



Mason County Public Utility District No. 1
Board of Commissioners Regular Board Meeting
June 23, 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
Julie Gray, Executive Assistant (Online)
Rob Johnson, Legal Counsel (Online)

Visitors:

No visitors on phone.

Excused:

Katie Arnold, District Treasurer

APPROVAL OF CONSENT AGENDA:

Minutes: June 9, 2020 Regular Board Meeting

Disbursements:

Accounts Payable Check Register

Accounts Payable Wire	\$ 310,973.92
Check Nos. 118606-118634	\$ 99,290.74
118636-118666	\$ 60,651.62

A/P Sub-Total \$ 470,916.28

Payroll Expense

Payroll Wire	\$ 57,569.50
Payroll Check No. 118635	\$ 1,362.87

Grand Total \$ 529,848.65

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:

Approve Employee Handbook Policy 385 "Retired Employee Medical" – Kristin presented language from Rob that clarified the definition of what constitutes a "retirement" separation. Mike made a motion to approve Employee Handbook Policy No. 385 "Retired Employee Medical" as written; Jack seconded the motion. It passed unanimously.

Authorize the General Manager to sign the Purchase and Sales Agreement for the Hood Canal Terrace Water System – The Hood Canal Terrace Water System is a small system with eight connections and has had a new well pump within the last year. It appears to be in good shape. Mike made a motion to Authorize the General Manager to sign the Purchase and Sales Agreement for the Hood Canal Terrace Water System; Jack seconded the motion. It passed unanimously.



Designate the Treasurer to Sign the FEMA-4539-DR-WA Submission – Mike made a motion to designate Katie Arnold as the applicant agent and Kristin Masteller as designated alternate for FEMA 4539-DR-WA. Jack seconded the motion. It passed unanimously.

May 2020 Financials – Kristin presented the May 2020 financials, gross revenues were \$905,589 for the month of May 2020 with expenditures of \$809,992 for the month. Kristin reported that due to the COVID pandemic, cash on hand is down \$35,000 due to delayed account payments, late fees, etc., as well as an additional loss of \$26,877 in budget amendments from delaying the rate increase. In May, we transferred \$55,000 to the general fund when we applied customer deposits against account balances, which helped offset the decrease of cash. Katie and Mike Wittenberg will present the June 2020 Financials and the second quarter financial report at the July 14th regular board meeting.

Financial Metrics as Compared with Prior Year:	May 2020	May 2019
Total General Cash and Investments	\$1,054,820	\$928,301
Current Ratio (Current Assets/Current Liabilities)	4.58 to 1	4.75 to 1
Debt Service Coverage (O&M/ Debt Service)	3.36	3.19
Long-Term Debt to Net Plant	42%	42%
Total Debt to Equity Ratio (Total Liabilities/Total Equity)	57%	57%
Long Term Debt to Equity Ratio (Long Term Debt / Total Equity)	53%	53%
Times Interest Earned Ratio (Earnings before Interest & Taxes/Total Interest)	5.96	6.90
Cash on Hand (Total Available Cash/Average Daily Costs)	42 Days (General) 135 Days (All Funds)	48 Days (General) 100 Days (All Funds)

Discussion on Delaying the Rate Increase - Kristin presented the commissioners with two options for Resolution No. 2036. Option 1 would delay the Electric Rate Schedule until October 2020 and Option 2 would delay it until January 2021. Mike made a motion to approve Resolution No. 2036 (Option 1); Jack seconded the motion. It passed unanimously.

Staff Reports:

General Manager – Kristin reported that the PUD should have approval of the Union Regional Water System Plan by July 10, 2020. The Squaxin Island Tribe has indicated that they intend to file an appeal of Ecology’s approval of Alderbrook Well 3’s water right permit extension. Kristin and the attorneys continue to work on the terms of an MOU with the tribe. The PUD wants a finite term of five years to accomplish the tasks of the MOU as well as bookends on financial commitments. We are still working out other details. Tim Flynn from Aspect will finish the analysis of the model to be used to determine any



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impairment to Schumacher Creek as a result of the consolidated system and then the District will develop a mitigation plan with tribe input. Ecology has had the Highland Estates water right application for over a year and it's stuck on their desk with no movement. Tim Flynn is working to get this finished. In the meantime, Ecology is processing Taylor Shellfish and Squaxin Island Tribe's junior water application ahead of the PUD's. They seem to believe there isn't going to be any impact on the PUD's ability to obtain their right to available water. There seems to be two different sets of rules depending on who the applicants are, which is unfair to our public.

Kristin asked Darin to report that the data miner passed inspection on his small service. It should be up and running in the next week. Kristin and Darin are meeting with PUD 3, Jefferson County and BPA regarding the wholesale fiber lease from BPA. Kristin reported that surprisingly few of the PUDs have sent letters to the Governor regarding his Proclamations that have impacted our local control and ability to collect revenue to pay our bills. Kristin is submitting the grant application to Bonneville Environmental Foundation this week on behalf of the Skokomish Tribe for two electric vehicle chargers.

Director of Operations – Darin reported that the electric crew is still working on replacing underground at Timber Tides. The PUD has hired Willie Pierce to audit the pole contacts and other PUD equipment that need to be replaced. The water crew is replacing bladder tanks and doing maintenance on some pump houses. Darin reported that the Agate Beach water system plan has been approved by Department of Health. The crew continues to have safety meetings. The last safety meeting was on heat stress and fire extinguishers. Darin and John Spain have been doing site inspections and have found no problems. There are been no accidents or near misses. Darin reported that they would be starting a new tailboard process. He thinks this will improve the crew's communication. The PUD received another safety recognition from Federated Insurance for no time loss last year.

Executive Assistant – Julie reported that the Employee Appreciation Picnic will be held on July 10 at noon at Potlatch State Park. We will not be inviting family or community members in order to respect people's health and safety concerns. The new Community Solar II Ribbon cutting will be held on July 28th at 10:00 a.m. We are asking those folks to RSVP so we do not exceed the 50 people in one place rule.

Correspondence: Kristin included a clip from her interview with KMAS where she spoke about LIHEAP funds and assistance through the Community Action Councils.

Board Reports:

Ron Gold: Ron reported that he called into the WRIA 14 meeting last week and the annual SWAT meeting. Also, the Hood Canal Coordinating council.

Mike Sheetz: Mike reported that it was his turn to write an article for the newsletter.

Jack Janda: Jack reported that he had called into the WPAG meeting.

PUBLIC COMMENT – No public comment.



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EXECUTIVE SESSION – No executive session.

Adjournment: 2:13 p.m.

Ron Gold, President

Mike Sheetz, Vice President

Jack Janda, Secretary