

Mason County PUD 1
Board of Commissioners Workshop & Special Meeting
November 4, 2014

Present

Ron Gold- President
Jack Janda- Board Secretary
Karl Denison- Vice President
Steve Taylor- General Manager
Greg Kester- Dir. of Finance & Customer Service
Jocelyne Gray– Director of Ops - Water
Kristin Masteller– Dir. of Employee & Public Relations
Rob Johnson- District Legal Counsel (for Business Meeting)

Visitors

(Business Mtg. Visitors)
Bill Braton, Attorney, Kitsap PUD
Bob Hunter, Acting GM, Kitsap PUD
John Poppy, Reuse Mgr., Kitsap PUD

Excused

Darin Hall- Electric Superintendent

WATER BUDGET WORKSHOP

A board workshop was called to order at 10:00 a.m. to review the water budget scenarios for 2015. No visitors were in attendance.

Greg Kester presented the commissioners with a Capital Surcharge Analysis to evaluate the best way to consolidate the capital surcharges for all of the water systems. He presented multiple scenarios and staff recommended that the consolidation of the existing debt be postponed because most of the systems' debt will be retired by 2022. Staff also recommended that future capital improvement financing of approximately \$500,000/year for the next five years be consolidated and evenly allocated amongst all residential water customers, which would be a net impact of approximately 4%, or \$1.53/month per customer, and cap existing rates at a high of \$75 over the next five years. The 4% increase will occur each year for five years to sustain the water construction project loans each year for system improvements. Each water system will eventually benefit from this process because regardless of their number of customers on the system, they will be able to have system improvements made.

Greg then presented the 2015 budget proposal for the water department. Staff recommended a one-time 6% increase in 2015 to allow the water department to refill a position that has been vacant since 2012, due to attrition by retirement. Two water technicians are not sufficient to keep up with the workload, especially during construction season. This recommendation would total a 10% increase for 2015 to include the 4% increase in capital surcharge consolidation and a one-time 6% increase to account for the FTE.

The commissioners asked Greg to bring forward a resolution to the December 9th meeting that outlines the 10% increase justification, the explanation for phasing in the debt consolidation, and the capping of the (1) ERU monthly payment at \$75 for the term of the five year period that was outlined in this work plan and budget analysis.

The budget workshop closed at 11:30 a.m. and Ron stated that the commission would break for lunch until 1:00 p.m.

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The business meeting of the Board of Commissioners of Public Utility District No. 1 of Mason County was called to order at 1:00 p.m.

CONSENT AGENDA

By adopting the consent agenda, the following items were approved:

The minutes of the October 28, 2014 regular meeting;

Accounts Payable warrants #108981-108982 \$21,316.79, #108986-108996 \$35,786.04, #109001-109034 \$53,541.17 and Payroll warrants #108983-108985 \$6,042.68, #108997-109000 \$91,480.49; and Voids #108656 (\$201.08) for a total vouchers amount of \$205,966.09.

Jack made a motion to approve the consent agenda as presented; Karl seconded the motion. It passed unanimously.

BUSINESS AGENDA

Interlocal Agreement with Kitsap PUD for Sewer Projects

Bob Hunter, interim General Manager for Kitsap PUD, gave an update on the situation that KPUD is facing regarding a sewer project management proposal. Port Gamble's water system was acquired by KPUD. They were also charged with removing the outfall of waste into the Puget Sound, which will require a new sewage system. This will open about 90 acres of shellfish beds for harvesting, but as proposed, the project will not get nitrate levels down to DOH approval. It has to be brought down to pre-use levels so there has to be a complete overhaul of the sewer system. Kitsap PUD can operate and manage systems but they do not have legal authority to own a wastewater system. They're going to vote in their county in fall of 2015 to get that statutory authority. A \$2 million grant has to be spent before July for this system. Any asset that's created with the grant has to be owned by a public agency. They need a placeholder for the ownership of any asset infrastructure and would like Mason PUD 1 to be the owner until they get authority. KPUD will manage and assume all liability in the mean time. Once they get authority, Mason PUD 1 will transfer ownership to KPUD. Mason PUD 1 will not have any legal or monetary liability. KPUD assumes all liability according to the interlocal agreement. The board said they would confer with Mason PUD 1's attorney and have an answer for KPUD by the next meeting on November 18th.

CORRESPONDENCE

None.

GENERAL MANAGER'S REPORT- Steve Taylor

Steve and Greg attended their Pathway to Leadership class on Inside Out Coaching. He attended the WPUDA managers' meeting in Leavenworth. He gave an update on information from that meeting.

STAFF REPORTS

Darin Hall:

Steve reported that the meter arrived for Lilliwaup Falls.

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Jocelyne Gray:

Jocelyne reported Hood Canal A & B are now consolidated and we have about 100 extra connections. Jocelyne will notify those customers of the consolidation. The septic tank under the parking lot at the PUD was replaced this week.

Greg Kester:

Greg reported on the conservation credit for EEI from BPA.

Kristin Masteller:

Kristin reported that she and Steve Brown will attend the Shelton High School/Olympic College Career Expo tomorrow.

Rob Johnson:

No report.

BOARD REPORTS/COMMENTS

Karl: Karl shared a conflicting article on Colombia River water flow.

Ron: Ron gave an update on Lilliwaup Falls.

Jack: Jack attended the Mason County EDC meeting in Hoodspport last Thursday. The meeting was looking for solutions to economic development barriers. There was a decent turnout.

Meeting Adjourned at 3:15 p.m.

Ron Gold, President

Karl Denison, Vice President

Jack Janda, Secretary