

**MINUTES OF THE REGULAR MEETING OF SEPTEMBER 24, 2013
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The second regular meeting for September 2013 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday, September 24, 2013, at 921 Lakeridge Way SW, Suite 301, Olympia, WA 98502, commencing at 5:00 p.m. Commissioners Chris Stearns, Linda Oosterman and Russell Olsen 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), Joe Rehberger, Chief Legal Counsel, and Cathy Skiles, Clerk to the Board.

Call to Order:

President Commissioner Stearns called the meeting to order at 5:02 p.m.

Approval of Agenda: President Commissioner Stearns
Commissioner Olsen made a motion to approve the Agenda, Commissioner Oosterman seconded, all in favor.

Consent Calendar:

Approval of Minutes: September 10, 2013 Meeting

Prequalification of Contractors – Small Works Roster:

Pacific NorthWest Pump Service and Sales LLC

SMA Contracts:

Correspondence:

Travel Approvals:

Other:

Voucher Approval:

Accounts Payable 9/11/13, 9/18/13

Payroll 9/20/13

Resolutions:

Other:

Declaration of an Emergency Water Main Break Repair between 441 and 445 Cougar in the Tanglewilde-Thompson Place Water System

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

Public Comments: None

Public Hearing: 2014 Budget and Rates Hearing

Commissioner Stearns opened the Public Hearing. GM Weidenfeller reported there are no members of the Public present to speak on the 2014 Budget and Rates. He noted the Board is considering three options. Option One would not require a rate increase. Option Two would include essential operating costs and would not include employee step increases. This option would require a 2.3% rate increase. The third option, is a 4.15% increase; this option includes the essential needs of the District and

implements the recent salary survey increases to the employees. He recommended Commissioner Stearns close the Public Hearing. **Commissioner Stearns closed the Public Hearing.**

Information or Discussion of Operations/Policy Issues:

Resolution 13-26, 2014 Budget

GM Weidenfeller reported this resolution reflects Option Three of the 2014 Budget which requires a 4.15% rate increase.

Resolution 13-27, 2014 Water Rates and Other Charges

GM Weidenfeller reported the required 4.15% increase would be spread across the base rate and the tiered rates equally. CFO Parker will develop the rate sheets to implement the increase and there will be attachments to the resolution at the next meeting. There would also be a rate adjustment mechanism in the resolution.

Low Income Assistance Program

CFO Parker provided the Commissioners a handout. Commissioner Stearns said Thurston PUD lobbied to extend this ability to offer a Low Income Assistance program to water purveyors when only electrical purveyors were previously allowed to implement a Low Income Assistance program under RCW 54. The legislature changed the law to allow this in 2011. Commissioner Stearns confirmed the program is based on customers' voluntary contributions only.

Staff determined there is a cost to implementing the program. GM Weidenfeller reported originally it was estimated that it would require a half time employee to administer the program. CFO Parker reported that originally she considered a line on the payment stub where customers could write the amount they want to donate under this scenario. Each stub would need to be looked at for a contribution and set aside for an adjustment to the customer account before being posted. She asked for input from other PUD's and has included them in the handout she provided the Commissioners. Based on her research, the CFO proposed sending a flyer out and limiting the enrollment period. Originally she proposed 30 days but would consider going out 60 days. The contribution stub would be separate from the customers water payment stub. The customer will be able to make a one time contribution or elect a monthly charge. She proposes an October 30th implementation date; this is coming up quickly. The flyer would go out with the October 31st and November 30th bills. Ideally, we are catching customers at a lower usage period and at a time during the holidays that is a higher giving period. The contributions would be collected through the end of the year and the assistance would begin in January. It will be clearly stated that assistance will only be available if there is money available.

CFO Parker reported in order to streamline the process, her proposal would eliminate a third party organization to manage the program. The eligibility requirement would be that the homeowner has a low income exemption on their property taxes. She realizes this will eliminate renters receiving assistance. This will get the program rolling while we evaluate the cost of the program and the amount of contributions received from customers. When funds are not available, applicants will be referred to other agencies for help. In the proposed program, applicants can receive \$50.00 once a year.

Joe Rehberger, Chief Legal Counsel, is looking into whether the PUD can make contributions to the Low Income Assistance Fund. He will also advise Commissioners and employees on how, and if,

they can make contributions to the program. CFO Parker asked the Commissioners for authority to move forward with the Program as described and they approved moving forward. She will bring a resolution and policy to the next meeting for the Board's approval.

Staff Presentations:

General Manager's Report: John Weidenfeller, General Manager

GM Weidenfeller provided the Commissioners a report in writing. Commissioner Stearns asked for clarification on the proposed rates. GM Weidenfeller confirmed that the base rate and consumption rates will be increased proportionally. Commissioner Stearns stated his concern that the outside Thurston County customers, and others who currently pay more, will see a higher increase. The Commissioners and staff discussed rate structures and the cost of service rate study that is being developed.

Commissioner Stearns added that as we move forward he would like to cost of service rate study to reflect the cost savings from the revised City of Olympia purchase water contract.

GM Weidenfeller informed the Commissioners he cancelled the September All Staff meeting because he, OM Gubbe and Commissioner Olsen will be attending the WPUDA meetings in Leavenworth. He provided the Board of Commissioners a copy of the October Washington PUD Association meeting notice. There will be Commissioner's Educational Round Table and a Budget meeting.

GM Weidenfeller reported the potential acquisition of three connections is being reviewed by OM Gubbe, these are the Hunting Road properties. The pressure tanks are located in a garage but there is room to build a pump house and the bank that offered these to the PUD seems to be willing to work with us. Commissioner Oosterman asked if three connections are worth considering. OM Gubbe explained the system is located near some of our other systems and that if it is a good system, it will generate \$44 per month per customer. Staff and the Commissioners discussed things that are considered when acquiring water systems. OM Gubbe explained the state and county are encouraging new developments to go to an existing water purveyor for water service.

Operations Manager's Report: Kim Gubbe, Operations Manager

OM Gubbe provided the Commissioners a report in writing. She added that she has been contacted by a federal agency that is in need of a certified operator. At this time the PUD is not considering bringing on new SMA services, but she wanted to get the Commissioner's opinions. After discussion, the Commissioners did not feel that this was a good direction for PUD to pursue.

OM Gubbe announced she offered the Administrative Assistant position to Emily Banks and she accepted the position. OM Gubbe will apply for DWSRF funds for the Crowder Road project, Tanglewilde isolation valves and the Travis Jack Booster Pump replacement by September 30th.

OM Gubbe reported the PUD is having problems with two of the three booster pumps that were installed at Prairie Ridge. Two of the motors have cracked; they are still operable and the contractor is working on having them replaced by the manufacturer. This is not causing problems for the customers and the pumps will be repaired one at a time so the system will not need to be shut down.

OM Gubbe is working on an easement issue related to the Lew's 81st, Jenni and Woods water system consolidation project. The property owner is willing to provide the needed easement, if the community members want him to, for compensation of two years free water. OM Gubbe will write the contract so that anything over 1,500 cubic feet of water use in one month will be billed. The Board and staff discussed the concept of holding another meeting or notifying the customers that we followed up on the requests of the community and communicate the solution. The pros and cons of moving the reservoir were discussed.

Chief Financial Officer Report: Julie Parker, Chief Financial Officer - Financial Variance Report (every 4th week's meeting)

CFO Parker reported the Financial Audit has been completed and filed with the federal government. The results are an unqualified report which means no findings. The accountability audit will be completed next; the Exit Conference will be scheduled October 9th. The Commissioners were all invited to the exit conference. Commissioner Oosterman will attend.

CFO Parker reported while she was investigating the irrigation revenue she discovered the PUD has been charging one of our irrigation customers an extra base charge. This customer has a 3" meter. The customer is Nisqually Middle School and the necessary adjustments have been made.

CFO Parker provided the Variance Report to the Commissioners prior to the meeting. She reported a couple of expenses are coming in higher than anticipated so she will be making a budget adjustment. Commissioner Stearns asked about the \$50,000.00 contractor revenue. CFO Parker explained the money is from Great Floor's property to improve the system. The construction of the buildings has not started and they are not hooked up to the water system.

Commissioner Topics, Discussion and Reports: (Russ, Linda, Chris)

Commissioner Oosterman reported she will not be attending the Water Conference in Leavenworth. She noted she has spoken to Kathy Estes, Thurston County Emergency Management, and would like to work with her staff on emergency management. There is a meeting with PSE the first Friday of October Commissioner Oosterman will be attending. She hopes to open communications with emergency management.

The Deschutes TMDL meeting is on Thursday, Commissioner Oosterman will be attending.

Commissioner Oosterman is scheduled to attend the WPUDA Education Round Table meeting in October. She also announced she will be going to Germany for Christmas to visit family and will be gone for two to three weeks. Commissioner Stearns suggested the second meeting of December be rescheduled. Once Commissioner Oosterman knows her schedule, the meeting will be rescheduled or she will call-in.

Commissioner Oosterman asked there has been any follow-up from NoaNet. GM Weidenfeller will follow-up with them.

Commissioner Olsen announced he is on the National Advisory Board for Underground Storage; he will be in Washington D.C. October 28, 29 and 30th.

Commissioner Stearns attended Washington PUD Association meetings in Chelan last week. A Commissioners Round Table meeting was held where the Commissioners discussed some of the things they are doing. Commissioner Stearns provided the other Commissioners with some literature he picked-up. Discussion items included the hydrant issue and the ability of cities to tax PUD customers.

Commissioner Stearns reported he attended the TRPC meeting at the beginning of the month. He just completed two Sustainable Round Table discussions. There may be two more meetings in October, and then the Sustainability meetings will be done.

Action Items:

Resolution 13-25, PUD Rates and Surcharges Policy

GM Weidenfeller said there have been no changes to this resolution since it was provided at the last meeting. Commissioner Olsen said that the State government has been trying to take the formality out of government documents to make it more comfortable for citizens. He asked that resolutions be put into "Plain Speak" and the other Commissioners agreed. Staff will work on taking the formality out of the resolutions so that they are easier to read and are in more of a "Plain Speak" style.

Commissioner Olsen made a motion to approve Resolution 13-25 PUD Rates and Surcharges Policy, Commissioner Oosterman seconded, all in favor.

GM Weidenfeller asked the Commissioners to each sign a letter to the customers of the Covington water system. The letter states the Commissioners will not implement a surcharge to fund the treatment project and that the costs will be paid out of PUD wide rates.

Summary of Assignments:

1. Documents will be prepared in "Plain Speak" language.
2. A Low Income Assistance Program resolution will be brought forward to the next meeting.
3. The GM will follow-up with NoaNet.
4. Joe Rehberger, Chief Legal Counsel, is looking into whether the PUD can make contributions to the Low Income Assistance Fund. He will also advise Commissioners and employees on how, and if, they can make contributions to the program.

Adjournment:

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



President, Chris Stearns

Attest:

 10.7.13

Secretary, Linda Oosterman