

**MINUTES OF THE REGULAR MEETING OF SEPTEMBER 12, 2016
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The first regular meeting for September 2016 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday, September 12, 2016, at 921 Lakeridge Way SW, Suite 301, Olympia, WA 98502, commencing at 5:03 p.m. Commissioners Russell Olsen, Linda Oosterman and Chris Stearns were present for the meeting. Also present were John Weidenfeller, the District's General Manager (GM), Julie Parker, the District's Director of Finance and Administration (DFA), and Kurin Rosado, Clerk to the Board.

Call to Order: Commissioner Stearns called the regular meeting to order at 5:03 p.m. The Pledge of Allegiance was recited by all present.

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

Consent Calendar:

Approval of Minutes: August 9, 2016, August 30, 2016
Prequalification of Contractors – Small Works Roster: None
SMA Contracts: None
Correspondence: None
Travel Approvals: None
Voucher Approval:
 Accounts Payable: August 31, 2016, September 7, 2016
 Payroll: September 6, 2016
Resolution: None
Other: None

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

Public Hearing - 2017 Proposed Budget, Rates, and Capital Surcharges:

Commissioner Stearns opened the Public Hearing at 5:04 p.m. GM Weidenfeller presented highlights of the proposed 2017 Operating Budget, which includes a 3.57% increase in rate revenue resulting in a 4% increase to residential bills for customers in Thurston County. There were no members of the Public present to comment during the Public Hearing. One comment was forwarded to GM Weidenfeller via e-mail regarding the capital surcharge; the General Manager offered to meet with this customer, but hasn't yet received a response. The Public Hearing was closed at 5:07 p.m.

Public Comments: There was a member of the Public present, but the individual did not comment during the meeting, nor did he sign in.

Discussion Items:

Information or Discussion of Operations/Policy Issues:

Commissioner Assignments

A review of the Commissioner assignments was scheduled due to a request at the August 9th meeting by one of the Commissioners. Commissioner Oosterman asked to be removed from the Deschutes Total Maximum Daily Load (TMDL) group, as this has ended; she also requested to remove the group from the assignment sheet - the focus of the meetings doesn't pertain to PUD interests any longer. Commissioner Stearns asked about Emergency Management meetings, and Commissioner Oosterman explained that this group has been picking up and possibly planning on meeting on a quarterly basis.

Commissioner Olsen discussed his role regarding the Thurston Regional Planning Council (TRPC). The Commissioners also discussed travel expenses related to Commissioner assignments.

2017 Budget Discussion

DFA Parker explained that the proposed 2017 budget has not been further revised since the last meeting. Approval of Resolution 16-23 would adopt the 2017 budget, while approval of Resolution 16-24 would adopt the 2017 rate and capital surcharge schedule which includes the increase of the capital surcharge to \$4.80 per month per equivalent residential unit (ERU) for 2017. Approval of these resolutions is scheduled for the September 27th meeting after the second Public Hearing.

Commissioner Olsen inquired about the costs related to providing telecommunication services during a public function in 2017. DFA Parker explained that there is capacity for this service in the 2017 budget - her estimate for providing this service for a two-day event is \$5,000 or less although she doesn't have an estimate for purchasing equipment to provide telecommunications services. Commissioner Olsen would like this item to have a dedicated line in the 2017 budget, and Commissioner Oosterman would like to make this a budget priority.

Resolution 16-24, Adoption of the 2017 Budget and Resolution 16-25, Adoption of the 2017 Rates and Capital Surcharge Schedule

These resolutions were briefly discussed by staff and Commissioners during discussion of the 2017 budget (see item above).

Resolution 16-26, 2nd Revision to the 2016 Capital Budget

DFA Parker introduced the second revision to the 2016 Capital Budget. Adoption of this resolution would add funds to drill a new well at the Fuller water system, reduce funds attributed to leak detection since this figure is lower than what's needed, prioritize a few project to cover adjustments, and increase funds for the Deschutes Glen upgrade which is expected to cost more than anticipated. Commissioner Oosterman asked about the line item on the Capital Budget for 'Additional Funding needed.' DFA Parker explained that this is a placeholder to allow staff to draw money on the bond anticipation note. Drawing on this note hasn't been needed up to this point.

Commissioner Stearns asked about leak detection and spoke to leaks and the County's stormdrains. GM Weidenfeller gave examples of stormdrains not being installed with adequate protection and damaging the PUD's water mains.

Resolution 16-23, Professional Services Contract for Architectural Services

This resolution allows the District to sign a professional service agreement contract with an architectural firm for services need for renovations or design of building space. Commissioner Stearns, GM Weidenfeller, and DFA Parker formed a panel and interviewed three firms earlier in the day, and have selected a candidate to provide architectural services. The Commissioner discussed the interviewing process and criteria. **Commissioner Stearns made a motion directing the General Manager to negotiate a contract with the panel's first selection, and then with the second firm (if the first selection doesn't work out), and bring a contract to the next meeting for approval: Commissioner Olsen seconded the motion; all in favor.**

Action Item(s):

Recommended Resolution of Leak Issue for Mr. Charles Story

Mr. Charles Story, a customer of the Tanglewilde-Thompson Place water sysem, attended the August 30th Public Comment portion of the Commission meeting and testified in regard to the large leak that was recently repaired for his property. The current leak policy only allows up to \$1,000 to be adjusted from a customer's account. The total amount of Mr. Story's consumption billing for a three month period is \$5,910.90. It is staff's recommendation to adjust the account for the \$1,000 allowed by the leak policy, and adjust an additional amount of \$4,250.81 from the account - this amount is based on the actual cost to produce the water lost due to the leak (charged at \$0.75 per 100 cubic feet). After these adjustments are applied, Mr. Story would be responsible for consumption charges of \$660.09 which doesn't include the base rates/capital surcharges billed for the three months. **Commissioner Olsen made a motion to adopt staff's recommendation to credit Mr. Story's account accordingly: Commissioner Oosterman seconded the motion; all in favor.**

Resolution 16-18, Revised Field Position Title and Salary Range

This resolution was discussed at an earlier meeting. **Commissioner Oosterman made a motion to approve Resolution 16-18 as presented: Commissioner Olsen seconded the motion; all in favor.**

Resolution 16-19, Uniform Policy & Resolution 16-20, Professional Services Contract with Robinson & Noble

These resolutions were discussed at an earlier meeting. **Commissioner Olsen made a motion to approve Resolution 16-19 and Resolution 16-20 as presented: Commissioner Oosterman seconded the motion; all in favor.**

Legal Report: None

Presentations:

Staff Presentations:

General Manager's Report: John Weidenfeller, General Manager

GM Weidenfeller provided a written report. He reported that there have been issues experienced with the call center (afterhours answering service), so Director of Operations and Compliance (DOC) Gubbe will be following up with their office and looking into alternative options. GM Weidenfeller reported on his progress with the acquisitions of the Bethel, Red Tail Hawk Estates,

Frog Hollow 1, 2, and 3, Scattercreek Ranch, and Blue Horizon water systems. He also reported on the information received from RH2 Engineering regarding the work required for the Cedar Ridge Estates water system. GM Weidenfeller went through the operations report submitted by DOC Gubbe.

Finance Report: Julie Parker, Director of Finance and Administration
DFA Parker will provide a written report for the second meeting of the month.

Commissioner Topics, Discussion and Reports:

Earlier in the meeting, Commissioner Olsen reported on the relocation of a large business to the Puyallup area which resulting in better broadband service for that company. He also reported that members of the Thurston Regional Planning Council (TRPC) are searching for a new Director; he also reported the topics that will be discussed at the next TRPC meeting.

Commissioner Oosterman will defer her report until the Executive Session scheduled later in the meeting.

Commissioner Stearns has been away on vacation.

Summary of Assignments:

- DFA Parker will amend the proposed 2017 budget to make the telecommunications service project a priority.
- Begin tracking the time and/or costs to fix main breaks caused by stormdrains that haven't been adequately installed as suggested by Commissioner Oosterman.
- Commissioner Olsen has asked staff to give more attention to aging infrastructure in contact to customers (such as newsletters or billing statements).

At 6:55 p.m., Commissioner Stearns announced that the Board would be entering Executive Session to discuss the performance of a public employee, as authorized by RCW 42.30.110 (1)(g), and to discuss real estate acquisition, as authorized by RCW 42.30.110 (1)(c), for 20 minutes until 7:15 p.m. At 7:15 p.m., it was announced in the public area that the Executive Session would continue for 10 more minutes. At 7:25 p.m., it was announced in the public area that the Executive Session would continue for 10 more minutes. At 7:35 p.m., the Executive Session was adjourned and the regular meeting resumed. No decisions were made.

Adjournment: Commissioner Olsen made a motion to adjourn the meeting; Commissioner Oosterman seconded; all in favor. The meeting was adjourned at 7:38 p.m.


Chris Stearns, Commissioner and President

Attest:


Linda Oosterman, Commissioner and Secretary