



Mason County Public Utility District No. 1
Board of Commissioners Regular Board Meeting
June 9, 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
Rob Johnson, Legal Counsel (Online)

Visitors:

No visitors on phone.

Excused:

Julie Gray, Executive Assistant

APPROVAL OF CONSENT AGENDA:

Minutes: May 26, 2020 Regular Board Meeting

Disbursements:	<u>Accounts Payable Check Register</u>	
	Accounts Payable Wire	\$ 150,112.73
	Check Nos. 118565-118605	\$ 399,631.41
	A/P Sub-Total	\$ 549,744.14
	<u>Payroll Expense</u>	
	Payroll Wire	\$ 61,710.07
	Grand Total	\$ 611,454.21

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

PUBLIC COMMENT: No public on phone.

BUSINESS AGENDA:

April 2020 Financials – Katie gave an update on the April’s financial work in progress and reviewed the financial highlights for the month. We were within 5% of our budgeted revenues and expenses for the four months of 2020, although Katie reported that we’ve experienced a \$45,000 decrease in cash flow due to aging customer accounts as a result of the payment plans we’ve set up to assist customers. She also reported that Shiane said the delinquent accounts list is shorter this month than last month. In response to Mike’s question about when to use reserves to compensate, Katie reminded him that we did a budget amendment to reflect the change in budgeted revenue and we also cut items in the budget to meet the new projections.



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Financial Metrics as Compared with Prior Year:	April 2020	April 2019
Total General Cash and Investments	\$908,036	\$762,605
Current Ratio (Current Assets/Current Liabilities)	4.12 to 1	3.45 to 1
Debt Service Coverage (O&M/ Debt Service)	3.36	2.89
Long-Term Debt to Net Plant	42%	46%
Total Debt to Equity Ratio (Total Liabilities/Total Equity)	58%	63%
Long Term Debt to Equity Ratio (Long Term Debt / Total Equity)	53%	57%
Times Interest Earned Ratio (Earnings before Interest & Taxes/Total Interest)	5.96	4.84
Cash on Hand (Total Available Cash/Average Daily Costs)	37 Days (General) 160 Days (All Funds)	30 Days (General) 99 Days (All Funds)

Letter to Governor Inslee re: Impacts of Continued Proclamations- Kristin presented a letter to the commission for approval regarding the financial impacts that Governor Inslee’s extended proclamations are having on the utility, as well as the dangers if they are extended into the fall or winter. Kristin reported that the PUD has been able to propose budget cuts to make up for the current revenue shortfall, but if the moratorium on disconnects continues into the cold months, the PUD will have to make some hard decisions about expenses and staffing because the reserves will diminish quickly and part of the requirements for borrowing money is the ability to collect rates. She said it’s important for Inslee and our legislators to hear the reality facing this utility. Mike made a motion to approve sending the letter to the Governor and the legislators; Jack seconded the motion. It passed unanimously.

Award Contract for Cleaning Services – Superior Maintenance Solutions was the lowest responsible bidder for the next cleaning services contract cycle. Mike made a motion to award the contract to Superior Maintenance Solutions for up to 36 months; Jack seconded the motion. It passed unanimously.

Staff Reports -

General Manager – Kristin reported that BPA has agreed to pause the financial reserve surcharge to help utilities. It is a very small amount compared to our monthly bill, but at least it is something. Kristin asked the board for some options for strategic planning dates and she will ask Julie to try to schedule something on August 31 or September 1.

Director of Operations – Darin reported that the crews are all back and work on split shifts to keep isolated. One crew is brushing, the other is working on underground lines. The water department is getting all the automatic chlorinators up and going, which accomplishes a long-term goal of the PUD to stop having to do daily chlorine checks on these systems. They will save the PUD a lot of money in labor and truck miles. BPA is having a maintenance outage this Saturday night/Sunday morning. During the outage PUD crews will replace a pole and cut over some underground cable that we would have had to



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take an outage to do otherwise. We will have our first safety meeting this week after several months of hiatus. Jack commended Darin and the employees for the focus on the safety program.

Treasurer – Katie gave an update on the work that staff is doing to prepare for grant deadlines for water projects. She also gave an update on the reimbursements coming from FEMA for the last declared event. It should be a return of about \$50,000 to the PUD to offset overtime and materials expenses. We are still working through the hazard mitigation funding process for the boring of the line that is in the slide area.

Legal Counsel – Rob reported that he forwarded an Interlocal Agreement from PUD 3 for the intertie project at Manzanita. Ron asked for an update on Union Regional and the MOU with the tribe and Kristin reported that the attorneys are still negotiating the terms and that Alderbrook Well 3's permit extension was granted by Dept. of Ecology with appropriate conditions, despite initial resistance by interested parties and initial proposed conditions that were not acceptable to the District. That has been resolved. Union Regional plan is slated to be approved on July 10th.

Correspondence:

Kristin shared an email exchange with a customer who was unhappy with the water rates and asked for her comments to be shared with the commission. Kristin also shared the joint press release with PUD 3 regarding the BPA outage.

Board Reports:

Mike Sheetz: Mike reported that he attended the PPC and WPAG remote meetings.

Jack Janda: Jack reported that he had an Energy Northwest conference call regarding grant funding.

Ron Gold: Ron reported that he called into PPC and WPAG last week and that this week he has a WRIA 14 and SWAT call. Kristin asked Ron to also try to meet up with water staff to review the WRIA adaptive management proposal to determine which aspects of it we support and which we would like to change or omit.

PUBLIC COMMENT – No public comment.

EXECUTIVE SESSION – No executive session.

Adjournment: 1:50 p.m.

Ron Gold, President

Mike Sheetz, Vice President

Jack Janda, Secretary