

**MINUTES OF THE REGULAR MEETING OF JULY 23, 2019
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The second regular meeting for July 2019 of the Commissioners of Public Utility District No. 1 of Thurston County was called to order on Tuesday, July 23, 2019, at the PUD administrative office located at 1230 Ruddell Road SE, Lacey, WA 98503, commencing at 5:00 p.m. Commissioners Russell E. Olsen, Linda Oosterman and Chris Stearns were present for the meeting. The following District employees were present: John Weidenfeller, General Manager (GM), Julie Parker, Assistant General Manager (AGM), Jim Campbell, Director of Field Operations (DFO), Ruth Clemens, Senior Communications Specialist (SCS), TaSeana Tartt, Senior Accountant (SA), and Staci Mozee-Ramos, Customer Service Representative (CSR). Erica Schilt, Senior Operations Specialist (SOS) and Andy Baker, FCS Rate Analyst, were also in attendance.

Call to Order: Commissioner Olsen called the regular meeting to order at 5:00 p.m.

Pledge of Allegiance: The Pledge of Allegiance was recited.

Approval of Agenda: Commissioner Oosterman made a motion to approve the agenda: Commissioner Stearns seconded the motion; all in favor.

Consent Calendar: Approval of Minutes: July 9, 2019
Prequalification of Contractors: None
SMA Contracts: None
Correspondence: None
Voucher Approval:
1) Accounts Payables: July 10, 2019, July 18, 2019
2) Payroll: July 19, 2019
Other: Resolution 19-28, General Manager Authority

Commissioner Stearns made a motion to approve the Consent Calendar as presented: Commissioner Oosterman seconded the motion; all in favor.

Public Comments: None

Information or Discussion of Operations/Policy Issues:

Presentation: Water Use Efficiency, Leak Report and Conservation:

SOS Schilt briefly discussed water use efficiency and conservation for the District's Group A water systems. She discussed the average gallons of water per day that is used by the water systems. SOS Schilt then provided information on leak loss within Thurston PUD systems and the various options available for conservation measures that are provided to the customers.

GM Weidenfeller asked SOS Schilt to find out why 2015's average gallons per minute loss is extremely lower than other years, and provide that information to the Board.

Presentation: 2nd Quarterly Strategic Plan Report:

GM Weidenfeller reported on the 2nd Quarterly Strategic Plan Report performance measures to the Board and answered questions.

Ongoing Discussion Item: 2020 Budget Meetings:

GM Weidenfeller stated the September 10th and September 23rd Budget and Rate Hearings will be held at the Lacey Community Center. He stated that additionally, he and PUD staff will hold Public Meetings in Pierce and Lewis counties.

Initial Proposed 2020 Operating and Capital Budget Presentation:

GM Weidenfeller and AGM Parker discussed basic recommendations for the proposed 2020 budget. He noted that many desired items were removed from the budget and that it would be a tight budget in the coming year. The recommended rate increase for Legacy water system customers is approximately at 5%. A draft budget handout was provided to the Board.

A contingency budget item will be provided to address potential PFOA/PFAS (Perfluorooctanoic and Polyfluoroalkyl) contaminant testing and treatment. There are 20 Group A and 22 Group B water systems that are potentially at risk for PFOA/PFAS contamination. Testing is very sensitive and several samples will be needed for each water system. Sampling is very expensive at around \$600 for each sample. If treatment is needed, it is very expensive and is estimated to cost between \$400,000 to over \$1 million per well plus an estimated 15% for engineering costs. Commissioner Olsen stated that we may need several tests due to the ground level water which may show differently based on which quarter of the year we are in and can alter the test results. The Department of Health (DOH) Office of Drinking Water (ODW) has stated it does not intend to require treatment, but reserves the option to require treatment. Testing will cover 16 compounds and the DOH ODW is planning to set action levels at 15 or 20 parts per trillion (ppt) for each of six PFOA/PFAS compounds, and indicated they will not use the total of 70 ppt for all compounds used by the federal government. If any of the wells test in any one of the six compounds over the action levels, DOH ODW has indicated they will require customer notification and quarterly testing. The GM recommended that we do not treat until required to treat by state or federal governments.

AGM Parker briefly discussed the preliminary budget and outlined what the expenses are. She stated that along with the 5% rate increase, the capital surcharge will need to increase to help maintain minimum reserve levels. This rate increase will help the 2025 project to replace the main lines at Tanglewilde. Commissioner Oosterman asked staff to provide a comparison to other PUD rates. Commissioner Olsen asked staff to let the Board know how much work District staff will perform and how much work will be outsourced. He asked if we plan to build staff capacity in-house for construction projects. AGM Parker stated that she will continue to investigate this as requested by Commissioner Olsen, however she will take into consideration what Thurston PUD will have the capability to do by evaluating each project.

Discussion, Tax Rate Banking Resolution:

GM Weidenfeller stated that in the 2020 Preliminary Budget that was presented, out-of-county customers will have the same rate structure as Thurston County customers. Staff will bring forward a plan and a tax rate banking resolution that will begin to bank the Thurston PUD property tax over the next ten years. Out-of-county customers will pay an amount equivalent to the property tax rate paid by Thurston County property owners.

Resolution 19-30, Hazard Mitigation:

GM Weidenfeller briefly discussed the Hazard Mitigation Plan which will help Thurston PUD identify potential hazards before they happen and take mitigation action to limit the damage it may cause.

Resolution 19-31, Professional Services Agreement with FG Solutions, LLC:

GM Weidenfeller requested the Board's support for this resolution. It authorizes the General Manager the authority to enter a contact with FG Solutions, LLC, in an amount that will not exceed \$33,100.

Action /Approval Item(s):

Set Dates for Public Hearings- 9/10 7:00 p.m. and 9/23 7:00 p.m. Lacey Community Center: Commissioner Oosterman made a motion to approve setting dates for Public Hearings on September 10 and September 23 at 7:00 p.m.: Commissioner Stearns seconded the motion; all in favor.

Resolution 19-25, Revised Adjustments Policy

Commissioner Oosterman made a motion to approve Resolution 19-25, Revised Adjustments Policy: Commissioner Stearns seconded the motion; all in favor.

Resolution 19-26, Policies and Procedures

Commissioner Stearns made a motion to approve Resolution 19-26, Policies and Procedures: Commissioner Oosterman seconded the motion; all in favor.

Resolution 19-29, Revised Employee Job Classifications and Salary Ranges

Commissioner Oosterman made a motion to approve Resolution 19-29, Revised Employee Job Classifications and Salary Ranges: Commissioner Stearns seconded the motion; all in favor.

Commissioner Signatures/Break: The Commissioners took a break and signed documents at 6:15 p.m. The Commission meeting resumed at 6:25 p.m.

Presentations:

GM Weidenfeller and DFO Campbell had nothing to add to their written reports.

SA Tartt stated that the Quarterly Financial Report has additional analysis included for the On-line and Interactive Voice Response (IVR) payment systems.

Commissioner Topics, Discussions and Reports: Commissioner Olsen, Oosterman and Stearns:

Commissioner Olsen recognized Kim Gubbe, Director of Planning and Compliance, for participating in the Special Olympics with him. He also thanked Commissioner Stearns for attending the TRPC (Thurston Reginal Planning Council) on his behalf.

Commissioner Oosterman stated that the WRIA (Water Resource Inventory Area) and Emergency Management meetings were cancelled.

Commissioner Stearns reported on the WRAC (Water Resource Advisory Committee) meeting and discussed topics brought up within the TRPC meeting.

Executive Session:

Commissioner Olsen announced that the Commissioners would enter into an Executive Session in accordance with the provisions of RCW 42.30.110 (1) (b), to consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price, and in accordance with the provisions of RCW 42.30.110 (1) (c) to consider the minimum price at which real estate will be offered for sale or lease when offered for sale or lease when public knowledge of such consideration would cause a likelihood of decreased price, and in accordance with the provisions of RCW 42.30.110 (1) (g), to evaluate the qualifications of an applicant for public employment or to review the performance of a public employee. He stated the Executive Session would begin at 6:38 p.m. and expected to last for 12 minutes ending at 6:50 p.m. The Commissioners completed and exited the Executive Session at 6:50 p.m.

Adjournment: Commissioner Oosterman made a motion to adjourn the meeting. Commissioner Stearns seconded the motion; all in favor. The meeting adjourned at 6:50 p.m.

Assignments:

1. Commissioner Olsen asked staff to let the Board know how much work District staff will perform and how much work will be outsourced.
2. Provide an explanation of why 2015's average gallons per minute loss is much lower than other years.
3. Bring forward a tax rate banking resolution to bank 10% of the District's tax rate.
4. Commissioner Oosterman asked staff to provide a comparison to other PUD rates to Thurston PUD's proposed rate increases.



Russell E. Olsen, Commissioner and President

Attest:



Linda Oosterman, Commissioner and Vice
President