



Mason County Public Utility District No. 1
Board of Commissioners Regular Board Meeting
July 28, 2020 Potlatch, Washington

Present:

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

Visitors:

No visitors on phone.

APPROVAL OF CONSENT AGENDA:

Minutes: June 23, 2020 Regular Board Meeting

Disbursements:

Accounts Payable Check Register

Accounts Payable Wire	\$ 104,866.55
Check Nos. 118667 - 118754	\$ 194,790.20
July 1-13, 2020 Sub-Total	\$ 299,656.75

Accounts Payable Wire	\$ 292,351.53
Check Nos. 118755 – 118799	\$ 59,947.80
July 14-27, 2020 Sub-Total	\$ 352,299.33

A/P Total \$ 651,956.08

Payroll Expense

Payroll Wire	\$ 59,431.61
Payroll Wire	\$ 60,537.19

Grand Total \$ 771,924.88

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:

Claim for Damages- Hunter - Mike made a motion to send the claim for damages to Federated Insurance for investigation and adjustment. Jack seconded the motion. Motion carried.

2nd Quarter Strategic Plan Update - Kristin presented the 2nd quarter report of the strategic work plan and took questions from the commission. She reported that even with the pandemic, employees are busy and work is being accomplished on the plan.



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June 2020 & 2nd Quarter Financials – Katie reported Financial Highlights for the month of June 2020. Gross Revenue was \$794,962 with Gross Expenditures of \$784,630 for the month. COVID-19 Metrics showed Cash on Hand down overall \$60,000 due to delayed account payments, late fees, etc. and \$82,142 overall from delaying the electric 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. She stated that the budget has been adjusted for cuts to expenditures, to help offset the lost revenue from the rate delay. As of 2nd quarter, the District has stayed within budget without any major increases to expenditures. She pointed out that while the budget to actual reports show that expenditures are lower in the Operating & Maintenance category compared to 2nd quarter’s budget, and higher in the General & Administrative category for the quarter, it’s due to labor tracking for COVID-19 funding purposes. The overall budget for expenditures are on track with the quarter’s budget as well as the annual budget. Katie also discussed the funding requests made to not only FEMA for COVID-19 expenditures, but also to Mason and Jefferson County for the CARES Act funding both received. The CARES Act funding would assist the District’s customers who have been working with the PUD to make payments on their accounts, but are still unable to pay their bills in full each month. The District is seeking funding to potentially bring those accounts current.

Financial Metrics as Compared with Prior Year:	June 2020	June 2019
Total General Cash and Investments	\$1,088,804	\$757,895
Current Ratio (Current Assets/Current Liabilities)	4.46 to 1	3.42 to 1
Debt Service Coverage (O&M/ Debt Service)	2.86	3.07
Long-Term Debt to Net Plant	42%	45%
Total Debt to Equity Ratio (Total Liabilities/Total Equity)	57%	63%
Long Term Debt to Equity Ratio (Long Term Debt / Total Equity)	53%	58%
Times Interest Earned Ratio (Earnings before Interest & Taxes/Total Interest)	4.69	4.70
Cash on Hand (Total Available Cash/Average Daily Costs)	46 Days (General) 174 Days (All Funds)	27 Days (General) 146 Days (All Funds)

Authorize the Manager to sign the agreement with Grey & Osborne for Agate Beach Water - Mike made a motion to Authorize the Manager to sign the agreement with Grey & Osborne for the Agate Beach Water System. Jack seconded the motion. Motion carried.

Award Materials bid to HD Fowler for the Manzanita to Dalby Rd Project – Mike made a motion to award the Materials bid for the Manzanita to Dalby Road project to HD Fowler in the amount of \$155,204.14, tax included. Jack seconded the motion. Motion carried. Darin said vaults were not included in this bid.



Award Materials bid to WESCO Distribution for the 106 to Manzanita Transmission/Distribution

Project. – Mike made a motion to award the Materials bid for the 106 to Manzanita Transmission/Distribution Project in the amount of \$88,750.55, tax included. Jack seconded the motion. Motion carried.

Staff Reports:

General Manager – Kristin reported that she has sent letters to our federal congressional delegation as well as the EPA regarding COVID-19 funding and water temperature mandates for the Snake and Columbia rivers. The river temperatures are already so high that the proposed temperature limits are unattainable right from the start. Kristin feels like these are efforts to undermine the value of the hydro system.

Tim Flynn from Aspect called Friday to inform Kristin that DOE had approved Taylor Shellfish/Squaxin water right application and it is out for public comment. While she doesn't feel that there is any reason for the PUD to provide comment, she and Tim Flynn have communicated to Ecology that there seems to be two standards for mitigation instead of one and that the PUD would expect to be treated the same as other applicants. Aspect does not believe that approving Taylor/Squaxin application will diminish the PUD's ability to secure groundwater rights for the Highland Estates water system, nor introduce seawater or other issues into the water system. Kristin asked Rob to talk about the status of the MOU with the Squaxins, who as Rob explained, filed a right to appeal Ecology's decision to extend the Alderbrook Well 3 water right permit. The appeal was filed so the Tribe's right to appeal would not expire while we were negotiating the MOU. Rob also reported that Sarah Mack is still working with the tribe's attorney on the details of the MOU. Kristin reported Fern from the Department of Health asked for an extension on the final approval of the Union Regional Plan since she's been pulled away from reviewing to focus on COVID tracking, and that she expects it to be completed in August.

Kristin thanked Rob, Darin and Katie for all the help that was given to Michael Ferrier and his family during their time of need. Kristin also reported that in the event the PUD needs to have employees working from home due to the pandemic, there will be one employee here each week to do mail, take payments etc., but the rest of the office staff will work remotely until further notice. She and James will work from the office due to the unavailability of reliable internet from their homes. Darin will also be working from the office most days because his crews are onsite. Rob agreed that this was a wise decision as other agencies, including PUD 3, are not even looking at reopening or bringing employees back until 2021 and the number of positive COVID cases continue to climb by double digits in Mason County every day.

Director of Operations – Darin reported that both the electric and water crews have been very busy. There is a lot of new construction happening. The electric crew is replacing overhead at the Duckabush on a problem tap. The large load data miner has energized a small-scale operation and continues to work on getting all the necessary components for his large operation. The water crew handled a positive E-coli sample issue, caused by a bad hatch seal at Shadowood Water System. The water crew repaired it that day and chlorinated the system. The next day we were able to get good samples from the system. Rich, Katie, Darin, James and Kristin distributed drinking water to the customers on that system. Good job



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staff and water Crew! Shadowood will continue with chlorination for the near future. The purchase of the Twi Jackies water system is final. Meters have been installed and the well house cleaned up. They are replacing air tanks with bladder tanks at the Hellickson system. At the last safety meeting they practiced pole top rescue. Also, Darin has been getting feedback from the guys regarding the new tailboard process. Darin is also working on a new tool inspection form. Darin reported that he is looking on auction sites so the PUD can purchase a highline truck. The truck will make it much easier when handling 90 ft. poles with big wire and big trees.

Director of Business Services – Katie reported the topics discussed at June’s finance committee meeting. Both the electric and water bonds have deadlines for spending the funds; March 2021 for water and August 2021 for electric. The finance committee reviewed staff’s plan on how the remaining bond funds would be spent, in order to meet the upcoming deadlines. The Committee also reviewed the status of the substation funding, which is still on track to fully fund the construction of the Manzanita Substation with cash by 2025. The last item reviewed at the meeting was the current cash on hand goal of 90 days. Given the current situation of the COVID-19 pandemic, staff realizes that 90 days cash on hand would be spent quickly and felt that 180 days is optimal. The Committee agreed that while 180 days is ideal, the speed in which to reach that goal may be unattainable. An economic recession is not the time to be trying to build cash reserves. One option to consider is partly funding the cash on hand reserve with cash and having a line of credit available to draw from as part of the total. Katie and Mike Wittenberg, the District’s Auditor, were tasked with coming up with a few other scenarios to meet that goal, and report back to the Committee in the fall.

Executive Assistant - Julie reported the Ribbon Cutting for the Community Solar II project went well. Kristin thanked Julie for all her efforts to coordinate the ribbon cutting and the employee appreciation picnic.

Correspondence: Correspondence included a note from a happy customer from Vuecrest Water System, a letter to EPA from Kristin regarding EPA Total Maximum Daily Load for Temperature in the Columbia and the Lower Snake Rivers, Support Public Power Covid Relief Bills letter, Energy Northwest Member updates, Jacks commissioner corner article in the Energy Northwest newsletter, emails from happy customers regarding the drive up ribbon cutting for Community Solar II and an announcement of Michael Ferrier’s passing in NWPPA’s *Bulletin* magazine.

Board Reports:

Ron Gold: Will meet with Darin and James to review the WRIA 14 materials and will put it on the board agenda to discuss at the next meeting.

Mike Sheetz: No report

Jack Janda: Jack recommended canceling the strategic planning meeting, due to not being able to do it in person. He recommended that staff bring their proposals to the commission for approval. Mike and Ron both agreed to this idea.



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PUBLIC COMMENT – No public comment.

EXECUTIVE SESSION – No executive session.

Adjournment: 3:03 pm

Ron Gold, President

Mike Sheetz, Vice President

Jack Janda, Secretary