



Mason County Public Utility District No. 1
Board of Commissioners Regular Meeting Minutes
February 26, 2019 Potlatch, Washington

Present:

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

Excused:

Kristin Masteller, General Manager

APPROVAL OF CONSENT AGENDA:

Minutes:	January 22, 2019	Regular Meeting and Public Hearing	
Disbursements:	Account Payable	116494 - 116614	\$ 646,582.15
	Accounts Payable Wire		\$ 166,217.05
	DOR Excise Tax Transfer & Water Bills		\$ 71,724.77
	Payroll Wire		\$ 280,180.58
	Total		\$1,164,704.55

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

BUSINESS AGENDA:

Authorize the Manager to Sign WPAG/EES Agreement – Mike made a motion to Authorize the Manager to Sign the WPAG/EES Agreement; Jack seconded the motion. It passed unanimously.

Update on Facilities Work – Darin presented the overview for Phase II of the facilities work. The grading portion is currently out for bid. May 1, 2019 is the projected start date.

January 2019 Financial Report – Katie presented the January 2019 Financials. The 2018 Privilege Tax Return was completed and filed on February 25th. She is currently working on the 2018 RUS Form 7 and plans to have it submitted by the March 15th deadline. The 2018 Annual Report for the Washington State Auditors office is also underway and will be submitted by the May 30th deadline. January 2019 had a Net Operating Margin of just over \$142,000. Katie explained the difference in the Financial Ratios presented for January 2019, as compared to January 2018. Commissioner Sheetz asked about the TIER ratio, and the comparison difference. The TIER is a ratio that ensures the District is collecting enough in revenues to cover the O&M costs, and then the interest on outstanding debt. In January 2018, the TIER was at 9.47, while for 2019, it's at 3.92. The difference is from the District taking on additional debt in 2018 for both Water and Electric. With the debt service requirement being larger, the TIER will be lower due to the added interest cost.



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Financial Metrics as Compared with Prior Year:	January 2019	January 2018
Total General Cash and Investments	\$925,842	\$934,247
Current Ratio (Current Assets/Current Liabilities)	3.44 to 1	2.13 to 1
Debt Service Coverage (O&M/ Debt Service)	2.55	3.43
Long-Term Debt to Net Plant	47%	32%
Total Debt to Equity Ratio (Total Liabilities/Total Equity)	75%	53%
Long Term Debt to Equity Ratio (Long Term Debt / Total Equity)	63%	42%
Times Interest Earned Ratio (Earnings before Interest & Taxes/Total Interest)	3.92	9.47
Cash on Hand (Total Available Cash/Average Daily Costs) *Not including Special Funds	35 Days	38 Days

2018 RUS Outage Report – Darin reported that the OMS Outage report had some quirks that will need to be worked out, but it was a better job than he could do by hand. The outage hours per customer numbers are in a good range and we stayed within our goals. The Duckabush sub showed higher hours because of the scheduled outage to replace the transformer.

Prequalified Contractors for Facilities Work – Darin presented a list of qualified contractors for the board’s approval to bid on the facilities work. Mike made a motion to approve the Prequalified Contractors List for the Facilities work; Jack seconded the motion. It passed unanimously.

Staff Reports

General Manager– Darin reported that Kristin was in Washington, D.C. with the WPUA group meeting with congressional representatives this week. Darin also reported that Kristin engaged Aspect Engineering to do the hydrogeological analysis for the Highland Estates water system. Ryan Neale at WPAG sent a memo out regarding BPA’s disclosure that they’ve been calculating the transmission and distribution reserve levels incorrectly. It may impact our impending rate increase positively. We are accepting applications for the Water Resource Engineer. It is open until filled. Kristin sent the letter sent to DOE for Union Regional Water System Plan. She will draft a formal letter to DOH this month instructing them to please process the plan as submitted and that we still intend to follow the law as it pertains to DOE oversight and authority.

Deputy prosecutor told Kristin that the former employee is planning to plead guilty this week. The deal offered to her is full restitution to the PUD or its insurance company for theft and audit costs, and 90 days in jail, house arrest or community service. He asked if the PUD wants to make a formal statement at sentencing. Kristin votes “no” on this unless someone feels strongly about it. The board agreed that a statement isn’t necessary.



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Director of Operations Report – Darin reported that the safety meeting had been cancelled due to the weather. The storm came in calm, February 9-11 was sporadic small outages. On Monday, February 12, it snowed 26" at the PUD and things went south. The crew worked from late evening on the 11th thru the 13th and then he sent 2 crews to Mason PUD 3 until Friday, February 15. No accidents or near misses were reported. The crew will be attending a Life Flight Training on February 28 at PUD 3. The water crew has been working on pump house maintenance and other projects. Purcell is working on the Shadowood Reservoir Project, the bad weather has complicated the progress, but they are still moving forward. TJ Goos was presented with an award from Evergreen Rural Water for Water Operator of the Year. TJ was very deserving of this award.

Treasurer's Report – Katie and Kristin attended the LERG meeting in Boise and Joyce, Katie, Kristin and Mike attended the WPUDA "Day on the Hill". Katie asked that a Policy Committee Meeting be set in March. Meeting will be held at 1:30 pm on Monday, March 25th in the PUD Boardroom. The COSA Water Workshop will be held at the first board meeting in April, and the Public Hearing for the COSA Workshop will be held at the 2nd meeting in April. Julie added that the Employee Appreciation Picnic will be held at Potlatch State Park on June 21st at 12:00 pm. Also, the Community BBQ will be held on September 27 beginning at 11:00 am at the PUD office.

Correspondence:

None.

Board Reports:

Mike Sheetz: Mike reported that he had attended the WPUDA 'PUD Day on the Hill'. He helped serve 480 cups of coffee and 400 lunches to legislators and attendees.

Jack Janda: No report.

Ron Gold: Ron also attended the WPUDA BBQ and served ice cream.

Adjournment: 2:25 pm

Ron Gold, President

Mike Sheetz, Vice President

Jack Janda, Secretary