



PUBLIC UTILITY DISTRICT NO. 1
of Jefferson County
November 6, 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 6, 2018, at the Jefferson Transit Conference Room, at 63 Four Corners Road, Port Townsend, Washington, 98368. Present:

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

Larry Dunbar, General Manager
Joel Paisner, General Counsel
Will O'Donnell, Communications Manager
Debbie Lund, Human Resources Manager
Annette Johnson, Executive Assistant and Records Administrator
Susan Carter, Financial Consultant from Utilibiz
Mike Bailey, Financial Services Manager
Jimmy Scarborough, Senior Electrical Engineer
Bill Graham, Resource Manager
Kris Lott, Information Technology Manager
Don McDaniel, Consultant

Cammy Brown, Recorder (Absent)

PUD REGULAR BOARD MEETING

1. **CALL TO ORDER:** Commissioner Jeff Randall calls the regular meeting of the PUD Board of Commissioners for November 6, 2018 to order at 5:00 p.m.

APPROVAL AND ADOPTION OF AGENDA:

Commissioner Wayne King made the request to add two items to the Agenda:

- Under 6.4 Training and Education.
- Under 6.5 Quilcene Water.

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

2. **GENERAL PUBLIC COMMENT:**

Commissioner Jeff Randall read the guidelines for public comment.

Topics:

- Appreciation for PUD for bringing back the power so quickly after the recent power outage. The response time was excellent and everything got back up a few hours.
- Appreciation to the PUD for bringing back the power. Special appreciation to the crew and staff for answering the phones, etc.

3. APPROVAL AND ADOPTION OF CONSENT AGENDA:

MOTION: Commissioner Wayne King made a motion to approve the agenda. Commissioner Kenneth Collins seconded that motion.

3.1 APPROVAL OF MINUTES

Draft regular BOC Minutes for October 16, 2018. Removed from Consent Agenda and added before 6.1 of the Action Items Requiring Board Discussion.

APPROVAL OF VOUCHERS

3.1.1 Voucher certification form with supporting warrant register and Payroll form.

VOUCHER CLAIM FORMS FOR INVOICES PAID

WARRANTS		AMOUNT	DATE
Accounts Payable	#118291 to #118335	\$ 410,405.27	10/11/2018
Accounts Payable	#118336 to #118414	\$ 397,293.08	10/18/2018
Accounts Payable	#118415 to #118472	\$ 193,436.88	10/25/2018
Payroll Checks:	#70507 to #70511	\$ 9,482.46	10/19/2018
Payroll Direct Deposit:		\$ 101,666.85	10/19/2018
TOTAL INVOICES PAID		\$1,112,284.65	
GRAND TOTAL		\$1,112,284.65	
Voided Warrants:	118414	\$ 817.50	

3.1.2 BOC approval of voucher approval form.

PENDING INVOICES OVER \$100,000 TO BE APPROVED:

GENERAL PACIFIC INVOICE 1315865 QTY 3 REGULATORS, \$112,095.60
GENERAL PACIFIC INVOICE 1315866 QTY 3 REGULATORS, \$112,095.60
MICHELS INVOICE 285340 IRONDALE SUBSTATION EXPANSION, \$162,891.19

WARRANTS		AMOUNT	DATE
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Accounts Payable	#118336 to #118414	\$ 397,293.08	10/18/2018

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3.1.3 August 2018 Financial Statement.

3.2 ACTION ITEMS

- 3.2.1 Landis and Gyr Sole Source Resolution.
- 3.2.2 PUD Calendar of upcoming meetings.
- 3.2.3 PUD Calendar for November/December.
- 3.2.4 Agreement with the Noxious Weed Control Board.

END OF CONSENT AGENDA.

- COMMISSIONERS' REPORTS:

Commissioner Wayne King:

No date given: Had two meetings with Kevin Street – exit interviews.

- 11/7 Plan on attending the Public Infrastructure Fund meeting.
- 11/14 to
- 11/16 Plan on attending WPUDA conference.
- 11/19 Plan on attending the Public Infrastructure Fund meeting.
- 11/19 Plan on attending the CAB meeting.

Commissioner Kenneth Collins:

- 10/17 and
- 10/18 Attended a meeting of the PUD Association Budget Committee meeting in Olympia. Our dues have been increased because they have a formula based on earnings and customers. Our earnings and customers have increased, so the PUD has to pay more money to the PUD Association.
- 10/24 to
- 10/26 Was in Pasco for the Energy Northwest Board Meeting. They had approval of the Horn Rapids Solar Study project. The power has already been presold to the City of Richland. There were reports from the CEO of the Columbia Generating Station, the Nuclear Operations Manager, and Finance Manager and that was followed by the public power forum which has some interesting presentations. One in particular of interest was on the increased production and anticipated adoption of electric vehicles.
- 10/26 Met with the General Manager.
- 11/01 Attended the PURMS Board meeting. That is organization that insures all

of the PUDs for liability, property, and for health and welfare. They had a financial report from the administrator, a report on claims, discussion of outlying claims and an interesting report from lobbyist on the legislative changes that are likely to occur.

- 11/06 Attended a Broadband subcommittee meeting for discussion of the results of the ranking of project objectives going forward with the CERB grant.
- 11/13 Plan on attending the Broadband subcommittee meeting.
- 11/14 to
- 11/16 Plan on attending the WPUA conference.

Commissioner Jeff Randall:

- 10/17 Had some phone conversations in setting up a meeting with Kevin Streett.
- 10/18 Joel Paisner and I did an exit interview with Kevin Streett. Joel participated via phone conference. Kevin indicated he very much appreciated the opportunity to share his side of things. He gave me permission to share some things with you tonight. He wanted to share why he felt it was time to go. He felt like it was time to move on. He had accomplished what he had set out to do and that he helped build our utility from scratch and we recognized that. He felt there were limited opportunities for him going forward and he was leaving with the best wishes of the PUD in mind. There was a lot of good will and it was a good meeting. I left that meeting feeling like I hated to see Kevin leave.
- 10/19 Met with constituent Ana Wolpin.
- 10/22 Had more conversations with Kevin Streett, Don McDaniel and Joel Paisner further exploring Kevin's reasons for leaving.
- 10/23 I met with Larry Dunbar and asked if he would be willing to sit down with Kevin and myself and Don McDaniel. Larry agreed. When we met, he indicated the door was open for Kevin to stay if Kevin wanted to change his mind.
- 10/23 Attended an Economic Development Council (EDC) webinar regarding opportunity zones.
- 10/23 Met with Larry Dunbar, Don McDaniel and Kevin. There were things said at that meeting that he was sorry it took us so long to say. One of them was I wished that when we had hired Larry that we had sat down with Kevin and Larry and basically introduced them to each other because I think when we got done with Larry's hiring process, we were so happy to have him we just kind of let him go. Larry was getting to meet the whole organization and from my perspective Kevin had a part in our organization that was a little unique. He was our first employee and he was really responsible for building the electric side. I told Kevin I apologized we did not sit the two of them down earlier and introduce them formally. Kevin shared some things about his background and he also shared that he was kind of a reluctant communicator. Larry made it clear to Kevin that if he wanted to change his mind and stay, he certainly could. Kevin indicated he cared a lot about the PUD and he said he would think about it.

- 10/24 I traveled to Pasco for the Energy Forum at Energy Northwest. I was interested in the electric vehicle discussion which they talked about – the anticipated load growth and also the role that utilities play in helping with that electric infrastructure for the fast charges. They had a really interesting presentation on the bit-to-coin crypto currency where the power is only two to three cents a kilowatt hour. Utilities in Chelan and Grant counties have created a new rate category that they basically define as emerging technologies that pose a high risk to the utility because they might leave before the utility could recapture their expense of extending this expensive infrastructure. It justifies them having higher rates. I don't anticipate us having problems with that because our rates aren't down so that we would attract crypto currency businesses but it is really interesting to hear those details.
- 10/25 Heard from Larry that Kevin decided to stick with his decision and leave Jefferson PUD but he made it clear that he did appreciate us reaching out to him and letting him share his thoughts. He appreciated the meeting with Larry. I wanted to explore every alternative and option to make sure he wasn't feeling like he was being pushed out.
- 10/26 The tour of the Energy Northwest reactor that was planned was cancelled.
- 10/29 Met with Larry Dunbar and Mike Bailey to discuss the budget and prepare for tonight's meeting on how the budget was going to be presented.
- 10/31 Following the meeting with Larry Dunbar where we also talked about the CFO process, I called Scott with Mycoff and went over again the process that they had tried to get us a new Chief Financial Officer (CFO). We found a candidate we liked. We offered him a job. He didn't accept. Basically, he didn't accept because he felt like he couldn't leave the state he was in. He had not revealed this information to Mycoff and Scott felt bad about that. Scott said he was still on the job for the PUD. He said the PUD didn't have to pay him more money to have him continue looking for a CFO. They are continuing to work for us at no additional cost.
- 11/1 Attended the ribbon cutting ceremony at Edensaw Woods. Edensaw now has a 100-kilowatt solar array which is the largest in Jefferson County. I did learn at the meeting that the solar incentives we had heard about was basically going to end for us in this county. I project it to end for all counties in Washington state by January of next year because the cap that is built into the current law will be exceeded by that time. The legislature is going to have to deal with this. Representatives Tharinger and Chapman were at that ribbon cutting and were aware of the problem.
- 11/5 Met with Larry Dunbar and Susan Carter about the budget.
- 11/14 to
11/16 Plan on attending WPUA Conference.

- **GENERAL MANAGER REPORT/FUTURE ITEMS:** General Manager Larry Dunbar gave his report. Topics:
 - Commissioner King spoke to GM about the Coyle Water System and lack of hydrant capacity and operation. The repairs are complete. All the bags are off the hydrants and the hydrant system is now operational.
 - Recently we received a franchise request from Jefferson County. General Counsel Joel Paisner and I have reviewed their draft franchise and we have provided comments and concerns back to the county and they are reviewing those right now.

- The National Park Service has been recently pursuing the staff on an Operation Plan which is very similar to a franchise. They want us to agree to their Operation Plan for the PUD's facilities that are present in the National Park's jurisdiction. We will also eventually come to the BOC for acceptance.
- Changing office hours December 3, 2018. The PUD will begin to close its offices at 4:30 pm.
- Recently our Resource Manager Bill Graham requested a \$100,000 available funding from Whatcom County for energy efficiency incentives. Bonneville has recently given an additional \$100,000 from Whatcom PUD over to Jefferson PUD. An additional \$100,000 will be available to PUD customers through September 2019. These are dollars coming from a different community into our community that will also have the multiplier effect on economic development in the county.
- Mr. Jeff Gordon is the new Customer Service Coordinator.
- The PUD will be advertising for a Customer Service Representative position.
- Mr. Colton Worley recently began his Scada Tech/Apprenticeship and he should turn out as a Journeyman sometime late next year or early 2020 depending on training opportunities and on the job training.

Future Actions for the Board of Commissioners as well as the CAB:

- The staff is planning to come to the BOC to share the COS survey results as requested by the commission.
- The staff is still working on the salary survey for non-represented employees and the staff is still working on the NoaNet successor contract amendment.
- As it relates to the November CAB meeting, the staff is going to be presenting the COS survey results to them on November 19th. The staff will be sharing with them the updates to the customer service standards at that time.
- The staff has recently, through Bill Graham, received a proposal from HDR for the water shortage and emergency preparedness plan and, the staff will be asking the CAB to review and consider that plan.
- The staff is also hoping to have the use of PUD vehicles policy ready to present at the CAB meeting for consideration.
- Earlier today staff met with Craft3. The Commission previously directed staff to explore the feasibility of Craft3 which is the on-bill repayment for loans provided by Craft3. The staff is planning to meet with them again probably in early December to talk about the information system needs that they have in cooperation with the PUD. The staff is still exploring that feasibility as directed by the commission.
- The staff recently put out a request for proposals for forester services for the Peterson Lake property. No proposals were received. The plan is to issue another RFP in the near future with a few minor modifications.

• **ACTION ITEMS REQUIRING BOARD DISCUSSION:**

Minutes of October 16, 2018:

Commissioner Kenneth Collins submitted a correction to the Minutes of October 16, 2018 as follows: Top of Page 3 under Motion: Has me both moving the motion and seconding it.

6.1 CFO report – September 2018 Financial.

Interim Financial Consultant Susan Carter gave a CFO report. She commented that the summary that is usually in the packet did not make it in the financial services report. They will be provided in the next session.

Public Comments:

- Reference to \$195,000,000. What does that refer to again?
- Temperatures have gone back above normal. Long range temperature forecasts for December, February, January are up there pretty high.
- What is the plan to get a live financial report and have the opportunity to ask questions? What is the plan? Response: Once a month.

6.2 Budget Direction:

- General Manager Larry Dunbar gave a report. At this time staff is suggesting that the proposed changes to the financial policy not be dealt with. The staff will come back at a later time to discuss any changes the commission wants to make.
- The staff is looking for guidance from the commission so that the staff can come back to the November 20th meeting with a budget that will be acceptable. The staff will present revisions tonight.
- The Pubic Infrastructure Grant was increased from \$150,000 to \$155,000. That was an error. The grant is \$155,000. It is a matching grant. So, the PUD has to put up \$155,000 to get the \$155,000.
- The PUD was recently awarded the CERB grant and that was not included in the budget revenues. When the staff presents it to the commission it will be included.
- At the last BOC meeting the commissioners asked to have reviewed the capital costs for the Four Corners Facility upgrade. The commission was concerned that the PUD didn't need to budget the full 4 million in 2019. The budgeted 2019 capital expenses have been reduced by \$800,000 anticipating that that would need to be funded in 2020 instead.
- Since the last meeting staff has emailed the commissioners quite a bit of budget detail. Handouts given out.
- Staff Proposed Reduction to Budget (Handout) – proposed changes that staff recommends the BOC consider.
- If the commission wants to hold a special meeting during the remainder of November that would need to happen. The PUD has to produce a budget by the commission by the end of this calendar month.
- Susan Carter goes over three documents that were handed out.
- Copies of documents were handed out to public.

Commissioner Jeff Randall asks the commissioners to have their questions or written feedback concerning the budget into the General Manager by next Tuesday, November 13th at 8:00 am.

6.3 Cab Recruitment Candidates:

General Manager Larry Dunbar reports that the staff is working with the commissioners and they will be interviewing the candidates on December 11th. Ad publication for the vacant CAB positions will be coming out on the 21st and the 28th. The vacancies were advertised in the PUD newsletter.

6.4 Training and Education:

Commissioner Wayne King suggested the PUD schedule a RUS workshop.

Commissioner Jeff Randall suggested the PUD should look into what would RUS training cost? The commissioners requested that General Manager Larry Dunbar research what NWPPA and WPUDA could offer the PUD.

6.5 Quilcene Water:

Commissioner Wayne King presented some questions regarding the Quilcene Water system. General Manager Larry Dunbar gave a brief report. It was agreed that there would be a meeting with the Quilcene School Board, Mark Horton, Larry Dunbar and Commissioner Wayne King. The Quilcene School Board meets on November 28, 2018.

7. **SIGNING OF DOCUMENTS:** The commissioners signed documents during the public meeting.

8. **EXECUTIVE SESSION:** There will be an executive session under RCW 42.30.110 to review the performance of a public employee. No action will be taken.

Executive session convened at 7:30 p.m. and will take 15 minutes. No action will be taken.

At 7:45 p.m. Commissioner Jeff Randall announced that Executive Session will continue for an additional 15 minutes.

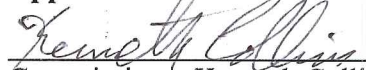
At 8:00 p.m. Executive session adjourned and the regular meeting of the Jefferson County Board of Commissioners reconvened at that time.

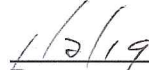
10. **ADJOURNMENT:**

Commissioner Jeff Randall adjourned the November 6, 2018, Regular Meeting of the Jefferson County PUD at 8:01 p.m.

Minutes prepared by
Cammy Brown, PUD Recorder


Approved:


Commissioner Kenneth Collins, Secretary


Date

Attest:


Commissioner Jeff Randall, President


Date

Commissioner Wayne King, Vice President

Date

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