



**PUBLIC UTILITY DISTRICT NO. 1  
of Jefferson County  
December 11, 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 December 11, 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  
Jean Hall, Customer Service Manager  
Will O'Donnell, Communications Manager  
Bill Graham, Resource Manager  
Don McDaniel, Consultant

Cammy Brown, Recorder

---

**1. CALL TO ORDER:**

Commissioner Jeff Randall called the regular meeting of the PUD Board of Commissioners for December 11, 2018 to order at 5:00 p.m.

**INTRODUCTIONS:** Commissioner Jeff Randall started out the meeting with asking for voluntary introductions from the commissioners and staff.

**2. AGENDA APPROVAL:**

General Manager Larry Dunbar recommended that the commissioners add the NoaNet Capital Contribution Loan Request to the agenda. This was placed under Action Items before any other action items listed.

Commissioner Jeff Randall added General Manager's Performance Review Process and possibly setting date meetings to be set before the Executive Session.

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

**3. GENERAL PUBLIC COMMENT:** Commissioner Jeff Randall presented the guidelines to for members of the public to submit their comments.

- Question about the checks that were posted for this month. Looks like several people got paid three times on the same date.  
Response: These checks were issued for different payroll periods.

**4. APPROVAL AND ADOPTION OF THE CONSENT AGENDA:**

Commissioner Jeff Randall pulled the November 6, 2018, minutes of the BOC and placed it first under Action Items.

Commissioner Jeff Randall pulled the 4.3.3 Telecommunications Contractor Award and added it as 7.3.

Commissioner Jeff Randall announced that there were two Executive Sessions. Executive Session 9.1 - RCW 42.30.110(c) to consider real estate transactions and Executive Session 9.2 - RCW 42.30.119(f)(i) to review the performance of a public employee.

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

**4.1 APPROVAL OF MINUTES:**

- 4.1.1 Draft Regular BOC minutes November 6, 2018 (moved to Action Items).
- 4.1.2 Draft Regular minutes 11-20-18.
- 4.1.3 Draft Special minutes 11-26-18.

**4.2 APPROVAL OF VOUCHERS:**

- 4.2.1 Voucher Certification form with supporting warrant register and payroll.
- 4.2.2 BOC Approval of Voucher Approval form.

---

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

City of Port Townsend Invoice 180830: Water Street Project \$260,000.00  
Bernt Ericksen Invoice 3834: 85% progress billing Swansonville \$120,366.25

**PAYMENTS TO BE APPROVED:**

WARRANTS	AMOUNT	DATE
Accounts Payable: # 118581 to # 118584	\$ 30,857.90	11/13/2018
Accounts Payable: # 118585 to # 118638	\$ 375,123.07	11/15/2018
Accounts Payable: # 118639 to # 118669	\$ 76,181.80	11/20/2018
Accounts Payable: # 118570 to # 118713	\$ 366,616.46	11/29/2018
Payroll Checks: # 70517 to # 70522	\$ 10,009.43	11/16/2018
Payroll Checks: # 70523 to # 70528	\$ 10,358.74	11/30/2018
Payroll Direct Deposit:	\$ 134,502.58	11/16/2018

Payroll Direct Deposit: \$ 110,744.90 11/30/2018

**TOTAL INVOICES PAID \$ 1,114,394.88**

<b>WIRE TRANSFERS PAID</b>	<b>AMOUNT</b>	<b>DATE</b>
BPA	\$1,185,805.00	11/9/2018
Peterson Lake	\$ 14,328.62	12/3/2018

**GRAND TOTAL \$2,314,528.50**

**VOIDED WARRANTS**  
#119159 \$ 65.89

**4.3 ACTION ITEMS**

- 4.3.1 NoaNet Interlocal Agreement (removed and moved to 7.0 Action Items).
- 4.3.2 BPA Transmission Settlement Agreement.
- 4.3.3 Telecommunications Strategic plan contract award (removed and moved to 7.0 Action Items).
- 4.3.4 Water Shortage/emergency preparedness contract award.
- 4.3.5 Resolution 2018-35 RUS Authorization.
- 4.3.6 PUD calendar Dec. 2018/Jan 2019

**END OF CONSENT AGENDA**

---

**5. COMMISSIONERS' REPORTS:**

**Commissioner Wayne King:**

- 11-28-18 Attended Public Infrastructure Fund Meeting.
- 11-28-18 Attended the Quilcene School Board meeting. Discussed the school participating in the PUD's upgrade of the water and the fire flow in Quilcene.
- 11-30-18 Met with Larry Dunbar.
- 12-5-18 to 12-7-18 Attended Washington Public Utility District Association (WPUDA) Annual Conference. There's 50 million dollars available to change the schools' water fountains if they were put in before 1988.

**Commissioner Kenneth Collins:**

- 11-13-18 Attended the Broadband Subcommittee meeting. Subcommittee is working on the scoring of potential vendors. It was determined that Magellan was the most appropriate for the PUD's needs.
- 11-14-18 to Attended the WPUDA Conference. Highlights:
  - There is legislation that the Governor's Office is working on broadband funding for unserved and underserved areas that is temporarily on hold. There is a question as to whether they will appropriate 25 million dollars in the first year – possibly not – but perhaps over a 4 year period they will allocate 100 million dollars. The agency to administer the grant has yet to be determined.
  - Had the opportunity to listen to James Thompson of the Washington Public Works Association which represents the ports in the State of Washington. Currently there are only 16 ports that are members of the organization out of 75 in the state.
  - NoaNet has a major initiative throughout the state to provide 911 communication services.

- Bonneville Power Administration (BPA) was still planning on a 3.9% increase on the electrical generation side.
- 11-19-18 Met with Larry Dunbar, General Manager.
- 11-26-18 Attended the Auditor's Exit Interview meeting.
- 11-28-18 Attended the Broadband subcommittee meeting. There was a discussion of questions for the prospective vendor and a determination of which elements in the scope of work are critical. Those that can be negotiated are managed by either the staff or the subcommittee or potentially contracted out to Washington State University.
- 11-29-18 Met with Larry Dunbar, General Manager.
- 12-3-18 Met with residents of Marrowstone Island who are interested in expanding broadband services for the middle of the island.
- 12-4-18 Met with Broadband subcommittee reporting on negotiations with the vendor and a discussion of how stakeholders will be determined and how best to identify best practices.
- 12-5-18 to 12-7-18 Attended the WPUDA Annual Conference. Highlights:
  - Attended the Water Workshop. There is available 300 million dollars for exempt or permitted water projects .
  - Listened to Commissioner Richard Glick from Federal Energy Regulatory (FERC) who made the primary point that hydropower is not sufficiently valued. FERC has been criticized for its independence recently in rejecting the administration's call for a coal and nuclear initiative.
  - Attended a lecture by Greg Santoro from the National Rural Telecommunications Cooperative (NRTC). He reported that 70% of internet traffic today is video. He stressed the importance of a fiber optic backbone first built to support electrical services, then extending fiber to local businesses and reaching outlying areas primarily through wireless fiber optic cable to the home being typically prohibitively expensive. He also reported that wireless can provide up to 100 megs with a three mile reach. He commented about the implementation of 5 g networks limitations that are attached to that. It has a shorter reach. Not at all applicable for rural areas and for urban areas it will serve mainly to support the internet.

**Commissioner Jeff Randall:**

- 11-26-18 Attended the Auditor's Exit Interview. PUD performed well. Staff got compliments from the State of Washington.
- 11-28-18 Met with Bo Lee who is one of our Forman Supervisors. I intend to continue meeting with some of the PUD's key staff.
- 11-30-18 Met with General Manager Larry Dunbar.
- 12-5-18 to 12-6-18 Attended WPUDA Conference. Highlights:
  - Attended the WPUDA attorneys' meeting. There were presentations on liability and the case of wildfire. An expert on fire insurance spoke about the California fires and some Washington state fires. The manager from Pend Oreille PUD commented they had taken action for Pend Oreille in that they specifically tried to minimize their wildfire liability by training their crews in what to do in the case of wildfire in terms of once the fire and power safety are taken care of gathering evidence for the investigation. The PUD is legally authorized to gather its own equipment and do an investigation of what actually happened. Pend Oreille has a formal policy for the PUD. There was also discussion on possible legislation to address how wildfires are investigated and how liability or payment of fire suppression services is allocated .

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

- Benefits of employees (non-represented staff) voluntarily increased their own contributions to VEVA Health.
- The Eaglemount and Anderson surplus property sales have closed and the PUD has received the proceeds from those sales.
- PIF (Public Infrastructure Fund) Grant. Should we pursue? Next grant deadline is in the middle of January. Do the commissioners have a preference which project the PUD pursues a grant for or would the commissioners like staff to use their best judgment to select the project? It was the consensus of all three commissioners that the General Manager pursue the grant.  
Public Comment: On scoring they will look at phasing and they will look if a match is possible. It is \$800,000 this cycle. It is going to drop to \$200,000 in progressing years.
- Received word from Jefferson County that the electric franchise coverage has been completed and the county is going to schedule a hearing. The PUD will be asked to approve the franchise grant with the county. The county will not create any new charges for the PUD. This is a memorialization of their authority over the PUD as it relates to the PUD being a right of way. There was some discussion.
- PUD had three outages today. Two from downed lines to tree limbs. One in Port Townsend, one on Marrowstone Island. Had a fault in the PUD's primary feeder along Swansonville Road – that caused an outage. All customers are back on line today. On the Swansonville primary underground outage during the last six weeks that underground cable has faulted three times. This is a cable that is about 9,000 feet long and it is buried and its age is estimated to be between 35 and 40 years old. It is at end of life. We are going to be evaluating the cost and the timeline to finish the remainder of this project which we hadn't planned on doing in 2019 but it appears that we are right at that point where we are going to start multiple outages on this cable. This may be a significant impact in 2019.
- We have had some recent transmission outages and we have started to patrol our transmission corridors and our lines to look for hazardous and dangerous trees. We found several. We found several gate issues that we also need to address. This is the first time we have done this. We plan to increase our maintenance near the transmission lines to help prevent the outages and we are planning to make this one of our top tree trimmings priorities next year. Once we complete our patrol I am going to come back and give you an update on it. There is a lot of work that needs to get done.
- Making progress on CFO requirement. Invited BOC President Jeff Randall to participate in interviews. Next step in process is to do in person interviews. In past we have had three panels. One panel consisting of employees, one panel consisting of management and another panel including other administrative staff. Would like to invite each of the commissioner to sit on one of our panels.  
There was some discussion on the wording of the rural utility service experience requirement. It was the consensus of all three commissioners that they would like to be involved in the interview process. Question: Any way the commissioners could see the applications before the interview? Response: Yes.
- Salary survey. It is nearing completion for non-represented employees. Plan on bringing results of salary survey sometime next month. It has become clear the IT Manager has been significantly undercompensated and has earned less than a subordinate authority and I authorized an increase in his salary. I also authorized

an increase to the PUD Operations Assistant who is performing substantial additional work beyond that person's current job description. After the salary survey was under way, I authorized the Operations Assistant an additional salary increase because it is quite apparent that we were significantly underpaying that position. All of the salary increases that I have authorized are within their current pay raise and within our current budget. We will bring our recommendations to the Board soon.

- Interim organizational changes that I have made have been in place for about a month now and I have delegated additional responsibilities to the Resource Manager, the Senior Electrical Engineer and the Human Resources Manager and authorized a temporary 5% salary increase to those individuals that are within the 2018 budget and within the current salary range.
- Updating Customer Services Policy. Will bring policy to the BOC next month.
- Jefferson Street sidewalk project. Received proposal from contractor to do work which includes serving electrical circuit to a street light as well as some additional conduits for future electric vehicle charging and fiber optics.
- We are having our second labor management meeting with the IBEW (International Brotherhood of Electrical Workers) next week with their new business representative.

7. **ACTION ITEMS REQUIRING BOARD DISCUSSION:**

**Minutes from November 6, 2018: Corrections or additions:**

Page 2 - Kris Lott's should be Information Technology Manager.

Page 5 - under Commissioner Randall's report – correct Kevin Street name. Should be Kevin Streett.

Page 7 - 100 kilowatt solar \_\_\_\_\_. Should be 100 kilowatt solar array.

Page 10 - during the executive session the recorder was not working at some point. Under Item 8 – it says "executive session was convened at 7:31pm and will take 15 minutes. No action will be taken." What it should say is "executive session was continued for an additional 15 minutes and was adjourned at 8:01 p.m."

After that it says "the regular meeting of the Jefferson County Public Utility District reconvened at 8:01 pm".

At the very end it says that "Commissioner Randall adjourned the November 6, 2018 regular meeting at \_\_\_\_\_p.m. It should say "Commissioner Randall adjourned the November 6, 2018 meeting at 8:01 p.m.

Correction on Page 6 under Commissioner Jeff Randall's report on the third item 10/19 - Anna Wolpin's name spelling. That should be Ana Wolpin.

**MOTION:** Commissioner Jeff Randall made a motion to approve the modified November 6, 2018 minutes of the Jefferson County PUD Board of Commissioners. Commissioner Kenneth Collins seconded that motion. Motion carried unanimously.

**NoaNet Capital Contribution Loan Request:** General Manager Larry Dunbar gave a report. NoaNet, through their Board of Directors, has asked all its members to contribute an equal share of \$200,000 each. It is a loan. They will pay it back with interest. Is our PUD supportive of providing a loan? There was some discussion. Commissioner Wayne King will be

Page 6 of 10

attending the meeting on NoaNet. General Counsel Joel Paisner gave some input and went over the NoaNet Agreement. He requested more information before he could brief the commissioners.

General Counsel Joel Paisner brought up the point that the NoaNet agreement was placed on the Consent Agenda and the Consent Agenda has been approved. This means no action can be taken on the contract. It has not been approved by NoaNet yet. General Counsel Joel Paisner recommended rescinding the motion to approve the agreement and then further discussion of the agreement may take place.

**MOTION:** Commissioner Kenneth Collins made a motion that the commissioners rescind their approval of the NoaNet Interlocal Agreement which was placed on the Consent Agenda because the Board of Commissioners feel like they need to further discuss the agreement and to place the agenda item on the January 2, 2019 BOC meeting agenda. Commissioner Wayne King seconded the motion. Motion carried unanimously.

General Manager Larry Dunbar made the suggestion to have a representative from NoaNet call in by phone at the next BOC meeting to discuss the agreement. The commissioners concurred.

**Public Comment:**

Question: What are the benefit beyond the investment? Are there other benefits?

Comment: You can connect a lot of building for \$200,000 and you could start getting revenue off of it.

**7.1 Confirmation of CAB (Citizen Advisory Board) candidates.** Each district of the Citizen Advisory Board has one vacancy.

Three applicants for District 1.

One applicant for District 2.

Five applicants for District 3.

Each commissioner summarized the applicants for their districts.

**MOTION:** Commissioner Kenneth Collins made a motion to approve Gary Rowe as a member of the CAB representing District 2. Motion was seconded by Commissioner Wayne King. Motion carried unanimously.

**MOTION:** Commissioner Jeff Randall made a motion to approve Sebastian Eggert as a member of the CAB representing District 1. Motion was seconded by Commissioner Wayne King. Motion carried unanimously.

**MOTION:** Commissioner Wayne King made a motion to approve Dan Taylor as a member of the CAB representing District 3. Motion was seconded by Commissioner Jeff Randall. Motion carried unanimously.

**7.2 Resolution 2018-32 “In Appreciation” of Wayne King:**

Bill Graham, Resources Manager of the PUD made a presentation summarizing Commissioner Wayne King’s tenure with the Jefferson County Public Utility District for over 18 years and presented a plaque in his honor.

Each commissioner voiced their appreciation to Commissioner Wayne King.

Commissioner Jeff Randall read the preamble of the resolution into record as follows:

Resolution 2018-032. A resolution of the Board of Commissioners of  
Public Utility District No. 1 of Jefferson County, Washington, in

appreciation of Mr. Wayne King for his leadership in eighteen years of dedicated service as a commissioner.

**MOTION:** Commissioner Kenneth Collins made a motion to approve Resolution No. 2018-032 honoring the service of Wayne King. Commissioner Jeff Randall seconded that motion. Motion carried unanimously.

**7.3 Telecommunications Strategic Plan contract award.** General Manager Larry Dunbar summarized the project. Commissioner Kenneth Collins was involved with this process and he gave his recommendation to contract with Magellan. Members of the Citizen Advisory Board were also involved.

**Public Comments:**

- Question: This is 100% funded by a grant?  
Response: \$50,000 from the CERB (Community Economic Revitalization Board) grant, \$25,000 local match. Total amount \$75,000.  
Comment: Has doubts about the viability of the broadband in Jefferson County.
- Comment: Not having retail authority doesn't mean that you don't make money. It just means you are wholesaling it.
- There was a discussion of bringing in a professional and doing an evaluation and the benefits of doing that. The outcome is to provide the PUD with a viable strategy.
- Look at the opportunities as the PUD connects its own equipment using fiber and maybe going beyond the backbone that the PUD has today.
- The PUD has to partner with an ISP before this to be successful. Waiting until the PUD is in the retail may be a long wait.
- The PUD has the right to terminate the agreement.

**MOTION:** Commissioner Kenneth Collins made a motion authorizing the General Manager to execute a contract for professional services with Magellan Advisors LLC. Motion was seconded by Commissioner Wayne King. Motion carried unanimously.

Commissioner Jeff Randall suggested that the commissioners and the staff think ahead where they may want to have a board member interacting with a subcommittee.

**7.4 General Manager Performance Review Process.** Commissioner Jeff Randall requested this item be added to the agenda. The reason was that in the PUD's contract with Mr. Dunbar there is a provision in there that it requires that the PUD conduct a performance evaluation to the General Manager within thirty days of the end of year meaning presumably it could be in December or January unless the commissioners picked a different date. Mr. Dunbar has requested that when this discussion takes place the goals of 2019 are discussed.

The preference of the commissioners is that in tonight's Executive Session the three of them share their views and come to a consensus opinion – not a vote – on the message that they want to send to the General Manager. Follow that up with an Executive Session in which Mr. Dunbar participates and the commissioners have a discussion with him about his performance and his goals going forward.

A special meeting was set on December 19, 2018, at 5:00 p.m. which would be an Executive Session at the Operations Center at Four Corners, Port Townsend. Present at that meeting would be:

Commissioner Jeff Randall  
Commissioner Kenneth Collins  
Commissioner Wayne King  
General Counsel Joel Paisner (by phone)  
General Manager Larry Dunbar



8. **SIGNING OF DOCUMENTS:** The signing of documents is done in open public meeting format.

9. **EXECUTIVE SESSION:** An executive session was held pursuant to RCW 42.30.110(c) holding an Executive Session for the purpose of considering the minimum price of real estate transactions for sale. The documents are exempt from inspection based upon the concern of 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. General Counsel Joel Paisner requested that the realtor, Teri Numora, be present for the real estate transaction.

Executive session convened at 7:23 p.m. and will take 20 minutes.

Executive session adjourned at 7:40 p.m.

The regular meeting of the Jefferson County Public Utility District reconvened at 7:40 p.m.

10. **DISCUSSION: Regarding Sale of Real Estate:** The item that was discussed in Executive Session was a potential real estate transaction and the property address is 230 Chimacum Road. It is the old office building and the PUD has had multiple offers on the table and the commissioners have been briefed on those offers.

**MOTION:** Commissioner Kenneth Collins made a motion that the commissioners authorize the General Manager to negotiate with Vicki Sue Dorman and reach a determination up to the offered purchase price and do that at the end of the thirty day period that has been listed as the inspection period. Commissioner Wayne King seconded the motion. Motion carried unanimously.

**SECOND EXECUTIVE SESSION:** A second Executive Session was held under the authority of RCW 42.30.110(1)(f) to review the performance of a public employee. No action will be taken. The General Manager will not be participating and the General Counsel will be participating.

The second Executive Session convened at 7:43 p.m. and it was stated it will take 20 minutes.

At 8:04 p.m. Commissioner Jeff Randall announced the Second Executive Session will need to be continued another 20 minutes.

At 8:25 p.m. Commissioner Jeff Randall announced the Second Executive Session will need to be continued another 15 minutes to 8:40 p.m.

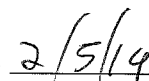
The regular meeting of the Jefferson County Public Utility District reconvened at 8:40 p.m.  
No action was taken.

11. **ADJOURNMENT:**

Commissioner Jeff Randall declared the December 11, 2018, Regular Meeting of the Jefferson County Public Utility District No. 1 adjourned at 8:45 p.m.

-----  
Minutes prepared by  
Cammy Brown, PUD Recorder

Approved:   
Commissioner Kenneth Collins, Secretary

  
Date

Attest:

  
\_\_\_\_\_  
Commissioner Jeff Randall, President

2-5-19  
\_\_\_\_\_  
Date

\_\_\_\_\_  
Commissioner Wayne King, Vice President

\_\_\_\_\_  
Date

*Please note PUD Board of Commissioner meetings are audio recorded and posted to the PUD website at [www.jeffpud.org](http://www.jeffpud.org), usually within 1-2 business days of each meeting. If you experience any difficulty accessing a particular recording, you may call 360.385.5800 for assistance. Jefferson PUD provides reasonable accommodations to persons with disabilities. We invite any person with special needs to contact our staff at 360.385.8351 at least 24 hours before the meeting to discuss any special accommodations.*