

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, November 26, 2019
2:00pm

CALL TO ORDER: President Dan G. Gunkel called the meeting to order at 2:00 p.m. as advertised.

PRESENT: Dan G. Gunkel- President, Douglas B. Miller-Vice President, and Randy L. Knowles- Secretary

STAFF PRESENT: Jim Smith- General Manager, Gwyn Miller- Director of Human Resources and Business Services, Mark Pritchard- Operations Manager, Cynthia Bruce- AP/Accounting Clerk, Sharon Blodgett- Water/Wastewater Coordinator, Brandy Myers- Customer Service Supervisor, Jeff Thayer- Materials Manager, Nichole Lantau- Accountant, Russ Patton- Project Engineer, Brandon Johnson- Engineering Tech, Mark Garner- Customer Engineering Supervisor, and Luann Mata- Executive Assistant

GUESTS: W.J. Morris and Scott Dixon of the Dallesport Water District and Larry Hocter

PLEDGE: The Pledge of Allegiance was recited by those present.

MINUTES: **MOTION** was made by Commissioner Knowles to approve the November 12, 2019 meeting minutes as presented. Motion carried.

CLAIMS & PAYROLL: Presented by Cynthia Bruce. Vouchers were audited and certified by the auditing officer as required by RCW 42.24.080, and all expense reimbursement claims presented were certified as required by RCW 42.24.090 and were recorded on a listing made available to the Board this 26th day of November, 2019.

MOTION was made by Commissioner Miller to approve accounts payable vouchers and payroll in the amounts as listed:

- Accounts Payable Voucher Nos. 205837 through 205983, and 205985 in the total amount of \$814,331.72; Wire and Automated Clearing House (ACH) transaction Nos. 8801262 through 8801267, along with Electronic Funds Transfer (EFT) transaction Nos. 83 through 87 in the total amount of \$24,363,482.07 for the period ending November 26, 2019; and
- Payroll Warrant Nos. 205836 and ACH Direct Deposit Payroll transactions 203670 through 203755 in the total amount of \$223,187.20 for the payroll period ending November 10, 2019.

Motion carried.

PUBLIC COMMENTS: Mr. W.J. Morris and Mr. Scott Dixon addressed the board regarding the Dallesport Water District future supply needs. They stated that they have sufficient water supply through 2020. However, if the conceptual development proposals under discussion progress, they will not have an adequate water supply to meet their need. Their request was to purchase 500-acre feet of municipal water rights from Klickitat PUD. Commissioner Miller inquired if the Dallesport Water District had an updated water system plan. Commissioner Gunkel stated that he could support the review of a proposal, but further evaluation would be required. Commissioner Knowles would also support additional evaluation once we receive a proposal from the Dallesport Water District. Commissioner Knowles pointed out the water rights retained by the PUD are for the greater public good of the County and there may be costs associated with their acquisition from the PUD. Mr. Morris stated

that their water system plan is under development. There may be local options other than drilling a new well, but all options would require applying for additional water rights or transferring water rights. They also asked how to convert ground to surface water rights. If the Dallesport Water District provides a proposal, the Commissioners will evaluate options.

REPORTS:

Water Wastewater Report – Sharon Blodgett presented the department report for October. Brandon Walter and Russ Patton attended a conference that included training on Surface Water Treatment. This training reinforced their thoughts on utilizing this option for the Klickitat water system. We experienced a break-in at the Bickleton Water System well house. Due to this event, we will be revamping security at this location. There was a water outage in Glenwood to repair a water leak. In completing repairs, they found that the valve that was to isolate the outage was stuck open. The crew took advantage of the ditch being open and rather than just replace the 2 valves, they added a third valve improving isolation options that will prove to be a better long-term reliability solution.

Russ Patton reviewed our water/wastewater Supervisory Control and Data Acquisition (SCADA) system. This system is continually improving and providing customer and system benefits. With this system in place and the radio read meters installed, we are able to find issues quickly which result in better system reliability and less customer distress from unexpectedly high water bills. Russ demonstrated the SCADA system reporting functions. We receive daily updates on water usage, peak flow and power usage. Due to the systems' geographic locations, we must utilize multiple types of communications and monitoring systems. The Glenwood Reservoir is still being researched due to lack of power and inconsistent cell or radio service.

Customer Service Update – Brandy Myers presented the annual department update. Brandy discussed that the Customer Service staff continues to improve optimization of the new billing system tools by National Information Solutions Cooperative (NISC). The SmartHub and Electronic Funds Transfer enrollment is a little less than the goal we were hoping to reach this year. We currently have 3089 enrolled in electronic payments, 4395 signed up for SmartHub and 2700 have chosen paperless bills. We are 232 followers shy of the 1500 follower goal for Facebook, but our posts continue to reach people and we will continue to reach out on this platform. We will continue to promote these programs as we roll out new program functions like our new NISC Messenger system.

Our energy assistance programs have been very active. Staff coordinated with Klickitat County Senior Services and Washington Gorge Action Program to promote the program. There were multiple events to promote awareness of the programs and over two hundred seniors signed up for discounts beginning on December 1st. Our Operation Warm Heart has a higher than average balance. Going into winter our average for the past four years has been \$12,000 per year, we have awarded \$6,070 so far in 2019.

Anita Clever attended training to be able to utilize an infrared camera to evaluate the energy efficiency of residences. She plans to provide this service in 2020 for our customers.

Our customer self-service allows individuals to update their personal information such as phone numbers and addresses. Staff receives three or four emails per day notifying them of people using this feature. Operations is beginning to use the call system to send out outage notifications. The next focus is on expanding the use of customer contacts. This feature allows us to assess the types of the calls that we receive from our customers. Billing questions are still the largest inquiry. Since our NISC conversion there have been 230 system change requests completed to adjust the NISC system and our processes. There are currently only 16 outstanding requests. There has been a focus on collections of outstanding accounts prior to entering into the cold winter months.

September Financial Report – Nichole Lantau presented the September financial report with updated year-end forecast numbers. The revenues and expenses are still consistent to what has been seen with the financials the last few months. Renewable Natural Gas (RNG) Renewable Identification Number (RIN) revenue was adjusted for the year-end forecast from \$1,500,000 to \$500,000. The RIN revenue will be stored for the remainder of the year with plans to sell them when we have our final Low Carbon Fuel Standard (LCFS) rating. We expect the LCFS carbon intensity rating to increase when all the final paperwork is complete and this will result in higher overall revenues to the PUD. Our year-end forecast for BPA purchased power was increased due to a high October billing. The year-end forecast was reduced for the operating expense for distribution by \$300,000. RNG pushed out some of their projected expenses into 2020. Water/Wastewater moved some expenses into 2020 as well. These adjustments were added to the 2020 capital budget. The day's cash on hand for the utility remains consistent with the numbers presented in the 2020 budget.

Commissioner Miller asked if we should be looking at Debt Service Coverage (DSC) based on parity debt or total debt. Both were shown on this month's report. Commissioner Knowles stated that we have policies built around the DSC based on total debt and suggested that we remove the parity DSC number. Jim responded we included both as a result of different measures used by bond ratings agencies and bond holders. Jim agreed that only the original DSC based on total debt will be reported in future reports.

Operations Report – Mark Pritchard presented the department report for October. There has been a lot of effort put forth to maintain the reliability this year. We have had issues with failed cutouts, which lead to changing to a polymer cutout. System coordination efforts along with tree trimming have also contributed to this reliability increase, as has some pretty mild weather. We had over 51,000 outage hours calculated last year and only 12,000 so far this year. The Goldendale crew is finishing the Highway 97 viewpoint project. All of the crews were utilized for the White Salmon area outage to install the breaker and regulator bank in the Bingen and Husum substations. The White Salmon crew has been replacing reject poles and working on fuse coordination in Snowden. The Construction crew has been tending to customer work. CenturyLink is addressing pole attachment change-outs. Northwest Line Clearance will be working trimming trees in White Salmon for the remainder of the year. We have transitioned our right of way clearing from a release process to a substation and circuit process. We feel that this approach will prove to be more efficient. Mark is scheduled to give a presentation for the Northwest Public Power Association (NWPPA) Fire Risk Mitigation training in January. The focus will be on trimming to mitigate hazard risk, not only for reliability. December's safety focus is CPR/first aid.

We held an emergency outage on the Harvest Wind transmission line as a result of issues spotted while completing transmission inspections using a drone. Staff reported the issues on Wednesday an emergency outage was scheduled with BPA and the repairs were completed on Friday. Brandon Johnson is working with staff to establish inspection methodology and develop the standard process.

COMMISSIONER DAN GUNKEL – Commissioner Gunkel did not have a report.

COMMISSIONER DOUGLAS MILLER - Commissioner Miller stated that he did not plan to attend the Washington PUD Association annual meeting.

COMMISSIONER RANDY KNOWLES – Commissioner Knowles did not have a report.

GENERAL MANAGER – The complete report can be found at:
http://www.klickitatpud.com/topicalMenu/commissioners/GM_Reports.aspx

In addition to the written report, Jim Smith presented the following information:

- DNR Meeting - Jim stated that he attended the DNR taskforce meeting. They presented an action plan for review and discussed deliverables. There was a discussion on large and small forestland owner responsibilities and best practices. The Utility and Transportation Commission is going to start engaging with privates to get a perspective.
- 2020 Operating Budget - There are no action items to discuss prior to the budget hearing. There were updated pages provided to staff and the board. The 1.5% rate increase that was provided in the original budget proposal has been removed. There was \$100,000 in Water/Wastewater capital moved from 2019 to 2020, but that information has not been adjusted in the 2020 budget documents yet and the year-end forecast shows we have a 1.13 debt service coverage.
- Cost of Living Adjustment - Gwyn discussed the current marketplace and following discussion, **Motion** was made by Commissioner Miller to apply the 3% COLA salary adjustment to the non-union positions for 2020. Motion carried.
- Bond Closing - The closing telephone call and formal bond closing is scheduled for November 27th at 8:30 a.m. We have transferred the escrow account funds of just over \$10 million to pay off the McNary and White Creek debt. The \$18,000,000 will be released to the Klickitat County Treasurer by 10:00 a.m. November 27th.
- Benefits - The medical and dental coverage costs will increase 2.5% on January 1, 2020. The employer and employee contributions will adjust accordingly.

AGENDA ITEMS:

A. PROFESSIONAL SERVICES PREQUALIFICATION: **Motion** was made by Commissioner Knowles to approve the addition of The Compliance Group formerly known as Cosentino and agree to add them to the professional services roster for the remainder of 2019 and 2020. Motion carried.

B. EXECUTIVE SESSIONS:

- a. President Gunkel called for an executive session at 3:15 p.m. Per RCW 42.30.110(1)(i) noting that the session would last for 20 minutes, for the purpose of discussing potential litigation surrounding Tract D. Athan Tramountanas was present via teleconference.

The session ended at 3:35 p.m. No action was taken and the meeting continued at 3:35 p.m.

- b. President Gunkel called for an executive session at 4:24 p.m. Per RCW 42.30.110(1)(g) noting that the session would last for 45 minutes, for the purpose of discussing review of a public employee- General Manager performance review.

The session ended at 5:09 p.m. No action was taken.

RCW 42.30.110 – Executive Session.

(1) Nothing contained in this chapter may be construed to prevent a governing body from holding an executive session during a regular or special meeting:

Adjourned – There being no further business, the meeting adjourned at 5:10 p.m.

