

Special Meeting Agenda

PUD Board of Commissioners

Tuesday, August 25, 2020 10:00 AM

210 Four Corners Rd.

Port Townsend, WA 98368



To join the meeting online go to: <https://jeffpud.my.webex.com/meet/JPUD> and follow the instructions to login and join. Meetings will open for remote logins 5 minutes before they begin. CALL IN #: Dial 360-379-5833. No additional log-ins needed, but you will need to wait a few moments to be allowed in.

Page

1. Call to Order

Per the of Governor's Extended Proclamation 20-28 and in response to the COVID-19 Pandemic, Jefferson County PUD is no longer providing an in-person meeting room for meetings of the BOC. All will be held remotely via Webex until otherwise informed by the Governor. All participants' audio will be muted upon entry. Please unmute at the appropriate time to speak. Use *6 on a phone to mute or unmute at the appropriate time during the call.

2. Agenda Review

3. Public Comment

The public comment period is for any items not specifically listed on the current Agenda or for items listed on the Consent Agenda. The Chair may place time limits on public comments to allow the meeting to be conducted in an efficient and orderly manner. (15 min)

4. Presentations

4.1. 2021 Budget 2 - 13

[2021 Budget Presentation](#) 

4.2. Water System Plan Volume 1 14 - 41

[JPUD WSP Board Workshop 1 2020-08](#) 

5. Discussion

6. Adjourn

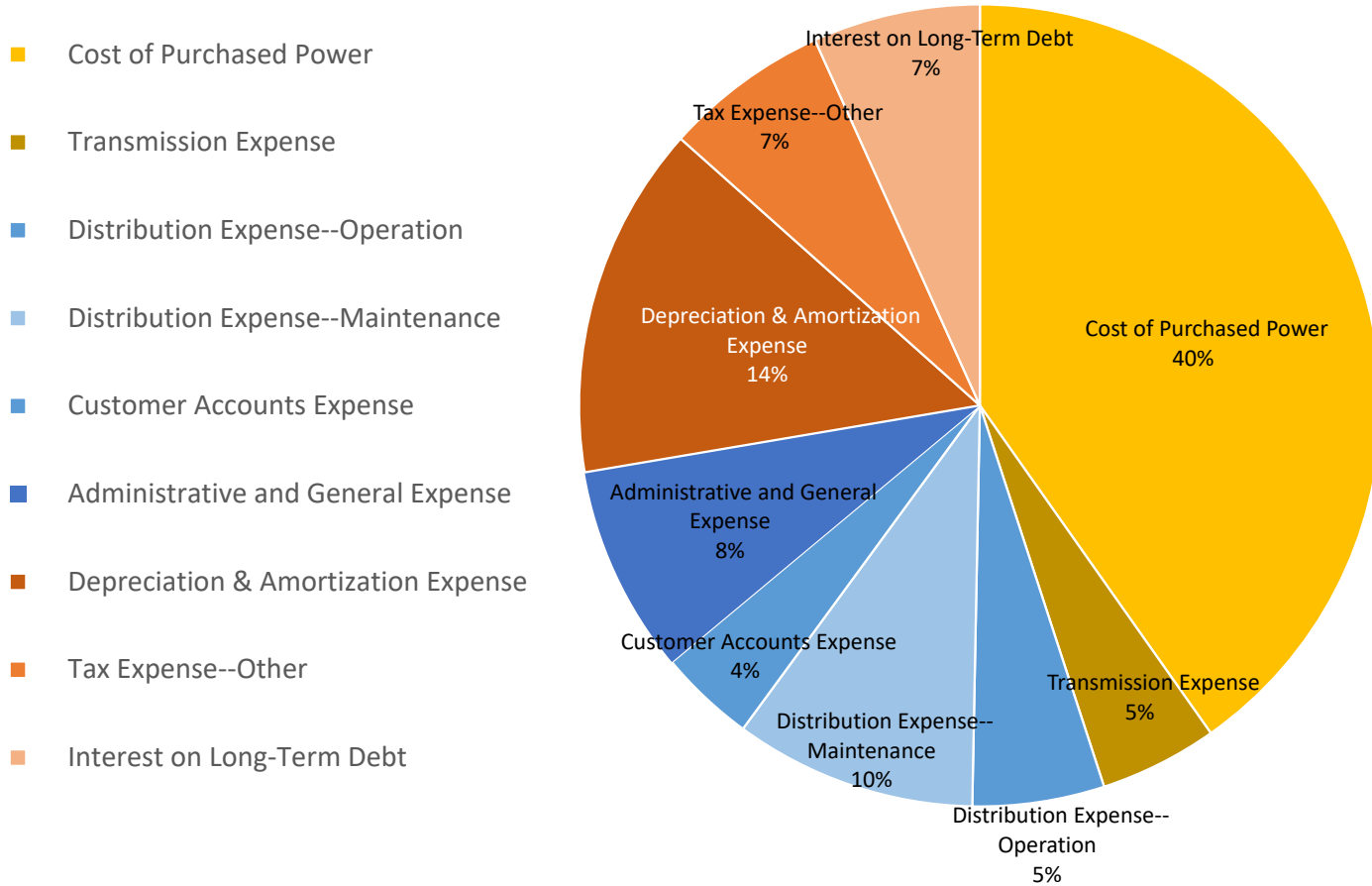
2021 Budget Presentation Talking Points

1. Electric and Water Revenues were increased by .07% based on growth predictions.
2. We raised expenses by 1.25% based on Consumer Price Index.
3. We raised our Fleet Expenses by 2% based on new vehicles and personnel.
4. We have budgeted for 2 new positions in 2021.
5. We kept our Purchased Power cost about the same but did add some for projected BPA reserves cost adjustment.
6. Purchased power for water has been increased to reflect the cost to run pumps and produce water.
7. Electric Transmission Expense is primarily Bonneville Power Administration (BPA) but also includes expenses (labor, materials, fleet) associated with maintaining transmission lines.
8. Included in Electric Distribution Expense—Maintenance is \$800,000 for tree trimming.
9. Included in the Administrative and General expenses is \$150,000 available for raises per RCW 54.16.100.
10. Interest on Long-Term Debt is based on the amortization schedules within our loan documents with RUS, USDA Rural Development, and bonds.
11. Labor, Benefits, Fleet, and Inventory Expenses are based on historical information
12. All expenses are based on actual expenses from January 2020 to May 2020 and then averaged for the remaining of the year.
13. Each Department increased their training budgets by 10% for 2021.
14. We have included a 4% COLA increase for Non-Represented Employees and COLAs for Union Employees per their contracts.
15. We have kept our property tax revenues at the same level as last year and 100% of the funds will go toward Broadband.
16. Electric Construction Projects are based on the previously approved 4-year work plan with Board approved additions.
17. Water Construction Projects are based on current needs and will be included in 10-year work plan.
18. General Plant capital purchases include building remodel, warehouse improvements, information technology equipment, fleet, broadband, electric tools/personal protection equipment, communications, and engineering costs.
19. Principal payments on long-term debt are based on the amortization schedules within our loan documents with RUS, USDA Rural Development, and bonds.
20. Added depreciation back into the cash flow as our construction costs should be close to our depreciation rate. We are replenishing our assets at the same rate they are depreciating.
21. We still have some LUDs that are paying on assessments which the Treasurer's Office collects and then we pay the bond payments.
22. Added non-cash contribution in aid to construction (donated capital) back into the cash flow as the amount is representative of donated capital and no money is received.

EXHIBIT A
2021 PUD Electric and Water Utility Budgets

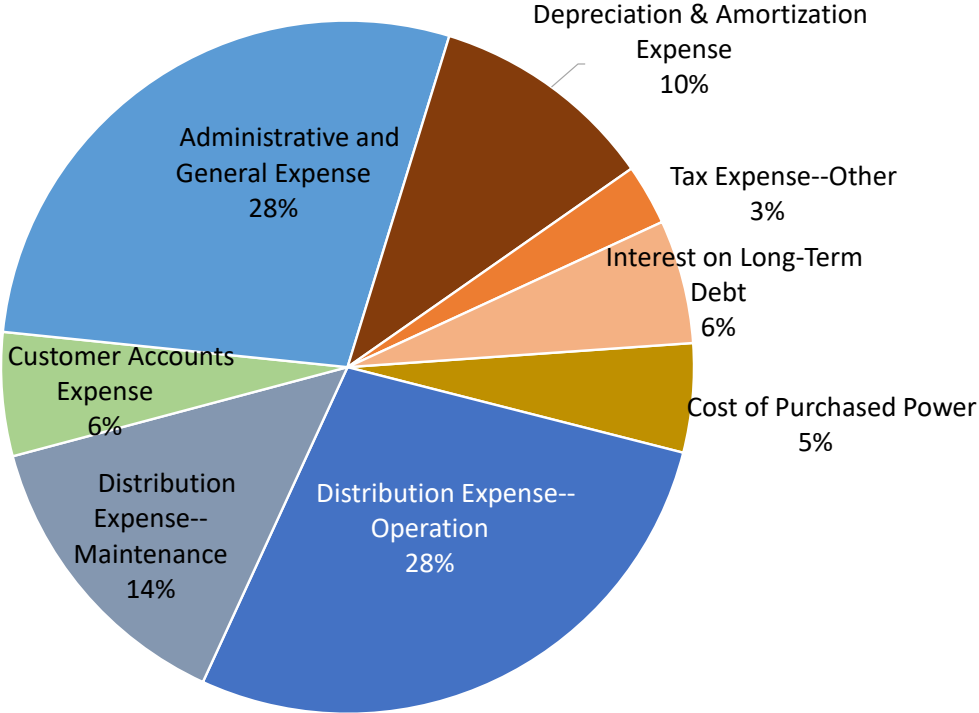
	<u>Electrical</u> <u>Utility</u>	<u>Water</u> <u>Utility</u>	<u>Talking</u> <u>Points</u>
Operating Revenues	\$37,504,346	\$2,678,048	1
Operating Expenses			2,3,4
Power Production Cost	\$0	\$650	
Cost of Purchased Power	\$15,478,556	\$200,000	5,6
Transmission Expense	1,831,883	0	7
Distribution Expense--Operation	2,047,036	1,097,128	
Distribution Expense--Maintenance	3,757,581	551,114	8
Customer Accounts Expense	1,492,741	226,874	
Customer Service and Informational Expense	27,816	0	
Administrative and General Expense	3,226,105	1,106,542	9
Depreciation & Amortization Expense	5,484,513	414,779	
Tax Expense--Other	2,564,637	111,413	
Interest on Long-Term Debt	2,598,440	226,987	10
Interest Expense--Other	0	0	
Other Deductions	94	0	
Total Operating Expenses	\$38,509,402	\$3,935,487	11,12,13,14
Net Operating Margins (Loss)	(\$1,005,056)	(\$1,257,439)	
Non-Operating Margins (Loss)	\$2,139,771	\$1,006,191	15
Net Margins (Loss)	\$1,134,715	(\$251,248)	
Cash Flow Budget			
Construction Projects	\$2,954,000	\$609,500	16,17
General Plant Purchases	2,921,000	55,000	18
Principal on Long Term Debt	3,479,853	554,505	19
Add Depreciation & Amortization (non-cash)	(5,484,513)	(414,779)	20
Principal & Interest Received on LUDs	0	(442,966)	21
Non-Cash Contribution in Aid to Construction	(614,912)	0	22
Total Cash Expenditures/Cash Outflow	\$3,255,428	\$361,260	
Net Cash Inflow/(Outflow)	(\$2,120,713)	(\$612,508)	
Net TIER (Minimum of 1.25)	1.44		
Net DSC (Minimum of 1.25)	1.52		

2021 Electric Expenses by Category

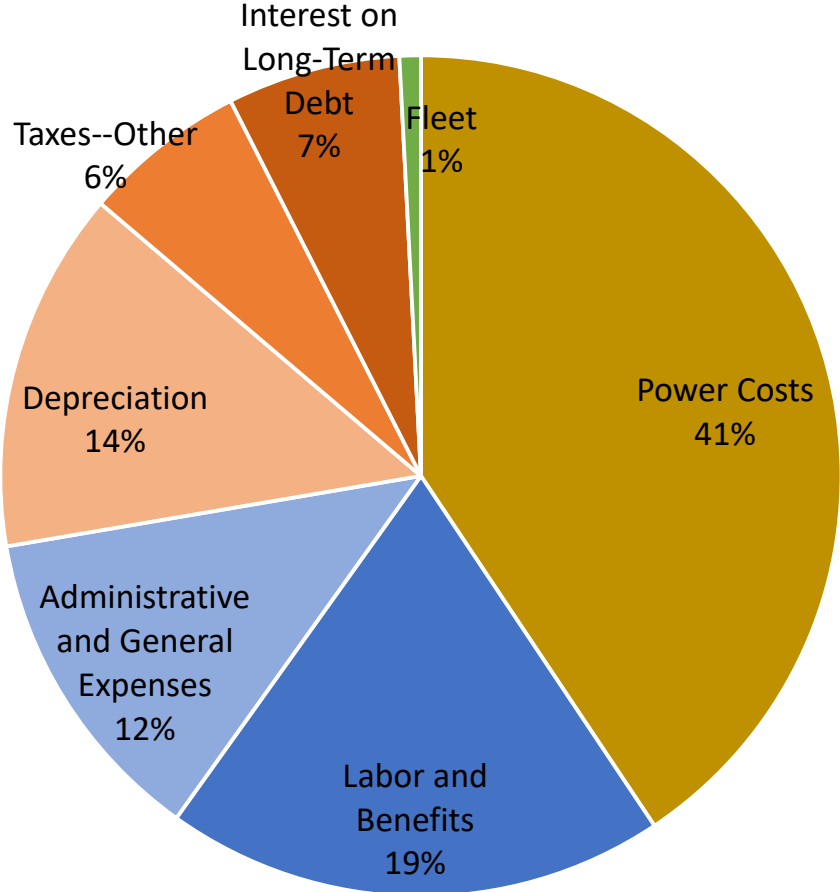


2021 Water Expenses by Category

- Cost of Purchased Power
- Distribution Expense--Operation
- Distribution Expense--Maintenance
- Customer Accounts Expense
- Administrative and General Expense
- Depreciation & Amortization Expense
- Tax Expense--Other
- Interest on Long-Term Debt



2021 PUD Combined Expense Budget by Category



Expense Category	Amount
Power Costs	\$17,246,163
Labor and Benefits	\$8,169,126
Administrative and General Expenses	\$5,280,709
Depreciation	\$5,899,292
Taxes--Other	\$2,676,050
Interest on Long-Term Debt	\$2,825,427
Fleet	\$348,124
Total	\$42,444,890

Electric 4 Year Work Plan Capital Costs

Item #	Description	2021 Budget Amount
101	UG Distribution Line Extensions	\$250,000
102	OH Distribution Line Extensions	\$95,000
103	New Subdivision	\$25,000
104	Water Street Underground	\$70,000
203	New Feed Hastings Substation	\$120,000
204	New Feeder out of PLSS--Engineering	\$100,000
303	Convert OH to UG 4 Locations	\$50,000
401-1	Port Ludlow Bay 2 Construction	\$100,000
501	Replace Aging Substation Equipment--Hastings	\$135,000
502	Replace Aging Substation Equipment--Irondale	\$50,000
503	Replace/Install New Relays	\$55,000
504	Replace Aging Substation Wet-Cell Batteries with Dry-Cell Batteries, and their chargers	\$24,000
505	SCADA System Substation Communications and Devices Upgrades	\$40,000
507-2	New Breaker Hastings (Engineering)	\$50,000
601-1	Install new pole-mount Transformers to serve new customers. 10 per year	\$30,000
601-2	Install new pad-mount Transformers to serve new customers. 15 per year	\$40,000
601-3	Transformer replacement of aging units. 60 per year	\$160,000
602-1	Install/Upgrade meters to serve new/existing customers. XX per year	\$25,000
604-1	Install four new Three-Phase distribution line reclosers	\$50,000
607	Pole Replacements. 20 per year	\$80,000
608	Replace Aging Conductors	\$75,000
608-1	Install Single Phase 15kv 1/0 Distribution Line	\$100,000
610	Wildlife Protection. X sites	\$25,000
701	Security and Street Lighting	\$20,000
703	SCADA System Distribution Line Devices Communications and Control Upgrades	\$25,000
705-1	Meter Replacement Project	\$950,000
1002	Install 115kVA Switches	\$45,000
1101	Easements and Right-of-Way	\$25,000
1201	Fiber Line Extensions	\$140,000
Total Electric Capital Costs--4 Year Work Plan		\$2,954,000

2021 Water Capital Project Costs

Description	Budget Amount
Bywater (Shine Well) Pump Replacement	\$35,000
Bywater Bay-Shine Plat LUD-Distribution Replacement	\$0
Bywater Booster Station Install	\$31,000
Decommissioning of Various Wells	\$20,000
Fire Hydrant Replacement	\$7,000
Gardiner Replacement Well	\$0
Lazy C Emergency Well Pump and Accessories	\$22,000
Line Replacement--Coyle and Others	\$55,000
New Water Installs	\$50,000
Quilcene Pump Replacement--USFS	\$15,000
Quilcene Source 2 Development	\$5,000
SCADA Controls--Septic	\$5,000
Snow Creek Wellhouse Replacement Project	\$179,500
Triton Cove, Lazy C, and Quilcene SCADA Replacement	\$15,000
Triton Cove--Williams Addition Wellhouse	\$10,000
WSDOT Chimacum Creek	\$160,000
Total Water Capital Costs	\$609,500

2021 Broadband Capital Costs

Description	Budget Amount
Broadband Construction	\$500,000
Broadband LUD	\$50,000
Broadband Equipment	\$60,000
Line Extention	\$65,000
Total Broadband Capital Costs	\$675,000

2021 Electric Tools and PPE Capital Costs

Description	Budget Amount
Tools	\$65,000
Personal Protection Equipment	\$25,000
Total Electric Tools & PPE Capital Costs	\$90,000

2021 Contracted Engineering Capital Costs

Description	Budget Amount
Contracted Electric Engineering	\$50,000
Contracted Utility Pole Inspection	\$75,000
Emergency Management Plan and Risk and Resiliency	\$30,000
Total Contracted Engineering Capital Costs	\$155,000

2021 Facilities Improvements

Description	Budget Amount
Facilities Upgrade Construction Work	\$1,500,000
New Line Crew Double Wide Modular	\$0
Fleet Open Shed Remodel	\$100,000
Total Facilities Improvements Capital Costs	\$1,600,000

2021 Warehouse and Yard Improvements Capital Costs

Description	Budget Amount
Warehouse Yard Improvements	\$70,000.00
Warehouse Miscellaneous Costs	\$61,000.00
Total Warehouse and Yard Capital Costs	\$131,000

2021 Information Technology Capital Costs

Description	Budget Amount
Network Switches for New Building	\$25,000
HR Software	\$0
Total IT Capital Costs	\$25,000

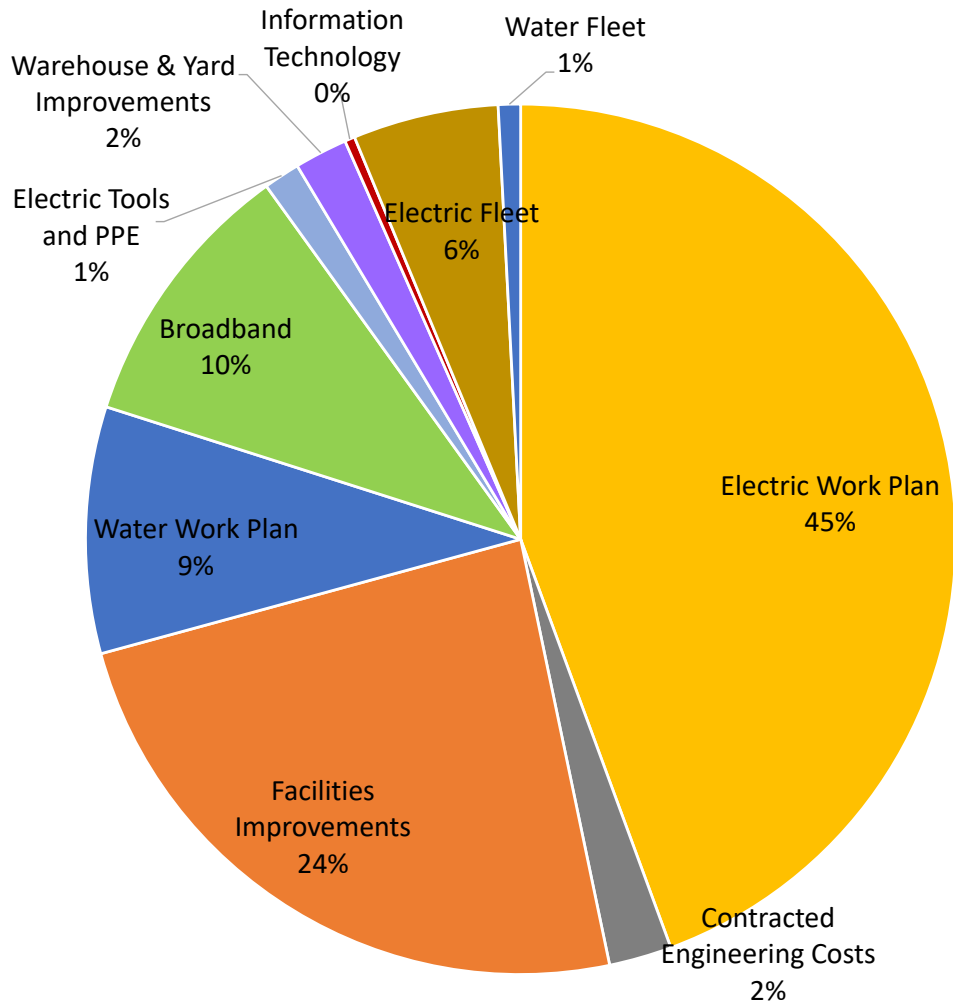
2021 Electric Fleet Capital Costs

Description	Budget Amount
Small Bucket Truck	\$165,000
Vehicle Electric Superintendent	\$40,000
Shop Equipment	\$85,000
Vehicle--Broadband	\$55,000
Vehicle--Meter Reader	\$55,000
Underground Cable Puller	\$0
Total Electric Fleet Capital Costs	\$400,000

2021 Water Fleet Capital Costs

Description	Budget Amount
Vehicle--Meter Reader	\$0
Vehicle--Sewer	\$55,000
Total Water Fleet Capital Costs	\$55,000

2021 Capital Projects Budget by Category



Category	Presentation	Presentation	Change
Electric Work Plan	\$3,344,000	\$2,954,000	\$390,000
Water Work Plan	\$1,122,000	\$609,500	\$512,500
Broadband	\$675,000	\$675,000	\$0
Facilities Improvements	\$2,000,000	\$1,600,000	\$400,000
Warehouse & Yard Improvements	\$436,000	\$131,000	\$305,000
Information Technology	\$55,000	\$25,000	\$30,000
Electric Fleet	\$520,000	\$400,000	\$120,000
Water Fleet	\$110,000	\$55,000	\$55,000
Electric Tools and PPE	\$100,000	\$90,000	\$10,000
Contracted Engineering Costs	\$205,000	\$155,000	\$50,000
total	\$8,567,000	\$6,694,500	\$1,872,500

2021 Cash Summary

	July 2020
Cash-Operating Depository	\$ 683,115
Cash-Jeff Co Treasurer General	272,189
Cash-Payroll Clearing-1st Security Payroll Clearing	15
Working Funds	2,000
Cash-1996 Bond LUD #6	19,820
Cash-1996 Bond LUD #8	73,061
Temp Invest JeffCo Treasurer Gen	5,646,522
Tax Revenue Fund	3,461,768
Tax Revenue Fund Investment	1,925,000
RUS Bond Fund	\$ 267
2020 Ending Unrestricted Cash	\$ 12,083,757
2021 Net Cash Outflow	<u>(2,733,221)</u>
2021 Ending Unrestricted Cash	\$ 9,350,536

Restricted Cash

Other Special Funds	\$ 47,200
Reserve Fund LUD #13	13
Tri Area Bond Reserve	45
Tri Area Bond Investment	181,235
LUD #11 Water Reserve	59
LUD #11 Invested Reserve	234,750
Cash-1999 Bond LUD #11	8
Cash-1997 Bond LUD #13	5
Cash-2009 Bond LUD #14	6,806
Cash-2008 Bond LUD #15	136
LUD #11 Bond Investment	33,059
LUD #13 Bond Investment	21,732
LUD #14 Bond Investment	2,505,390
LUD #15 Bond Investment	541,812
2020 Ending Restricted Cash	\$ 3,572,250

JEFFERSON COUNTY PUD WATER SYSTEM PLAN BOARD BRIEFING #1

**PRESENTED BY: SAMANTHA HARPER, P.E., PUD
BILL GRAHAM, PUD
JEFF HANSEN, P.E., HDR**



AUGUST 25, 2020

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BRIEFING OUTLINE

- Regulatory Framework – Public Water Systems
- Water System Planning – Purpose and Process
- JPUD's Water System Plan – Summary of Plan Organization
- Volume 1 – District-Wide Information
- Next Steps

ACRONYMS

- DOH – Washington State Department of Health
- EPA – U.S. Environmental Protection Agency
- JCCWSP – Jefferson County Coordinated Water System Plan
- WSP – Water System Plan
- WDM – Water Distribution Manager
- WTPO – Water Treatment Plant Operator
- CCS – Cross Connection Specialist

DEFINITIONS

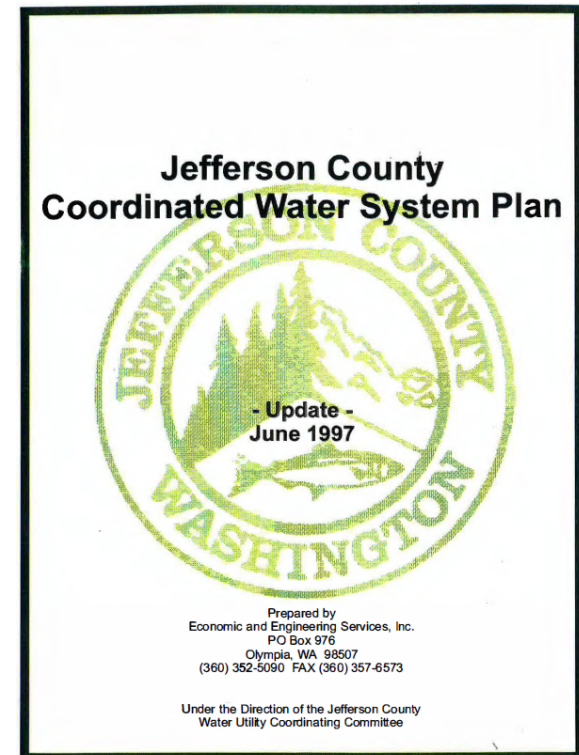
- Class A Water System: 15 or more connections
- Class B Water System: < 15 connections
- Cross connection is any actual or potential physical connection between a water system and any source of non-potable liquid, solid, or gas that could contaminate the potable water supply by backflow.
- Backflow is the flow of water (or other solid, liquid, or gas from any source) back into the potable water supply.
- Consumer Confidence Report which can be called an annual water quality report or a drinking water quality report, provides information on your local drinking water quality.

REGULATORY FRAMEWORK

- Federal – Safe Drinking Water Act
 - 1974; last amended 1996; related regulations updated periodically
 - National health-based standards or maximum contaminant levels (MCLs)
- State – Department of Health (DOH)
 - Group A systems: 15 or more connections (Federal and State regulated); WAC 246-290
 - Group B systems: < 15 connections (State regulated); WAC 246-291

REGULATORY FRAMEWORK

- Local – Jefferson County Coordinated Water System Plan
 - 1997
 - Established PUD originally as the “lone” Satellite Management Agency for Jefferson County (there are now three)



WATER SYSTEM PLAN (WSP)

○ Purpose

- Identify current and future needs
- Evaluate technical, managerial, and financial capacity
- Set approach to provide reliable, high quality service to customers at lowest cost while protecting public health
- Updated WSP required to be eligible for certain funding: Drinking Water State Revolving Fund (SRF), Public Works Trust Fund (PWTF)

○ Process

- Updates required every 10 years
(for expanding systems and/or over 1,000 connections)
- Planning and engineering analyses
- Review by adjacent purveyors and State DOH
- Ultimately, adopted by BOC, then approved by DOH



JPUD WSP ORGANIZATION

- Volume 1: District-Wide Information
 - General, programmatic elements
- Volume 2: System-Specific Information
 - Technical analysis related to each water system
 - Chapter dedicated to each of 9 Group A Water Systems
- Volume 3: Wellhead Protection Program
 - Management and protection of groundwater sources
- Volume 4: Appendices (2011 version)
 - In 2020 WSP, appendices will be included at the end of each volume; thus, there will be no longer be a Volume 4

VOLUME 1: KEY ELEMENTS

- Policies
- Satellite System Management
- Water Quality Regulatory Compliance
- Water Use Efficiency (WUE) Plan
- Operations and Maintenance Program
- Standards and Specifications

POLICIES – MISSION

Deliver to the citizens of Jefferson County reliable electric, water, septic, and wholesale telecommunications services in a cost effective, sustainable, and customer driven manner.

Action Item: Board to reflect on the Mission Statement, for further discussion at September 9th meeting.

POLICIES – VISION

Jefferson County PUD provides great service, makes financially sound decisions, and reflects community values in both day to day operations as well as in planning for the long-term future.

Action Item: Board to reflect on the Vision Statement, for further discussion at September 9th meeting.

POLICIES – SERVICE OBJECTIVES

1. Provide safe and reliable drinking water for the residents of Jefferson County.
2. Provide water service in a manner that is consistent with the Safe Drinking Water Act, Jefferson County Comprehensive Plan, all applicable County Sub-area Plans, Coordinated Water System Plan (CWSP), and Growth Management policies of Jefferson County.
3. Manage all water systems owned, operated, or assisted by the PUD in such a way that water resources and facilities are efficiently and cost-effectively operated and maintained, while meeting or exceeding state and federal water quality standards.
4. Develop priorities and criteria for meeting the needs of existing and future customers.
5. Provide a regional perspective of coordinated utility services and resource management which is beneficial to the continued provision of high quality water service to the citizens of Jefferson County.

Action Item: Board to reflect on Service Objectives, for further discussion at September 9th meeting.

POLICIES – CHANGES SINCE 2011 WSP

- Customer Service Policy; approved October 2019
- Schedule of Charges and Fees removed from WSP; now in Resolution 2020-005

SATELLITE MANAGEMENT AGENCY (SMA)

- JPUD approved by DOH to be a SMA
- Purpose
 - Provide operation and maintenance of small and large systems
 - Economies of scale through operation of multiple systems
- Types of services
 - Ownership
 - Management and Operations
 - Service

WATER QUALITY REGULATORY COMPLIANCE

- Rules
 - EPA, Safe Drinking Water Act
 - DOH, WAC 246-290
- Compliance with Maximum Contaminant Levels (MCLs)
- Document water quality sampling program
- Annual consumer confidence report (CCR)

Quimper Drinking Water Report 2020

Reporting Year 2019

Reporting

To comply with the Safe Drinking Water Act amendments, Jefferson County PUD #1 is issuing this annual report on water quality monitoring performed in calendar year 2019. The purpose of the report is to educate consumers about their drinking water and the need to protect and conserve this essential resource. Your water system manager is Eric Storey. Eric Storey can be contacted at (360) 301-1799.

Your drinking water is an essential, finite resource. Please use water wisely! You can find conservation tips on our website at jeffpud.org.

Your Water Sources

There are multiple ground water wells – and only ground water sources - serving the Quimper water system. The Sparling Wellfield (Sources 4, 5 and 20) and treatment plants at the corner of Rhody Drive and Kennedy St. in Port Hadlock provide most of the water for the system, over 1,000 gallons per minute during peak season. Your principle source depends on where you live: the Woodland Hills/Kala Point area is served primarily by four wells, the Airport well (Source 14), Willison Ave well (Source 11, seasonal only) and two Kala Point wells (Sources 18 and 19). Marrowstone and Indian Island are largely served by the Kivley well (Source 6) SE of Mountain Propane. There is also a well that serves most of Olympic Mobile Village (Source 15) and surrounding area around Four Corners. Treatment is required to remove iron and manganese at most sources to improve aesthetics. In order to reduce risk of corrosion, all of the Quimper water system is treated with orthophosphate to prevent lead and copper from older plumbing systems from entering your drinking water. Source capacity was expanded in 2016 with an additional well at the Sparling wellfield (Source 20) as well as treatment capacity to accommodate the South Hastings Loop (Jefferson LUD3) distribution system. LUD3 intertied with the Quimper water system when the City of Port Townsend's new water treatment plant came online late in 2016 and is now entirely serviced with ground water from the Quimper water system.



Excerpt from Quimper 2019 CCR

WATER USE EFFICIENCY PLAN

- Required under WAC 246-290-830
- Water use efficiency (WUE) goals must be set for demand (customer) and supply (production) side
- BOC must hold a public forum to approve water use efficiency goals
- Last public forum was held June 18, 2019
- Goals were not set; more public notification was requested
- Next forum will be held September 23, 2020

OPERATIONS AND MAINTENANCE PROGRAM

- Management and operational structure
- Preventative maintenance
- Emergency response program
 - Protocols for responding to emergencies
- Cross connection control
 - Avoiding connections of water system to sources of contamination

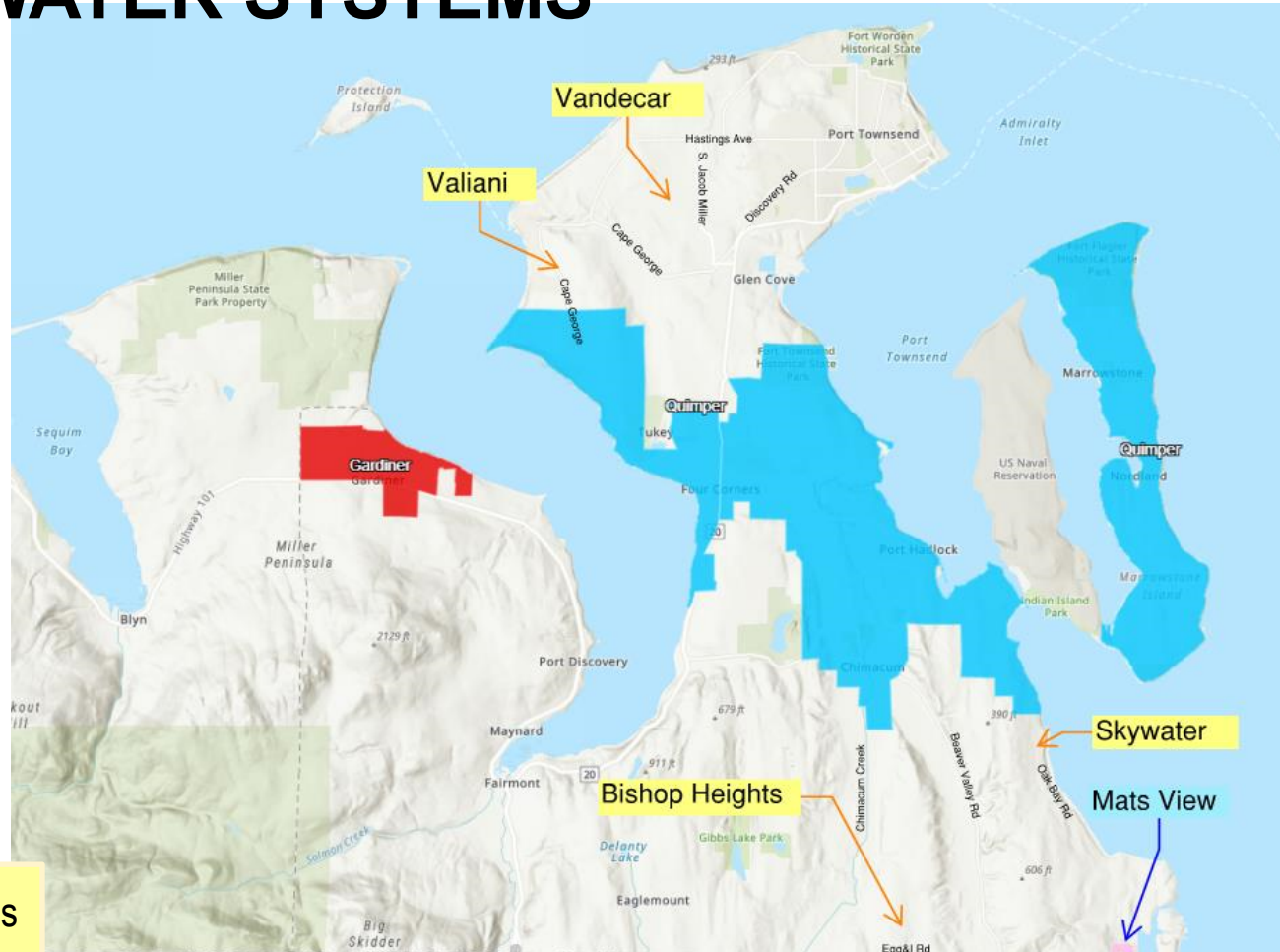
MANAGEMENT AND OPERATIONAL STRUCTURE

- 8 water crew employees
 - 1 – Water Distribution Manager (WDM) III
 - 4 – WDM II
 - 1 – WDM I
 - 2 – Water Treatment Plant Operator (WTPO) III
 - 2 – Cross-Connection Control Specialist (CCS)

PREVENTATIVE MAINTENANCE – JPUD WATER SYSTEMS

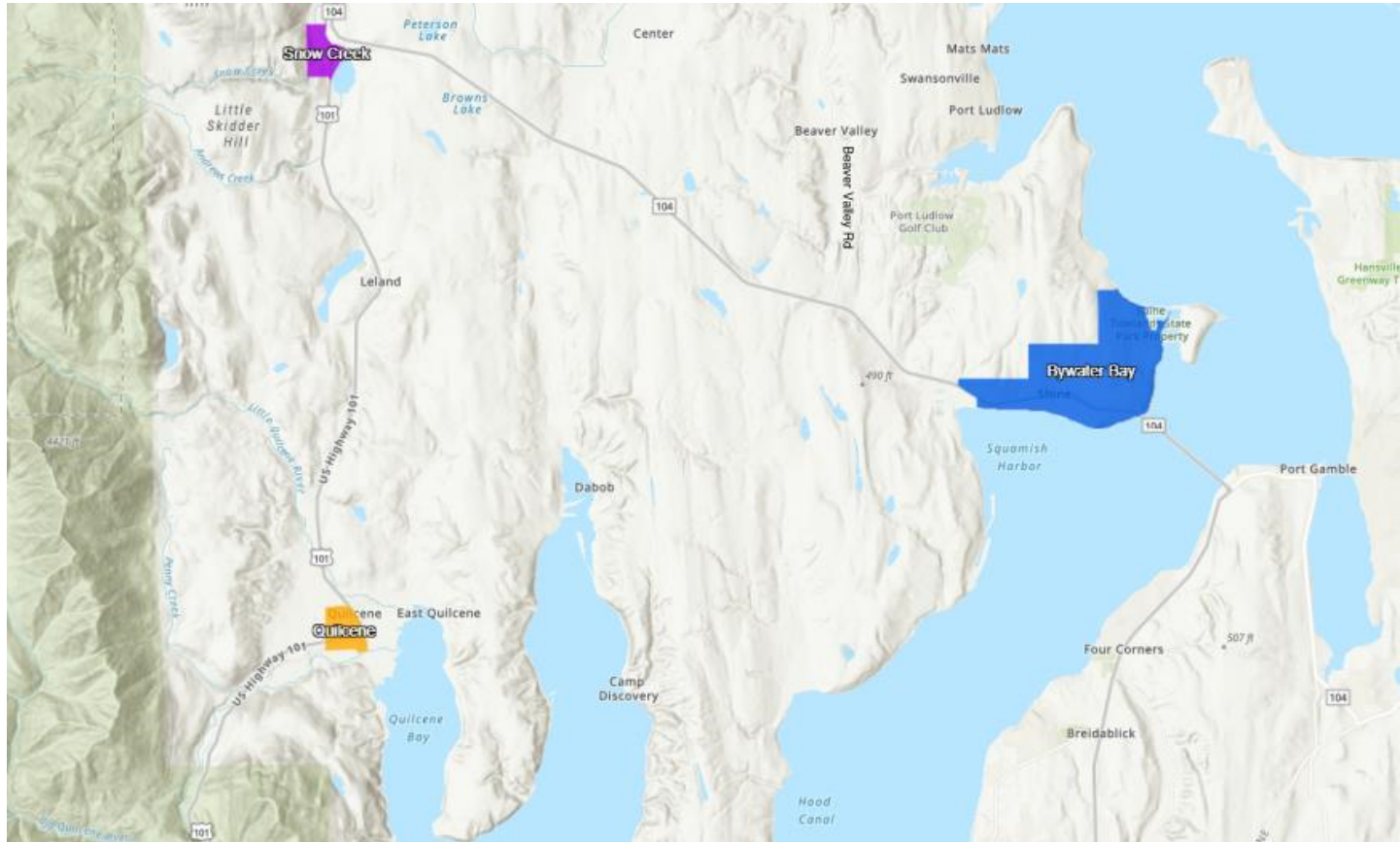
System Type	Type of Management	Total Number
Class A	Ownership	9
Class B	Ownership	4
	Operation and Maintenance	1

NORTH WATER SYSTEMS



Class B Water Systems

MID WATER SYSTEMS



SOUTH WATER SYSTEMS



PREVENTATIVE MAINTENANCE – TYPES OF SERVICES

- Well Stations
- Reservoirs
- Booster Pumps
- Pressure Reducing Stations
- Water Mains
- Treatment Systems
- Fire Hydrants



Weekly, Bi-weekly, Monthly, Quarterly, Annual, 3-5 years

RISK AND RESILIENCE ASSESSMENT (RRA) AND EMERGENCY RESPONSE PLAN (ERP)

- ERP required to be in Waster System Plan per WAC 246-290-105
- The America's Water Infrastructure Act of 2018 (AWIA) amends the Safe Drinking Water Act (SDWA) and included new resilience requirements for drinking water utilities
- US Environmental Protection Agency (EPA) timelines (for systems serving 3,301-49,999 people):
 - RRA completed by June 30, 2021
 - ERP completed by December 30, 2021
 - (Quimper serves >8,000 people)

CROSS CONNECTION CONTROL PLAN

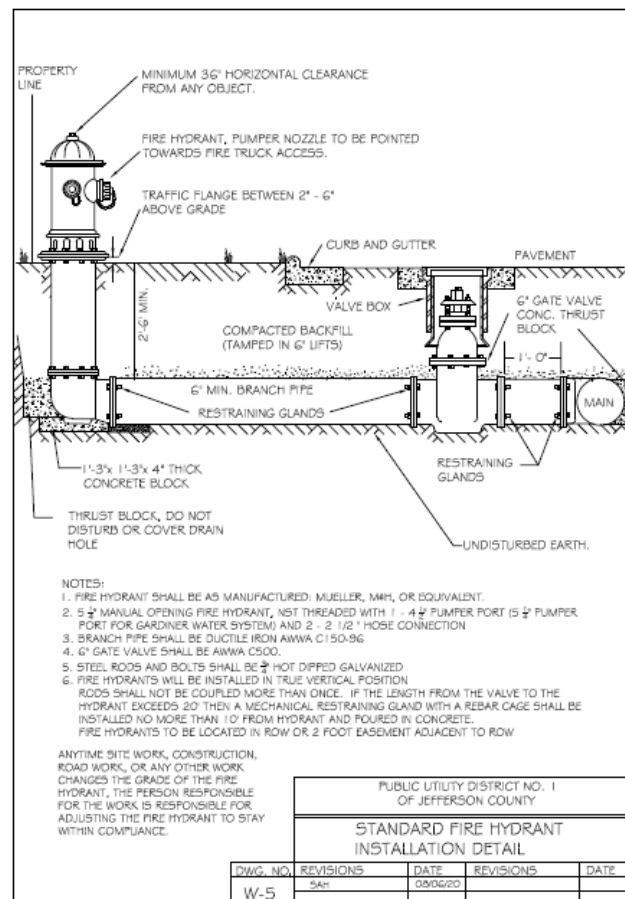
- Regulated through WAC 246-290-490
- Resolution No. 02-012
 - JPUD policy to protect our water system from risk of contamination
- Cross Connection Control Program
 - JPUD guidance and implementation document



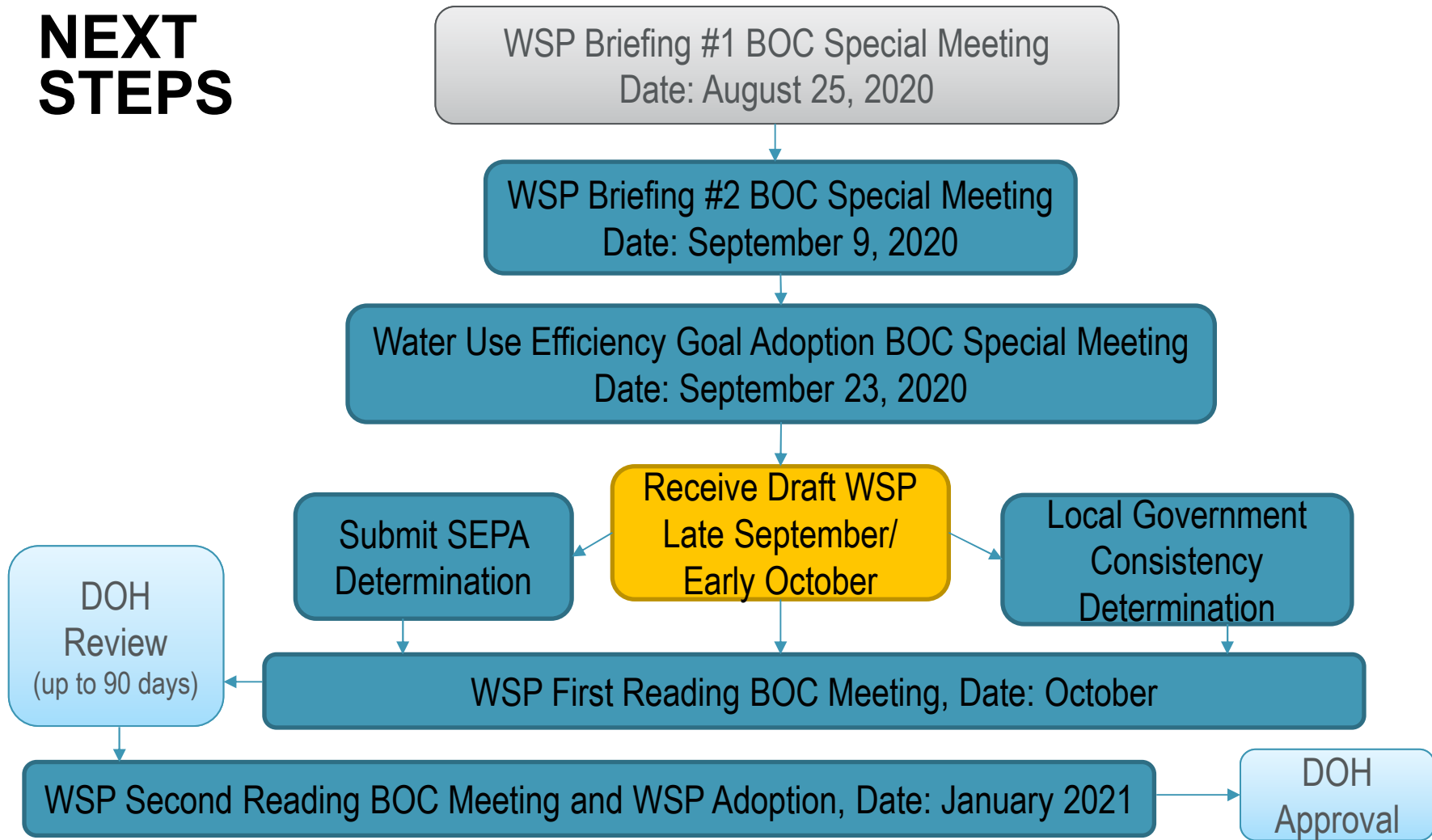
Example of a double check valve assembly

STANDARDS AND SPECIFICATIONS

- Design standards and construction specifications
 - Updating standard details with the 2020 Water System Plan
- Inclusion in Water System Plan exempts JPUD from needing State DOH review/approval on individual piping projects



NEXT STEPS



QUESTIONS/DISCUSSION