

**MINUTES OF THE REGULAR MEETING DECEMBER 20, 2012
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The second regular meeting for December 2012 of the Commissioners of Public Utility District No. 1 was called to order on Thursday, December 20, 2012, at 921 Lakeridge Way SW, Suite 301, Olympia WA 98502, commencing at 8:00 a.m. Commissioners Chris Stearns and Alan Corwin were present. Also present were John Weidenfeller, the District's General Manager (GM), Julie Parker, Chief Financial Officer (CFO), and Cathy Skiles, Clerk to the Board. Commissioner Linda Oosterman was present via teleconference. Kim Gubbe, Operations Manager (OM), and Joe Rehberger, Legal Counsel were excused from the meeting.

Commissioner Corwin called the General Meeting to order at 8:04 a.m.

Approval of Agenda: President Alan M. Corwin called for additions or corrections to the agenda, there being none, he called for a motion to approve the agenda.

Commissioner Stearns made a motion to approve the agenda, Commissioner Oosterman seconded, all in favor.

Public Comments: None

Consent Calendar:

Prequalification of Contractors – Small Works Roster

MB Electric

Wayne's Roofing

Advanced Drilling, LLC

Lincoln Construction, Inc.

SMA Contracts:

Correspondence:

Travel Approvals:

Accounts Payable 12/14/12

Payroll: 12/20/12

Other:

Resolutions:

Other: Change Order 4 Phase 2 Tanglewilde Well Integration

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

Action Items:

Resolutions: Resolution: 12-32, 4th Revision to 2012 Budget

CFO Parker stated this is the final revision to the 2012 Budget. The revision reduces the expenses on the water side to reflect the decrease in water sales. She anticipates the actual water sales being approximately \$43,000 less than budgeted. Throughout the year, there were additional meeting expenses due to additional meetings to address a preliminary assessment of the feasibility of entering the electric utility business and associated public meetings relating to the Power Initiative. Increases were allocated to the General Fund. The last adjustment is due to the disposal of three vehicles throughout the year. The proceeds have been placed in vehicle replacement fund. Commissioner Stearns asked about the additional costs to provide public record disclosure items and noted he spent a lot of his time providing his e-mails and did not request compensation for the time spent providing that information. Justin Kover, Kevin O'Sullivan and Wilson Faust made public disclosure requests. CFO Parker stated that all other costs were absorbed through employee salaries. **Commissioner Stearns made a motion to approve Resolution 12-32, 4th Revision to 2012 Budget, Commissioner Corwin seconded, all in favor.**

Information or Discussion of Operations/Policy Issues:

Update on Tempo Lake Glade Project

GM Weidenfeller asked at the last meeting to have authority to cancel the Tempo Lake Glade contract if necessary. He indicated that staff, the engineer and the Tempo Lake Board have made good progress and the project is moving forward. He no longer feels it will be necessary to consider terminating the District's contract with Tempo Lake at this time. Commissioner Corwin asked why we do not want to take over the system. GM Weidenfeller stated the water mains are not mapped, they run across private property and are various depths. The water mains all need to be replaced and relocated and that cost is estimated to exceed \$2.3 million. We would only want to consider taking it over if a grant could be secured for the main replacement.

Staff Presentations:

General Manager's Report: John Weidenfeller, General Manager

GM Weidenfeller provided a report in writing. Commissioner Oosterman stated she did talk to the General Manager yesterday regarding the proposed *Ready to Serve* rate so she could become more familiar with the proposed new rate. Commissioner Corwin asked staff to make it clear that this is not a new tax. The proposal is for a rate to pay for the cost of maintaining the system so it is ready for them to hook up when they are ready. CFO Parker said they will develop a brochure and information so staff can answer questions.

Operations Manager's Report: Kim Gubbe, Operations Manager

OM Gubbe provided a report in writing. She was excused from the meeting.

Commissioner Stearns asked about the contract with City of Olympia. CFO Parker reported a meeting is scheduled with the City of Olympia to discuss the rate study.

Discussion continued regarding general facility charges and the replacement of water system infrastructure funding.

Chief Financial Officer's Report: Julie Parker, Chief Financial Officer
Financial Variance Report - (usually every 4th week's meeting)
CFO Parker sent an e-mail last week to the Commissioners regarding the November financials. There were no questions regarding the Variance Report.

Update on Springbrook Training

CFO Parker stated that there are some training needs to make staff more efficient. A handout was in the Commission packet. There were no questions.

Commissioner Stearns asked about the storage of records and how to access those records when there is a public request for information. CFO Parker explained that the things people typically ask for are being kept on site. Documents that are sent to archives are still accessible. When asked for records, she provides what we have on site and explains we have more in archives. Usually we are not asked to provide the archived records.

Commissioner Corwin asked how staff records training expenses. CFO Parker stated it depends on the individuals; staff absorbs the cost through salary expense. Management time training is documented and expensed to training. Commissioner Corwin suggested that staff document their training time and a portion of those salaries be allocated to the training budget. CFO Parker explained that since the training budget is not very large, this concept may not be practical; the training budget may not be able to absorb the salary costs. She indicated it was possible to set-up a project code to determine the cost of training so they can budget for it in future years. Commissioner Corwin stated this is a satisfactory proposal and in the future it is more transparent to show how much is spent on training.

Commissioner Stearns asked where we are with the water revenues. CFO Parker reported we are down approximately \$43,000 which is about 5% below what was budgeted. She explained that part of the reason for this shortfall is due to the economy and part is due to the rate design. The CFO noted she tracks the consumption comparisons on a monthly basis so she can make adjustments as needed throughout the year.

Legal Report: Joe Rehberger, Legal Counsel was excused from the meeting.

Commissioner Reports:

Commissioner Stearns reported that he did attend Commissioner Casey's (Grays Harbor PUD) and Commissioner Caldwell's (Kitsap PUD) retirement parties. There was good attendance by the adjacent PUD's.

Commissioner Stearns was able to get copies of Mr. Lovely's comments delivered at the WPUDA Education Round Table session. He will provide copies to his two fellow Commissioners and to GM Weidenfeller.

Executive Session: None Scheduled

Summary of Assignments: None

Adjournment:

Commissioner Oosterman made a motion to adjourn the meeting, Commissioner Stearns seconded, all in favor.

Christopher Stearns ^{LO} 1/8/13 1/8/13
Chris Stearns, ~~President~~ President and Commissioner

Attest: *Linda Oosterman*
Linda Oosterman, Secretary and Commissioner