

**MINUTES OF THE BOARD OF COMMISSIONER SPECIAL MEETING
OF KITTITAS COUNTY PUD #1**

September 15, 2015

The Special Meeting of the Board of Commissioners of Public Utility District #1 of Kittitas County was called to order by President Roger Sparks at 9:00 A.M.

Roll Call:

Roger Sparks, President
Shan Rowbotham, Vice President
Paul Rogers, Secretary

Staff Present:

Matt Boast, General Manager General Manager (GM)
Brian Vosburgh, Operations Manager (OM)
Genine Pratt, Finance Manager (FM)
Kelly Carlson, Administrative Assistant

Guests Present:

None present

Public Comments/Introduction of Guests

No Public Comments

Agenda

Budget: GM Boast had a short discussion on where staff is at with the budget preparation and what he has so far to present to the Commissioners. Commissioner Rowbotham expressed his concern on the need for consistency in formatting and information. He also was concerned over the consistency in the board reports i.e. budget vs. quarterly. FM Pratt stated that the Commissioners will receive a "Budget Summary" on a quarterly basis from now on. GM Boast then went on to explain how the managers review and put the budget together and pointed out a specific spreadsheet that showed crew hours expensed vs capitalized labor. He then stated that the crew is not doing enough capital project work.

GM Boast then went over his recommendations for the upcoming budget/rates:

- 3% rate increase overall
- Reduce capital spending by \$200k (keeping the 50/50 split)
- Do a bond anticipation note in the first quarter of 2016 for \$2.5 million through Cashmere Valley Bank.
- Refinance the 2005 bonds - \$6.5 million in January 2016
- 2019 bond sale of \$5.2 million
- Commit to put at least 640 more hours of crew time to capital projects
- Raise the DSC target to 1.75
- Keep the reserves at 6 months

There was continued discussion on the impacts of having the crew do more capital projects and how it would affect our customers, if the district could meet the equipment needs to do the projects, and that it could be a scheduling issue when they are called out on an outage.

Investment Options – GM Boast stated that he would like to put the District’s restricted funds into a long-term investment in order to get a better rate of return. Commissioner Rowbotham stated that he thought there was concern over getting away from utilizing the County Treasurer in that it would increase an existing employee’s workload. FM Pratt stated that management hasn’t moved forward on this since there has not been a directive from all three Commissioners to pursue. Commissioner directed staff to create a proposal for them to consider.

Rate Increase:

GM Boast went over how he came to the recommended 3.1% increase in rates which includes a \$1.00 increase in facilities fees. Commissioner Rogers stated that in raising the facility fees you are getting guaranteed revenue vs. kWh charge being variable. Commissioner Rowbotham stated his concern over the impacts to our low income customers in raising the facilities fee. GM Boast then went over the capital spending trend and what the numbers represented project wise. Further discussion followed on certain aspects of the budget and rate increase which led the Commissioners to a motion.

MOTION: Commissioner Rogers motioned to raise the rates 3.1% at the September 29, 2015 meeting to become effective November 1, 2015.

SECOND: Commissioner Rowbotham seconded

DISCUSSION:

Commissioner Rowbotham brought up the irrigation rates and that we would need to exclude them at this time.

AMENDED MOTION: Commissioner Rowbotham motioned to do a rate increase of 2.5% on consumption and demand, and a \$1.00 increase in facilities fees as of November 1, 2015. This increase excludes irrigation rates.

VOTE on AMENDED MOTION: Approved 3-0

VOTE: Approved 3-0

Commissioner Rowbotham then directed staff to have the irrigation rates done and in effect as of January 1, 2016.

EXECUTIVE SESSION:

(g) To evaluate the qualifications of an applicant for public employment or to review the performance of a public employee. However, subject to RCW 42.30.140(4), discussion by a governing body of salaries, wages, and other conditions of employment to be generally applied within the agency shall occur in a meeting open to the public, and when a governing body elects to take final action hiring, setting the salary of an individual employee or class of employees, or discharging or disciplining an employee, that action shall be taken in a meeting open to the public;

(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.


Commissioners went into Executive Session at 10:25 for 20 minutes to discuss litigation issues and employee evaluations.


Commissioners came out of executive session at 10:43 then reconvened the meeting at 10:45.

Adjourned at 10:46 A.M.

ATTEST:


Paul Rogers, Secretary


Roger Sparks, President


Shan Rowbotham, Vice President

