



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

Present:

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

Visitor:

Larry DeForest – Union Resident

10:00 a.m. Board Workshop – Water System Plan-Part A Review

Workshop opened by Ron at 10:00 a.m. No public were in attendance.

BKI skyped in to go over the Water System Plan-Part A Review with staff and commissioners. This plan will need reviewed and approved every 10 years.

Workshop adjourned at 11:00 a.m. and Ron called the business meeting to order.

APPROVAL OF CONSENT AGENDA:

Minutes:	March 12, 2019	Regular Meeting	
Disbursements:	Account Payable	116701 - 116742	\$ 475,092.26
	Accounts Payable Wire		\$ 33,012.94
	Payroll Wire		\$ 108,722.88
	Total		\$ 616,828.08

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

BUSINESS AGENDA:

February 2019 Financial Report was presented by Katie. Katie explained that the total Debt to Equity Ratio is at 70% due to changes the Governmental Accounting Standards Board (GASB) made with how certain liabilities are represented on a government's financial statements; specifically, the Other Post Employment Benefit (OPEB) liability. With the 2018 year end financials, the OPEB liability was restated to follow the new GASB where the full OPEB liability must be represented on the balance sheet, and not just the net liability. Katie reminded the Commissioners that though this is a liability to the District, it's not the same as looking at the liability from bonds. The OPEB liability really just illustrates the solvency to outside entities looking at the District's financial statements, what they will end up paying over the next 10 years in OPEB costs but recognizing that entire cost up front. Katie also discussed the District's current cash on hand (COH) of 24 days. The District has a goal, based on the recent Electric Cost of Service Analysis (COSA) to reach 90 days COH by 2025. The District is currently at 24 days as of the end of February. The District is using its general cash fund balance to calculate the COH ratio. The designated funds that are set aside for specific funding purposes are not included in this calculation. We are comfortable with increasing the COH over the next 5 years because if we had to, the District could reallocate funds from



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designated cash funds in an emergency. The electric division’s expenditures were over budget for the month of February. This was in part due to the overtime costs from the February snow storm, in addition to higher than budgeted power costs. Overall, looking at January and February’s expenses combined against the year to date budget, the electric division is still under budget for expenditures for the two month time period. The water division’s expenditures were slightly over budget, but only due to the timing for actual verses budget on expenses that were historically budgeted in March but paid this year in February. The District as a whole is on track with its 2019 budget.

Financial Highlights:

- Revenue – Gross Revenue was \$1,088,953 for the month of February 2019.
- Expenditures –Gross expenditures were \$1,011,974 for the month of February 2019.

Financial Metrics as Compared with Prior Year:	February 2019	February 2018
Total General Cash and Investments	\$656,814	\$1,080,275
Current Ratio (Current Assets/Current Liabilities)	3.45 to 1	2.06 to 1
Debt Service Coverage (O&M/ Debt Service)	2.55	3.43
Long-Term Debt to Net Plant	46%	31%
Total Debt to Equity Ratio (Total Liabilities/Total Equity)	70%	43%
Long Term Debt to Equity Ratio (Long Term Debt / Total Equity)	63%	39%
Times Interest Earned Ratio (Earnings before Interest & Taxes/Total Interest)	3.25	7.43
Cash on Hand (Total Available Cash/Average Daily Costs) *Not including Special Funds	24 Days	43 Days

Claim for Damages – A customer submitted a Claim for Damages in the amount of \$1,576.24 resulting from the February 11, 2019 snow storm. Darin did an internal investigation and reported that the equipment did not respond properly due to the extreme snowfall we had, but otherwise it works correctly. This incident was an act of nature and not caused by negligence by the PUD or by improper equipment. The Board stated they felt bad for the customer who sustained damaged but since there was an act of nature, they denied the claim as submitted. The customer has the option to file a claim with homeowners or auto insurance and then their insurance companies can contact the PUD’s insurance if they need to.

Mike made a motion to deny the claim as presented; Jack seconded the motion. It passed unanimously.

Staff Reports

General Manager– Kristin reported that the Electrical Engineering/GIS Technician is open again. Grays Harbor PUD has offered to loan us an Engineering Tech for a couple days a week until the position here



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at the PUD can be filled. She, Darin and Brandy interviewed a candidate for the Water Resource Engineer position last week and will make a job offer this week. Kristin sent the letter to DOH asking them to approve the Union Regional Water System Plan. Kristin has a meeting with Jeff Dickson, Squaxin Tribe and representatives from Departments of Health & Ecology coming up to discuss the Union Regional Plan. John Kounts from WPUDA and Mike Johnson from Grey and Osborne will attend with her. She also attended the WPUDA Water Committee meeting last week. Kristin and Darin have met with Mike Petz, owner of Potlatch Mutual regarding possible ownership by the PUD. Kristin asked for some documents and when he has them will contact her for a meeting. Jack and Kristin are planning to attend a Kiwanis meeting to inform them about the rate increase that is happening April 1. Julie and Kristin conference called with Phil Lou, WSU Solar Coordinator regarding another community solar project. We will fill out WSU application to get on the list of potential community solar customers for 2019. Kristin spoke with Evan Ramsey from BPA and was awarded a \$40,000.00 grant from the Bonneville Environmental Foundation to help low income folks that want to be part of the community solar project with no up-front cost. The new Community Solar project will be twice the size of our current project. On April 9, beginning at 11:00 am, the board will have a water workshop to review the Water COSA. At 1:00 pm that same day there will be a Public Hearing for the Water System Plan-Part A. The Public Hearing for the Water COSA will be held at 1:00 pm on April 23. The employee that committed fraud has plead guilty, the state auditors would like a copy of the restitution paper work for their records. She is forfeiting her medical stipend every month for the next 53 months, with no interest, in order to pay the PUD back. There will also be a lien attached to her property. Gary Reed, from Lilliwaup Falls Hydro contacted Kristin about updates in his contract that needed to be made. Kristin asked EES to do the update for the 2018-19 rates.

Director of Operations Report – Darin reported that the electric crews have continued to work on underground replacements. They have run into several easement issues but have gotten through it. NW Metering was here for a couple days, auditing the 3 Phase and single phase CT meters. A report will be available soon. The water department solicited bids on two generators to keep the Union Ridge and Viewcrest Beach water system up and going during an outage. There were no accidents and no near misses since the last board meeting. Water and Electric crews attended the safety meeting on Hazardous Communications. It was a very good meeting with a lot of input from the crews.

Treasurer's Report –. Katie reported that she met with the Policy Committee on Monday 3/25 regarding the tuition and cash receipting policies. Those will be added to the next board agenda for approval.

Legal Counsel – no report

Correspondence: None.

Public Comment: Larry DeForrest was welcomed to the meeting and introductions were made. Mr. DeForrest had no comment.

Board Reports:

Mike Sheetz: no report



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Jack Janda: no report

Ron Gold: Ron met with Guy Miller from the Skokomish Tribe last week regarding community outreach and opportunities to partner together on projects they have going on.

Adjournment: 1:00 p.m.

Ron Gold, President

Mike Sheetz, Vice President

Jack Janda, Secretary