

MINUTES OF THE REGULAR MEETING OF SEPTEMBER 27, 2011
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON

The second regular meeting for September 2011 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday September 27, 2011, at 921 Lakeridge Way SW, Suite 301, Olympia WA 98502, commencing at 5:00 p.m. Commissioners Chris Stearns, and Paul Pickett were present, Commissioner Corwin arrived at 5:14 p.m. Also present were John Weidenfeller, the District's General Manager (GM), Julie Parker, the District's Chief Financial Officer (CFO), Kim Gubbe, the Districts Operations Manager (OM), and Cathy Skiles, Clerk to the Board.

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

Approval of Agenda

Commissioner Pickett asked to move the staff presentation after Information or Discussion of Operations/Policy Issues. Commissioner Pickett also asked to move Resolution 11-49 from the Action Items to Information or Discussion of Operations/Policy Issues. He explained that the State Auditors staff who did our last Audit said the General Manager can manage operational issues between meetings but should not be working with Commissioners on policy issues between meetings. Policy issues need to be discussed and decided in open public meetings. Commissioner Pickett expressed his concern about putting Resolution 11-49 under action items, since it appears to be a policy issue and there might be the appearance that it had already been discussed even though it had not. Commissioner Pickett also requested that they add the proposed per diem Resolution to the discussion portion of the agenda, for the same reason. He noted that he had no objection to acting on the items once they have been discussed. Commissioner Pickett made a motion to approve the Agenda as revised, Commissioner Stearns seconded, both in favor.

Consent Calendar:

Approval of Minutes: September 13, 2011

Prequalification of Contractors – Small Works Roster

Capital Electric, Inc.

Eradipest, LLC.

SMA Contracts

Correspondence:

Travel Approvals:

Other –

Voucher Approval

Accounts Payable 9/14/11, 9/21/11

Payroll 9/20/11

Resolutions:

Resolution 11-44 Employee Classifications and Salary Ranges

Commissioner Pickett made a motion to approve the Consent Calendar, Commissioner Stearns seconded, both in favor.

Public Hearing: 2012 Proposed Budget

Commissioner Stearns opened the Public Hearing at 5:09 p.m., since there was no public present the hearing was closed at 5:10 p.m.

Public Comment: No Public Present

Action Items:

Resolutions

Resolution 11-47 Contract Award Tanglewilde Water System Reservoir Replacement and Booster Station Improvements to T. Bailey, Inc.

GM Weidenfeller explained to the Commissioners that T. Bailey, Inc. was the low bidder on the project. The Company will work with Doug Ecklund, the project engineer as the primary contact. They have a meeting with the school district to discuss construction hours and safety issues. They will be art work on the tank and a dedication ceremony where participants can place painted hand prints on the tank.

Commissioner Pickett moved to approve Resolution 11-47 Commissioner Stearns seconded both in favor.

Commissioner Corwin arrived at 5:14 p.m.

Information or Discussion of Operations/Policy Issues:

2012 Budget Discussion

CFO Parker explained the Option 4 that has been added to the proposed 2012 Budget. Option 4 includes the salary ranges the Board approved under Resolution 11-44 tonight. The salary ranges are based on a salary survey performed by GM Weidenfeller. Option 4 does not include a COLA for employees or any increase to the General Managers salary.

CFO Parker asked for the Commissioners to indicate which of the four scenarios they prefer. She also asked for guidance on whether they would want to if necessary take the budget shortfall from reserves or increase rates. If they decide to increase rates she would like to hear their preference on base or consumption increases. CFO Parker recommends increasing the base rate only by 4%. The Commissioners came to a consensus for option four, still subject to change based on public comment. The CFO will provide the Board with three options for covering the increase with rates and fund balance from reserves: 1) no rate increase; 2) 4% increase in base rates; 3) an increase in the base rates of less than 4%. The three options will show the effect on the median and low tenth percentile bill and on reserves.

2011 Budget Shortfall Discussion

The CFO noted that revenues are still expected to be between 8% and 11% short: \$111,760 to \$154,450 primarily due to cold weather. She indicated much of that shortfall can be made up on the expenditure side of the budget, but still expects a \$67,000 shortfall. Consensus was that a

budget amendment in December would be brought forward to cover projected shortfalls from reserves.

Commissioner Stearns adjourned the General Meeting to go into Executive Session so the Commissioners can discuss the performance of a public employee at 6:12 for and estimated 12 minutes. At 6:24, the Commissioners exited the Executive Session and returned the General Meeting.

Commissioner Pickett made a motion to approve a salary increase for the General Manager of 3.5% for 2012. Commissioner Corwin seconded; all approved. The CFO will include this increase in the next draft budget.

Res. 11-49 Commissioner Insurance

Commissioner Corwin objected to Resolution 11-49 being moved from the action calendar to the discussion calendar without discussing it with him. His concern was noted by the other commissioners. This issue was discussed. The GM Explained that this Resolution provided a benefit to Commissioners that was already available to employees, and which is provided to all other Commissioners of PUD's covered by PURMS. The cost is \$1,771.20 per year and if funded from the General Fund would have no rate-payer impact. **Commissioner Pickett made a motion to approve the Resolution. Commissioner Corwin seconded. All approved.**

Resolution 11-50 Commissioner Per Diem

The concept of paying partial Commissioner per diem to save monies was discussed. Instead of paying a full day per diem, the concept of paying \$25 per meeting that lasts less than an hour, one half a day per diem when performance of Commissioners official services and duties are required for more than one hour and up to four hours, and a full days per diem when performance of Commissioners official duties are required for more than four hours. Commission meetings and joint meetings would be full per diem days. The GM was asked to find out what other PUD's do and the Chief Council to determine what is legal.

Presentation:

Staff Presentations:

General Manager's Report: John Weidenfeller, General Manager

The GM discussed providing ice cream treats at the November WPUDA meeting on Thursday afternoon; The Commissioners approve the concept. OM Gubbe will organize the task and Commissioner Pickett said he would help serve. Commissioners discussed having the December 13 meeting in the Yelm area. Commissioner Pickett suggested looking into having the meeting at the Nisqually Tribal Reservation, perhaps in a meeting room at the Nisqually Tribe's Casino.

TRPC Topic – “What is the new normal?”

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Commissioner Stearns is expected to address the District’s position on this at the next TRPC meeting. The GM was asked to get the handout from TRPC on this issue. The Commissioners mentioned climate change, changes in the national and state economy, and the increased aging of infrastructure.

Operations Manager’s Report: Kim Gubbe, Operations Manager – report provided in writing.

Chief Financial Officer’s Report: Julie Parker – report provided in writing.

Commissioner Reports:

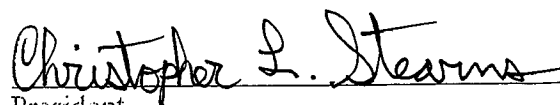
Each Commissioner made a brief report. Commissioner Pickett noted that he had met with County Commissioner Wolfe and had briefly discussed redistricting.

Summary of Assignments:

1. CFO: Bring rate increase alternatives to Board
2. Get Resolution 11-49 Commissioner Life Insurance signed
3. Provide Commissioners a handout on, “What is the New Normal”
4. Per Diem – find out what other PUD’s do. Ask Counsel: can the Board legally make changes?
5. Process GM contract amendment for a 3.5% increase
6. Resolution 11-49 Commissioner Life insurance – Alan wants to pay for this insurance. It is group life. GM asked CFO to set up a form IAW RCW 54-12-080 to allow a Commissioner to reimburse PUD.
7. Host WPUDA Break Ice Cream treats on 11/17 Thursday 2:30ish. Kim Gubbe will organize.
8. Schedule 12/13 Commission meeting at the Nisqually Casino Room if we can get it. John check. Invite Yelm and Lacey.

Adjournment:

At 6:40 Commissioner Corwin moved to adjourn. Commissioner Stearns seconded, all approved and the meeting was adjourned.



President

Attest:

Paul T. Fickett

Secretary