

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

The first regular meeting for November 2011 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday November 8, 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 was excused from the meeting. 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 Counsel, and Cathy Skiles, Clerk to the Board.

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

Approval of Agenda:

Commissioner Pickett made a motion to move Resolution 11-55 and 11-56 to the Consent Calendar, Commissioner Stearns seconded, all in favor.

Consent Calendar:

Approval of Minutes: October 25, 2011

Prequalification of Contractors – Small Works Roster

SMA Contracts

Correspondence:

Travel Approvals:

Other –

Voucher Approval

Accounts Payable 10/26/11, 11/02/11

Payroll 11/04/11

Resolutions:

Resolution 11-55 Lost Tax Revenues

Resolution 11-56 Ad Valorem Tax for 2012

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

Public Comment: None Present

Action Items:

Resolutions

Resolution 11-57 Social Security Coverage-Commissioner Pickett moved adoption of Resolution 11-57 and opened it up for discussion. CFO Parker stated that the PUD did not opt into Social Security when the PUD hired their first employee and so we were notified by DRS that we needed to go through the process now. Commissioner Stearns stated this Resolution is an administrative requirement. The purpose is to go through the process to legitimize the decision to opt into Social Security for public employees and vote on it. The process will be facilitated by

DRS. This was discussed at the last meeting. It is the requirement to start the process and put us on their calendar to get an employee vote to decide if they want to participate in the Social Security program in addition to the State Retirement program. The CFO noted that the Commissioners will also participate in the vote. **Commissioner Stearns seconded the motion to approve Resolution 11-57, all in favor.**

Presentation:

Staff Presentations:

General Manager's Report: John Weidenfeller, General Manager

GM Weidenfeller provided a report in writing. Commissioner Pickett said he was happy to see we are continuing to work with County regarding the leak at Tanglewilde.

GM Weidenfeller added that he has been approached on the acquisition of a 35 connection water system in Pierce County. OM Gubbe reported her contact a class B water system. She has also been contacted about contract management of the JDF Water system on Lake St. Clair with 6 to 8 connections. Another system in Pierce County with 3 connections has also contacted Kim about management.

The Accountant, Ryan Rowe has given notice his last day will be Friday, November 18, 2011. GM Weidenfeller and CFO Parker have advertised for the position and will begin interviewing on Monday November 14, 2011.

GM Weidenfeller provided the Commissioners two reports; one lines up the meetings for the rest of the year. Commissioner Pickett is on Jury Duty the 17th and may not be able to attend ice cream social for the WPUA meeting. Commissioner Stearns will serve if Commissioner Pickett can not attend. Serving will begin at 2:00 p.m.

GM Weidenfeller proposed canceling the General Meeting on December 27, 2011 and scheduling a meeting at 12:00 on December 29. Commissioner Stearns and Pickett agreed as long as Commissioner Corwin agrees.

Commissioner Stearns asked how the customers who are going to be metered feel about being metered. OM Gubbe said she has had no contact with the customers. The contractor has been "pot-holing" a few of the service lines and she still has not heard from any of the customers.

Operations Manager's Report: Kim Gubbe, Operations Manager

OM Kim Gubbe provided a report in writing and added the following to her report.

The OM mentioned that through the Pierce County Cooperative, we have an opportunity to buy into and use some locate equipment they have. The cost would be \$3,500 to use the equipment for 16 days. Staff, who are experienced with this technology, could perform our own leak

detection for all of our large water systems in those 16 days. Currently we are paying \$1,000 per day to hire someone to do leak detection at Tanglewilde and it takes five days. The concept was acceptable to the Commissioners and staff noted it will be charged to the CIP leak detection line. She reported we are replacing a hydrant because it is leaking and can not be repaired. Commissioner Pickett suggested staff look into grants for disaster preparedness to see if replacing hydrants would qualify.

OM Gubbe stated we will provide a budget amendment which will equal \$30,000 in case contingencies are needed; the estimated cost was \$25,000 to locate and install meters on the unmetered accounts.

Commissioner Pickett asked OM Gubbe about the potential acquisition. There is some work the Department of Health wants done on the system and there is a question on how those improvements will be funded. Staff is continuing due diligence on the system and will bring this forward for discussion at a later date.

Chief Financial Officer's Report: Financial Variance Report (every 4th week's meeting)
CFO Parker will not be present at the 11/22/11 Board meeting so she will provide a financial report before she leaves. At the December 13th meeting, she will provide amendments to both the 2011 Capital and Operations budget. These are some year end adjustment to get the reserve accounts closer to actual.

CFO Parker has prepared a Resolution to approve 2012 SMA Rates on December 13, 2011. Letters have gone out to the SMA Boards advising them of the proposed rate change and have been told they may send in written comments or make comments at the December 13, 2011 Board meeting. We have received two comments.

Information or Discussion of Operations/Policy Issues:

The Board discussed the new form for per diem, with guidelines on the back, and is willing to try them out. Chief Legal Counsel McDonald suggested referencing the RCW on the form. GM Weidenfeller will will finalize the forms and put them into service.

WPUA Annual Meeting – Commissioner Stearns brought this up because initially Commissioner Corwin has decided to attend. The meetings they attend will need to be paid for, the business meeting is the only one that does not have a fee attached. Commissioner Stearns would like a report back from Commissioner Corwin regarding the meeting he is attending December 1, 2011. GM Weidenfeller will register Commissioner Corwin, and register Commissioner Stearns if he decides to go. While wanting to be frugal, Commissioner Pickett does support two Commissioners attending the annual meeting, since they both can contribute and bring back useful information. This item will be carried over to the next meeting.

Employee Part-time Prorated Benefits

GM Weidenfeller said this is on the agenda because our policies are not consistent. Our Policy states any employee will accrue vacation and sick leave after six months of employment and stops there. There is no distinction whether it applies only to full time employees or if it also applies to part time employees. CFO Parker explained that our health insurance states part time employees can be covered, at the discretion of the GM. We do have a part time employee and we want to reward that employee for their dedication with vacation and sick time on a prorated basis, but the GM is not in favor of providing part time employees with medical benefits. Commissioner Stearns asked how this would apply to Commissioners who are part time employees – current policy is that Commissioners do not receive paid leave or health insurance benefits. They discussed the different benefits the PUD offers which ones have a cost to the PUD and the ones that do not. GM Weidenfeller and CFO Parker will prepare a proposal for the next meeting. Commissioner Pickett requested that a matrix showing prorated medical benefits be provided, based on employees paying 10% of premiums if full-time, 20% of premiums if they are 90% part-time, 30% of premiums if they 80%, etc, with the option that they can waive health insurance if they don't want that benefit. Commissioner Stearns suggested making a policy that half time would not qualify for health care benefits. Commissioner Pickett suggested if they are brought on 60% they will qualify for health care benefits. Commissioner Stearns suggested we be careful that full time employees don't request part time positions knowing they will still receive a full benefit package. On the other hand, he does not want to encourage management to cut employees to part time to save money. Commissioner Pickett suggested, if an employee is less than 50% no benefits then add we can not keep an employee at 50% for more than six months. Discussion continued on scenarios where part time employees may be kept for long term periods.

Conservation Measures

Commissioner Corwin had made a request to provide pipe insulation to customers as goodwill. Staff suggested hose faucet protectors instead due to space considerations. Council McDonald has not found anything that says the PUD can not do it. He will look into it more and report back to GM Weidenfeller. Helping customers protect from freezing pipes will save the PUD money. Staff is dispatched to turn meters off when a customer's pipe freezes up even though it is on their property. Staff will be putting the foam covers on our sample stations, OM Gubbe will start with 200 and purchase more if necessary. We will limit two per customer and will be available in the office and from field staff in the field. This program will be limited to 1,000 covers this year. This is subject to legal council approval prior to implementation.

Legal Report:

Counsel McDonald reported on a case regarding the Municipal water law. The case was where WSU asked to consolidate their water rights. This was challenged by a customer with an individual well. WSU won the case and this supports municipal consolidation of water rights.

The Lew's water system will require an update to our Water System Plan because we are extending our water right permit. This is also an opportunity to combine several water systems. The Plan is due next year.

The leak issue between the County and PUD regarding the Tanglewilde system was discussed internally, and will next be discussed by the PUD and County attorneys.

Executive Session: None

Commissioner Reports:

Commissioner Pickett reported he attended the TRPC meeting. TRPC has a sustainability committee that Commissioner Stearns is sitting on and will have a watershed group next year. They had an interesting conversation regarding diminishing resource. When they discussed legislative issues, Commissioner Pickett mentioned exempt wells. Commissioner Stearns also suggested infrastructure funding.

Commissioner Stearns attended both the Deschutes WRIA and the Chehalis Partnership meetings which is still discussing the PUD's membership status.

The Water Sustainability Panel report Commissioner Stearns was going to give was postponed.

Commissioner Stearns was asked at a meeting if a group has formed to promote Public Power in Thurston County. He has confirmed that a group has been formed and asked GM Weidenfeller to convey that message to Commissioner Corwin. Commissioner Pickett said he would like to attend a meeting but he wanted all the Commissioners to agree that two Commissioners would not attend a meeting at the same time. Commissioner Stearns agreed that was appropriate.

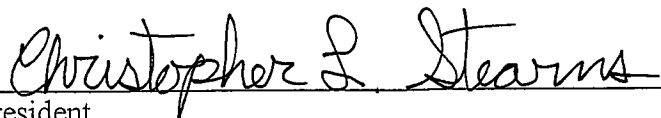
GM Weidenfeller told the Commissioners, that he has received a call from Mr. Loncar regarding the Big Bird system connection to the Tanglewilde water system.

Summary of Assignments:

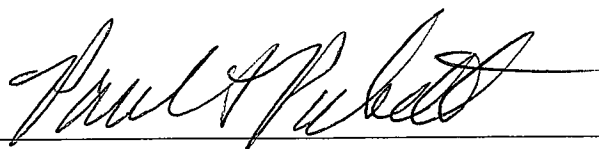
OM Kim Gubbe will provide pictures of the Lake Whitman pump house to the Commissioners. GM Weidenfeller will add the applicable RCW to the Commissioner Per Diem form. GM Weidenfeller will bring a proposal on benefits for part-time employees to the Board at the next meeting. Commissioner Pickett requested a white board mounted to the wall in the board room.

Adjournment:

Commissioner Stearns moved to adjourn the meeting, Commissioner Pickett seconded. Meeting was adjourned at 7:18 p.m.



President

Attest: 

Secretary