

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, April 11, 2017

SPECIAL MEETING

President Knowles called the meeting to order at 1:00pm, at which time he called for an Executive Session per RCW 42.30.110 for the purpose of discussing potential litigation with legal counsel, Dan Short of Paine Hamblen via teleconference, noting that the session would last 60 minutes. The discussion was in regard to the Old Hwy 8 Fire.

RCW 42.30.110 – Executive Sessions.

(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:

(i) To discuss with legal counsel representing the agency matters relating to agency enforcement actions, or to discuss with legal counsel representing the agency litigation or potential litigation to which the agency, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency.

The Executive Session concluded at 2:00pm. No action was taken.

REGULARLY SCHEDULED MEETING

President Randy Knowles called the regular Board meeting to order at 2:00pm.

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

STAFF PRESENT: Jim Smith-General Manager, Kevin Ricks-Generation Assets Manager, Gwyn Miller-Director of HR & Business Services, Mike DeMott-Interim Power Manager, Leo Perth-Electric Operations Manager, Ron Schultz-Chief Engineer, Cynthia Bruce-Accts Payable/Accounting Clerk, Beth Schroder-Accountant, Nichole Lantau-Accountant, and Kathy Loveland-Executive Assistant.

GUESTS: None.

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

MINUTES: **MOTION** was made by Commissioner Doug Miller to approve the March 28, 2017 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 the 11th day of April, 2017.

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

- Accounts Payable Voucher numbers 109356 through 109450 in the total amount of \$582,789.51 and Wires, ACH and EFT numbers 8800674 through 8800677 in the total amount of \$85,055.53 for the period ending April 11, 2017; and
- Payroll Warrant number 43330 and ACH Direct Deposit Payroll transactions 9917247 through 9917324 in the total amount of \$170,351.90 for the payroll period ending April 2, 2017.

Motion carried.

PUBLIC COMMENTS: None.

REPORTS:

COMMISSIONER DAN GUNKEL – No report at this time.

COMMISSIONER DOUG MILLER reported that he sent a letter to Congresswoman Jaime Herrera Beutler, asking for her support in the USDA program that provides for funding of small water and wastewater systems plus training opportunities for w-ww operators across the State of Washington. A copy of the letter was shared with the other commissioners. Commissioner Miller also noted that he would be attending Washington PUD Association's last commissioners' orientation session in Olympia, WA on April 12-13, 2017.

COMMISSIONER RANDY KNOWLES reported that he would be attending the Washington PUD Association meetings April 12-14, 2017 in Olympia, WA.

GENERAL MANAGER – The complete report can be found at:
http://www.klickitatpud.com/topicalMenu/commissioners/GM_Reports.aspx
In addition to the written report, Mr. Smith presented the following information:

- 1) Tier 2 Purchases – An update was provided by Mike DeMott, noting that we will see a reduction in costs to purchase 7 aMW to meet our Tier II power needs for the October 2017 to September 2019 BPA rate period. The benefit is approximately \$950,000 due to the market going down compared to budgeted and forecast numbers.
- 2) RNG Bond Resolution – A draft copy was included in the board packets for review, and will be presented at a future meeting for adoption. Mr. Smith asked the Board if they required any further information prior to the resolution being presented for approval, and the Board concurred that they did not. If Board approval is required prior to the next regularly scheduled meeting, staff may set up a special meeting / conference call with the Commissioners to obtain authority to move forward.

Kevin Ricks will be putting a detailed Gantt chart together for the Board for the project. If the project proceeds, staff will be exploring all options to get the project online as quickly as possible, with the Board being kept up-to-date on at least a monthly basis. The Board also encouraged pre-shipping testing and inspection of all equipment. A copy of the payment guarantee letter will be provided to Commissioner Miller per his request. Discussion ensued regarding the CT's and how many hours they can continue to run without a complete overhaul, and the Board supported the cost of additional inspections by Solar if staff feels this is prudent.

- 3) Power Sales Agreement – Mike DeMott gave an update on the contract language with Powerex.

The reports were accepted as presented.

ACCOUNTING – Nichole Lantau and Gwyn Miller presented the February financial report, which included the revenue and expense reports and a statement of cash flow. Gwyn also noted that our financial auditors, Moss Adams, were on site last week to start their auditing process. The report was accepted as presented.

GENERATION ASSETS – Kevin Ricks presented the monthly H.W. Hill Landfill Gas Project report for March 2017, noting that the average station output was 22.02 average MWs, utilization factor was 97.64%, and reliability factor was 100%. Kevin also noted that the easement with the landowner has been signed for the pipeline route for the RNG project. The Board asked staff to draft a letter to the landowner for their signatures, thanking them for their support of the project. The report was accepted as presented.

HUMAN RESOURCES – Gwyn Miller presented the H.R. report for first quarter 2017. The report included a breakdown of the District's health and welfare expenses through March and the monthly premium amounts that include the 5% premium increase implemented in January. The report also included a breakdown of workers' compensation claims by class (electric, water-ww, office). Commissioner Miller encouraged management to increase awareness among employees to live healthier lifestyles and take better care of themselves.

Gwyn also gave an update on staffing, noting that Leo Perth has accepted the position of Electric Operations Manager; Rob Rising was awarded a journeyman lineman position on the Goldendale Crew; and a second lineman has been added to the Goldendale crew as well on a temporary basis during the absence of John Starr. With these changes we now have our crews fully staffed. Gwyn also noted that an internal floating operations/engineering support position has been posted inhouse, to fill Luann Mata's position with her moving into the Executive Assistant position due to Kathy Loveland's retirement the end of May. Our summer college student positions have been posted as well.

The report was accepted as presented.

AGENDA ITEMS

- A. PRE-QUALIFICATION OF CONTRACTORS – **MOTION** was made by Commissioner Dan Gunkel to authorize the addition of R&S Flagging LLC of The Dalles, Oregon to KPUD’s Small Works Roster for the 2017 calendar year, as they have met our qualification requirements. Motion carried.

- B. BID AWARD: Pole Test & Treat – **MOTION** was made by Commissioner Douglas Miller to award the bid for Pole Inspection and Treating for 2017 to Pacific Pole Inspection, LLC in the amount of \$102,925.39 including taxes. Motion carried.

- C. BID AWARD: Tree Trimming – **MOTION** was made by Commissioner Dan Gunkel to award the bid for Tree Trimming & Right of Way Clearing to Asplundh Tree Expert Company in the amount of \$281,500.00. This is within the 15% of the engineer’s estimate allowable by bid law as recommended by staff. This award includes an additional 19 miles of single phase trimming in the Snowden area, which is over and above the current budget. Jim presented a draft of a revised tree trimming program. The Commissioners noted their support of staff’s direction, and asked that a written plan be provided to them, and for staff to come back with a date of when this would be accomplished. Following discussion, motion carried.

- D. CALL FOR BIDS: Street Lights – **MOTION** was made by Commissioner Doug Miller to authorize staff to advertise a call for bids for LED Street Lights, with a bid opening date of May 10, 2017 at 2:00pm pacific time. Motion carried.

- E. RESOLUTION No. 1735 – **MOTION** was made by Commissioner Dan Gunkel to adopt Resolution No. 1735, thereby authorizing surplus of District vehicles #50, #72 & #77 as recommended by staff. Motion carried.

- F. NWPPA VOTING DELEGATE – **MOTION** was made by Commissioner Douglas Miller to authorize Commissioner Randy Knowles to serve as the District’s representative and voting delegate at NWPPA’s annual meeting in May. Motion carried.

- G. CALL FOR BIDS: Wishram Well House & Booster Pump – **MOTION** was made by Commissioner Dan Gunkel to authorize staff to advertise a call for bids for the Wishram Well House and Booster Pump Improvement Construction with a bid opening date of May 11, 2017 at 1:30pm. Motion carried.

ADJOURNMENT – There being no further business, the meeting adjourned at 4:05pm.

/s/
Randy L. Knowles, President

/s/
Dan G. Gunkel, Vice President

/s/
Douglas B. Miller, Secretary
Date Approved: 4/25/2017

/s/
Kathy Loveland, Executive Assistant