

AGENDA
Regular Commission Meeting
Public Utility District No. 1 of Franklin County
October 13, 2020 | Tuesday | 1 P.M.
1411 W. Clark Street, Pasco, WA

Following the Proclamation by the Governor, Amending and [Extending 20-05, 20-28 et. Seq. Open Public Meetings Act and Public Records Act 20-28.9](#); all Franklin PUD Board of Commissioners meetings will only be available to the public via conference call.

Public may participate by dialing: 1 (253) 215-8782 Meeting ID: 829 0354 3596 Passcode: 129221

- 1) Open Meeting
- 2) Pledge of Allegiance
- 3) Public Comment
- 4) Commissioner Reports, If needed
- 5) Consent Agenda
- 6) Discussing a Potential 2020 Revenue and Refunding Bond Issuance**Scott Rhees**
- 7) Reports from Management, If Needed:
 - a. General Manager
 - b. Assistant General Manager
 - c. Other Members of Management
- 8) Executive Session, If Needed
- 9) Future Agenda Items

CONSENT AGENDA
Public Utility District No. 1 of Franklin County
Regular Commission Meeting
1411 W. Clark Street, Pasco, WA
October 13, 2020 | Tuesday | 1 P.M.

- 1) To approve the minutes of the September 22, 2020 Regular Commission Meeting.

**The Board of Commissioners
of
Public Utility District No. 1 of Franklin County**

MINUTES OF THE SEPTEMBER 22, 2020
REGULAR COMMISSION MEETING

The Board of Commissioners of Public Utility District No. 1 of Franklin County held a regular meeting at 1411 West Clark St., Pasco, WA, on September 22, 2020 at 1:00 p.m. This meeting was ran in accordance with the *Proclamation by the Governor, Amending and Extending 20-05, 20-28 Open Public Meetings Act and Public Records Act 20-28-.9*; a conference call option was provided for the public to participate.

Those who participated via conference call from the District for all or part of the meeting were Commissioner Bill Gordon, President; Commissioner Stu Nelson, Vice President; Commissioner Roger Wright, Secretary; Scott Rhees, General Manager; Holly Dohrman, Assistant General Manager; Travis Scott, Operations Director; Mike Gonzalez, Public Relations Director; Brian Iller, outside General Counsel, and Rosario Viera, Supervisor of Executive Administration.

Additional staff participating via conference call for all or part of the meeting was Ben Hooper, Broadband Services Manager; Katrina Fulton, Accounting Manager, Jenny Smith, Senior Accountant; and Belen Diaz, Administrative Assistant.

There was no public participating via conference call for all or part of the meeting.

OPENING

Commissioner Gordon called the meeting to order at 1:00 p.m. and called on Mr. Rhees to lead the Pledge of Allegiance.

PUBLIC COMMENT

There was no public participating via the conference call.

COMMISSIONER REPORTS

Commissioner Wright reported that:

- He would defer his Commissioner report until the presentation of Agenda Item 10, Discussing the Proposed 2020 Bond Issue for the Northwest Open Access Network.

Commissioner Nelson reported that:

- He participated in the WPUDA monthly meeting call and noted that several WPUDA staff members have been promoted. He reported that there was also discussions on the impacts of the moratorium which prohibits utilities from shutting off customers for non-payment and the recent fires that affected various PUDs. He noted that Douglas PUD had lost an estimated 400 poles due to the fires.

Commissioner Gordon asked Mr. Rhees to provide additional information on the fires. Mr. Rhees reported that a District line crew was sent to provide mutual aid and asked Mr. Scott to report.

Mr. Scott noted that the line crew had worked alongside many linemen from other utilities to restore service as quickly as possible. He noted that the line crew had received appreciation from many of the surrounding utilities for their efforts in helping restore service.

Commissioner Gordon reported that:

- He had spoken with two different District customers over the weekend. He noted that both customers were disappointed with services received from the District. Commissioner Gordon reported that he forwarded the information to Mr. Rhees and Ms. Dohrman who had promptly taken action. Commissioner Gordon expressed his gratitude for resolving the issues in a timely manner and noted that it showed the importance of providing excellent customer service.

CONSENT AGENDA

The Commission reviewed the Consent Agenda. The Commission asked questions on various items listed on the warrant registers and staff provided the information. Commissioner Wright moved and Commissioner Nelson seconded to approve the Consent Agenda as follows:

- 1) To approve the minutes of the August 25, 2020 Regular Commission Meeting.
- 2) To approve payment of expenditures for August 2020 amounting to \$11,548,327.07 as audited and certified by the auditing officer as required by RCW 42.24.080, and as reviewed/certified by the General Manager as required by RCW 54.16.100, and expense reimbursement claims certified as required by RCW 42.24.090 and as listed in the attached registers and made available to the Commission for inspection prior to this action as follows:

Expenditure Type:	Amounts
Direct Deposit Payroll Umpqua Bank	\$ 451,446.56
Wire Transfers (Wires)	9,697,709.61
Automated and Refund Vouchers (Checks)	818,250.20
Direct Deposits (EFT)	584,906.59
Voids	(3,985.89)
Total:	\$ 11,548,327.07

- 3) To declare a final acceptance of the work completed and as inspected by the District; to authorize release of available retainage; and to approve final payment in the amount of \$3,738.42 for work completed by Intermountain Cleaning Service, Inc. under Contract 9121, Janitorial Services.
- 4) To declare a final acceptance of the work completed and as inspected by the District; to authorize release of available retainage; and to approve final payment in the amount of \$1,028.47 for work completed by Boyd's Tree Services, Inc. under Contract 9095, Tree Trimming Services.

- 5) To approve expenditure for a conservation contract with Twin City Foods, Contract 9601 for compressed air upgrades in the amount of \$110,000.00 effective September 8, 2020.

The motion passed unanimously.

AGENDA ITEM 6

OPENING THE 2021 BUDGETS PUBLIC HEARING, PRESENTING THE PRELIMINARY 2021 OPERATING AND CAPITAL BUDGETS, AND RECESSING THE PUBLIC HEARING.

Commissioner Gordon opened the 2021 Operating and Capital budgets public hearing, and called for public comment. No public was present. He called on Ms. Dohrman to present the agenda item.

Through a presentation, Ms. Dohrman provided detail for the preliminary 2021 Operating and Capital budgets and she explained the line item details, factors and rationale used for the amounts noted in the 2021 Operating and Capital Budgets (Attachments A and B of the Agenda Item).

The Commission asked various questions on the budgeted amounts for labor and benefits, specifically, if staff had reached out to other utilities to inquire if wage increases were being budgeted. Mr. Rhees reported that the District was contractually obligated to provide wage increases to the bargaining employees as per the current Collective Bargaining Agreement. Commissioner Wright noted that the District must remain competitive regarding wages while still being fiscally responsible. Mr. Rhees reported that every aspect of the budget is being monitored closely and that staff is cognizant of the impacts of COVID-19 on customers and the community. He noted that six positions are being held open. Discussion ensued.

Ms. Dohrman reviewed the proposed 2021 Capital Budget as shown on Attachment B. Discussion ensued. The Commission requested that staff include assumptions used for the 2021 budgets in future presentations.

Staff recommended that after hearing any public comment and after review and discussion, the Commission recess the public hearing to the October 27, 2020 regular Commission meeting.

Commissioner Wright moved and Commissioner Nelson seconded to recess the 2021 Operating and Capital Budgets public hearing to the October 27, 2020 regular Commission meeting. The motion passed unanimously.

AGENDA ITEM 7

APPROVING A REVISED ADMINISTRATIVE POLICY, PURCHASING APPROVAL AND PAYMENT AUTHORITY (GM-16).

Ms. Dohrman presented this agenda item and reviewed the background information as noted on the Agenda Item Summary included in the meeting packet. She reported that the Purchasing Approval and Payment Authority (GM-16) policy was revised to include the use of electronic signatures, aligning the General Manager approval limits with the new bid laws, and cleaning up position titles.

Commissioner Gordon reported that he was pleased the District would be utilizing electronic

signatures and asked about the naming conventions of the policies. Ms. Dohrman reported that the initials in the name of the policy reflected the responsible department, and noted that GM was for General Manager department. Staff reviewed their recommendation.

Commissioner Nelson moved and Commissioner Wright seconded to approve Administrative Policy, Purchasing Approval and Payment Authority (GM-16) as presented. The motion passed unanimously.

AGENDA ITEM 8

ADOPTING A RESOLUTION AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO APPROVE REIMBURSEMENT OF INTERVIEW AND MOVING EXPENSES AND TO MAINTAIN AN ADMINISTRATIVE POLICY FOR APPROVAL AND PAYMENT OF SUCH EXPENSES, AND SUPERSEDING RESOLUTION 1301 AND 464.

Ms. Dohrman presented this agenda item and reviewed the background information as noted on the Agenda Item Summary included in the meeting packet. She reported that staff combined two existing policies, Reimbursement of Interview Expenses and Reimbursement of Moving Expenses, into one to help make it easier for a potential candidates or newly hired employees to understand the expenses that are reimbursable. She noted that adopting Resolution 1342 would authorize staff to reimburse for these expenses and direct them to keep the policy current. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Nelson seconded to adopt Resolution 1342 as presented. The motion passed unanimously.

AGENDA ITEM 9

AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO EXECUTE A REVISED ADMINISTRATIVE POLICY, MANAGING ANONYMOUS ALLEGATIONS AND CONCERNS (GM-60).

Ms. Dohrman presented this agenda item and reviewed the background information as noted on the Agenda Item Summary included in the meeting packet. She reported that the revisions made were to include the handling of an anonymous complaint received against mid-level managers and the removal of position titles associated with allegations committee. The process for dealing with anonymous allegations would remain the same. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Nelson seconded to authorize the General Manager or his designee to execute the revised Managing Anonymous Allegations and Concerns Policy (GM-60) as presented. The motion passed unanimously.

AGENDA ITEM 10

DISCUSSING THE PROPOSED 2020 BOND ISSUE FOR THE NORTHWEST OPEN ACCESS NETWORK.

Mr. Rhee presented this agenda item and reviewed the background information as noted on the Agenda Item Summary included in the meeting packet. He reported that the Northwest Open Access Network (NoaNet) Board of Directors approved proceeding with a taxable bond issuance of \$25 million dollars for a term of 10 years. He noted that member guarantees would be required,

and that as a member of NoaNet, the District's suggested member guarantee percentage would be 10% or some other variation of NoaNet member percentage shares totaling 100%. He called on Mr. Hooper to provide additional information.

Mr. Hooper reported that the bond proceeds will be used to refund existing loans, funding a debt service reserve fund, the cost of issuance and other unforeseen opportunities that may present themselves in the future. He noted that expenditures would be approved by the NoaNet Board of Directors. He reported that the bond issuance will help provide a stable, long term financing vehicle for NoaNet and provide savings over the long term.

Commissioner Wright reported that this has been discussed at great lengths, and that this would bring much benefit to NoaNet and its members. He noted that interest rates are favorable and that this would provide NoaNet flexibility to complete capital infrastructure for the continued growth. He reported that all NoaNet members have been asked to back up the bond issuance and that agreement is needed by all members. He noted that the bond rates are so favorable and the assumed risk is low therefore he was in support of backing up NoaNet even if the member guarantee percentage for the District was more than the estimated 10%.

Commissioner Gordon and Commissioner Nelson noted their agreement with backing up the bond issuance for NoaNet, and in doing, so even if the member guarantee percentage for the District was more than the estimated 10%. Discussion ensued.

Mr. Rhees reported that no motion was required, and this was for discussion only. He noted that staff would bring a resolution for consideration of adoption to the October 27, 2020 regular meeting.

AGENDA ITEM 11

PROVIDING AN UPDATE ON THE PANDEMIC EMERGENCY EVENT.

Mr. Rhees presented this agenda item and reviewed the background information as noted on the Agenda Item Summary included in the meeting packet. He reviewed the handouts on the accounts receivable aging report and power supply loads. The Commission asked various questions regarding the moratorium prohibiting disconnect for nonpayment. Mr. Rhees reported that CARES funding may be available for utilities to recover some of the lost revenue.

Mr. Rhees reported that staff continues to look for ways to provide service to customers during COVID-19. He noted that two kiosks will be purchased that will offer customers another method to make payments. He reported that one would be located on site, and the other would be located at the HAPO center in the west Pasco area. Mr. Rhees reported that other local utilities have partnered with the District and will be able to use the kiosks for their payments as well. Commissioner Gordon asked if a kiosk would be installed for Connell customers and Mr. Rhees reported that a potential Connell kiosk is earmarked for 2021.

Mr. Rhees reported on the impacts of the hazardous air quality caused by the wildfires and noted that field employees were kept indoors for two days. There was general discussion on the types of leave available to employees during COVID-19. Mr. Rhees noted that no motion was needed and he was reporting only.

CLAIMS

Ms. Dohrman reported there may be a potential claim, and noted that a customer claimed he had issues with his HVAC system after a meter change-out. She noted that the required paperwork was provided to the customer but has not been returned to the District for processing.

GENERAL MANAGER'S REPORT:

Mr. Rhees report that:

- Staff continues to work on the disposal of the Pasco CT and noted that there is a signed agreement for two units pending the units meet the prospective buyers requirements. He reported that due diligence is being done by the prospective buyer.
- For his audit, he verified that vehicle tires recently purchased were installed on the intended District vehicle. He noted that three sets of tires were verified and that no issues were found.

ASSISTANT GENERAL MANAGER'S REPORT:

Ms. Dohrman reported that:

- The meeting packet included the August monthly financial statements and she reviewed them. The Commission asked various questions on sales for resale, and capital spending YTD and she provided information.
- For her audit, she reviewed adjustments made to District employee electric service accounts and verified the adjustments were proper and had been authorized. She reported that 60 electric service bills were reviewed for the period of July 2019 to June 2020 and noted that four adjustments were made and noted that all were appropriate adjustments.

STAFF REPORTS:

Mr. Gonzalez reported that:

- He is working on a resource adequacy documentary to provide information to customers on this matter.
- He continues to work with WPUDA and the District's lobbyist on legislative issues impacting the District.
- He is participating on the Pasco Downtown Development Committee and Tri-City Legislative Council.
- Staff is working with the Pasco Chamber of Commerce to prepare for the RiverFest event. He noted that the event will be a virtual event this year due to the COVID-19 guidelines.
- The District partnered with the Columbia Basin Veterans and American Patriot Services to help eligible veterans receive assistance with their utility service bill.
- The District's social media sites continue to grow and gain followers.

Mr. Scott reported that:

- The purchased transformer arrived and noted that final acceptance of the transformer will not take place until the testing is complete. He noted that the testing is done by the vendor and is part of the purchase.
- There was an outage on September 7 and he provided brief information on the outage.

- For his audit, he reported that the recent outages provided opportunity to use the newly implemented Outage Management System (OMS). He noted that as staff familiarizes themselves with the OMS things will improve. He will work with staff to help progress the use of the system.

Mr. Rhees thanked the accounting department for their work in the 2021 budget process. Mr. Rhees asked Ms. Fulton to give a brief update on bond opportunities for to the District.

Ms. Fulton reported that staff follows the bonding market closely and is monitoring for favorable bonding opportunities. The Commission asked various questions on the District's current bonds, new bond opportunities and the potential use of new bond money for capital projects. Discussion ensued.

Commissioner Gordon asked about the portable substation and the frequency of use. Mr. Scott reported that the substation was last used about two years ago. Commissioner Gordon noted that staff should use the portable substation when possible to ensure employees are familiar with the process of how to use it.

Mr. Iller did not report.

MEETING ADJOURNMENT

With no further business to come before the Commission, Commissioner Gordon adjourned the meeting at 2:37 p.m. The next regular meeting will be on October 13, 2020 and begin at 1:00 p.m. and will be run in accordance with the current Governor Proclamation in effect.

William Gordon, President

Stuart Nelson, Vice President

Roger Wright, Secretary

AGENDA ITEM 6

FRANKLIN PUD – AGENDA ITEM SUMMARY

Presenter: Scott Rhees	<input type="checkbox"/>	REPORT
General Manager	<input checked="" type="checkbox"/>	DISCUSSION
Date: October 13, 2020	<input type="checkbox"/>	ACTION REQUIRED

1. OBJECTIVE:

Discussing a Potential 2020 Revenue and Refunding Bond Issuance.

2. BACKGROUND:

The District began 2020 with its outstanding debt well positioned. There is a reduction in annual debt service payments that will be realized in 2023 with the full redemption of the 2016B bonds. This reduction will allow the District the capacity to take on new funding opportunities that could be used to finance a new substation and other major capital projects.

Staff actively monitors the municipal bond market activity for potential financial savings to the District. Proposals received in early 2020 were not compelling enough to warrant a full-scale bond issue for the District's one outstanding bond series (2013A) eligible to be refunded. .

The District recently received a proposal from Royal Bank of Canada, the underwriter for the District's 2016 Bonds, that included refunding the District's 2013A outstanding bonds and issuing \$15 million in new tax-exempt bonds for capital funding. Staff requested an additional proposal that would include adding an additional \$2 million of funding proceeds and splitting the new bonds into \$7 million tax-exempt and \$10 million taxable to offer additional spending flexibility for the District.

Both options include releasing a portion of the District's restricted funds, which may be used for bond-related purposes such as future debt service. Overall, the District's immediate cash savings, in both proposals, would be approximately \$3.5 million. The municipal bond market continues to be favorable. The proposed bond issuance provides an opportunity for savings and optimizes cash flow during uncertain economic times.

Staff will present information for Commission consideration and further discussion at the meeting.

3. SUGGESTED MOTION:

No motion required, discussion only.

PROPOSED AGENDA ITEMS FOR FUTURE COMMISSION MEETINGS

Subject to Change

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**October 27, 2020
Regular Commission Meeting**

Description:	Presenter
1) Re-Opening the 2021 Budgets Public Hearing, Presenting the Updated Preliminary 2021 Operating and Capital Budgets, and Recessing the Public Hearing.....	Dohrman
2) Authorizing the General Manager or his Designee to Execute a License Agreement Between the District and Franklin County Irrigation District	Ferraro
3) Adopting a Resolution Establishing a Line of Credit to Secure Letters of Credit and Providing for the Issuance and Sale of An Electric System Revenue Note of the District in the Aggregate Principal Amount of Not to Exceed \$3,000,000 to Evidence the Line of Credit; Providing Amending Resolution 1265.....	Dohrman
4) Authorizing the Issuance and Sale of Electric Revenue and Refunding Bonds in One or More Series in the Aggregate Principal Amount of Not to Exceed \$15,000,000 to Finance Improvements to the District's Electric System and to Refund Certain Outstanding Bonds, Fixing the Form and Covenants of the Bonds and Delegating Authority to the General Manager or His Designee to Approve the Final Terms of the Bonds	Dohrman
5) Authorizing the General Manager or his Designee to Execute an Interlocal Cooperative Agreement with Energy Northwest to Provide Services Related to the Research and Availability of Broadband Grants	Dohrman
6) Adopting a Resolution Authorizing the Approval and Execution of a Repayment Agreement to Provide Security for Bonds to be Issued by Northwest Open Access Network.....	Rhees
7) Providing an Update on the Pandemic Emergency Event.....	Rhees

**November 10, 2020
Regular Commission Meeting**

Description:	Presenter
1. Re-Opening the 2021 Budgets Public Hearing, Presenting the Updated Preliminary 2021 Operating and Capital Budgets, and Recessing the Public Hearing.....	Dohrman

PROPOSED AGENDA ITEMS FOR FUTURE COMMISSION MEETINGS

Subject to Change

November 10, continued.

- 2. Approving the 2021 Organization Representation List.....Rhees
- 3. Appointing the 2021 Board of Commission OfficersRhees
- 4. Approving the 2021 Regular Commission Meeting ScheduleRhees

**December 8, 2020
Regular Commission Meeting**

Description:	Presenter
1. Re-opening the 2021 Budgets Public Hearing, Presenting the Final 2021 Operating and Capital Budgets, Closing the Public Hearing and Adopting a Resolution Approving the 2021 Operating and Capital Budgets	Dohrman
2. Authorizing the General Manager or his Designee to Execute a Contract for the Purchase of Franklin Substation Equipment.....	Ferraro
3. Authorizing the General Manager or his Designee to Execute a Contract for the Purchase of Underground Wire/Cable Puller	Scott
4. Adopting a Resolution Approving the Pre-Qualification of Electrical Contractors for Calendar Year 2021	Dohrman
5. Authorizing the General Manager or his Designee to Approve Payments for the Automated Mailing Services, Bill Inserts, On-line Payment Processing and Annual Software Maintenance, for 2021, Payable to the National Information Solutions Cooperative.....	Dohrman