

**MINUTES OF THE REGULAR MEETING OF SEPTEMBER 27, 2016
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The second regular meeting for September 2016 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday, September 27, 2016, at 921 Lakeridge Way SW, Suite 301, Olympia, WA 98502, commencing at 5:08 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), Kim Gubbe, the District's Director of Operations and Compliance (DOC), and Kurin Rosado, Clerk to the Board.

Call to Order: Commissioner Stearns called the regular meeting to order at 5:08 p.m. The Pledge of Allegiance was recited by all present.

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

Consent Calendar:

Approval of Minutes: September 12, 2016

Prequalification of Contractors – Small Works Roster: None

SMA Contracts: None

Correspondence: Letter from Christine Antonoff (Pleasant Valley customer) regarding 2017 rates

Travel Approvals: None

Voucher Approval:

Accounts Payable: September 14, 2016, September 21, 2016

Payroll: September 20, 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 5:09 p.m. There were no members of the Public present to comment during the Public Hearing. GM Weidenfeller explained that there was an inquiry received from an apartment complex owner from the Tanglewilde-Thompson Place water system; this information was forwarded to the Commissioners, and Mr. Weidenfeller hasn't heard back from this customer yet. Ms. Antonoff also sent a letter to the office regarding raising rates and consideration for customers on a fixed income. GM Weidenfeller spoke about the highlights of the proposed budget. The Public Hearing was closed at 5:12 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:

Water Use Efficiency, Leak and Conservation Report and Proposed Conservation Measures

DOC Gubbe presented her report on the water use efficiency report and conservation measures. Commissioners and staff discussed usage per water system, leak loss per water system, and conservation by customers. Commissioner Stearns asked about providing plumbing services or another service to customers with a fixed income to either educate these customers or upgrade at their property to reduce usage since rates will continue to increase as costs increase. Commissioner Oosterman would like to revisit the low income assistance program to determine if an alternative approach can be found.

Final Proposed Budget Presentation

DFA Parker explained that the changes discussed at the last Commission meeting have been included in the budget presented at this meeting. Only two comments were received from customers. Commissioner Stearns asked about the 2017 budget in relation to relocation costs to a new location. DFA Parker explained that the budget for 2017 maintains the same rent level as the 2016 budget; a budget adjustment is planned later this year to allocate costs related to relocation of the PUD office; she also spoke to funds available for moving costs. Commissioner Stearns also inquired about the timeline for the capital surcharge. After staff relayed details regarding the capital surcharge, the Commissioners agreed to revisit the issue each year to make decisions for the following year.

Comprehensive Review of 20 Year Financial Plan

DFA Parker generated a 20 Year Financial Plan and provided this spreadsheet to all present. Ms. Parker went through the spreadsheet, discussing reserves, the asset management plan, bond issue, and capital expenditures in particular.

Action Item(s):

Resolution 16-24, Adoption of the 2017 Budget

This resolution was discussed earlier in the meeting and at prior meetings. **Commissioner Oosterman made a motion to approve Resolution 16-24 as presented: Commissioner Olsen seconded the motion; all in favor.**

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

This resolution was discussed earlier in the meeting and at prior meetings. **Commissioner Olsen made a motion to approve Resolution 16-25 as presented: Commissioner Oosterman seconded the motion; all in favor.**

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

This resolution was discussed at prior meetings. **Commissioner Olsen made a motion to approve Resolution 16-26 as presented: Commissioner Oosterman seconded the motion; all in favor.**

Resolution 16-23, Professional Services Contract for Architectural Services

GM Weidenfeller explained that he along with Commissioner Stearns and DFA Parker met with three architectural firms on August 12th. He explained that there is no minimum payment due to the firm chosen - the contract details the time and materials charges that would be incurred should the PUD utilize services by the architectural firm. **Commissioner Oosterman made a motion to approve Resolution 16-23 as presented: Commissioner Olsen seconded the motion; all in favor.**

Presentations:

General Manager's Report: John Weidenfeller, General Manager

GM Weidenfeller submitted a written report, and also included a written operations report. He reported that getting signatures from Forest Glen homeowners has now become a priority in the process to acquiring the system. He will be reviewing information for Bethel water system and will have a recommendation for the Commissioners at a later meeting. It is his hope to have the Redtail Hawk Estates and Frog Hollow 1, 2, and 3 water systems acquired by November 1st; community meetings have been scheduled for these systems to discuss new rates with the customers. The rates for these systems, as well as other Violet Prairie systems were discussed.

GM Weidenfeller reported that he will be following up with representatives with the City of McCleary to discuss acquisition of the PUD's Grays Harbor County water systems. A man was interviewed today for the available Meter Reader position. Mr. Weidenfeller covered the operations report.

Finance Report: Julie Parker, Director of Finance and Administration

DFA Parker submitted a written report. She reported that expenses are still in line with the budget. Ms. Parker spoke to predicting customer consumption and the decline she's noted for 2016 usage.

Commissioner Topics, Discussion and Reports:

Commissioner Oosterman attended the Keanland Park community meeting and reported on this meeting. She attended a few informative meetings, and she has been active with the real estate committee in searching for a new location for the PUD.

Commissioner Olsen will be travelling for the most part of October, but he will attend both Commission meetings scheduled. He has also been forwarding Thurston Regional Planning Council (TRPC) meeting information to staff and other Commissioners.

Commissioner Stearns reported that he attended the architectural firm interviews with staff members. He found the WPUDA Water Workshop to be very informative and spoke to water law issues and lawyers in private practice.

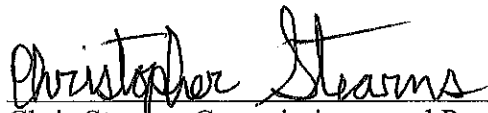
Summary of Assignments:

- Check into possibility of providing plumbing services to check lines for low income customers.

- Schedule discussion item at a later meeting to revisit the low income assistance program.
- Follow-up with the City of McCleary concerning their acquisition of our water systems.

At 7:12 p.m., Commissioner Stearns announced that the Board would be entering Executive Session to discuss real estate acquisition, as authorized by RCW 42.30.110 (1)(c), and to discuss the performance of a public employee, as authorized by RCW 42.30.110 (1)(g), until 7:35 p.m. 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 7:36 p.m.



Chris Stearns, Commissioner and President

Attest:



Linda Oosterman, Commissioner and Secretary