



PUBLIC UTILITY DISTRICT NO. 1  
of Jefferson County

October 16, 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 October 16, 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 (by phone)  
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  
Jean Hall, Customer Service Manager  
Don McDaniel, Consultant

Cammy Brown, Recorder

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**PUD PUBLIC SURPLUS SALES HEARING**

**1. CALL TO ORDER:**

The meeting was called to order by Commissioner Jeff Randall at 5:00 p.m. Voluntary introductions of the commissioners and PUD staff were given.

Jeff Randall read a script stating the purpose of the hearing which was for the PUD Board of Commissioners to consider surplus of district property. This script also outlined the rules of procedure.

**Staff Report:** General Manager Larry Dunbar read a report on the proposed declaration of surplus property which was for a variety of broken and unnecessary PUD assets that are to be disposed of. The resolution to be presented for approval authorizes the General Manager to dispose of these assets in a legal and responsible manner that is beneficial to the district.

**2. AGENDA APPROVAL:** Skipped.

**3. PUBLIC HEARING ON SURPLUS SALES:**

Commissioner Jeff Randall opened the floor for comments.

- A member of the public inquired as to whether the hard drives on the computers to be

surplused were sufficiently wiped so that data could not be resurrected. General Manager Larry Dunbar assured the public member that the process of wiping the data from the hard drives from the computers would be done.

- Commissioner Wayne King was curious why the real estate surplus was not on the list. General Manager Larry Dunbar stated that the Board of Commissioners in prior actions have declared the PUD's other properties as surplus.

#### **4. APPROVAL OF RESOLUTION 2018-025.**

Commissioner Kenneth Collins moved to approve Resolution 2018-25. Commissioner Jeff Randall seconded that motion. Motion carried unanimously.

**5. ADJOURNMENT:** The PUD Public Surplus Sales Hearing was adjourned by Commissioner Jeff Randall at 5:07 p.m.

### **PUD REGULAR BOARD MEETING**

**1. CALL TO ORDER:** Commissioner Jeff Randall calls the regular meeting of the PUD Board of Commissioners for October 16, 2018 to order at 5:07 p.m.

#### **APPROVAL AND ADOPTION OF CONSENT AGENDA: (out of order).**

**Addition to Agenda:** Commissioner Kenneth Collins wants to add an item: Board approval of a resolution from Energy Northwest having to do with the Horn Rapids Solar Project. Moved to 6.5 under Action Items.

**MOTION:** Commissioner Kenneth Collins moved to approve the Agenda. Commissioner Wayne King seconded the motion. Motion carried unanimously.

#### **2. GENERAL PUBLIC COMMENT:**

Commissioner Jeff Randall read the guidelines for public comment.

Topics:

- Reminder Alert Broadcast Sirens will sound across the Olympic Peninsula for three minutes.
- In the Sunday edition of the Peninsula Daily News there was an article with some quotes that the PUD had made 6 million dollars in profit last year and authorized 12 million on refurbishing the building. This is incorrect. This public member would advocate including a statement that the PUD doesn't make a profit. It works on an accrual system for RUS guidelines.
- The PUD margins of reserves that cover budgeted operational expenses. The 4 million that you are going to budget for the new construction of the remodel at Four Corners' facility has been an ongoing process for a couple of years and by its final completion will plan several budget cycles.
- Commissioner Collins requested that staff submit a correction to the newspaper regarding the article with the misquote and present accurate figures for the public. Commissioner Jeff Randall concurred with this suggestion.
- Permit application put in the Jefferson County DCD for the development of a commercial shooting facility - a 40-acre site with 7-gun ranges, helipads, etc. As part of that application there was this document that they expect to access the site which is near Tarboo Lake using the PUD's access road for their vehicles. Opinion stated that this is not a good idea.
- Open Public Meetings Act violations. A public member stated there were

violations of the Open Public Meetings Act at the Citizens’ Advisory Board meeting held at the Jefferson County Transit Conference Center held on October 8, 2018. (1) No notice was posted at the original meeting site. (2) There was no notice posted at the special meeting site. (3) There was no notice provided for the media that there was going to be a special meeting at a new location. (4) People who wished to make public comment were not allowed to speak unless they cited their name. The chair demanded that people identify themselves.

**3. APPROVAL AND ADOPTION OF THE CONSENT AGENDA.**

**MOTION:** Commissioner Kenneth Collins made a motion to approve the Consent Agenda. Commissioner Jeff Randall seconded the motion. Motion carried unanimously.

**3.1 APPROVAL OF MINUTES**

Draft regular BOC Minutes Sept. 18, 2018.  
Draft 2019 Budget Hearing Oct. 1, 2018.

**CFO REPORT AND APPROVAL OF VOUCHERS**

- 3.1.1 Voucher certification form with supporting warrant register and payroll form.
- 3.1.2 BOC approval of voucher approval form.

**VOUCHER CLAIM FORMS FOR INVOICES PAID**

WARRANTS		AMOUNT	DATE
Accounts Payable	#118092 to #118140	\$ 433,056.13	9/13/2018
Accounts Payable	#118141 to #118201	\$ 335,191.60	9/20/2018
Accounts Payable	#118202 to #118237	\$ 73,293.65	9/27/2018
Accounts Payable	#118238 to #118290	\$ 480,068.56	10/4/2018
Payroll Checks:	# 70496 to # 70501	\$ 25,626.26	9/21/2018
Payroll Checks:	# 70502 to # 70506	\$ 9,682.46	10/5/2018
Payroll Direct Deposit:		\$ 110,954.09	9/21/2018
Payroll Direct Deposit:		\$ 109,969.17	10/5/2018
TOTAL INVOICES PAID		\$1,577,841.92	
WIRE TRANSFERS PAID		AMOUNT	DATE
BPA		\$1,166,086.00	9/14/2018
USDA/RUS Loan		\$1,525,806.74	9/28/2018
GRAND TOTAL		\$4,269,734.66	

- 3.1.3 August 2018 Financial Statement.

**3.2 ACTION ITEMS**

- 3.2.1 Citizen Advisory Board Update.

- 3.2.2 PUD Calendar of upcoming meetings.
- 3.2.3 Flexible benefits plan.
- 3.2.4 Written off accounts.

#### 4. **COMMISSIONERS' REPORTS:**

##### **Commissioner Kenneth Collins**

- 9/21/18 Interviewed a candidate (Gary Rowe) for CAB. (Handout No. 1 – cover letter and resume. General Manager Larry Dunbar received a copy to forward to Commissioner Wayne King.
- 9/25/18 Met with General Manager Larry Dunbar.
- 9/26/18 Participated in a WPUDA Telecom conference call having to do with the development of guidelines for the proposed Governor's Office of Broadband Planning and Funding. There was talk of 25 million dollars that might be distributed for providing broadband to unserved and underserved areas.
- 9/26/18 to 9/28/18 Attended Water Workshop in Kitsap County.
- 10/01/18 Attended PUD Public Hearing on the budget.
- 10/03/18 Attended State Auditor's Entrance Meeting.
- 10/03/18 to 10/04/18 Attended Public Power Council Meeting in Portland, Oregon.
- 10/05/18 Met with General Manager Larry Dunbar.
- 10/08/18 Attended CAB Meeting.
- 10/09/18 Had a conference call with WPUDA.
- 10/12/18 Had a meeting with a volunteer coordinator interested in broadband development on Marrowstone Island.
- 10/12/18 Attended a meeting with the Assistant General Manager.
- 10/15/18 Met with a customer regarding communication issues.
- 10/16/18 Attended the Broadband Subcommittee meeting of the CAB.

##### **Commissioner Kenneth Collins' Report Continues:**

- 10/17/18 to 10/19/18 Will be attending the WPUDA conference in Olympia.
- 10/24/18 to 10/26/18 Will be attending a conference in Pasco, Washington.
- 10/26/18 Plan on attending a meeting with the General Manager Larry Dunbar.
- 11/01/18 Plan on attending the semi-annual board meeting for PURMS.

##### **Commissioner Jeff Randall**

- 10/03/18 Attended State Auditor's Entrance Meeting. (Commissioner Jeff Randall voiced his appreciation to the staff)
- 10/05/18 Met with the PUD General Manager.
- 10/16/18 Had a meeting with Jefferson County. Was invited to their reviewing something called a Technical Guide Book for Compatibility Planning between the Military and Communities. Something the Department of Commerce is doing and there's going to be a public meeting on that on October 30, 2018, in Chimacum at the Community Center.
- 10/23/18 Planning to participate in an Opportunity Zone Webinar which is a piece of new legislation that allows for investments and opportunity. Some sort

of tax credit that the EDC (Economic Development Council) is organizing.

10/24/18 to

10/26/18 Plan on attending a conference put on by Energy Northwest in the Tri-cities.

**Commissioner Wayne King**

9/26/18 to

9/28/18 Attended the Water Workshop in Kitsap County.  
Toured Kitsap County PUD's new toilet to the tap that they are doing. It is working out very well. Also toured Weyerhaeuser's Tree Farm which is using the by-products of the cleaning up of wastewater as a fertilizer.

10/01/18 Attended the PUD Budget Hearing.

10/02/18 Met with Larry Dunbar.

10/03/18 Attended the Entrance Interview of the State Auditor.

**Commissioner Wayne King's Report Continues:**

10/03/18 Attended the Public Infrastructure at the County. There is almost one million dollars that is available for worthwhile products that create jobs and economic development.

10/10/18 Attended Noanet Telecom Meeting.

**Resignation of Assistant General Manager:** Commissioner Jeff Randall announced that Assistant General Manager Kevin Street is resigning and his last day is November 2, 2018.

**MOTION:** Commissioner Jeff Randall made a motion that the President of the Board and the General Counsel for the PUD conduct an exit interview with Assistant General Manager Kevin Streett if he is willing to do so. Commissioner Kenneth Collins seconded the motion. Commissioners Jeff Randall and Commissioner Kenneth Collins voted to pass the motion. Commissioner King abstained.

5. **GENERAL MANAGER REPORT/FUTURE ITEMS:** General Manager Larry Dunbar gave his report. Topics:

- The Coyle water system emergency construction contract was executed on August 22, 2018 and Shold Excavating, Inc. was given notice to proceed. The PUD ordered and received the main valve, and Shold Excavating is still waiting to receive the materials. Completion of the repairs is anticipated in September 2018.
- The PUD received applicants for the Water Engineer and conducted interviews. No firm date on decision.
- Electric franchise with Jefferson County. An agreement of a right to do business in the county. The PUD has received a similar request from the National Park Service. The PUD occupies some specific property that is owned by the federal government and they have asked the PUD to review an operating plan. The PUD will be doing the same thing with them as with the county and that will eventually come back to the BOC.
- Staff is working on a successor agreement with Noanet. The current contract expires at the end of this year.
- During the last five months as the General Manager he has visited all of our electrical substations in the PUD's water and septic facilities.
- Beginning December 5, 2018, office hours will be revised. Closing at 4:30 p.m.

## **FUTURE ITEMS:**

- Staff plans to bring the salary survey for non-represented employees, summary of the COS survey results, to the BOC on November 6, 2018.
- Will be bringing a resolution for electric meters.
- Will be bringing to the next CAB meeting updated customer service standards.
- Will be initiating some discussion with the CAB on electric vehicles and their potential load impacts that they have for the PUD.
- Will share at the CAB meeting a draft of the changes to the use of PUD vehicles policy.
- Will be asking the CAB if their Governance Committee has reviewed the Parliamentary Procedure Training Workshop recommendation and if they have a recommendation.
- Staff is continuing to re-evaluate the feasibility of on bill financing with Craft3.
- The staff recently sent the PUD's request for proposals for forester services for timber sales on Peterson Lake. Proposals were due October 12, 2018, and we didn't get any responses.
- We are still waiting for HDR to give us a proposal on the water system emergency response plan.
- We did receive a CAB member's resignation. On October 4<sup>th</sup>, Mr. Norm Norton resigned from the CAB. Staff has been trying to recruit applicants for the commissioners' consideration. (there was a suggestion to advertise in both the Leader and the Peninsula Daily News and to do a story also).

## **6. ACTION ITEMS REQUIRING BOARD DISCUSSION:**

### **6.1 Acceptance of Community Economic Revitalization Board grant for broadband strategic plan. Communications Manager Will O'Donnell gave a report.**

**MOTION:** Commissioner Kenneth Collins made a motion to authorize the General Manager to execute the Initial Offer of Financial Aid and Capital Agreement from CERB and to proceed with the Request for Qualifications procurement process for telecommunications engineering services. Commissioner Wayne King seconded the motion. Motion carried unanimously.

### **Public Comment:**

Questions:

When do you expect to deliver broadband high-speed internet to PUD customers?

What will it cost the PUD?

Will it mean higher rates or more debt?

How long will it take to get it to every customer in Jefferson County?

How do you plan to avoid litigation from private providers?

### **6.2 (a) Resolution 2018-22 Adopting 2019 Budget.**

General Manager Larry Dunbar mentioned that the Budget did not have to be approved at this meeting. He introduced some changes the staff is going to be proposing.

General Manager Larry Dunbar handed out Exhibit A (Handout No. 2) 2019 PUD General Fund Budget.

### **Public Comment:**

Question: If numbers in the budget are changing since the hearing happened would you not need another public hearing to make those numbers available and allow public input on that?  
Response from General Counsel – by statute you are required to have one hearing for the budget.

Question: At what point would a proposed budget be so different that an additional hearing or a continued or something would be required?

Comment: In the agenda report, the second paragraph of background that should be changed to Draft 2019. Pleased to hear the commissioners are concerned about the tier and the tracking.

**(b) Resolution 2018-028 Financial Policy.** Not acted on. All three commissioners will look at the financial policy and identify any sections that they feel needs changing and be prepared to discuss the policy at the next meeting.

**(c) Resolution 2018-024 tax levy.**

**MOTION:** Commissioner Jeff Randall makes a motion to approve Resolution 2018-024 the 2019 Tax Levy. Commissioner Kenneth Collins seconded the motion. Commissioner Wayne King opposed the motion. Commissioners Jeff Randall and Kenneth Collins approve the motion. Motion passes with majority.

**6.3 Resolution 2018-029 street lighting and miscellaneous attachment schedule.**

**MOTION:** Commissioner Jeff Randall made a motion to rescind Resolution 2018-026 because it contains errors. Commissioner Kenneth Collins seconded the motion. Motion carried unanimously.

**MOTION:** Commissioner Jeff Randall made a motion to adopt Resolution 2018-029. Commissioner Kenneth Collins seconded the motion. Motion carried unanimously.

**6.4 Citizen Advisory Board Governance Resolution 2018-015.** Consultant Don McDaniel gave a summary and background information on the resolution.

Chair Doug Huber of the CAB expressed his appreciation to the Governance Subcommittee (Russ Michel, Karen Bennett and Larry Dennison) for all the work they did on this resolution.

**MOTION:** Commissioner Kenneth Collins moves to adopt Resolution 2018-015 Citizen Advisory Board Governance. Commissioner Jeff Randall seconded the motion. Motion carried unanimously.

**Public Comment: Topics:**

- Work of Governance subcommittee continues.
- Major concern had to do with purpose and function. Diminishment of the relationship between the public and the CAB.
- Intent of operating guidelines of the CAB.
- Appreciation for all the CAB members who worked on Governance resolution.
- Under Procedure, at Page 2. Suggestion to insert a change “the General Manager or the PUD management consultant is the liaison between the BOC and the CAB.”
- Suggested change under Procedure, at Page 2E at the last line of the paragraph “If agreed upon by the CAB, the GM will submit the topic to the BOC for approval and prioritization” – Change that to “the General Manager or PUD management consultant will submit ...”
- There is no way in the Governance Resolution to make a report to the BOC.

- Any changes or suggestions should be made to Don McDaniel or the GM.

**MOTION:** Commissioner Kenneth Collins moves to adopt Resolution 2018-015 Citizen Advisory Board Governance. Commissioner Jeff Randall seconded the motion.

**Friendly Amendment to Motion to approve Resolution 2018-015:** Commissioner Kenneth Collins made a friendly amendment to add to the Governance Resolution as follows: under Procedure, at Page 2E at the last line of the paragraph “If agreed upon by the CAB the GM will submit the topic to the BOC for approval and prioritization” change to “...the General Manager and his or her designee will submit the topic to the BOC for approval and prioritization”.

**Motion to adopt Resolution 2018-015 with the amended language of the GM and his or her designee under the appropriate point under procedures carried unanimously.**

**Editorial Comment:** Commissioner Wayne King voted yes but added an editorial comment that he would not have had the amended language. Commissioner Wayne King wanted this to be part of the record.

**6.5 Resolution regarding Energy Northwest Solar Project.** Commissioner Kenneth Collins requested the resolution be submitted for approval by the BOC. Commissioner Collins gives a brief summary of the resolution. Energy Northwest is constructing a solar field. They are going to have state of the art technology for storage. What the PUD would be doing in agreeing to this resolution is simply stating its approval as a voting member in Energy Northwest and understanding that Energy Northwest needs to have the approval of all the PUDs.

**MOTION:** Commissioner Kenneth Collins moves that we approve Resolution 2018-030. Commissioner Wayne King seconded the motion. Motion carried unanimously.

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

**9. 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 7:15 p.m. and will take 15 minutes. No action will be taken.

Executive session adjourned at 7:30 p.m.

The Regular Meeting of the Jefferson County Public Utility District reconvened at 7:30 p.m.

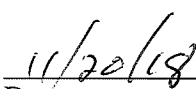
## **10. ADJOURNMENT:**

Commissioner Jeff Randall adjourned the October 16, 2018, Regular Meeting of the Jefferson County PUD at 7:31 p.m.

Minutes prepared by  
Cammy Brown, PUD Recorder

**Approved:**


  
Commissioner Kenneth Collins, Secretary

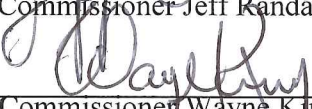
  
Date


**Attest:**


Jefferson County PUD  
Regular Meeting  
October 16, 2018  
Final Minutes



  
Commissioner Jeff Randall, President

  
Commissioner Wayne King, Vice President

  
Date

  
Date

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