

**MINUTES OF THE REGULAR MEETING OF FEBRUARY 12, 2013
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The first regular meeting for February 2013 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday, February 12, 2013, at 921 Lakeridge Way SW, Suite 301, Olympia, WA 98502, commencing at 5:00 p.m. Commissioners Chris Stearns and Linda Oosterman 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. The District 2 Commissioner position is vacant.

Commissioner Stearns called the general meeting to order at 5:00 p.m.

Approval of Agenda:

Commissioner Stearns called for a motion to approve the Agenda. **Commissioner Oosterman made a motion to approve the Agenda. Commissioner Stearns asked to add a discussion of when the assigned Commissioner will begin their duties, prior to starting the interviews. Commissioner Oosterman made a motion to approve the amended agenda, Commissioner Stearns seconded, all in favor.**

Consent Calendar:

Approval of Minutes: January 22, 2013
January 29, 2013

Prequalification of Contractors – Small Works Roster

SMA Contracts

Correspondence: Letter, Pierce County Community Connections, RE: CDBG Grant for the Webster Hill Water System

Travel Approvals:

Other –

Voucher Approval

Accounts Payable 1/23/13, 1/30/13, 2/6/13

Payroll 2/5/13

Resolutions:

Resolution 13-02 Code of Ethics Revision

Resolution 13-03 WA State Homeland Security Region 3 Mutual Aid Agreement

Resolution 13-06 Engineering Contract with KPFF for Consolidation of Garden Acres 1, 2, & 3 Water Systems

Resolution 13-07 Engineering Contract with KPFF for Platt and Sword Water Systems

Resolution 13-08 Engineering Contract with KPFF for Lew's 81st Water System

Expansion, Water System Plan & Consolidation of Jenny and Woods Class B Water Systems

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

Public Comments: Commissioner Stearns called for Public Comments; there were none.

Information or Discussion of Operations/Policy Issues:

Discussion of Public Hearing Comments for Proposed Resolution 13-01, Ready to Serve Rate:

GM Weidenfeller reported a Public Hearing was held on January 22, 2013 where public comments were made regarding the proposed ready to serve rate. On July 24, 2012, the Board asked staff to find out if there were any customers not paying for water service. Staff found over 100 properties that are entitled to water service from the PUD, but are not currently paying any rates. The PUD is obligated to serve these properties. Some of the systems built to serve these properties are 10 to 15 years old, or older, and are wearing out. Staff recommended implementing a ready to serve rate where these property owners pay their fair share to maintain the system and contribute to future capital improvements. Staff recommended the monthly ready to serve rate be set 75% of the PUD's lowest base rate.

Several written comments were submitted. The comments made at the Public Hearing have been addressed. Where property owners paid a general facility charge, and where applicable meters and meter installation charges were paid to the previous owner, and they were able to document it, the PUD has honored those prior payments. Copies of correspondence sent to individuals on the ready to serve rate issue were placed in the Commissioner's packet for this meeting.

Commissioner Oosterman stated, after reading the comments, hearing the testimony, and discussing the proposed rate with staff; that she believes the PUD has been fair and consistent in the evaluation and recommendation of a ready to serve rate. This rate will provide the current and future capital needs of the property owners. She suggested we put this on the next meeting's agenda for approval.

Commissioner Stearns stated it is a difficult thing for people to understand the capital needs of a water system. We often acquire systems with improvement needs. While he sympathizes with elders on low and fixed incomes who have a vacant property, to pretend that future owners will not request service for the property is not something that can be ignored. Should the property owners record a boundary line adjustment, a relinquishment of that service could be considered. Commissioner Stearns concurred with Commissioner Oosterman to take action on the proposed ready to serve rate at their next meeting.

Staff Presentations:

General Manager's Report: John Weidenfeller, General Manager

GM Weidenfeller provided a report in writing. Commissioner Stearns asked about the water rate discussions with the City of Olympia. CFO Parker confirmed the discussions are moving along as planned.

Operations Manager's Report: Kim Gubbe, Operations Manager

OM Gubbe provided a report in writing. Commissioner Stearns asked about the bacti issue at the Cocker well. OM Gubbe explained the drop pipe may not have been sanitized well enough.

Doug Eklund P.E., the District's consulting engineer, is looking into whether the well's pipe will need to be pulled and sanitized.

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

No report.

Legal Report:

No report.

Commissioner Reports:

Commissioner Oosterman reported she was in the Eastern Washington area last week.

Commissioner Stearns reported he attended a Thurston Regional Planning Council (TRPC) meeting early in the month and a TRPC Sustainability Task Force meeting last week. Two legislators attended the Sustainability meeting to address State drinking water funds. This is the last year of the Task Force.

Summary of Assignments:

Discussion of When the New Appointed Commissioner Will Begin Their Duties.

Commissioner Stearns stated he would like the appointed Commissioner to attend the new Commissioner training with the WPUDA Association. The second of four sessions is tomorrow and he would like the assigned Commissioner to be sworn in tonight so they may attend the training with compensation.

Commissioner Oosterman stated she appreciated Commissioner Stearns' position but felt they should stay with the original schedule put out by the PUD. She is uncomfortable with changing the schedule at this point. Her main concern was that by swearing-in the appointed person tonight, it would not give the Commissioners the opportunity to have any conversations with them outside of meetings. She would have considered the idea if it was brought up sooner in the process.

The Commissioners agreed that the person who is appointed will make the decision whether to start now or at the next meeting.

Commissioner Stearns made a motion to recess the meeting until 6:00 p.m., Commissioner Oosterman seconded, all in favor.

At 6:00 p.m. Commissioner Stearns called the regular meeting back to order.

Commissioner Stearns introduced Commissioner Jack Janda from Mason County PUD #1. He will participate in the interviews but will not have a vote in the final decision on whom to appoint.

Commissioner Stearns explained when he came to this Commission, the Board had one Commissioner with four years of experience and a second Commissioner with eight years of experience. This current Board comes with less years of experience yet they are not without experience. He has been a Commissioner for four years. They will be looking for the person that will be the best fit for the job. This Board plays a role in expanding the existing water systems owned. Additionally, the Board plays a role in helping struggling water systems within Thurston County.

Commissioner Oosterman added that there are many people within the PUD Association to help new Commissioners. The Association assigns each new Commissioner a mentor. She is very proud of this PUD. She stated the PUD has an excellent General Manager, a Chief Financial Officer who she believes is the best, an Operations Manager who won an award as Operations Manager of the State. She stated that the PUD really does have an incredible staff and to come into a small organization with a powerfully good staff is a real pleasure. The staff is kind, helpful and patient. The appointed Commissioner will have a real advantage of two years experience with the PUD should they decide to run for office in the next election.

Both Commissioners thanked the applicants for their time and interest in the position.

Interview of District 2 Commissioner Candidates

All five applicants were interviewed in a round table setting. Each one was given the opportunity to introduce themselves and their qualifications for the position.

The first question required the applicants work together for fifteen minutes to respond to the question as a group. The next five questions were asked giving each applicant the opportunity to respond first as the other applicants answered the questions in order around the table.

Commissioner Stearns thanked the applicants.

Commissioner Stearns recessed the General Meeting from 7:30 p.m. to 7:45 p.m. for a break.

Commissioner Stearns called the General Meeting to order at 7:45 p.m. He moved the meeting to Executive Session to evaluate the qualifications of a candidate for appointment to elective office as authorized under RCW 42.30.110 (1) (h). The Executive Session was scheduled to end at 8:15 p.m.

At 8:15 p.m. Commissioner Stearns closed the Executive Session, notified the public, and called the General Meeting back to order.

Action Items:

**Discussion of District 2 Commissioner Appointment and Selection for PUD District 2
Commissioner Appointment**

Commissioner Oosterman stated all five of the applicants were well qualified and thanked the applicants. They made it very tough to make the decision. She believes each of the applicants is a collaborative worker, intelligent, and could work as a commissioner. The learning curve for running a public meeting is high. The decision comes down to the question of who could work best with this Board.

Commissioner Stearns stated he focused on the three things: 1) knowledge of water issues, 2) collaborative work ethics, and 3) effective outreach to our community. He is looking for leadership with effectiveness. He also noted any of the applicants could run for the office. Commissioner Stearns asked Commissioner Oosterman for her recommendation.

Commissioner Oosterman made a motion to select Russell Olsen as Commissioner for District 2 of Thurston County PUD, Commissioner Stearns seconded, all in favor.

George Caan, Executive Director of the Washington Public Utilities Districts Association (WPUDA) asked to speak. Mr. Cann stated the WPUDA has had one of four part training for new Commissioners. The second training is being held tomorrow. He offered to hold a special orientation for Mr. Olsen if he could not attend the training tomorrow. Mr. Olsen explained he has some agreements with his current work at the Department of Ecology to take care of tomorrow, in regards to this new appointment, and chose to be sworn in at the next meeting on February 26, 2013.

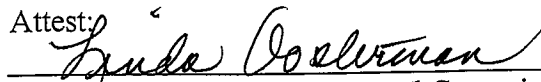
Adjournment:

**Commissioner Oosterman made a motion to adjourn the meeting at 8:30 p.m.,
Commissioner Stearns seconded, all in favor.**



Chris Stearns, President and Commissioner

Attest:



Linda Oosterman, Secretary and Commissioner