

PUBLIC UTILITY DISTRICT NO. 1
OF ASOTIN COUNTY, WASHINGTON
MEETING MINUTES
November 28, 2023

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President Don Nuxoll 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, Clarkston, Washington.
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ROLL CALL: PRESENT Commissioners: Don Nuxoll, Judy Ridge and Greg McCall.
Staff: Tim Simpson and Bob Sischo.

MINUTES OF MEETING AND VOUCHER APPROVAL

MOTION by Commissioner Judy Ridge and seconded by Commissioner Greg McCall to approve the consent agenda approving the minutes of the November 13, 2023, Regular Meeting and Electronic Payroll Vouchers 7128EFT – 7152EFT in the amount of \$63,480.88 and Electronic Accounts Payable Voucher 23112001, 23112002, 23112003 and 23112004 and Accounts Payable Vouchers 44610 – 44647 in the amount of \$82,093.22. The question was called for on the motion. The motion passed 3-0.

OLD BUSINESS

There were no items presented under Old Business.

NEW BUSINESS

Review Proposed 2024 PUD Budget

The manager presented the proposed 2024 PUD Operational Budget for Board of Commissioner review. He stated that revenue is estimated at \$8.210 million, 75% of which comes from monthly minimum charges, water sales and monthly sewer charges. \$1.515 million of the total revenue is derived from reserves set aside for capital improvement projects, the Automated Meter Reading System upgrade project and from the Equipment Replacement Fund for vehicle replacement. In keeping with the financial analysis of the Board adopted Water System Plan, a 5% revenue increase is proposed which would increase the Water Consumptive Rate and all categories of the Monthly Minimum Charge. The manager stated that based upon the proposed 2024 City Sewer System Budget, he does not recommend an increase in PUD sewer system rates. Current sewer rates will generate enough revenue to cover operational expenses. The manager stated that expenses are estimated at \$6.480 million. The majority, or 62%, of expenditures are for operations and maintenance of our water, wastewater and electrical systems. 17%, or \$1.515 million, of expenditures are for capital improvement projects. The 2024 set aside for reserves for future projects and asset replacement is \$1.730 million or 21% of revenue received. The Board questioned the manager on rates and revenue, expense and reserve categories.

Review Proposed 2024 City of Clarkston Sewer System Budget

The manager presented the proposed 2024 City of Clarkston (City) Sewer System Operational Budget for Board of Commissioner review. He stated that City Sewer System revenue is estimated at \$5.310 million. The largest source of revenue is from the Sewer Service Charges in the amount of \$2.45 million or 46% of total revenue. 28% of revenue, or \$1.5 million comes from the City's American Relief Plan Act (ARPA) funding. 11%, comes from Sewer Line Reserves in the amount of \$500,000 for the sewer main replacement projects and \$75,000 from equipment reserve for vehicle purchases. 15% of the revenue comes from PUD Sewer Treatment charges, interest income and miscellaneous charges. The City Sewer System 2024 Operating Budget provides for a 7% rate increase. This is significantly lower than the proposed rate increases of 14.6% for six years that began in 2023.

The manager stated that \$4.675 million has been estimated for expenses. 41% or \$2.2 million of total expenditures are for capital improvement projects including \$2.0 million for sewer collection system main replacement utilizing City ARPA funds and the Sewer Line Reserve Fund. 33% or \$1.725 million of expenditures are for operation and maintenance of the Wastewater Treatment Plant (WWTP) and sewer collection system. 14% or \$750,000 is for the WWTP revenue bond and loan payments. 12% or \$635,000 of the total budget has been designated as set aside for the Sewer Line Reserve Fund. The Board questioned the manager on rates and revenue, expense and reserve categories.

MANAGER'S REPORT

Development Activity – Staff received a preliminary site design for the proposed car wash on Appleside.

Administrative Activity – Director Sischo had a meeting with the Audit Manager on Thursday, November 16 to discuss the 2022 Audit. He updated the Board regarding his conversation with the State Auditor's Office on the PUD accountability and financial reports. A hearing on the PUDs renewal application for an Asotin County Franchise Agreement was held at the County Commissioners meeting on Monday, November 27. The manager attended the hearing to discuss the Franchise with the Commission. Public comment on the Franchise Agreement will be accepted through Friday, December 1 at 12:00 pm. Pending public comment, approval of the Franchise will be an item for the Commission's December 4, 2023 meeting.

City Sewer System Activity – WWTP and PUD staff met with Consor on Monday, November 20 to review plans to update and consolidate probes at the aeration basin and to discuss replacement of auto air valves. Consor stated that the plan was acceptable. Staff is meeting with Consor on Thursday, November 30 to finalize front end bid documents and discuss timing of bidding and contractor interest for the ARPA funded Sewer Collection System Replacement Projects. Ecology is still reviewing the plans and the standards and specifications but stated it is acceptable to go to bid prior to the conclusion of the review. The manager and Director of Operations met today with Greg Dobbs, Department of Ecology to discuss issues with the General Sewer Plan (GSP). Ecology is requesting an update of the GSP to be consistent with the current capital improvement projects. An amendment to the GSP will be an item for development beginning in January 2024 and will be provided to Ecology for review and approval upon completion. The City has not reviewed the draft of the interlocal agreement providing for the invoicing and utilization of ARPA funds for payment of the contract for the ARPA funded sewer collection system projects but stated that review should be completed this week. Avista heard from the Washington Utilities and Transportation Commission (WUTC) regarding their petition and filing for approval of the Service Territory Agreement with the PUD for energy service to the WWTP. WUTC stated they are hoping to have the process completed by the end of the year.

City Sewer System Ownership Transfer – The City has reviewed the updated draft of Sewer System Transfer Agreement and presentation has been recommended to the City Council for approval at their meeting on Monday, December 11.

COMMISSIONER'S REPORT

Commissioner Ridge and Commissioner McCall virtually attended the Washington Public Utility District Association (WPUDA) meetings November 15-17. Commissioner McCall reported that at the Education Roundtable meeting discussion focused on electrical system planning due the state of Washington's required 2030 net neutral carbon free electricity and their 2045 100% renewable energy requirement. They heard from a guest speaker from the WUTC and discussed PUD operational costs.

Commissioner McCall stated that at the Water Committee meeting staff discussed the next Legislative Session which begins January 8, 2024. It will be a short session and WPUDA will be addressing the same unresolved issues that have been before the legislators for a number of years. He reported that at the Board of Directors meeting staff discussed the 2024 WPUDA budget, which will increase 4.1%, and the development and deployment of small nuclear reactors. The Board also heard a farewell address from Executive Director George Caan who will be retiring at the end of this year.

Commissioner Ridge reported that at the Energy Committee meeting the Net Energy Study was discussed and it was determined that there will be financial consequences to electrical customers with the push for the addition of solar and wind projects. A final report of the study will be available in three weeks. The group discussed the cost of state's Climate Commitment Act and the state's announcement that they will be linking with California and Quebec. The group also discussed the Energy Independence Act, low-income assistance program requirements and the new vehicle reporting rule under the Climate Commitment Act.

ADJOURNMENT

There being no further business the meeting was adjourned at 7:35 p.m.