

**Special Meeting Agenda**  
**PUD Board of Commissioners**

Monday, August 9, 2021 5:00 PM

Zoom

Port Townsend, WA 98368



To join online go to: <https://zoom.us/my/jeffcopud>. Follow the instructions to login. Meetings will open 5 minutes before they begin. TOLL FREE CALL IN #: 833-548-0282, Meeting ID# 4359992575#. Use \*6 to mute or unmute. \*9 to raise a hand to request to begin speaking.

Page

**1. Call to Order**

Per the Governor's Extended Proclamation 20-28 and in response to the COVID-19 Pandemic, Jefferson County PUD is no longer providing an in-person room for meetings of the BOC. All meetings will be held remotely via Zoom until otherwise informed by the Governor. Participant audio will be muted upon entry. Please unmute at the appropriate time to speak. If you are calling in, use *\*6 to mute and unmute and \*9 to raise a hand to request to speak.*

**2. Agenda Review**

**3. Presentation**

3.1. 10 yr Forecast w/ Moss Adams 2 - 8

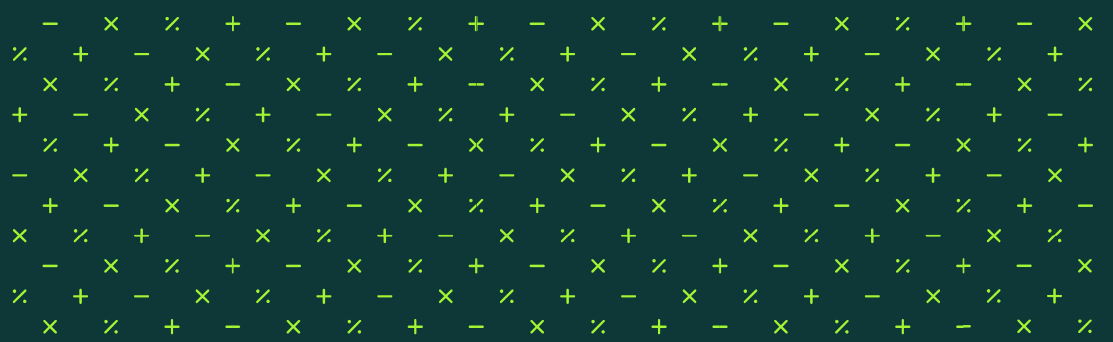
[JPUD Forecast Board Presentation DRAFT 07-21-21.pdf](#) 

3.2. 2022 Budget Kickoff 9 - 10

[2022 Budget Talking Points Updated 8.3.2021.docx](#) 

[Preliminary Budget Discussion.docx](#) 

**4. Adjourn**



# Jefferson PUD Financial Forecast Model

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August 5, 2021

# Agenda & Introductions

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1. Project Goals
2. Forecast Overview
3. Forecast Model Walkthrough
4. Next Steps & Future Use



# Project Goals

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Develop a 10-year forecast model of revenues and expenditures to enable JPUD to:

- Project revenues and expenditures within a ten-year timeframe
- Plan for different revenue and expenditure scenarios
- Program long-term capital projects



# Forecast Overview

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- Maintaining a forecast model is a best practice
- A key element of strong overall financial management and stability
- Provides insights into revenues, expenditures, and growth and rate projections
- Allows for capital investment scenario modeling
- Helps Board and stakeholders understand the impacts of financial policies and decisions



# Forecast Walkthrough

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- Key financial metrics
- Summary/rollup
- Graphics Dashboard
- Capital Budgeting Tools
  - Rate Assumptions
  - Upcoming Capital Expenditures
  - Financing
- Test Case Walkthrough



# Next Steps & Future Use

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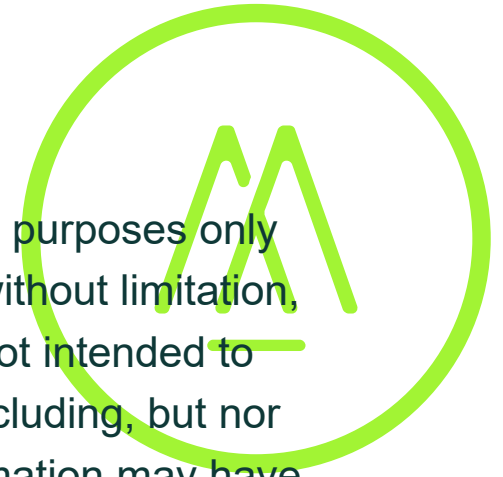
- Use in budgeting, capital planning, and strategic planning
- Regular updates to the Board





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THANK YOU



## 2022 Budget Presentation Talking Points

1. Electric and Water Revenues were increased by 4.5% based on 2021 Rate increases.
2. We raised expenses by 4%.
3. We raised our Fleet Expenses by 4% based on new vehicles and personnel.
4. We have budgeted for 6 new positions in 2022.
5. We kept our Purchased Power cost about the same but did add some for projected BPA reserves cost adjustment.
6. Electric Transmission Expense is primarily Bonneville Power Administration (BPA) but also includes expenses (labor, materials, fleet) associated with maintaining transmission lines.
7. Included in Electric Distribution Expense—Maintenance is \$800,000 for tree trimming.
8. Included in the Administrative and General expenses is \$150,000 available for raises per RCW 54.16.100.
9. Interest on Long-Term Debt is based on the amortization schedules within our loan documents with RUS, USDA Rural Development, and bonds.
10. Labor, Benefits, Fleet, and Inventory Expenses are based on historical information
11. All expenses are based on actual expenses from June 2020 to May 2021.
12. Each Department increased their training budgets by 10% for 2022.
13. We have included a 4% COLA increase for Non-Represented Employees and COLAs for Union Employees per their contracts.
14. We have kept our property tax revenues at the same level as last year and 100% of the funds will go toward Broadband. Need to talk about our capacity and whether we use all of it or part of it. We have banked capacity of 16% plus 1% for 2022.
15. Electric Construction Projects are based on the previously approved 4-year work plan with Board approved additions.
16. Water Construction Projects are based on current needs and our 10-year work plan.
17. General Plant capital purchases include building remodel, warehouse improvements, information technology equipment, fleet, broadband, electric tools/personal protection equipment, communications, and engineering costs.
18. Principal payments on long-term debt are based on the amortization schedules within our loan documents with RUS, USDA Rural Development, and bonds.
19. 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.
20. We still have some LUDs that are paying on assessments which the Treasurer's Office collects and then we pay the bond payments.
21. We will be incorporating the 10-year Financial Forecast into the 2022 budget

## Preliminary Budget Discussion

- ☒ **Electric Utility**
  - ☒ **Capital Budget Needs**
    - ☒ Long Lead Times
      - ☒ Ordered 3 new trailers
  - ☒ **Material Items**
    - ☒ Long Lead Times
      - ☒ Ordering now for purchase in 2022
  - ☒ **Financing**
    - ☒ Use Cash Reserves for Capital and expenses
    - ☒ Low Interest Loans
    - ☒ Grants
- ☒ **Water Utility**
  - ☒ **Capital Budget Needs**
    - ☒ Long Lead Times
  - ☒ **Material Items**
    - ☒ Long Lead Times
      - ☒ Will have to order items before budget is approved
  - ☒ **Financing**
    - ☒ Use Cash Reserves for Capital and Expenses
    - ☒ Grants
      - ☒ Not readily available
    - ☒ Low Interest Loans
      - ☒ USDA Rural Development
      - ☒ Local Banks
      - ☒ State Agencies
- ☒ **Broadband Utility**
  - ☒ **Material Items**
    - ☒ Ordering items that will not be here until 2022
  - ☒ **Financing**
    - ☒ Grants
    - ☒ Grant Anticipation Loans
    - ☒ Low Interest Loans
    - ☒ Tax Revenues
  - ☒ **Capital Budget Needs**
    - ☒ Equipment for new employees
    - ☒ Equipment for new Department