



PUBLIC UTILITY DISTRICT NO. 1
of Jefferson County

April 18, 2017

**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) at 5:01 p.m. at the PUD Administration office at 230 Chimacum Road, Port Hadlock, Washington, 98339. Present:

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

Jim Parker, Manager
Kevin Streett, Assistant Manager
Debbie Lund, Human Resources and Communications Manager
Susan Carter, Chief Financial Officer
Kim Younger, Controller
Richard Hughes, General Counsel
Don McDaniel, Consultant

Cammy Brown, Recorder

1. CALL TO ORDER:

The meeting was called to order by Commissioner Kenneth Collins at 5:01 p.m.

Introductions were made by those present. Voluntary introductions were given.

2. AGENDA APPROVAL:

Counsel Richard Hughes gave instructions on pulling anything off of the agenda.

Commissioner Jeff Randall would like to hear more on the financial report and on Items 7.1, 7.2, 8.3, 8.7. Commissioner Jeff Randall stated that Minutes, Vouchers, CAB Report and Commissioners' Reports should be on the Consent Agenda.

MOTION: Commissioner Jeff Randall made a motion to approve the consent agenda with the exception of Items 5.1, 7.1, 7.2, 8.1 through 8.7. Commissioner Wayne King seconded the motion. Motion unanimously carried.

ITEMS FROM THE FLOOR:

Commissioner Kenneth Collins asked for any items from the floor that were not on the agenda. This was the time if you want to make a public comment about any particular issue. Congressman Dereck Kilmer's Legislative Director, Mr. Aaron Wasserman was formally introduced to the Commissioners and those in attendance. Mr. Wasserman did not want to

dominate the meeting. Commissioner Kenneth Collins commented that it would be useful in the future to have him on the agenda and to discuss some telecommunications issues – particularly the current legislation being drafted. He suggested that in the future the Legislative Director be put on the agenda to speak about legislation.

Manager Jim Parker explained the process of providing a visual format of the agenda items on the projector if someone wanted more information on an item and to show on the screen the handouts that were being presented. He suggested that if there was a question he could either stop and make copies of what was in the packet or show it up on the projector. Commissioner Kenneth Collins stated that in terms of efficiency it would be better off with the overhead. There was no comment from the audience or from the other two commissioners on this new format.

Commissioner Kenneth Collins asked Mr. Wasserman to give a brief summary on current legislation. Mr. Wasserman spoke about reliable broadband service and the challenges if you look at what the federal government programs have. It provides a lot of support to larger companies and you see that there are challenges with providing service to consumers and to make the consumer demand. They have started to develop legislation that could allow individuals to pool together and use their resources but then also use the market to help them to drive competition to lower rates to give them choices on terms of what kind of service they get, the quality of service and so on. What they are seeing on a national level is an interest in doing some sort of tax policy so this legislation could be moved as a part of that. Similarly, the administration has indicated an interest in addressing broadband for transportation funding or transportation infrastructure. If there is an infrastructure program it would also be put into that as well. . . . right now we have a blueprint that may or may not work but it was designed in a way to provide individuals with choice. So, if you want wire line, if you want wireless, if you want radio – you should be able to determine who provides that to you and how you get it. Obviously there is a little bit of cost sharing. We can't pay for it all at the federal level but we are looking at a way of doing it so that individuals who have a small or no tax obligation get a refund. That is to say, you will get a check at the end of every year for ten years to pay your obligation to the service provider. Point of the bill is to say that businesses and individuals can either pool individually, or by themselves, or any combination thereof and take the benefits. You could literally have a main street of businesses get together and take advantage of this. . . .Some questions were asked. \$10,000 up to ten years with the federal government matching no more than 75% of the principal and interest that the individual owes to the company that invested in the infrastructure. So, we are not paying for your service but what you would do is the broadband utility district would come together, find a provider – that provider would develop the infrastructure and provide service. The customer would then get two bills. Their service bill, which they would have an individual responsibility for, and they would get a second bill to repay that infrastructure investment which he/she would also have a responsibility for. The check from the government would help satisfy that infrastructure payment. More questions were asked. Mr. Wasserman stated that they had heard a lot from people that they want a choice, and so we were very sensitive to providing more money to service providers than what currently goes on. It could easily be done.

NOTE FROM RECORDER: I did not transcribe Mr. Wasserman's discussion word for word as the minutes would be very lengthy. I did, however, provide some highlights.

APPROVAL AND ADOPTION OF THE CONSENT AGENDA:

MOTION was made by Commissioner Jeff Randall and seconded by Commissioner Wayne King to approve the consent agenda as modified. Motion unanimously carried.

CFO REPORT AND APPROVAL OF VOUCHERS:

Chief Financial Officer Susan Carter gave a report. Commissioner Kenneth Collins made the comment that the report was report highly comprehensive. Suggestion was made to leave the CFO report on the consent agenda unless someone has a specific question. This is available on the web so anyone that is interested can access that.

7. RESOLUTIONS:

7.1 Resolution No. 2017-010 – Setting Manager’s Salary. Manager Jim Parker put the resolution up on the projector screen and made a presentation. Commissioner Kenneth Collins voiced his appreciation to Manager Jim Parker on the work that he has done. Manager Jim Parker went over the resolution. It was suggested that they go through the commissioners’ review before acting on the resolution. It was decided that this resolution should not be voted on at this time because there is an executive session on the evaluation of the General Manager at the end of the Agenda. General consensus was to table this agenda item until after the evaluation takes place.

7.2 Resolution No. 2017.111- Declaring Emergency.

MOTION: Commissioner Jeff Randall made a motion to approve Resolution No. 2017-11 and Commissioner Wayne King seconded the motion. Motion unanimously carried.

8. ACTION ITEMS:

8.1 PUD Conservation Rebates - There was some discussion about the payment of rebates. This is really an update and giving us a heads up that some action may be necessary. We are getting new feedback. Counsel Richard Hughes suggested that since June is not that far ahead we need to start planning. Recommendation was that we do continue paying. The rebate program has a valid purpose for the PUD. It was suggested by Counsel Richard Hughes that the PUD have a resolution that allows the PUD to do this. In that resolution state why this is in the best interest of the PUD. If you had this you could proceed as the Auditor suggested. Commissioner Kenneth Collins asked Manager Jim Parker to prepare that resolution for the next meeting.

8.2 PUD Communications Position: Manager Jim Parker went over the job description for the Communications Position. This position is a separate budget item now. Commissioner Kenneth Collins read through the job description. It raised some concerns for him. He felt that the PUD needs someone who is experienced and has a level of sophistication that is significantly beyond what this job description calls for. Commissioner Kenneth Collins made the suggestion that the PUD get a seasoned professional perhaps on a part time basis. Commissioner Wayne King also had some concerns. He said we need a communications person that is aggressive. It is a marketing function. He said he saw a lot of clerical work in there. One suggestion that Commissioner Kenneth Collins had was to have Liz Anderson come up and have her tell us what she thinks the qualifications are for somebody to fulfill those responsibilities are. Commissioner Wayne King stated that we need the Jefferson PUD to speak with one voice. It was decided by unanimous consent that this agenda item be tabled until after the Commissioners had some more information and until after they had met with Liz Anderson who will be asked to do a workshop with them. Manager Jim Parker will set up a meeting in June with Liz Anderson.

8.3 PUD Rate Increase for 2019 – Decision on how to proceed with Rate Increases. We need to look at the budget schedule for next year. We are raising the rates of 1% in June. That was not enough to makes us start balancing for a number of reasons. There was a

recommendation to consider options for rate changes in 2018 budget.

Workshop set for Friday, June 2, 2017, 10:00 a.m. to talk about the budget. Manager Jim Parker added that he will not look at hiring someone in between.

8.4 PUD Brinnon Sewer LUD – Decision on where to charge expenses. We have received petitions. State park actually owns the sewer system. We need to figure out what the park wants to do. They do not want to run a sewer system. This is a head's up that you will be seeing a petition at some point after Manager Jim Parker certifies it.

MOTION was made by Commissioner Jeff Randall and seconded by Commissioner Wayne King that the Commissioners authorize PUD staff to investigate the Brinnon LUD and charge time and expense against the general fund to be reimbursed should the LUD go forward. Motion unanimously carried.

8.5 PUD Net Metering practice – Decision on handling of Net Metering Accounts. Manager Jim Parker gave the commissioners information on the Net Metering Accounts. Recommendation of Manager Jim Parker was that he would create a district resolution clarifying net metering to the District unless the District decides it would adversely affect the PUD's electrical distribution system or until there is more clarity concerning any statutory limits on that. In that same resolution he would clarify that the PUD will zero out the net metering account balances on the last business day in April but based on the bank balance as reported on the April bill.

8.6 PUD Request for Sponsorship – Decision on request for sponsorship. This is on the Jefferson Aquatic Center. There was a question of whether this was a gift of public funds. Counsel Richard Hughes said that to avoid the gifting issue you want to find that there are some tangible benefits that supports the PUD mission. You need to make the inquiry. What probably makes sense in the long run is to have some sort of policy in which you can evaluate these requests objectively so that you are not treating some requests differently. Manager Jim Parker's recommendation is to have the new Communications person be responsible for giving funds that might be considered communications and outreach.

8.7 PUD Architect scoping estimate – Approval of scope and associated costs.

Manager Jim Parker gave a report.

MOTION was made by Commissioner Wayne and seconded by Jeff Randall directing Manager Jim Parker to hire an architect at \$70,000. Motion unanimously carried.

14. DISCUSSION ITEMS:

Future Manager Evaluation Format Discussion. Manager Jim Parker wasn't clear if this format was for the next period coming up or the period we just had. He had some concerns about it. He wanted to proceed through it step-by-step. Commissioner Kenneth Collins stated it was not his intention that this would be applied retroactively. This was just to be used going forward. The Commissioners would be involved in editing this down to what would be the optimal length. Commissioner Kenneth Collins was looking for input from the other commissioners. There was some discussion on the questions. Commissioner Kenneth Collins stated he would go over the format again and asked that each of the commissioners do the same and sends it to Manager Jim Parker. Commissioner Jeff Randall requested that any changes be done in a word document format. There are two tasks:

- Complete Manager Jim Parker's evaluation based on his goals.
- Look at this at a future Board meeting.

Suggestion was made to look at the strategic plan as a general philosophy of setting up goals for the year and that kind of guide.

13. FUTURE AGENDA ITEMS. Was in the wrong place. This should have been taken out of the consent agenda.

EVITA workshop. Commissioner Jeff Randall stated that it would be timely to have this on the next agenda. The grant deadline is May 12th. We will either have something or we won't. Put under discussion at the next regular meeting.

Next Agenda:

Call to Order

Agenda Approval

Leave the CFO report in the Consent Agenda and pull off by exception if needed.

Discussion: Manager Evaluation and EVITA Workshop and anything else that comes up.

This would be on the Consent Agenda: Resolution of Conservation Rates

Counsel Richard Hughes said he would research the EVITA Station Inter local Agreement and get back with the Commissioners. Commissioner Jeff Randall will forward to Counsel Richard Hughes.

The meeting adjourned at 6:55 p.m. to go into First Executive Session.

FIRST EXECUTIVE SESSION:

To consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price. However, final action selling or leasing public property shall be taken in a meeting open to the public.

The regular meeting of the Board of Commissioners of the Jefferson County PUD was reconvened at 7:10 p.m. No action was taken.

The meeting adjourned at 7:11 p.m. to go into the Second Executive Session.

SECOND EXECUTIVE SESSION:

To discuss with legal counsel representing the agency matters relating to agency enforcement actions, or to discuss with legal counsel representing the agency litigation or potential litigation to which the agency, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency.

The regular meeting of the Board of Commissioners of the Jefferson County PUD was reconvened at 7:22 p.m. No action was taken.

The meeting adjourned at 7:25 p.m. to go into the Third Executive Session.

THIRD EXECUTIVE SESSION:

To review the performance of a public employee. We will need 30 minutes. We will be in executive session from 7:25 p.m. to 7:55 p.m.

The executive session was extended to 8:15 p.m.

The regular meeting of the Board of Commissioners of the Jefferson County PUD was reconvened at 8:15 p.m.

MOTION was made by Commissioner Wayne King (read resolution) and seconded by Commissioner Kenneth Collins as follows:

RESOLUTION 2017-010

WHEREAS, RCW 54.16.100 states that the Commission, by Resolution introduced at a regular meeting and adopted at a subsequent regular meeting, shall appoint and may remove at will a district manager, and shall, by resolution fix his or her compensation; and

WHEREAS the District Manager is a salaried employee of the District; and

WHEREAS the District Manager's current salary is \$128,000 was set in April of 2015 by resolution 2015-010; and

WHEREAS the District Manager is subject to the same standards and compensations as the other PUD exempt employees as defined in the PUD's Personnel Manual; and

WHEREAS the District Manager's duties continue to expand as a result of the PUD's acquisition and operational control of the former electric facilities and customers on the 1st of April 2013 for Eastern Jefferson County,

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Public Utility District No. 1 of Jefferson County, Washington, that the PUD District Manager's salary be increased to \$140,000 per year.

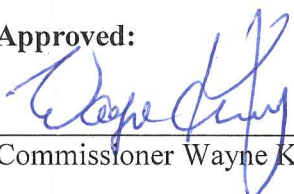
ADOPTED at a regular meeting of the Board of Commissioners of the PUD District No. 1 of Jefferson County, Washington, held this 18th day of April, 2017.

15. ADJOURNMENT:

MOTION: Commissioner Jeff Randall made a motion to adjourn the April 18, 2017, Regular Meeting of the Jefferson County PUD and Commissioner Wayne King seconded the motion. Motion unanimously carried. Meeting was adjourned at 8:19 p.m.

Minutes prepared by
Cammy Brown, PUD Recorder

Approved:




Commissioner Wayne King, Secretary

5-16-17

Date

Attest:



Commissioner Kenneth Collins, President

5-16-17

Date

Commissioner Jeff Randall, Vice President

Date

Please note PUD Citizen Advisory Board meetings are audio recorded and posted to the PUD website at 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.