

**MINUTES OF THE REGULAR MEETING OF AUGUST 26, 2014
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The second regular meeting for August 2014 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday, August 26, 2014, at 921 Lakeridge Way SW, Suite 301, Olympia, WA 98502, commencing at 5:00 p.m. Commissioners Linda Oosterman and Russell Olsen were present; Commissioner Chris Stearns attended the meeting via telephone. Also present were John Weidenfeller, the District's General Manager (GM), Julie Parker, the District's Chief Financial Officer (CFO), and Kurin Rosado, Clerk to the Board. Kim Gubbe, the District's Operations Manager (OM), and Joseph Rehberger, Chief Legal Counsel, were excused from the meeting.

Call to Order: Commissioner Oosterman called the Regular meeting to order at 5:00 pm.

Approval of Agenda: Commissioner Olsen made a motion to approve the agenda as presented, Commissioner Stearns seconded, all in favor.

Consent Calendar:

Approval of Minutes: August 5, 2014

Prequalification of Contractors – Small Works Roster: None

SMA Contracts: None

Correspondence: None

Travel Approvals: None

Other: None

Voucher Approval:

Accounts Payable: August 7, 2014, August 15, 2014, August 22, 2014

Payroll: August 20, 2014

Commissioner Olsen made a motion to approve the Consent Calendar as presented, Commissioner Oosterman seconded, all in favor.

Public Comments: None

Public Hearing: None

Discussion Items:

Information or Discussion of Operations/Policy Issues:

Initial Proposed Budget for 2015

CFO Parker submitted the proposed 2015 budget with a recommended rate revenue increase of 3.99% to cover a needed water revenue increase of \$90,550. This amount was established with the assumption that the base rate differential between the Tanglewilde-Thompson Place water system and the rest of Thurston County customers will be eliminated, as well as the surcharges for the Terry Lane, Crescent Park, Cornerstone Estates and Pederson Place water systems. This budget also incorporates funding for the Asset Management Plan in 2015; the 2015 surcharge for capital improvements is planned to be \$1.00 per household.

The proposed budget includes funding for the addition of two permanent part-time positions (a meter reader and a summer laborer) to assist with operations and maintenance of the TPUD water systems. Due to budget constraints, the positions would not receive a health insurance

benefit, but would be enrolled for the Public Employees' Retirement System (PERS) benefit and receive leave benefits.

Commissioner Stearns noted that the water rate revenue is currently under the budgeted amount for 2014 so far. CFO Parker will review the budget to see if an adjustment under the rate stabilization mechanism review is needed. This adjustment is not usually utilized by the PUD, but it is an option that can be exercised taking a revenue shortfall or surplus into consideration.

Management Contract for Dana Passage Water System

TPUD had been contacted by a representative of the HOA Board for the Dana Passage water system in the past regarding management services. The Commissioners agreed to enter into a contract with Dana Passage as long as operations and management (O&M) are also provided. Staff is hoping to acquire this system in the future. **Commissioner Stearns made a motion to give GM Weidenfeller the authority to investigate initiation of a management contract with the Dana Passage water system, Commissioner Olsen seconded, all in favor.**

Generator Discussion

GM Weidenfeller provided handouts regarding generator information for Tanglewilde-Thompson Place and small water systems. The PUD plans to terminate the purchased water contract with the City of Olympia and will need to provide the same level of service that exists now. The PUD will enter into a mutual aid agreement with the City.

GM Weidenfeller has been consulting with Doug Eklund, Jerome W. Morrissette & Associates, about the requirements and specification of a generator for the Tanglewilde-Thompson Place water system. Based on staff's knowledge, it is recommended that the proposed generator be powered by natural gas initially, but transitioned to propane so that emergency power is available for emergencies and disasters. The generator should be powerful enough to power the Taylor Well (up to 600 gallons per minute). An underground tank that provides five to ten days of propane fuel supply to the generator is the most plausible fuel option.

The General Manager has been exploring the option to provide generator service to small water systems. For most Group B systems, the Consultant said a generator can be installed for \$3,000 to \$10,000. Installation costs would increase considerably for systems requiring three-phase power. GM Weidenfeller plans to select one small system for an initial installation and to work with the community. Customers from that system would be selected to receive training to help operate and maintain the systems. The test would give members of a water system that are interested in participating (and paying for the generator system through a surcharge) more information on the costs and requirements of such a system. Once a successful test is made, this service would be made available to all customers.

WPUDA September Meetings in Chehalis

Commissioner Stearns and Commissioner Oosterman will be attending the September WPUDA association meetings September 17 through September 19.

TPUD Participation for the 2015 Washington PUD Day at the Capitol Building

Washington PUD Day is scheduled for February 19, 2015, hosted by WPUDA. There are spaces available for individual or partnering displays. The Commissioners would like to partner with another PUD for this event.

Action Items: None

Legal Report: None

Presentations:

Staff Presentations:

General Manager's Report: John Weidenfeller, General Manager

GM Weidenfeller provided a written report. An internal employment opportunity was advertised to TPUD staff and two candidates were recently interviewed. Based on his interview and his experience, Field Technician II, Scott Dixon, accepted the new position of Field Supervisor. GM Weidenfeller also reported that several firms were interviewed on August 20 to provide engineering services for the PUD for the two new North Thurston School District (NTSD) schools in the PUD's service area. RH2 Engineering was selected to provide engineering services if a contract can be negotiated.

Acquisition of several water systems was discussed, particularly the acquisition of the Cougar Mountain, Skookumchuck Maintenance, and the Rainier Terrace water systems. The Cougar Mountain system will need a new reservoir, while Skookumchuck Maintenance will need a permanent chlorination system installed. Requests for grant funding to evaluate the systems have been submitted by staff for both systems.

It was also reported that TPUD has met the Community Development Block Grant (CDBG) property and easement acquisition requirements for the Webster Hill water system. The system will be acquired by the end of the year.

In November, Thurston County is transitioning from the Novell Groupwise e-mail system to Microsoft Outlook. The PUD will also be exchanging the copier for a newer, more efficient model in September that can provide color scanning and color copies.

Operations Manager's Report: Kim Gubbe, Operations Manager

OM Gubbe provided a written report, though she was not present for the meeting. The report indicated that the removal/replacement of the Coker Well (the Tanglewilde-Thompson Place water system) is close to being finalized.

Chief Financial Officer's Report: Julie Parker, Chief Financial Officer

CFO Parker provided a written report. Some expense items are higher than expected due to the acquisition of the Marvin Road Water Company water systems. Those figures will be monitored and adjusted as needed.

It is TPUD's plan to increase the minimum financial reserve limit goal from 60 to 90 days in order to show a stronger financial position. In regard to budget presentation, 2015 is the last year the PUD can maintain the current level of General Fund spending. Staff will need to reassess General Fund spending in 2016. CFO Parker will submit a report to the Commissioners in June of next year with her recommendations.

CFO Parker has received a response from the Auditor's Office regarding splitting of election costs on an annual basis. Though the answer isn't definitive, she will update the Commissioners when she has more complete information.

Commissioner Topics, Discussion and Reports:

Commissioner Oosterman will meet with the Emergency Management group on August 28. Commissioner Olsen reported that NoaNet is currently meeting with representatives for Lacey, Olympia, and Tumwater. The Commissioner and GM Weidenfeller will meet with Mr. Cade from the Thurston County Economic Development Council in regard to the telecommunications outreach with the three cities.

Summary of Assignments:

1. CFO Parker will submit a rate proposal for the Commissioners to review prior to the first public hearing.
2. TPUD staff will evaluate the employee benefit costs and the salary schedule associated with the two additional proposed part-time positions for 2015 and report findings at a subsequent meeting.
3. TPUD staff will explore the possibility of partnering with another PUD for Washington PUD Day in 2015.
4. CFO Parker will ensure that advertisements are submitted for the two public hearings in September.

Executive Session: Real Estate Acquisition (RCW 42.30.110 (1)(c))

Commissioner Oosterman announced the Board would enter an Executive Session for the purpose of discussing real estate acquisition as authorized by RCW 42.30.110 (1)(c) for 16 minutes at 6:27 pm. The Executive Session was closed at 6:43 pm. No actions were taken.

Adjournment: Commissioner Olsen made a motion to adjourn the meeting, Commissioner Stearns seconded, and the meeting was adjourned at 6:44 pm.



Linda Oosterman, Commissioner and President

Attest:



Russell E. Olsen, Commissioner and Secretary