals \$110,000 to \$150,000. The next step is to look at the budget of expenditures to see where we can make up the revenue short falls. She will report back to the Commissioners at the next meeting.

Information or Discussion of Operations/Policy Issues:

Redistricting – Commissioner Pickett noted that he had asked Commissioner Valenzuela at the joint meeting of Commissioners if she would like the PUD to take a position and report back to her like the Port did. She said yes she would like the PUD to do that. **Commissioner Pickett made a motion to communicate to the Thurston County Commissioners that the Thurston PUD Board is in favor of Sample 4 of the redistricting maps with a close second choice being Sample 1, and to reiterate that the PUD Board supports a one set of boundaries for the PUD and the County. All three are in favor.**

Letter from Chehalis Basin Partnership, Request for Funding (Commissioner Pickett)

Commissioner Stearns explained he has been attending the Chehalis Basin Partnership meetings. He brought this up because the Chehalis and Nisqually are planning groups who have lost their funding. Thurston PUD is not currently listed as a member of the Chehalis Basin Partnership. Commissioner Pickett noted that the Chehalis Basin Partnership is the equivalent of WIRA 11, but that it encompasses WRIA 22 and 23 and includes approximately 1/3 of Thurston County. The Partnership is looking for approximately \$50,000 from members; the Chehalis Tribe has contributed \$15,000 so the Partnership is hoping for membership fees to make up the balance of \$35,000. Discussion continued regarding what they plan to do with the money and the justification for the PUD to contribute to the group. **Commissioner Pickett made a motion to provide the Chehalis Partnership a letter stating that Thurston PUD supports the concept of financial support to the Chehalis Partnership if it's linked to Thurston PUD becoming a member with full voting rights, Commissioner Corwin seconded, all in favor.**

2012 Budget Discussion

GM Weidenfeller noted that in a table attached to the packet materials addressing comments and questions from the Commissioners. A draft resolution regarding new proposed salary classifications was provided to the Commissioners, Commissioner Pickett asked for a list of the current classifications for comparison. He would also like to receive a brief summary of what GM Weidenfeller used for comparison on his salary survey.

Commissioner Corwin stated he is opposed to offering both increases and a COLA because the purpose of the survey was to assure employees are at current levels. GM Weidenfeller explained the proposed salary ranges are his recommendation to the Commissioners instead of a COLA increase. CFO Parker provided a spreadsheet showing current salaries, the salaries they will increase to on 1/1/12 if approved, then the step increases on the anniversary dates.

GM Weidenfeller will explain to the employees that we are in a \$150,000 shortfall in revenue, we are trying to keep rates down and this is a very generous offer. GM Weidenfeller will remind employees they have an extremely generous medical package, that we recently appropriated \$300,000 for capital improvements requested by field staff and purchased headsets for Customer Service staff. Commissioner Corwin was told by the PURMS representative that we have one of the best insurance programs in the State. CFO Parker is looking into insurance plan options.

Commissioner Corwin shared information from the meeting with the PURMS representative. We are looking into ways to bring down the cost and potential risk in our current plan. One example is that Hospice is one of the benefits and there is not cap on it. Since we do not have a cap, this potentially brings the cost up. PURMS will put together a list of items that can be reduced to help contain costs and reduce potential liability. The representative will bring back some options including LTD and short term disability.

South County Service Area (Commissioner Stearns)

Commissioner Stearns reported that in the past, GM Weidenfeller was instructed to put emphases on purchases in the South County. Commissioner Pickett noted that he is not sure that is the case now. Commissioner Stearns suggested we make a stronger emphasis in the South County. Commissioner Pickett stated there is more population in North County giving us more potential growth. Commissioner Corwin suggested that an article be drafted for the Tenino Independent to announce our services.

Legal Report: No report – Tom McDonald was excused from the meeting

Commissioner Reports:

Commissioner Corwin already made his report.

Commissioner Pickett is meeting with Cathy Wolfe next Tuesday; they do not have an agenda.

Commissioner Pickett – TRPC Meetings. He suggested Commissioner Corwin read the TRPC mission statement, which was revised during the recent retreat. During the last TRPC meeting they discussed regional stewardship topics. At each meeting they will have a topic;

Commissioner Pickett said the next topic is: “What the new normal?”. He would like to discuss what our “New Normal” is then take it to the TRPC meeting. Commissioner Stearns will be on the committee to plan programs for next year. There is watershed land use planning happening. TRPC is trying to get a grant to address the Joint Base Lewis McCord congestion.

Commissioner Pickett listened to a web cam presentation regarding grants. He reported what he heard to the GM, but there wasn't any new information.

Commissioner Stearns reported he attended the Deschutes TMDL meeting on August 25th. They discussed septic issues and the nitrate plumes.

Commissioner Stearns also attended the TRPC Sustainability Panel; the Water Panel's work is getting completed. He provided copies to the Commissioners; comments are needed by the end of the week and he would like their comments. He attended a Water Panel meeting today; not enough time was spent on drinking water issues.

Commissioner Corwin asked about Private vs. Public power, what kind of objection would there be if someone attended a Candidate Interview Meeting and posed the question to the Candidate what their opinion is on Public Power.

Executive Session: Performance of a Public Employee

Commissioner Stearns moved to close the regular meeting at and move into executive session concerning the Performance of a Public Employee at 7:12 for 15 minutes.

The Executive Session was adjourned at 7:23 p.m. No action was taken.

The Board briefly discussed the process for negotiating the GM salary. They will review the salary comparisons for GM and discuss at the next meeting. There was also some discussion of the concept of a “merit” salary increase. This will be discussed further at the next meeting.

Summary of Assignments:

GM Weidenfeller will provide Mayor Ken Jones information on the water systems the PUD owns around the Tenino area.

Commissioners will get comments to the GM and CFO on the matrix of answers to budget questions and on the salary survey.

The CFO will report at the next meeting on the revenue shortfall due to the cooler summer and possible solutions.

The CFO will provide a new budget option based on the salary survey results.

The GM will draft a letter for Commissioner Stearns' signature, regarding the Board's position on the Chehalis Basin Partnership planning group's request for funding.

The GM will draft a letter for Commissioner Stearns' signature, regarding the Board's position on the redistricting samples.

The GM will draft a letter of appreciation to Tenino School District Board for Commissioner Stearns' signature thanking them for the use of their facility for the PUD Commission meeting.

Adjournment:

Commissioner Corwin moved to adjourn the meeting at 7:30 p.m., Commissioner Pickett seconded, all approved.

Chris Stearns, Commissioner and President

Attest: _____

Paul Pickett, Commissioner and Secretary