



PUBLIC UTILITY DISTRICT NO. 1

of Jefferson County

November 20, 2018

**Board of Commissioners
Regular Meeting**

Final Minutes

The Regular Meeting of the Public Utility District No. 1 of Jefferson County (PUD) was called to order by the President of the Board of Commissioners (Board or BOC) at 5:00 p.m. on November 20, 2018, at the Jefferson Transit Conference Room, at 63 Four Corners Road, Port Townsend, Washington, 98368. Present:

Commissioner Jeff Randall, President
Commissioner Kenneth Collins, Secretary
Commissioner Wayne King, Vice President

Larry Dunbar, General Manager
Joel Paisner, General Counsel
Susan Carter, Financial Consultant from Utilibiz

Commissioner Jeff Randall started out the meeting with voluntary introductions from the commissioners and staff.

Commissioner Jeff Randall stated that there would be one additional executive session to review the performance of a public employee added to the agenda.

Commissioner Kenneth Collins made a motion to approve the agenda as modified. Commissioner Wayne King seconded the motion. Motion carried unanimously.

COMMENT: Commissioner Jeff Randall presents the guidelines to the Board of Commissioners for the public comment topics:

INTRODUCTIONS: Commissioner Jeff Randall gave introductions from the commissioners and staff.

2. AGENDA APPROVAL:

Commissioner Jeff Randall stated that there would be one additional executive session to review the performance of a public employee added to the agenda.

MOTION: Commissioner Kenneth Collins made a motion to approve the agenda as modified. Commissioner Wayne King seconded the motion. Motion carried unanimously.

3. GENERAL PUBLIC COMMENT:
The Board of Commissioners will follow for the public comment:

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- Individual made an offer on surplus property. Comment was made that process seemed flawed and unfair.
- Appreciation to BOC from Peninsula Trails Coalition for trail connection from Port Townsend down to Discovery Bay. They made an offer on PUD surplus property. Comment was made on process. Possible location for trail.
- Consternation and confusion with broker who was unfamiliar with process.
- Fiber optic connection. When will that happen? Bishop Hotel, Kristin Manwaring Insurance (KMI), Puget Sound Express all waiting to be connected. General Manager Larry Dunbar will respond.
- Question: Has the time period closed for making offers on the properties that the PUD has declared surplus or is that period still open for offers to be made?
Response: The offers are subject to approval by the commissioners. There is nothing preventing any interested buyer in making a written offer. If anybody is interested in making another offer on the Eaglemount property, it is recommended that they do it before the commissioners have an Executive Session tonight. The closing point is when the commission decides to accept an offer. The commission could make a decision tonight. A decision may be made after the Executive Session.

4. APPROVAL AND ADOPTION OF THE CONSENT AGENDA:

MOTION: Commissioner Kenneth Collins made a motion to approve and adopt the Consent Agenda. Commissioner Wayne King seconded the motion. Motion carried unanimously.

4.1 APPROVAL OF MINUTES:

4.1.1 Draft Regular BOC Minutes November 6, 2018.

4.2 CFO REPORT AND APPROVAL OF VOUCHERS:

4.2.1 Voucher Certification form with supporting warrant register and payroll.

4.2.2 BOC Approval of Voucher Approval form.

VOUCHER CLAIM FORMS FOR INVOICES PAID:

WARRANTS	AMOUNT	DATE
Accounts Payable: # 118473 to # 118529	\$ 442,809.19	11/1/2018
Accounts Payable: # 118530 to # 118580	\$ 477,003.51	11/8/2018
Payroll Checks: # 70512 to # 70516	\$ 8,982.67	11/2/2018
Payroll Direct Deposit:	\$ 105,365.24	11/2/2018
TOTAL INVOICES PAID	\$ 1,034,160.61	
GRAND TOTAL	\$ 1,034,160.61	

4.3 ACTION ITEMS

4.3.1 Write off of uncollectable accounts.

4.3.2 PUD calendar.

4.3.3 Check signers on PUD checking accounts.

END OF CONSENT AGENDA

5. COMMISSIONERS' REPORTS:

Commissioner Wayne King:

11-7-18 Attended Public Infrastructure Fund Meeting.
11-13-18 to
11-16-18 Attended the WPUA Conference.
11-19-18 Attended Public Infrastructure Fund Meeting
11-19-18 Attended CAB Meeting.
11-28-18 Plan on attending Public Infrastructure Fund Meeting.
11-28-18 Plan on attending Quilcene School District School Board Meeting.
11-30-18 Plan on meeting with General Manager.

Commissioner Kenneth Collins:

11-13-18 to
11-16-18 Attended the WPUA Conference.

Commissioner Kenneth Collins deferred his report until the next BOC meeting.

Commissioner Jeff Randall:

11-8-18
11-9-18 Meetings with Don McDaniel, PUD Consultant, General Manager Larry Dunbar
 and General Counsel Joel Paisner.
11-13-18 Met with General Manager Larry Dunbar to discuss modifications to the PUD
 budget that related to capital facilities.
11-13-18 to
11-16-18 Attended WPUA Conference. Highlights:

- Received word from the legislature that both houses are now going to be Democratic.
- There was some talk about low carbon fuel standard and 1631. Our county was one of three counties that said yes but the rest of the state did not.
- Expect to see some legislation or action on reducing wildfire risk with the fires in California. There is a lot of interest in Eastern Washington and with the Department of Natural Resources to try to address wildfire risk. That affects us in terms of the PUD reducing the potential risk of wildfire as caused by the PUD.
- Some legislation that will probably come in that would address electric vehicles and the promotion of electric vehicles by utilities as something the utilities could do through conservation funds.

11-19-18 Met with General Manager Larry Dunbar.
11-19-18 Met with Jimmy Scarborough.
11-26-18 Plan on attending the Audit Exit Interview.

6. GENERAL MANAGER REPORT/FUTURE ITEMS (Information Only):

- At Commissioner Wayne King's request a place was reserved at the WPUA Annual Conference next month for the incoming commissioner. General Manager Larry Dunbar requested confirmation from the Commission. WPUA is donating the reservation. There will be no public funds expended.
- Advertisements have been placed in the Leader and Peninsula Daily News for the CAB

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vacancies. Planning to bring the applicants' information to the commissioners for their confirmation to the December 11, 2018, PUD meeting.

- Surplus PUD property. A team of PUD staff members removed most of the items from the administration building. Property is now on the market.
- Reminder that PUD will change their office hours to close at 4:30 p.m. starting December 3, 2018.

FUTURE ITEMS: Staff is working on the following items for future Board of Commissioners' action:

- a. Staff is still working on the NoaNet successor contract. The PUD has an inter local agreement with them that expires at the end of the year. The staff is hoping to bring back something at the next commissioners' meeting to extend that contract.
- b. Staff and the Broadband Committee have received five statements of qualifications for the Telecommunications Engineering Consultant work. The plan is to bring these to the Board at the December meeting for a contract award. This is the work that would be partially reimbursed by the CERB Grant.
- c. Yesterday the staff introduced to the CAB the updated Customer Service Standards and staff will be going back to CAB next month to seeking their recommendation to the commission to adopt new Customer Service Standards.
- d. The staff had recently met with IBW labor management at their request and one of the topics that was discussed was the use of PUD vehicles policy that was temporarily suspended. They had some issues that they wanted to work out with management and the staff will share that revision with the staff and then bring that to the CAB and the Board in January of next year.
- e. The Bonneville Power Administration has been working on a settlement to a transmission rate case. They have shared with the staff that the PUD will need to either object to that rate case or support it and also to the transmission rate itself. General Counsel Joel Paisner and

7. ACTION ITEMS REQUIRING BOARD DISCUSSION:

7.1 October 2018 Financial Statement: Susan Carter, Financial Consultant from Utilibiz gave an overview of the October 2018 Financial Statement.

7.2 Consideration of final draft 2019 Budget: General Manager Larry Dunbar and Communications Manager Will O'Donnell gave a slide presentation. It was pointed out that in the 2019 budget there is no new debt proposed.

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Public Comment: Topics:

- Suggestion on reserves – Go year by year gradually. 100 days – 110 – 120 over a three year period. You have cash to do it. Available to go to a hundred next year. Put that in the budget right now. That would get you there.
- Personnel job descriptions. Other PUDs must have the job descriptions. We should not have to reinvent them. We should not have to pay the cost of an attorney to do job descriptions.
- On detailed job descriptions it was called “patronage” in the margins. That applies to co-ops where each member of the co-op has a patronage account. This is the PUD. We don’t have patronage accounts. Confusing.
Response: Because we are customers of NISC (National Information Solutions Cooperative), and they operate on a cooperative basis, they give us back money depending on what they are earning. That is what is called the “patronage” revenue.
- Appreciation voiced of the effort the General Manager has made in being financially prudent.
- On the Community Solar Project there is an incentive to get this done fairly quickly. The sooner you get it done the higher the incentive and it makes it a better financial case for people that are going to buy shares.

Response: The PUD has a reservation in there if it gets it done by July.

Statement by Commissioner Wayne King: Commissioner Wayne King handed out a paper regarding the budget and future budgets for Jefferson PUD. It is addressed to the Commissioner Randall and Commissioner Collins. He requested that it be included in the minutes.

“We, as commissioners, must hold the manager responsible and accountable for the actions for preparing the annual PUD budget. Keep in mind, the public, our taxpayers and customers will hold the Board of Commissioners responsible and accountable. The PUD budget must be supported with justification and provide the necessary record showing the justification. Reports must be presented to the Board of Commissioners during the year and the budget planning. Capital projects to the Board of Commissioners with financial reports and updates provided on request by the commissioners. The PUD should develop a tree trimming plan covering the system like map. This plan should be designed to serve a six year complete system clearing program with the reports of the plan provided to the Board of Commissioners each budget period and updated each spring when the program clearing is to begin – 100% coverage over six years. Fleet maintenance program presented to the Board of Commissioners of all vehicle reports to follow with each budget. Fleet replacement plan with age and mileage - plan includes all vehicles in report included with each budget. Vehicles should have standards for purchase and requirements presented to the Board of Commissioners. I propose we set aside 120 days of cash reserves. The fires in California are reason enough. Remember the manager must be held accountable. Thank you – Wayne King.”

MOTION: Commissioner Kenneth Collins made a motion to approve Resolution No. 2018-022 passing the budget. Commissioner Wayne King seconded the motion. Motion carried unanimously.

7.3 COS survey presentation: Resource Manager Bill Graham gave a presentation on the COS survey. Coast Service Zones conducted the survey. It is a demand aggregator for fiber optic service from the initial surveying of interests to a business model to the actual construction and ultimately the service. It is a survey at the front end. That is what the Board was initially interested in - utilizing this service to survey interests in fiber optic services. This survey was live from May 2017 to July 2018. There were 1086 respondents.

Recommendation was made that a future survey be conducted that would identify trends.

Public Comments:

- Public member says he did not receive the survey.
Response: It was sent out as a billing insert, there were some ads in the newspaper. Customer Service staff reminded customers when they came in to pay their bills to fill out the survey on line. There was also mention of the survey on the PUD bills that were sent out.
Suggestion: When the next version of the survey is sent out, maybe the CAB could get some influence on how that might be presented so customers notice the survey.
- Question: How many people responded?
Response: It was 1,086 people within Jefferson County responded.
- Since the survey was done a lot of things have changed out there in Brinnon, Marrowstone Island and Gardiner.

At this point the Executive Sessions were conducted before the signing of documents.

10. EXECUTIVE SESSION: An executive session was held pursuant to RCW 42.56.260. The commissioners are going to review certain documents that have been prepared for the purpose of considering the minimum price of real estate transactions offered for sale. The documents are exempt from inspection based upon the concern that public knowledge of the price proposed for the real estate could cause a decrease in the price for the real estate. There may be possible action taken.

Executive session convened at 7:15 p.m. and will take 30 minutes.

Executive session adjourned at 7:37 p.m.

The regular meeting of the Jefferson County Public Utility District reconvened at 7:37 p.m.

General Counsel Joel Paisner went over the process and what transpired.

MOTION: Commissioner Jeff Randall made a motion that the Jefferson County PUD accept the offer made by Paul and Dorothy Bates at \$255,000.00 for the 999 Eaglemount Road property and authorize the General Manager to execute the necessary agreements. Commissioner Kenneth Collins seconded the motion. Motion carried unanimously.

SECOND REAL ESTATE ITEM:

The second real estate item involves the Anderson Lake Road property in Port Townsend. The buyer is Benjamin Roden and the offer on that is to purchase it for \$29,000.00. The closing is December 3, 2018, and it was originally offered at \$27,000.00.

MOTION: Commissioner Kenneth Collins made a motion that the Jefferson County PUD accept the offer made by Benjamin Roden at \$29,000.00 for the Anderson Lake Road property in Port Townsend and authorize the General Manager to execute the necessary agreements. Commissioner Wayne King seconded the motion. Motion carried unanimously.

SECOND EXECUTIVE SESSION: An executive session was held under the authority of RCW 42.30.110 in order to discuss personnel matters.

The second Executive Session convened at 7:51 p.m. and it was stated it will take 15 minutes.

Executive session adjourned at 8:03 p.m. No action was taken.

The regular meeting of the Jefferson County Public Utility District reconvened at 8:03 p.m.