

PUBLIC UTILITY DISTRICT NO. 1
OF ASOTIN COUNTY, WASHINGTON
MEETING MINUTES
November 25, 2019

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President Judy Ridge presiding, the Public Utility District No. 1 of Asotin County Meeting was called to order at 5:30 p.m. at the PUD Office at 1500 Scenic Way.

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ROLL CALL: PRESENT Commissioners: Judy Ridge, Greg McCall and Don Nuxoll.

Staff: Tim Simpson and Bob Sischo.

MINUTES OF MEETING AND VOUCHER APPROVAL

MOTION by Commissioner Don Nuxoll and seconded by Commissioner Greg McCall to approve the consent agenda approving the minutes of the November 12, 2019 Regular Meeting and payment of Electronic Payroll Vouchers #5334EFT – #5350EFT in the amount of \$35,941.23 and Electronic Accounts Payable Vouchers #19112001 and #19112101 and Accounts Payable Vouchers #40126 – #40171 in the amount of \$108,334.03. The question was called for on the motion. The motion passed 3-0.

OLD BUSINESS

City of Asotin Water System Management and Operations Agreement

The manager reported that on Wednesday, November 13, he received an email from City of Asotin Clerk/Treasurer Tiffany Rogers reporting that at their Tuesday, November 12 meeting the Asotin City Council approved the Interlocal Governmental Agreement for PUD management and operation of their water system. The manager stated there were no additional amendments made from those reported at the November 12th Commission meeting and he recommended approval of the Agreement.

MOTION by Commissioner Greg McCall and seconded by Commissioner Don Nuxoll to approve the Interlocal Governmental Agreement between the PUD and the City of Asotin for management and operation of the City’s water system and authorizing the General Manager to execute the Agreement. The question was called for on the motion. The motion passed 3-0.

NEW BUSINESS

There were no items presented under New Business.

2020 Budget: Open Hearing

Commissioner Ridge opened the Public Hearing for the 2020 Budget at 5:35 p.m.

Staff Input

The manager provided an overview of the 2020 Budget. He stated that \$6.338 million has been estimated for Budgeted Revenue in 2020. The budget provides for a revenue increase based upon the financial plan developed during the update of our Comprehensive Water System Plan (Plan) in 2018. The financial analysis conducted provided a detailed and comprehensive look at current revenue and the current and future cost of operations and capital improvements.

Board approval of Plan provided for an annual revenue increase of approximately 5% from 2018-2025 to fund operations and capital improvements. The purpose for considering a revenue increase was to ensure financial stability in order to meet increasing operational costs and provide for capital improvements as identified in the Plan. The manager presented three (3) options for a revenue increase, each showing the chosen options effect on the typical monthly residential bill, the revenue increase percentage, the total estimated revenue from the increase and the percentage of revenue that would come from the fixed Monthly Minimum Charge. The revenue increase options presented were as follows:

- Option 1: Increase Minimum Charge \$1.00 and increase Water Rate from \$1.05 to \$1.10
- Option 2: Increase Minimum Charge \$1.50 and increase Water Rate from \$1.05 to \$1.10
- Option 3: Increase Minimum Charge \$2.00 and do not increase Water Rate

The Board discussed the three revenue increase options and selected Option 3 for the 2020 Budget. The manager stated that the monthly sewer charge will not increase in 2020 with the last rate increase being effective January 1, 2014. He stated that he and staff reviewed other rates, fees and charges. It was determined that the water service Installation Fees are adequate to cover costs and still provide minimal funds for capital improvements. The manager stated that he recommends adding language that provides for a minimum deposit of \$3,000.00 on fire hydrant installations and adding a new item under Miscellaneous Fees and Charges titled, Service Relocation Minimum Deposit (balance due upon completion) of \$1,000.00. We receive requests annually for relocation of water service lines and most existing material, meter boxes and meters can be reused when relocating a service.

The manager stated that Budgeted Expenses is estimated at \$4.998 million in 2020. The manager stated that the 2020 Budget also provides for continuing the Board adopted plan for setting aside reserves. \$1.330 million has been designated as set aside for reserves for the Equipment Replacement Fund, the Automated Meter System upgrade in 2025, Capital Improvement Projects (CIP) in 2021 and the Sewer System. He stated that we will not meet our Capital Improvement Fund Reserve goal of \$790,000 for 2020 CIP due to the failure of the motor at Well No. 7 and its rehabilitation cost along with the purchase of a new motor. He estimated that \$730,000 will be available in 2020 for CIP. The set-aside goal for CIP in 2021 is \$900,000.

The manager discussed the final payment left on the 2000 Public Works Trust Fund, the significant reduction in health insurance costs in 2019, the purchase of survey-grade GPS unit, the purchase of backflow prevention program tracking software, Bonneville Power Administration proposed rates, the Well No. 7 hypochlorite tank, sewage treatment costs and proposed office building improvements.

Commissioner Input

Commissioner McCall asked if the sewer revenue is adequate to cover treatment and disposal and operations and maintenance of the system. The manager stated that sewer revenue adequately covers all expenses. Commissioners discussed the increase in service meter costs. The manager stated that he has increased these costs due to the fact that we have seen an increase in the replacement of electronic MXU meter reading units. Discussion of this issue led to the question as to whether we should move up the meter replacement project scheduled for 2025. The manager stated that management staff had this same discussion recently especially if costs increase with MXU replacement. He stated that we could spend several hundred thousand dollars before the project start date. The manager stated that if we stay with the same vendor the MXU's will work however, if another vendor is selected these units will have to be replaced. Commissioner McCall stated that he would like to be a part of meter presentations by vendors. Commissioners discussed other expenses, capital improvement projects and set asides for reserves.

Public Input

There was no public input.

Close Hearing

Commissioner Ridge declared the hearing closed at 6.35 p.m.

MANAGER'S REPORT

Operations Activity – the manager reported that work for the City of Asotin on replacement of services on 2nd Street, prior to an asphalt project next year, has concluded. 43 Services were inspected and all but one of services inspected were newer HDPE pipe. The one needing replacement was Schedule 40 PVC pipe. The crew rebuilt the meter sets without check valves, replaced all galvanized pipe found at the meter, replaced meter box lids and installed new electronic meters. The City asked the PUD to add three (3) more service inspection and replacements located in the 2nd Street alley. The project will be completed by Wednesday, November 27. As the final part of the Chestnut Street project the Well No. 1 check valve was rebuilt. The motor at Well No. 6 was removed and sent in for repair.

COMMISSIONER'S REPORT

Commissioner Ridge attended the Public Power Council (PPC) Annual meeting on November 13-14 in Portland, Oregon. She reported that Debra Smith, CEO of Seattle City Light, is the Chairwoman of the PPC Executive Committee. She reported on a panel discussing the value of hydropower and the importance of getting the message out especially in light of the effort being made for dam removal. She reported on Bonneville Power Administration (BPA) Administrator Elliot Manzier's a statement of his appreciation of how PPC is keeping BPA accountable to its customers.

Commissioner McCall was unable to join the Washington PUD Association meetings by phone on Wednesday November 13-14 due to problems with their phone system.

Commissioner Ridge and Commissioner McCall will be attending the Washington PUD Association Annual Meeting in Vancouver, Washington on December 4-6.

ADJOURNMENT

There being no further business the meeting was adjourned at 6:45 p.m.