



Mason County Public Utility District No. 1
Board of Commissioners Regular Board Meeting
April 14, 2020 Potlatch, Washington

Present:

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

Visitors:

Maureen Hart, Alderbrook (via phone)
Tim Meick, Alderbrook (via phone)

APPROVAL OF CONSENT AGENDA:

Minutes: April 14, 2020 Regular Board meeting

Disbursements:

| | |
|--|---------------------|
| <u>Accounts Payable Check Register</u> | |
| Accounts Payable Wire | \$ 66,888.76 |
| Check Nos. 118436-118475 | \$659,014.17 |
| A/P Sub-Total | \$725,902.93 |
| <u>Payroll Expense</u> | |
| Payroll Wire | \$ 54,599.91 |
| Grand Total | \$780,502.84 |

Mike made a motion to approve the consent agenda as presented, Jack seconded the motion, Motion carried.

PUBLIC COMMENT: Tim Micek and Maureen Hart, both Alderbrook customers, called into the meeting. They deferred their comments until the end.

BUSINESS AGENDA:

Resolution No. 2035 "Amending the Implementation Date for New Irrigation Rate Schedule" –
Mike made a motion to approve Resolution No. 2035 Amending the Implementation Date for the New Irrigation Rate Schedule and to instruct the General Manager to send the draft reply letter to Alderbrook Golf & Yacht Club; Jack seconded the motion, motion carried.

1st Quarter Strategic Work Plan Report – Kristin reported that even in these uncertain times, a lot of work has been getting done and reviewed the progress of the first 3 months of the strategic work plan. Commissioner Sheetz and Commissioner Janda thanked the staff and employees for making it happen.



March and 1st Quarter Financials –

Katie reported a Gross Revenue of \$1,097,306 for the month of March 2020, with Gross Expenditures of \$856,166 for the month. She also reported that the President approved the state of emergency declaration for the January 2020 Storm. The COVID-19 FEMA funding will likely take precedence over the 2020 storm event, but we will eventually be able to submit for reimbursement of costs for the storm. Katie has sent the District’s Auditor the first draft of the 2019 Annual Financial Report which is due to the State Auditor’s office by May 30, 2020. She also presented to the board and staff the first quarter budget summary for electric, water and sewer. The actual revenue and expenditures for 1st Quarter are within 5-10% of the budgeted numbers for the quarter. Staff meets on a quarterly basis to review the status of the budget as well as monitor the District’s cash flow.

| Financial Metrics as Compared with Prior Year: | March 2020 | March 2019 |
|---|---|--|
| Total General Cash and Investments | \$919,511 | \$661,071 |
| Current Ratio (Current Assets/Current Liabilities) | 3.58 to 1 | 3.44 to 1 |
| Debt Service Coverage (O&M/ Debt Service) | 3.00 | 3.36 |
| Long-Term Debt to Net Plant | 42% | 46% |
| Total Debt to Equity Ratio (Total Liabilities/Total Equity) | 59% | 61% |
| Long Term Debt to Equity Ratio (Long Term Debt / Total Equity) | 54% | 58% |
| Times Interest Earned Ratio (Earnings before Interest & Taxes/Total Interest) | 4.70 | 4.13 |
| Cash on Hand (Total Available Cash/Average Daily Costs) | 35 Days (General) 122 Days (All Funds) | 25 Days (General) 99 Days (All Funds) |

General Manager – Kristin reported that staff has come up with a plan to help our customers to pay their bills. Since March, the PUD has waived \$5,000 in late fees and penalties. We suspended actual disconnects prior to the Governor’s proclamation. Notices are still going out to remind customers to either pay their bill or make payment arrangements. The PUD is willing to allow a customer six months to bring their account current. She also reported that the PUD is looking at refunding deposits at six months, rather than the normal 12 months, for accounts that have had good payment history. Kristin also stated that the delinquent account list is usually around 100 customers and this last month it was at 300 customers. She commended Shiane Saeger for leading the charge to work that list down to just five accounts that couldn’t pay anything last month. Shiane’s tremendous effort helped us get partial payments from all the other accounts. KWH sales are up for this time of year. The PUD budget will see a reduced revenue of approximately \$82,000 by delaying the electric rate increase, but there have been cuts of 25% for travel and training and 9% for transportation. Kristin reported that the PUD would not be hiring a summer crew this year. Kristin also reported that the Skokomish Tribe has been in contact with



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the PUD regarding tribal members' bills. The Tribe has paid their members electric/water accounts during the pandemic, which not only helps those customers not fall behind, but it helps stabilize the PUD's revenue as well. She reported that the office may be able to be opened to the public in June. She and Darin will evaluate the infection rates and monitor the curve as the state begins to reopen and will decide in mid-May what the plan is to bring employees back to work on-site. Kristin doesn't want to follow politicians that are under political pressure to open; she wants to follow the advice of public health officials and consult with her employees on the best way to reopen so they also feel safe.

Director of Operations – Darin reported that the Foothills Park Road underground project was completed. Crews still working at Timber Tides, but that should be completed within a couple of weeks. Darin reported that he has a crew brushing in some problem spots. Bid packets went out this week for the Manzanita to Hwy 106 project. This project is being paid for by revenue bond proceeds that have an expiration date on them. They need to be spent down this year. They can only be used for capital projects and right now public infrastructure projects is the only construction that is occurring in our state, so the bond-funded projects help keep people at work and support our economy. It also helped drive up interest in our project and we received several potential bidders at the walkthrough. We should get a really good price on this project. The water crew is doing their yearly reservoir cleaning and inspections. The Hood Canal Outfitters store has been very helpful getting supplies that the PUD needs. Darin reported that they have had a safety meeting, but practiced social distancing. There have been no accidents or near misses. Darin commended the crew and rest of the employees on winning two more safety awards this year for the second year in a row. He is proud of them!

Treasurer – Katie reported during the financial portion of this meeting.

Legal Counsel – Rob reported that the acquisition of Two Jackies water system is now complete and will be working on the acquisition of Canal Terrace Water System.

Correspondence: Included in correspondence was the news release from *The Shelton-Mason County Journal* announcing that PUD 1 would delay the electric rate increase for three months due to the COVID19 pandemic, as well as an article regarding the PUD's water system grants. Also included was an article from NWPPA's *Bulletin* where PUD 1 was interviewed regarding our pandemic response.

Board Reports:

Mike Sheetz: Mike reported that he listened in on the WPUDA meeting, and also the water roundtable last week.

Jack Janda: Jack reported that he was been attending Energy Northwest meetings via Skype and will listen in on the WPUDA meetings this week.

Ron Gold: Ron called into the WIRA meeting last week and will call into the WPAG meeting on Thursday, April 30.



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PUBLIC COMMENT – Tim Micek and Maureen Hart from Alderbrook both thanked staff and commissioners for delaying the irrigation rate increase. Mr. Micek stated that the shutdown of Alderbrook’s golf course and club house has had a devastating impact on the club’s financial health.

Adjournment: 2:20 p.m.

Ron Gold, President

Mike Sheetz, Vice President

Jack Janda, Secretary