



*Providing safe, reliable,
affordable, and sustainable utility
services to our customers.*

Introduction to Thurston PUD

Public Utility District No. 1 of Thurston County

OCTOBER 7 & 8, 2020

BY GENERAL MANAGER JOHN WEIDENFELLER & PUD STAFF

Presentation Topics

- ▶ Meet the PUD Leaders
- ▶ General Information About Your PUD
- ▶ Vision, Mission & Goals
- ▶ Asset Management Plan
- ▶ Questions & Answers

Meet the PUD Leaders

ELECTED OFFICIALS & MANAGEMENT TEAM

Commissioner Russell E. Olsen

PRESIDENT, DISTRICT 2

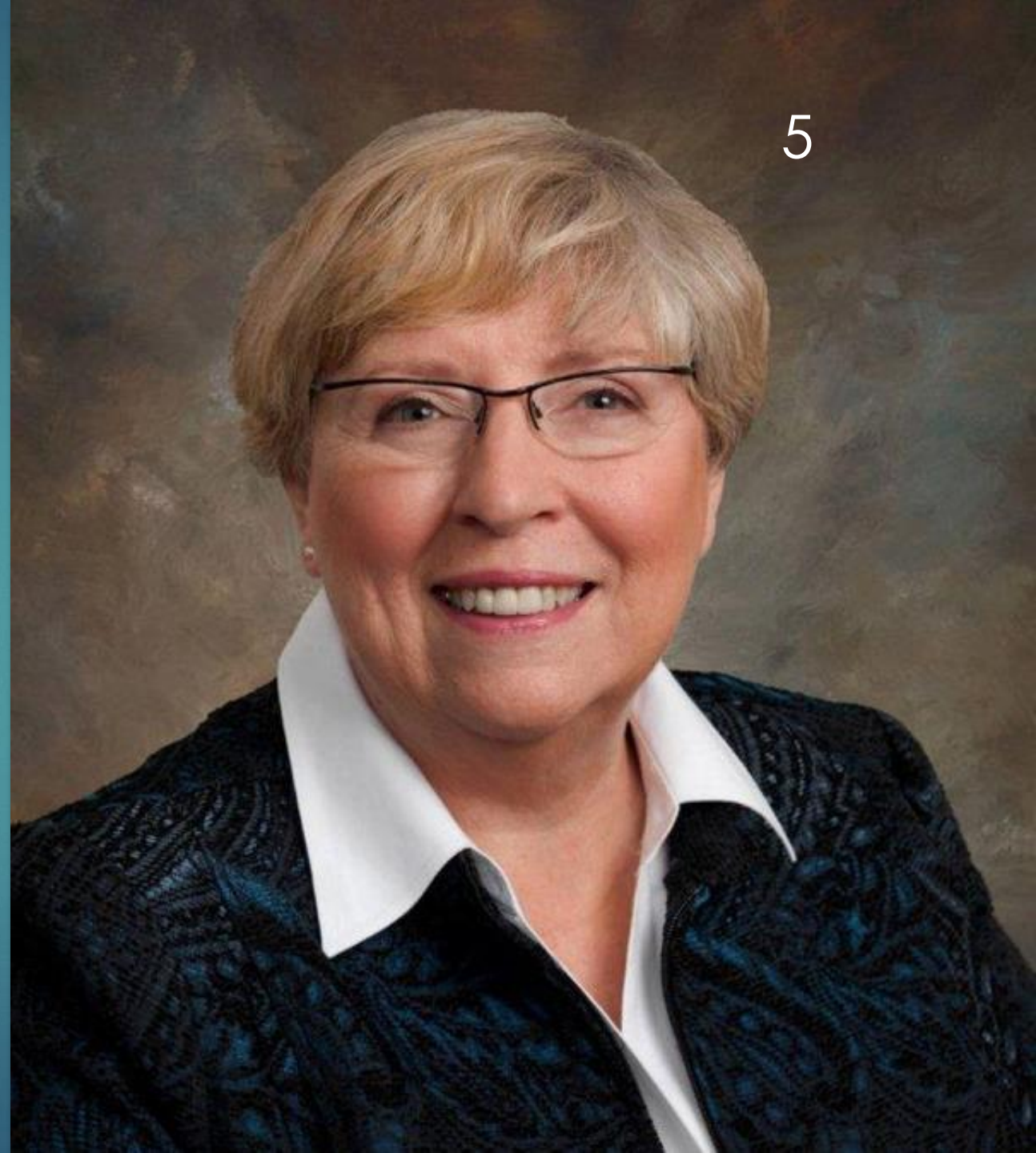
Director, Washington State Pollution Liability
Insurance Agency
Master of Public Administration
PUD Commissioner since 2013



Commissioner Linda Oosterman

VICE PRESIDENT, DISTRICT 1

Director and an instructor of the Human Services
Program at Grays Harbor College (Retired)
Master of Systems Theory and Family Therapy
PUD Commissioner since 2012



Commissioner Chris Stearns

SECRETARY, DISTRICT 3

Fisheries Biologist for Washington State
Department of Fish and Wildlife (Retired)
Bachelor's from Evergreen State College
PUD Commissioner since 2009

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John Weidenfeller

General Manager

General Manager since 2007
Masters of Business Administration



Julie Parker

Assistant General Manager

6 Years: Water regulation with UTC

B.A. in Accounting from St. Martin's University

12 Years: Private accounting firm, specialize in Water

13 Years: Thurston PUD



Kim Gubbe

Director of Planning and Compliance

23 Years: Managing multiple water systems
Environmental Technical Degree from Clover Park
Water Certifications: Water Distribution Manager II,
Water Treatment Plant Operator II, Cross Connection
Control Specialist



Jim Campbell

Director of Field Operations

17 Years: Managing multiple water systems

30 years: Supervisor

Water Certifications: Water Distribution Manager II,
Water Treatment Plant Operator I, Cross Connection
Control Specialist, L&I Plumbing and Electrical Licenses



TaSeana Tartt

Finance, Accounting &
Customer Service Manager

8 Years: Private Sector Accounting

2 Years: Thurston PUD

Bachelor's of Science in Business



Ruth Clemens

Administrative Services Manager

10 Years: Washington State Department of Corrections &
Department of Revenue
2 Years: Thurston PUD
Bachelor's of Liberal Arts from Washington State University

Public Meeting Participation Guidelines

Participation Guidelines

- ▶ Questions will be answered at the end of the presentation.
- ▶ You may not promote or oppose any candidate for public office or any ballot proposition.
- ▶ You may not use this time to advertise.
- ▶ Speakers who disturb the orderly conduct of the meeting may forfeit their right to address the panelists and be removed from or muted throughout the meeting.
- ▶ The District and its moderators reserve the right to mute you, if your conduct is considered disorderly or abusive.

How to Participate in the Meeting: **Video Participants**

- ▶ When the Moderator opens up the discussion, click on "Raise Hand" if you wish to participate.
- ▶ Mute all other audio before speaking. Using multiple devices can cause audio feedback.
- ▶ We ask state your full name.
- ▶ When you are called on to speak, please keep in mind if there is a large number of attendees who would like to speak, you may be limited to two (2) minutes.
- ▶ A countdown timer will be displayed for your convenience. After speaking, you will be muted.
- ▶ *Note: Members of the public will not be shown on video.*

How to Deliver Public Comment: **Telephone Participants**

- ▶ Press *9 to “Raise Hand”
- ▶ Last four digits of your number will be used to call on you.
 - ▶ Example: If your phone number is (360) 555-1234, your meeting name will be “**Attendee 1234**”
- ▶ We ask that you give us your name.
- ▶ If we have a large number of attendees, we may limit your remarks to two (2) minutes. We will alert you when you have 30 seconds left.

Things to Keep in Mind

- ▶ Your name and phone number may be displayed for those attending by video.
- ▶ For those of you attending by phone, you only need to press *9 once. If you feel you have been missed, press *9 again.
- ▶ If you look at the bottom of your screen, you can also direct questions to our team using the Q&A portion of Zoom.
- ▶ We reserve the right to "rename" your attendee name if we deem your selected name inappropriate, profane or offensive.
- ▶ If you would like a follow-up we will provide ways for you to contact us at the end of this presentation. We want to hear from you.

Staff Moderators

- ▶ **Kurin Miller**

- ▶ Clerk to the PUD Board of Commissioners

- ▶ **Teal Reopelle**

- ▶ Administrative Assistant, Planning & Compliance

- ▶ **Mariah Rodocker**

- ▶ Customer Service Representative

Follow Along with Us

Download

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at www.ThurstonPUD.org

Click

Click on the link at the top right
side of the page

- Pattison Water Co. Customer
Presentation

General Information About Your Public Utility District (PUD)

What is a Public Utility District (PUD)?

A Public Utility District is a nonprofit municipal corporation with the following mission:

“...to conserve the water and power resources of the State of Washington for the benefit of the people thereof, and to supply public utility service, including water and electricity for all uses.”

[RCW 54.04.020]

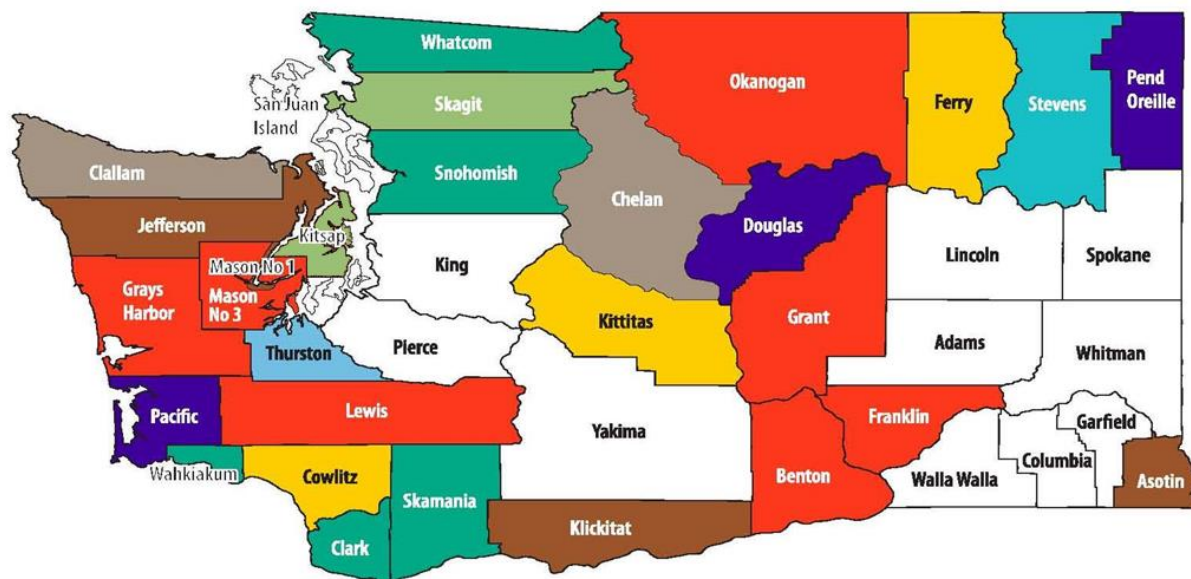
History of PUDs in Washington

- ▶ Designed to provide utility services in rural areas
- ▶ PUDs were established as Initiative No. 1 by Washington State Voters in 1930
- ▶ Thurston PUD was formed in 1938 by a vote of the Thurston County voters
- ▶ Thurston PUD is owned by the citizens of Thurston County
- ▶ PUDs combine the strongest elements of a private corporation, a municipal utility system and a cooperative into one organization

PUD Lines of Business

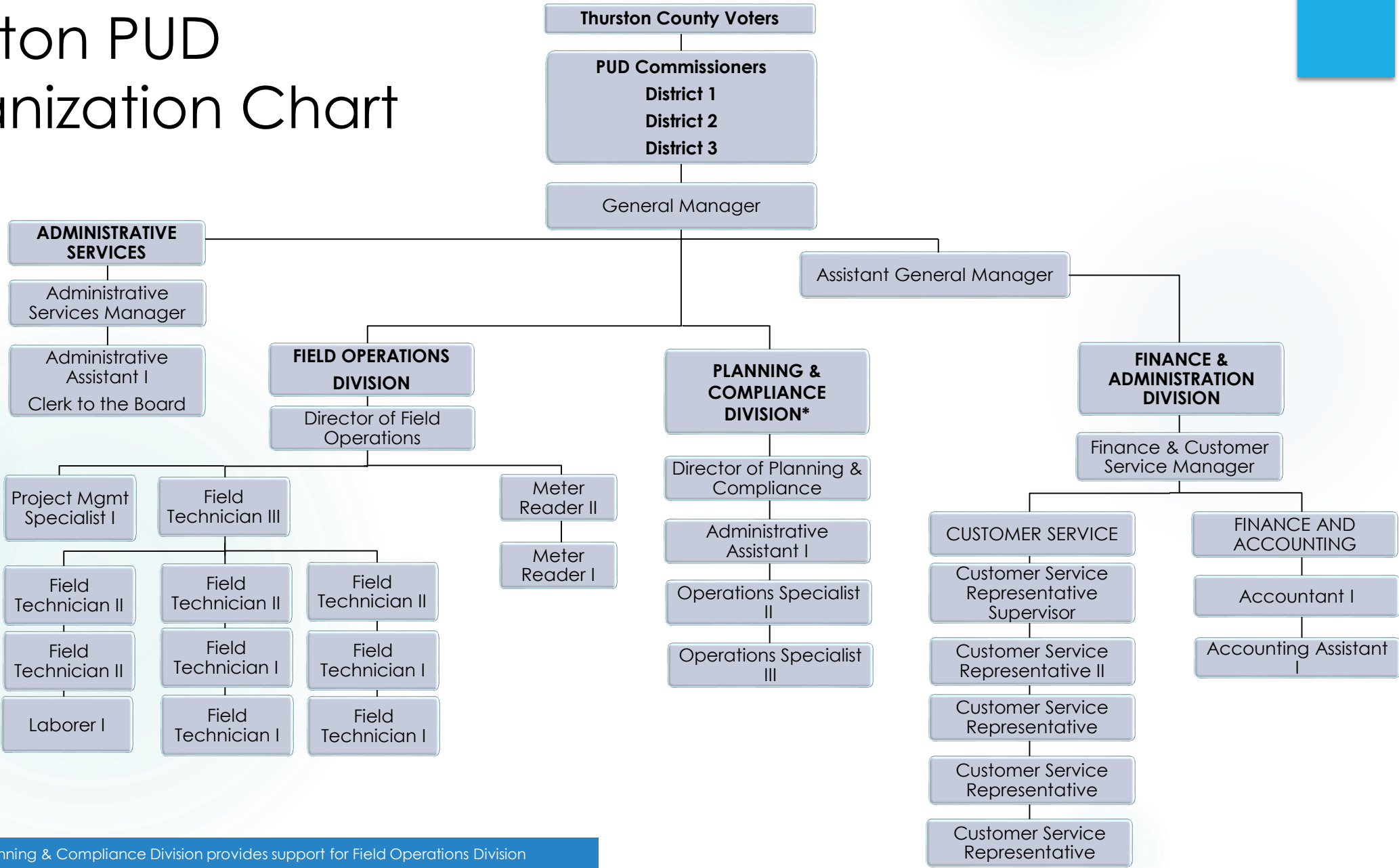
- ▶ PUDs are Special Purpose Districts and have many of the authorities granted to Counties and Cities
- ▶ PUD Lines of Business:
 - ▶ Water
 - ▶ Sewer (with a vote of the People)
 - ▶ Electricity (with a vote of the People)
 - ▶ Wholesale Telecommunications
 - ▶ Hydrogen Energy – Creation and Sale
- ▶ Thurston PUD provides only water services at this time

Counties Served by Public Utility Districts



- | | |
|--|--|
| ■ Electricity PUDs | ■ Electricity, Water, Sewer and Telecommunications PUDs |
| ■ Water PUDs | ■ Water and Sewer PUDs |
| ■ Electricity and Water PUDs | ■ Water and Telecommunications |
| ■ Electricity and Telecommunications PUDs | ■ Water, Sewer and Telecommunications PUDs |
| ■ Electricity, Water and Sewer PUDs | ■ Not served by a PUD |
| ■ Electricity, Water and Telecommunications PUDs | |

Thurston PUD Organization Chart



*Planning & Compliance Division provides support for Field Operations Division

Thurston PUD Water Systems: 2020

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Thurston PUD Water Systems

Water Systems in 6 Counties

Note: PUD hopes to get out of other counties over the next ten years. Currently, they do provide an economy of scale that **help keep rates and fees down for Thurston County Customers.**

County	Number of Systems	Number of Connections
Thurston	147	5,690
Pierce	64	1,412
Lewis	54	672
Kitsap	5	28
King	1	76
Grays Harbor	4	37

Benefits of Joining Thurston PUD

- ▶ The PUD is a Thurston County citizen-owned, consumer-owned utility
- ▶ The Governing Board is the Commissioners are voted into office by you, the citizens of Thurston County
- ▶ The Pattison water system becomes one of 276 PUD water systems
 - ▶ Shared overhead and pooling of resources
 - ▶ Enhanced economies of scale
 - ▶ Standardized rates & infrastructure replacement schedules
 - ▶ Stable financing and comprehensive utility planning
- ▶ Not for Profit Agency
 - ▶ Everything is put back into the water systems

Benefits of Joining Thurston PUD

- ▶ Ownership and management by PUD will provide
 - ▶ Continuity & public ownership
 - ▶ Stability and long-term planning
 - ▶ Adequate staffing for emergency response
 - ▶ No future changes of ownership

Benefits of Joining Thurston PUD

- ▶ PUD has extensive customer service and payment options
 - ▶ 13 water technicians, a vacuator, a pump puller and excavator
 - ▶ 24/7 on call service with two operators and a manager on call
- ▶ The expertise of Pattison water operator expertise will be retained
- ▶ Thurston PUD is a non-profit organization with access to grants and low interest financing
 - ▶ All excess revenue is put back into the water systems

Water System Rates

- ▶ PUD Commissioners will consider rates in February 2021.
 - ▶ You can submit public comment.
- ▶ We understand your current rates have not increased in many years.
- ▶ The Board of Commissioners vote for and approve all rates, fees and surcharges.
- ▶ Although we can not predict how Commissioners will set rates, historically they have transitioned new customers to uniform rates over 2 or 3 years.

Examples of Grants and Low Interest Loans from State

- ▶ PUD received extensive grant funding from the WA State Department of Health between 2018 and 2020 for water system evaluation and/or system improvements
 - ▶ \$954,000 in grants to consolidate four (4) small water systems into one (1) large water systems
 - ▶ Two (2) \$30,000 grants to analyze and evaluate two (2) small water systems
 - ▶ \$400,000 in grant funding for water main replacement
 - ▶ \$219,000 in grant funding for water metering and system improvements
 - ▶ \$1 million Public Works grant for Tanglewilde-Thompson Place reservoir (2012)

Examples of Grants and Low Interest Loans Sources

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- ▶ Thurston PUD has access to low-interest tax-free funding from the following sources that can not be accessed by for-profit companies:
 - ▶ Ability to Issue Bonds for sale in the Bond Market
 - ▶ Access to Drinking Water State Revolving Fund (DWSRF) loans and Public Works Trust Fund loans and grants 0.5% - 1.75% interest – sometimes with up to 50% loan forgiveness
 - ▶ Access to federal rural development grants and loans
 - ▶ Access to Department of Commerce loans and grants
 - ▶ Access to Community Development Block Grant monies.

For-Profit Utility Ownership vs. Public Ownership: Services

For-profit Ownership

- ▶ Regulated by Governor-appointed Utility and Transportation Commission (UTC)
- ▶ Costly, lengthy UTC processes
- ▶ Infrastructure replacement costs charged back to customers via a specific surcharge
- ▶ No saving for future replacement needs
- ▶ Owners can sell water systems

Public Ownership

- ▶ Governed by Thurston County locally-elected Commissioners
- ▶ Cost of repairs spread over 8,000 PUD customers in 275 water systems
- ▶ Customers are included in the public process
 - ▶ Open Public Meetings
 - ▶ Open Budget Process
 - ▶ Utility Rate Advisory Committee
 - ▶ Consolidation Project Advisory Committee
- ▶ PUD ownership is forever

For-Profit Utility Ownership vs. Public Ownership: Services

For-profit Ownership

- ▶ Smaller utilities may have fewer staffing resources
- ▶ Smaller staff may result in limited office hours
- ▶ Cash reserves and access to cash is limited and expensive
- ▶ Replacement is not programmed out 20 years in advance
 - ▶ Cash is spent and then recovered over time from customers

Public Ownership

- ▶ 27 Employees
 - ▶ Departments led by experts in their field
 - ▶ Livable wages, retirement and benefits package
 - ▶ Versatile skillsets and vast expertise
 - ▶ Saves the District \$\$
 - ▶ Limited need for contractors
- ▶ 24-hour, 7 days a week on-call
- ▶ Extensive asset management planning and financial forecasting
- ▶ Easy access to low interest loans and grants

For-Profit Utility Ownership vs. Public Ownership: Services

For-profit Ownership

- ▶ Smaller utilities offer limited methods to make payments due to fees and charges
- ▶ Surcharges for online payments

Public Ownership

- ▶ Ways to make a payment
 - ▶ Online (www.ThurstonPUD.org)
 - ▶ Auto Pay
 - ▶ Direct Debit
 - ▶ With a live Customer Service Representative
 - ▶ Drop box (no cash)
 - ▶ In person
 - ▶ Current not an option due to COVID

Vision, Mission & Goals

THE PURPOSE OF OUR WORK

PUD's Vision, Mission & Purpose

- ▶ **Vision:** Be leaders, educators, and champions of public utility service quality, safety and resource conservation.
- ▶ **Mission:** Provide safe, reliable, affordable, and sustainable utility services to the customers we serve.
- ▶ **Purpose:** The purpose of PUD No. 1 of Thurston County is to serve the public with quality utility services.
- ▶ Commissioners use the Vision, Mission and Purpose to create a strategic plan that they revisit and adopt quarterly.

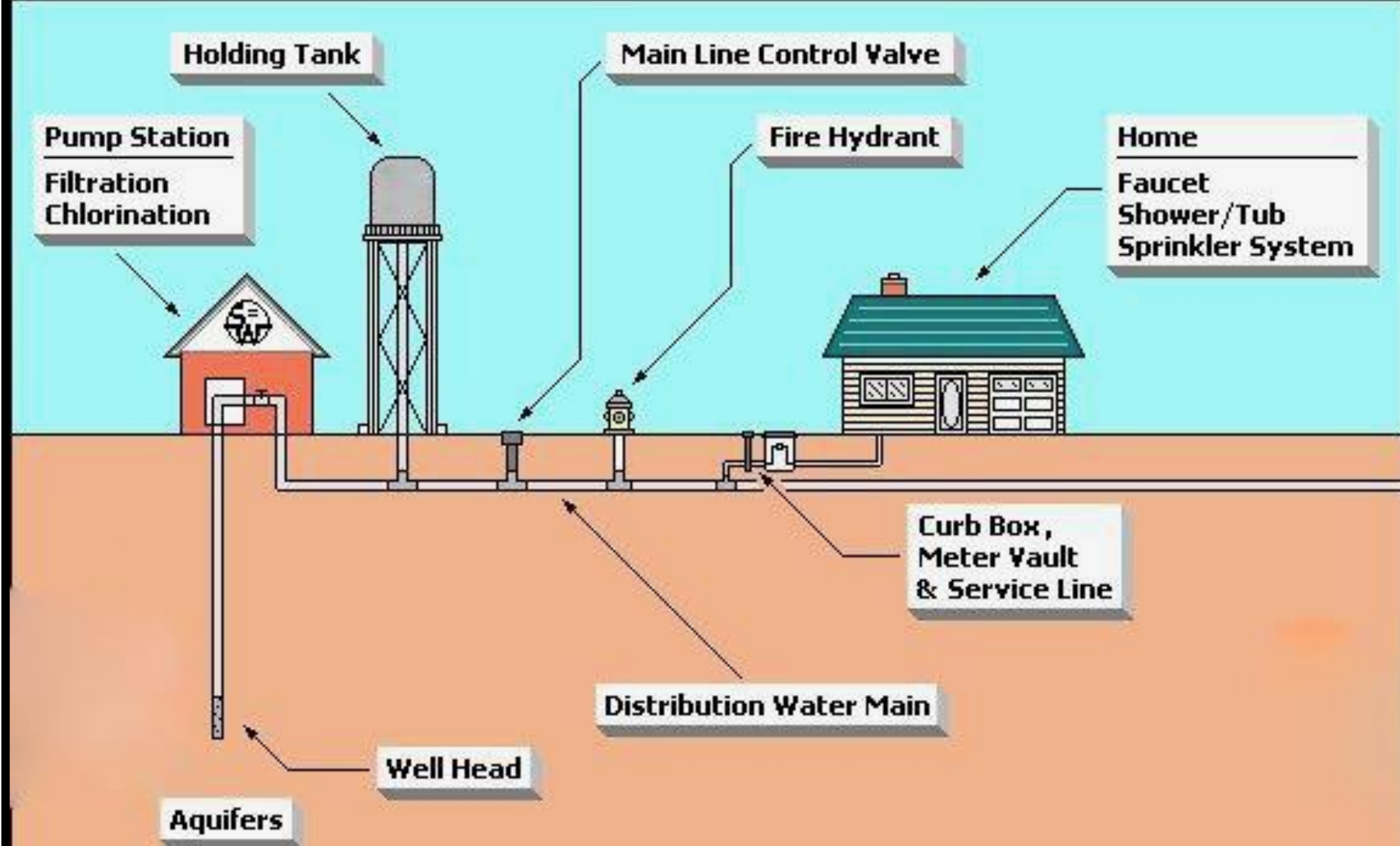


Asset Management Plan

PLANNING FOR TOMORROW AND BEYOND

How Water Is Delivered To A Customer

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- ▶ An Asset Management Plan (AMP)
 - ▶ Identifies when components of our 275 water systems are projected to reach the end of their useful life
 - ▶ Forecasts budget needs for 80 years water system lifecycle
 - ▶ AMP also projects the cost to replace infrastructure
 - ▶ It is standard PUD practice to run most components to the end of their useful life before replacing.

Asset Management

- ▶ Dedicated monthly capital surcharge funding
- ▶ Each home contributes a capital surcharge of **\$10.00 a month**; reserved for infrastructure replacement costs
 - ▶ Allows PUD to have cash available to obtain loan/grant financing
- ▶ Used to fund infrastructure replacement **only**
 - ▶ Wells and pumps and booster stations
 - ▶ Reservoirs, storage and treatment systems, and electrical systems
 - ▶ Water mains, service lines and water meters
 - ▶ Pump houses and other infrastructure

Thurston PUD - Fulfilling Our Commitment to the Capital Surcharge (Pattison not included)

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Capital Projects



2021: \$2.8 million



2020: \$338,000



2019: \$1.1 million



2018: \$264,000

Pattison Water System

Multi-year Replacement Investment Need

Asset Management

Multi-Year Infrastructure Asset Replacement Needed

5 years	2021-25	\$ <u>2,328,748</u>
10 years	2026-30	\$ 591,602
15 years	2031-35	\$ 1,794,957
20 years	2036-40	\$<u>21,924,612</u>
25 years	2041-45	\$ 3,813,382
30 years	2046-50	\$<u>20,380,132</u>
35 years	2051-55	\$ 2,910,449
40 years	2056-60	\$ 2,108,859
45 years	2061-65	\$ 3,611,623
50 years	2065-70	\$ 2,746,173
55 years	2071-2075	\$ 7,452,646
60 years	2076-2080	\$ 4,491,624
Total Estimated Rebuild Costs		\$74,154,807

For-Profit Utility Ownership vs. Public Ownership: Asset Management

For-profit Ownership

- ▶ Levy surcharges on customers to cover the total cost of asset replacement
- ▶ Costly, lengthy UTC processes
- ▶ Difficult to save for replacements
- ▶ Cost of borrowing money is high

Public Ownership

- ▶ Access to public grants
- ▶ Access to public low-interest public financing
- ▶ All customers pay a small monthly capital surcharge to help pay for infrastructure
- ▶ Streamlined approval process through PUD Commission
- ▶ Public process for annual budget
- ▶ Transparency

We Want to Hear from You

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Call	(360) 357-8783, select Option 3
Email	PUDCustomerService@ThurstonPUD.org
Write	1230 Ruddell Road SE, Lacey, WA 98502
Learn	www.ThurstonPUD.org
Ask	Submit a question online: www.tinyurl.com/thurstonpud

Questions?

BY COMPUTER: CLICK THE “RAISE HAND” BUTTON

BY PHONE: PRESS *9 TO RAISE YOUR HAND & PRESS *6 TO UNMUTE