



Mason County Public Utility District No. 1

Board of Commissioners Meeting Minutes

November 27, 2018 Potlatch Washington

1:00 pm Public Hearings-

Present: Jack Janda, Mike Sheetz, Ron Gold, Katie Arnold, Darin Hall, Rob Johnson, Julie Gray and Kristin Masteller. No members of the public attended.

Minerva Terrace & Viewcrest Beach Water System Plans Presentation

A public hearing was called to present the Minerva Terrace and Viewcrest Beach Water System Plans. Minerva Terrace has had issues and is under chlorination due to groundwater infiltration. There also have been complaints of skin issues due to the high pH levels. Darin and Kristin believe that this system is a good candidate to receive grant for a new well. Viewcrest water system is currently lacking connections but needs more storage to increase capacity. There being no public in attendance, Jack closed the water systems portion of the public hearing.

Presentation of the 2019 Budget

A budget hearing was called to order for presentation of the 2019 Budget. The only changes made to the figures since the budget workshop earlier in November, was the District's liability insurance, which was higher for the next two years of coverage. There being no public in attendance, Jack closed the budget hearing at 1:13 p.m.

BUSINESS MEETING

Present:

Jack Janda, President
Ron Gold, Vice President
Mike Sheetz, Board Secretary
Darin Hall, Director of Operations
Kristin Masteller, General Manager
Katie Arnold, Treasurer
Rob Johnson, District Attorney
Julie Gray, Executive Assistant

Guests:

None

Business Meeting was called to order at 1:13 pm

APPROVAL OF CONSENT AGENDA:

Minutes:	November 13, 2018 Regular Meeting	
Disbursements:	Accounts Payable	\$ 472,459.91
	Payroll Wire	\$ 55,661.29
	Total	\$ 528,121.20

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



BUSINESS AGENDA:

Approve Manager to sign Agreement with Green Diamond Resource Company

After some discussion this was tabled until the December 11, 2018 meeting.

Approval of Minerva Terrace Water System Plan, Part B; Mike made a motion to approve the Minerva Terrace Water System Plan, Part B; Ron seconded the motion. It passed unanimously.

Approval of Viewcrest Beach Water System Plan, Part B; Mike made a motion to approve the Viewcrest Beach Water System Plan, Part B; Ron Seconded the motion. It passed unanimously.

Approval of the 2019 Budget for Water, Electric & Sewer

Katie presented the 2019 budget for approval. This budget reflects the recommended 4% rate increase from the Cost of Service Analysis. Jack stated he was originally not in favor of the 4%, plus an additional 1% increase for debt payoff, but after listening to the rationale behind the debt and reserve strategy, he was in favor of ensuring the District was able to be financially responsible. He stated he is still concerned for the customers who are on fixed incomes. Kristin stated that the 1% rate increase specific to debt pay off and reserves is not reflected in this budget but will be proposed by the Finance Committee in the first draft of the rate increase resolution and methodology, which will be presented at the January 8, 2019 meeting. Following board guidance from that meeting, the District will hold a rate hearing at the second meeting in January on the 22nd at 1:00 p.m.

Mike made a motion to approve the 2019 Water, Electric & Sewer Budget; Ron seconded the motion. It passed unanimously.

October 2018 Financial Report; Katie presented the October 2018 Financial Report.

Financial Highlights:

- Revenue – Gross Revenue was \$669,826 for the month of October 2018.
- Expenditures –Gross expenditures were \$799,601 for the month of October 2018.

***NOL of \$129,775 is due to the fall tree trimming, as well as decreased power sales from a milder fall month, as compared to projections.*

Financial Metrics as Compared with Prior Year:	October 2018	October 2017
Total General Cash and Investments	\$1,154,421	\$1,393,017
Current Ratio (Current Assets/Current Liabilities)	1.83 to 1	2.37 to 1
Debt Service Coverage (O&M/ Debt Service)	2.67	3.02
Long-Term Debt to Net Plant	47%	32%
Total Debt to Equity Ratio (Total Liabilities/Total Equity)	78%	56%
Long Term Debt to Equity Ratio (Long Term Debt / Total Equity)	66%	43%



Mason County Public Utility District No. 1

Board of Commissioners Meeting Minutes

November 27, 2018 Potlatch Washington

Times Interest Earned Ratio (Earnings before Interest & Taxes/Total Interest)	3.50	6.37
Cash on Hand (Total Available Cash/Average Daily Costs) *Not including Special Funds	54 Days	63 Days

Authorize the manager to sign BPA Transmission Tariff Settlement (TC-20/BP-20); Mike made a motion to Authorize the manager to sign BPA Transmission Tariff Settlement (TC-20/BP-20); Ron seconded the motion. It passed unanimously.

Resolution No. 2014 – Declaring Surplus Property; Mike made a motion to approve Resolution No. 2014 – Declaring Surplus Property; Ron seconded the motion. It passed unanimously.

Resolution No. 2016 – Safe Deposit Box Signing Authority; Mike made a motion to approve Resolution No. 2016 – Safe Deposit Box Signing Authority; Ron seconded the motion. It passed unanimously.

STAFF REPORTS:

General Manager Report: Kristin and Darin conference called with Joe Brogran and Eric Schallon from Green Diamond, WPUDA, Kitsap PUD and Grey & Osborne to discuss the Union Regional Water Systems Plan. Rob and Kristin will meet with WPUDA and then decide on a strategy to DOH to approve the Union Regional plan, likely as written. Green Diamond is dedicating resources to contest some of Ecology's comments. One of the issues we have to address though is that Alderbrook's water rights are in permitted status, not certified and DOE wants the PUD to re-cert every time we do an interconnection. Kristin stated that the PUD will also revisit the consolidation of the Twanoh water systems later in 2019 since the facility charge will be going away and the objections to intertying will likely be quelled.

Kristin has been talking with EES and BPA regarding the PUD's potential Bitcoin customer. The customer has paid the \$10,000.00 for the rate study, his next payment will be for legal services for Terry Mundorf for a power agreement. The new TV for the boardroom has been ordered and will be delivered this week so Jack and phone in remotely.

The next Finance Committee Meeting will be held on 1/8/19 to discuss the 1% rate increase. The rate hearing will be held on 1/22 at 1:00 pm prior to the regular board meeting. Kristin, Darin, Katie, Mike Rose, Mike Ferrier and TJ Goos attended had a supervisor meeting last week. The topics included PPE, safety, workplace culture, and how well the crews are doing as well as a follow up to our respectful workplace training.

Operations Report- Darin Hall:

Kemp West is finished with tree trimming and did a great job; PUD crews are tree trimming as time allows. BPA had an unexpected outage on 11/26/18 which started in Jefferson Co. and caused a power outage from Walker Mountain to Union, lasting about 3 hours. The bids for the recoating project for Shadowood reservoir came back higher than the estimated amount. Darin decided to just recoat the inside of the reservoir to allow the system to be taken off temporary chlorination. He noted that the bid



Mason County Public Utility District No. 1

Board of Commissioners Meeting Minutes

November 27, 2018 Potlatch Washington

to perform this revised work scope was \$2,250.00 over the original bid amount approved (RPA No. 123). Darin will attend the HOA meeting at Shadowood to explain the plan moving forward. Electric/Water crew has had no accidents or near misses.

Treasurer's Report – Katie Arnold

Katie reported that the state auditors should be finished with the audit by the middle of December.

Correspondence:

None.

Board Reports:

Mike Sheetz: No report.

Jack Janda: No report.

Ron Gold: Ron attended the entrance audit.

Adjournment: 2:49 AM

Jack Janda, President

Ron Gold, Vice President

Mike Sheetz, Secretary