

**MINUTES OF THE REGULAR MEETING OF APRIL 10, 2012
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The first regular meeting for April 2012 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday April 10, 2012, at 921 Lakeridge Way SW, Suite 301, Olympia WA 98502, commencing at 5:00 p.m. Commissioners Chris Stearns, Paul Pickett and Alan Corwin 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), Joseph Rehberger, Chief Legal Counsel, and Cathy Skiles, Clerk to the Board.

**Commissioner Pickett called the meeting to order at 5:00 p.m.
Commissioner Pickett led the Pledge of Allegiance.**

Approval of Agenda:

Commissioner Corwin moved adoption of the agenda, GM Weidenfeller pointed out there was one item added to the agenda, it is the designation of Commissioner Corwin as the PUD representative to make a presentation to Thurston EDC. **Commissioner Stearns seconded, all in favor.**

Consent Calendar:

Approval of Minutes: March 27, 2012

Prequalification of Contractors – Small Works Roster

SMA Contracts:

Correspondence:

Request for Public Disclosure – E-mail from Justin Kover, (3/27/12)

E-mail from Justin Kover, (4/2/12)

Travel Approvals:

Accounts Payable: 3/28/12, 4/4/12

Payroll: 4/5/12

Other:

Change Order 1 to Reservoir Project

Designation of Alan Corwin as PUD Representative to Make Presentation to
Thurston EDC

Commissioner Corwin moved adoption of the Consent Calendar, Commissioner Stearns seconded. Commissioner Pickett added the RFP schedule to the March 27th minutes and corrected a typo to the word timeline. He also added to the assignments is for the Commissioners to review the RFP's before this meeting. **All in favor.**

Commissioner Pickett announced his resignation from the PUD Board of Commissioners, effective May 31, 2012. On the Agenda tonight will be discussion regarding an appointment for his

position. Commissioner Corwin said for the record he is going to try to talk him out of it because the Board needs his expertise as they go through the budget process.

Public Comments:

Two members of the public made public comments at the meeting. Mark Kelly, 825 Dundee Rd., NW Olympia, and Justin Kover, 522 Lilly Rd., Olympia. Discussion continued regarding LOTT and ground water issues.

Commissioner Corwin provided a handout to the Commissioners; this is a part of the record. Anyone who would like a copy of it should provide CFO Julie Parker a Request for Public Disclosure form; available on our web site. The handout was an outline of his future draft of a presentation to the Thurston EDC.

Information or Discussion of Operations/Policy Issues:

April WPUA Meetings April 12-13

Commissioner Corwin asked for some direction, stating at the WPUA meeting on Thursday they will be looking at a couple of things in the by-laws. He is going to object to trying to circumvent the process for making changes in the by-laws simply because they want to change something for the next meeting. He thought that would set a dangerous precedent and there is no reason they can not follow the process that is already in place.

He stated that this brings up two questions. First, they want to abandon the East–West system; he explained that at each annual meeting, the Commissioners elect somebody who Chairs each meeting and they alternate from the East to the West side of the state. Commissioner Corwin would like to see this stay; he would like to receive input from the other Commissioners. The second thing proposed for change in the by-laws is the “Chair Process”. He noted that this might discourage people who are qualified from volunteering to serve as a Board Officer.

Commissioner Pickett had no comments. Commissioner Stearns stated that when you look at the Washington PUD Association and divide the members into committees by the utilities that provide them, those that provide, telecommunications, electric and water services are pretty evenly divided in telecommunications and electric in East to West. There are twice as many water utilities on the West side than there are on the East side. As a consequence, you can almost be guaranteed that a member of a water utility is represented at the meetings. He would like to see the East–West representation remain.

Commissioner Stearns stated as far as the Past President issue, he agrees with Commissioner Corwin and does not think allowing new blood to become Board Officers every election is good for the organization. Discussion continued regarding the WPUA Association.

Thurston EDC Meeting - April 23

Commissioner Corwin explained that this meeting was the reason he provided a handout to the Commissioners earlier. This way, the other Commissioners know the substance of his presentation. In no way will he try to influence the vote, if it even gets to the ballot. The purpose of the presentation is to clear-up some misstatements made by PSE at their last meeting.

GM Weidenfeller said he followed up with Michael Cade with the EDC. He has a pretty full agenda with TPPI being there at the April 23rd meeting and would like the PUD to make a presentation at the May or June meetings and asked if Commissioner Corwin could make his presentation at their May 28th or June 25th meeting. The Commissioners directed the General Manager to try to schedule the presentation at the May 28th meeting.

Preliminary Assessment – Process and Panel

Commissioner Pickett asked if one of the other Commissioners would like to sit on the Interview Panel since he will no longer be sitting on the Board when the Preliminary Assessment is completed. Commissioner Corwin suggested that Commissioner Pickett sit on the panel since he is leaving the Board and has no agenda. Commissioner Stearns commented that Commissioner Pickett is the most senior member of the Board, and he would like to have him serve on the Panel.

Commissioner Pickett said there were four proposal submitted in response to the RFP. Commissioner Corwin said he has discussed this with GM Weidenfeller and his first reaction is to interview all four applicants. He said the Commissioners may recall he said he does not want interview anyone that comes in with a boiler plate proposal. He feels that one of the applicants has done this; it is the thickest one full of material that has nothing to do with the project. The group would be operating out of Denver and he felt they did no investigation to learn about Thurston PUD. Commissioner Stearns said he can say the same about several of the applicants. The Commissioners made a decision not to interview Robertson–Bryan, Inc. and to interview the other three firms.

Commissioner Corwin suggested having a member of the public serve on the Interview Panel. Commissioner Pickett said his concern about finding someone from the Public is finding someone who does not have an opinion one way or the other as to whether the PUD should go into power. He would want a neutral party to sit on selection panel and he is not sure how to do that. The Panel members are Bob Geddes, Lewis PUD General Manager, Commissioner Pickett, and GM Weidenfeller.

Commissioner Pickett drafted a set of interview questions. Commissioner Corwin suggested they do not go through each question at the meeting. Commissioner Corwin reminded the public that the RFP applications are available. GM Weidenfeller explained that anyone requesting the materials needs to fill out a Request for Public Information Form, which is available on our web site to receive any public records. The interviews are on April 17th.

The Interview Panel will make a recommendation to the Board at the next meeting on which Consultant is recommended for the RFP work. Commissioner Stearns suggested in the interviews of the applicants, the committee finds out what kind of information and input they would like from the Commissioners. Commissioner Corwin stated if this issue does not get to the ballot, or if it does but is not passed, this information is still good information. This issue could come back in one or two years. If the measure does pass we have gathered some information to hit the road running. Commissioner Stearns stated this has been a long issue of the PUD. Some citizens feel this has been a long time coming. He made the feasibility study an objective when

he was running for office and generated 60,000 votes in last election. He noted that he takes that responsibility seriously but also wants to act in the best interest of the PUD and its employees. He wants good, objective information, and does not want it to be biased. He wants the information clear and understandable for the Public.

Commissioner Pickett said he understands the question as to why are we spending this money. The PUD receives tax money for county-wide planning where it can benefit the citizens of Thurston County. The Commissioners have been involved in several activities. The Board has been a part of watershed planning groups, spent \$10,000 about six years ago for a water study, and have looked for opportunities to get information that would benefit the public. One of the things he remembered was that one of the first things Commissioner Corwin asked when he was running for office was what happened to the tax money to do a feasibility study (this was in the 1960's). The City of Olympia did a feasibility study to go into the electric business. The information that will be gathered is valuable.

The Board directed the Panel to develop the final questions. Commissioner Corwin asked the Panel to remind each proponent that the Board does not anticipate a certain result from the study. Commissioner Stearns asked that a question explore: what exactly do we get for our money?

Process to Fill Commissioner Pickett's Commission Seat

GM Weidenfeller provided a handout to the Commissioners. Commissioner Pickett stated that he really sees the decision as being one that his fellow Commissioners will make. He would like to observe but would not vote on it. The two Commissioners will need to come to a consensus to make the vote pass. Commissioner Corwin suggested the Board go about this process like it has been done in other jurisdictions; limit the appointment to people who agree to serve, hopefully with knowledge & background, with the agreement they will not run for the position. He noted that if the Board selects someone who is interested in running for office, they have affected the vote.

Commissioner Stearns commented that the Primary has been moved up this year; it is in August. The filing deadline to run for office is on May 18, 2012. The decision for the appointment will not be made by that date. If the Board chooses to go this route, the Board will know everybody who files to run before they make an appointment.

Linda Oosterman asked for clarification. She said she understands that the Board is looking for someone for the interim position who is not a candidate. Commissioner Corwin stated that he suggests that all those who have filed should get together and discuss it. The Commissioners made a decision that the application will be silent about whether the applicant is a candidate or not, and they will consider anyone who applies. Commissioner Corwin suggested that he is trying to keep a level playing field and that all the candidates should decide together that they will all apply or decide that none of them will apply.

Terry Bower, a member of the audience, stated he has been in the military for 36 years, and he agrees with the comment that the interim appointment should go to someone who is non-partisan

to the position. Otherwise, he felt an appointment of someone running for office would give an unfair advantage to the others running for election.

The Commissioners decided they would move the meetings in June from the second and forth Tuesdays to the first and third Tuesdays so that they could make an appointment of the new Commissioner earlier. The Commissioners intend to make the appointment for the temporary position at the June 5th meeting. The deadline for applications is April 30, 2012.

Generator Surcharges

GM Weidenfeller withdrew his recommendation to address this agenda item since Commissioner Corwin decided it was not worth discussing a postage stamp surcharge to provide generators on all of our Class A water systems.

Local Technology Broadband Planning Grant

An overview of a grant opportunity from the Department of Commerce Local Technology Local Planning Team was provided by the GM. Commissioner Pickett stated there are three viable scenarios on this subject. Number one would be to apply alone for \$50,000 grant and the PUD would be required to pay \$10,000 for a broad study of the business opportunities in the County. The second option was to apply with other jurisdictions such as the County or the Port or the City of Tumwater for \$70,000 grant to do a really focused study. The Port has a project they would like to activate and the City of Tumwater has fiber optic. GM Weidenfeller said the County would like to partner with us. Commissioner Pickett said a third idea is to poll the TRPC group and do a County-wide study with 8 or more partners. Commissioner Corwin added that he would not support pooling with the TRPC group. The GM will proceed with soliciting the County or Port as possible partners, and proceed alone if those discussions aren't fruitful.

Action Items: None.

Resolutions: None.

Presentation:

Staff Presentations:

General Manager's Report:

John Weidenfeller, General Manager Updated GM Report

GM Weidenfeller provided a report in writing. He added a few items. Senator Fraser will be at the April 24th meeting to discuss the International Water Conference she attended. GM Weidenfeller is inviting local Public Works water leaders. Steve Skiles will be retiring August 17, 2012. Michael Gallagher's presentation will be in June. The PUD's presentation to the EDC has been rescheduled for May.

Operations Manager's Report: Kim Gubbe, Operations Manager

OM Kim Gubbe provided a report in writing. She added to her report that we did 5 interviews for the seasonal position, one stood out. She is doing the follow up and will hire him.

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

Earlier today the referendum was held to vote to continue the voluntary coverage through the Social Security Administration. The result of that vote is 12 yes votes and 3 no votes. The majority rules and we will continue paying into Social Security as a group.

CFO Parker reported DOH has put us on the list for four of the DWSRF projects we applied for: the Covington Arsenic mitigation project, and the three projects to combine Group B water systems into Group A water systems. She asked for affordability credit for the Covington project; the system has 15 connections and the project cost is \$213,000. She noted that when we met initially with the customers they had been told they will carry a substantial portion of that cost. We will have some decisions to make on how that loan will be paid; how much the customers will pay and how much will be absorbed into postage stamp rates. **Commissioner Stearns made a motion for CFO Parker to move forward to acquire the DWSRF loans, Commissioner Corwin seconded, all in favor.**

CFO Parker announced the application cycle has opened for Public Works Board loans. The application cycle ends May 11, 2012. Typically those are low interest loans, we would like to take the applications we were not awarded through the DWSRF loans and run them through this process. We would also like to add some of the projects that were presented to the legislature for inclusion in the jobs infrastructure bill. CFO Parker also stated there are funds available in the DWSRF funds for new facilities. **Commissioner Corwin made a motion to allow CFO Parker to apply for Public Works Board loans to fund projects previously submitted to DWSRF, those that were in the legislature's Jobs Infrastructure bill, other needs and for and new facilities. Commissioner Stearns seconded, all in favor.**

Legal Report: Joseph Rehberger, Chief Legal Counsel
Mr. Rehberger stated he has nothing new to report.

Commissioner Pickett stated one of the applicants for the business assessment RFP stated they have a legal firm they like to work with; the other stated they do not have a need for legal services. He asked Mr. Rehberger if he wanted to provide legal support if he had any objection to the consultant providing that service. Mr. Rehberger replied that it was a specialized service and he was fine with the consultant providing legal services in that area.

Commissioner Reports:

Commissioner Corwin and Commissioner Stearns will attend the WPUDA Roundtable meeting on Thursday. Commissioner Corwin will also attend the WPUDA Telecommunications meeting and the Board Meeting where they will be discussing by-laws.

Commissioner Pickett brought up the TMDL and mentioned there is a lot of interest regarding flows and the Deschutes watershed. The thing to be aware of is the TMDL can not regulate flows. The TMDL study can say there are the impacts of the flow on water quality which informs the Department of Ecology's Water Resources Program on the decisions they can make. He

encouraged the Commissioners not to walk away from the TMDL but to recognize that while they can not regulate flows, they are making recommendations the regulators use.

Commissioner Pickett added the Thurston Regional Planning Council met last Friday and there was an Economic Development 101 presentation. The TRPC just learned of a 1.5 billion dollar expansion on I-5 between JBLM and Lakewood. Some of the funds will be spent in the Nisqually area.

Commissioner Pickett adjourned the General Meeting for a 5 minute recess, they will then move into Executive Session to discuss potential acquisition.

Executive Session:

RCW 42.30.110 (1)(b) Real Property Acquisition

Commissioner Pickett stated the Board will move into an Executive Session at 8:00 p.m. to last 20 minutes. The Commissioners came out of Executive Session at 8:20 p.m.

Summary of Assignments:

CFO Parker will check to see if Rate Increase Hearings have been advertised in the Olympian in the past.

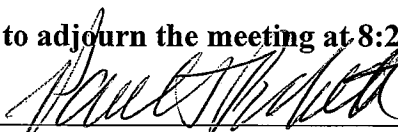
Add the Thurston EDC as an agenda item as the first meeting in May

GM Weidenfeller will ask EES if they do any work with PSE since they did not answer that question in their proposal.

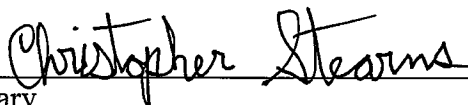
Staff will advertise a change of Commission meetings dates from the second and fourth Tuesdays to the first and third Tuesdays in June

Adjournment:

Commissioner Corwin made a motion to adjourn the meeting at 8:21 p.m., all in favor.



President

Attest: 

Secretary