

**CLALLAM COUNTY PUBLIC UTILITY DISTRICT #1
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
June 11, 2018**

The regular meeting of the Board of Commissioners of Clallam County Public Utility District #1 was held at the Main Office, 104 Hooker Road in Carlsborg, WA, on the above date commencing at 1:30 PM.

Commissioners Present: Hugh (Ted) E. Simpson, Jr., President
Will Purser, Vice President

Staff Present: Doug Nass, General Manager
Gary Moore, Operations Manager
Mike Hill, Distribution System Supervisor
Ben Philips, Engineer
Tom Martin, Water & Wastewater Superintendent
John Purvis, Assistant General Manager
Sean Worthington, Treasurer
Dave Papandrew, Auditor
Lori Carter, Controller/Auditing Officer
Larry Morris, Safety Manager
Nicole Clark, Communications Manager
Teresa Lyn, Executive Assistant

Others Present: Werner Buehler
Terry Lee
Randy Brackett
Jack Smith

On motion of Commissioner Purser seconded by Commissioner Simpson and carried, the Commission approved the minutes of the May 14, 2018 meeting.

Public comment was heard from Terry Lee who inquired about employee mileage reimbursement and Open Meetings Act training.

Upon recommendation of staff, and upon motion of Commissioner Purser seconded by Commissioner Simpson and carried, the Commission approved Bid Award 180804 for a transmission pole replacement project with distribution from Airport Road to Laird's substation to Michels Power, for an amount not to exceed \$567,577.31 (not including WSST).

Upon recommendation of staff, and upon motion of Commissioner Purser seconded by Commissioner Simpson and carried, the Commission approved utilizing NJPA to solicit Quotation for one (1) 2019 or newer diesel-powered Freightliner Model 122 SD chassis with crane, factory engineered for off and on road capability to be used as a delivery truck for the Materials Department.

Upon recommendation of staff, and upon motion of Commissioner Purser seconded by Commissioner Simpson and carried, the Commission approved Invitation to Bid 180803 for construction of a water distribution main, a pressure reducing station, and associated appurtenances in a project area that will extend along Old Olympic Highway from Highway 101 to the vicinity of Siebert Creek. Estimate of bid price (not including WSST) is \$925,000.00.

Upon recommendation of staff, and upon motion of Commissioner Purser seconded by Commissioner Simpson and carried, the Commission approved accepting the Memo of

Completion for Bluff Well Construction Management Agreement 140308 which was completed in September 2016 for the cost of \$171,656.10.

Upon recommendation of staff, and upon motion of Commissioner Purser by Commissioner Simpson and carried, the Commission adopted the updated Water System Plan dated June 4, 2018.

Upon recommendation of staff, and upon motion of Commissioner Purser seconded by Commissioner Simpson and carried, the Commission approved removal of Invoice 11593 in the amount of \$73,340.00 from the active accounts receivable. Upon recommendation of staff, and upon motion of Commissioner Purser seconded by Commissioner Simpson and carried, the Commission approved removal of additional delinquent accounts in the amount of \$15,790.66, including a collection fee of \$3331.39.

GM Doug Nass reported on industry news, including an article by the Northwest Power and Conservation Council about their inclusion of electric vehicles into their power plan, as EVs are becoming a significant new source of demand; and an article from the Department of State regarding upcoming negotiations with Canada to modernize the Columbia River Treaty Regime.

Four lists of claim vouchers as certified by the General Manager and Auditing Officer were considered: upon recommendation of staff, and upon motion of Commissioner Purser seconded by Commissioner Simpson and carried, the Commission approved payments of claim vouchers in the amount of \$558,774.20 for May 21, 2018; upon recommendation of staff, and upon motion of Commissioner Purser seconded by Commissioner Simpson and carried, the Commission approved payments of claim vouchers in the amount of \$2,755,486.75 for May 29, 2018; upon recommendation of staff, and upon motion of Commissioner Purser seconded by Commissioner Simpson and carried, the Commission approved payments of claim vouchers in the amount of \$206,824.96 for June 4, 2018; and upon recommendation of staff, and upon motion of Commissioner Purser seconded by Commissioner Simpson and carried, the Commission approved payments of claim vouchers in the amount of \$327,322.20 for June 11, 2018.

Commissioner Purser reported that he attended the Public Power Commission Forum and the Energy Northwest Executive Committee Meeting.

Commissioner Simpson reported that he attended a Port Angeles Business Association Meeting.

Treasurer Sean Worthington advised that a request for proposal was completed for banking services. The District received a few responses and has decided to move forward with First Federal, a local community bank. The reason for the change is that Bank of America left the peninsula a few years ago making certain financial transactions more difficult without having a physical banking location. Treasurer Worthington advised that by going with First Federal, a community bank, we would save a couple thousand dollars per year on banking fees. Additionally, First Federal will waive our fees during the transition from BofA.

Treasurer Worthington also reported that prepay metering is now live; there's been a fair amount of interest and a dozen customers have already utilized the program. The accounts are being monitored daily, the system is working as it should, and with the exception of a customer who left the area, no accounts have been closed that should not have been.

Treasurer Worthington also provided the Board with an update on Conservation and Renewable Energy System (CARES). He advised that he has had limited exposure to the organization; but based on the two annual meetings that he attended, other than Pacific PUD proposing to electrify their fleet; there seems to be little other activity going on with CARES right now. Additionally he noted that there was talk of dissolving the organization; however the five members voted to keep it going in case they want to get together and pursue a project; such an opportunity may arise if the carbon tax does pass.

General Manager Doug Nass reported that Nancy Neraas of Foster Pepper will be attending the June 18th board meeting to introduce a bond Resolution. As he advised last year during the ten year budget summary presentation, Auditor Dave Papandrew restated that in looking at our longer range projection, he saw future projects that may require some bond financing. This bond financing is already built into the 10 year budget plan. Per Assistant General Manager John Purvis, the projects earmarked to be bond funded are: the Forks substation expansion/rebuild with SCADA; the new airport substation with SCADA; the Forks equipment building project; and the Forks Operation Center. The total estimated cost of these bond-funded projects is \$9.7 million. The concern is that we are within a very narrow window to take advantage of interest rates before they rise substantially. These projects will address our needs until 2027, based on our present growth rate. Treasurer Worthington advised that we are working with Jeb Spengler of Piper Jaffray for revenue bonds with a 5% interest rate, which equates into an annual debt service of approximately \$750,000 per year.

Auditor Dave Papandrew reported that PURMS recently passed a unanimous resolution to change their inter-local agreement voting procedure. He also reported that Aegis Insurance Company had claims of \$100 billion dollars due to hurricanes last year.

There being no further business to come before the Commission, the meeting adjourned at 2:39 PM.