Public Utility District No. 1 of Kitsap County

The Board of Commissioners Meeting

February 25, 2020

President Lester called the Regular meeting to order at 9:30 a.m., Tuesday, February 25, 2020, in the Main Conference Room at 1431 Finn Hill Road, Poulsbo, Washington.

Districts Represented: President Debra Lester - North Kitsap, Vice President Heather Pauley - Central Kitsap, Secretary Jim Civilla - South Kitsap

KPUD Staff: General Manager Bob Hunter, Assistant Manager Jason Nutsford, Attorney William Broughton, District Engineer Bill Whiteley, Superintendent of Operations Dave Epperson, Water Resources Manager Mark Morgan, Construction Project Manager Todd Smith, Telecom Business Manager Angela Bennink, Customer Service Representative Sara Andrews and Executive Administrative Assistant Corine Vichi

Commissioner Lester led the Pledge of Allegiance

Visitors: Joy Ramsdell (SWD Commissioner)

Approval of Agenda of the February 25, 2020 Board Meeting

Commissioner Civilla moved that the Agenda of the February 25, 2020 Board Meeting be approved. Commissioner Pauley seconded the motion. MOTION PASSED UNANIMOUSLY.

Approval of Minutes of February 11, 2020

Commissioner Pauley moved that the minutes of the February 11, 2020 Board Meeting Minutes be approved as submitted. Commissioner Civilla seconded the motion. MOTION PASSED UNANIMOUSLY.

Approval of Payments through February 25, 2020

Vouchers audited and certified by the auditing officer as required by RCW 42.24.080 and those expense reimbursement claims certified as required by RCW 42.24.090 have been recorded on a listing, which has been made available to the Board. As of this date, February 25, 2020, the Board, by unanimous vote, does approve for payment Warrant Numbers 56738 through 56809 in the amount of $384,231.58 for Accounts Payable of which fifteen (15) exceeded $5,000 and $246,298.56 for payroll direct deposit through Automated Clearing House Services.

Old Business

None

New Business

Recommendation to Approve KPUD Water Use Efficiency Goals 2020-2025

After discussion, and at the recommendation of Superintendent of Operations Dave Epperson, Commissioner Civilla moved to approve the KPUD Water Use Efficiency Goals for 2020-2025. Commissioner Pauley seconded the motion. MOTION PASSED UNANIMOUSLY.

Customer Service

Customer Service Representative Sara Andrews stated there was nothing new to report at this time.
Construction

Water System Comprehensive Plan Update

Engineer Bill Whiteley reported that Water Resource Manager Mark Morgan continues to work on Part A of the water system comprehensive plan and anticipate its completion next month. Mr. Whiteley also indicated that the Keyport Part B is nearly completed and should go in this week, followed by Bainbridge Island. Discussion ensued.

Phase 8 Water Main and Washington Blvd Main (Kingston) Update

Construction Project Manager Todd Smith reported that both projects are currently taking place at the same time. All 400 ft. of main is in place on Washington Blvd and PUD staff is now out of the way of the County contractor.

Mr. Smith did inform the Board that there will be a shut down at the Port of Kingston parking lot tomorrow to work on a connection followed by flushing and testing.

Mr. Whiteley informed the Board that he will be meeting with Larry Todd from Armess Inc. to discuss the developer’s extension. Discussion ensued.

Water Resources/Education

Subbase Bangor PFAS Study

Water Resources Manager Mark Morgan attended the meeting with the Navy on February 19, 2020 along with Commissioner Heather Pauley and General Manager Bob Hunter. Mr. Morgan shared that there were 150 attendees and out of those attendees 100 signed up to have their private wells located near the Bangor base tested.

Mr. Morgan reported he was contacted by Silverdale Water District’s Operations Technician Diana Temple, informing him that preliminary results came back on the Avellan and Briarwood wells from the laboratory in South Carolina (SC), which has different laboratory standards than Washington State. The results will go through Washington States Edge Analytical Laboratories for the final report. The results from SC did show trace amounts of 4 compounds of the 18 tested. These were below EPA Health Advisory and the proposed State advisory levels. It is very possible that once they go through the Washington State laboratories they may be recorded as non-detect due to the low levels. Mr. Morgan has spoken with the president of the Avellan HOA and once the final report is in he will send out letters to everyone on the Avellan and Briarwood water systems. Discussion ensued.

Commissioner Lester thanked Water Resources Manager Mark Morgan for responding to the School Districts interested in presenting job field opportunities to their students. Ms. Lester also mentioned that Mr. Morgan will be attending a Washington State West Sound Tech “Try a Trade” Event on April 22, 2020. Discussion ensued.

Water Operations

Water System Maintenance

Superintendent of Operations Dave Epperson mentioned that water main flushing is in process in the Kingston area. During the flushing there was a main line valve that broke and was repaired immediately by several crews. A saddle valve leak that occurred also was repaired. The field crew performed diligently to get the job done.
Assistant Manager

North Bainbridge Island Water System

Assistant Manager Jason Nutsford reported on a potential future lot line adjustment for the District that is being considered for a section of property that is unusable by the District on the Miller Bay Road well site on Bainbridge Island. Mr. Nutsford provided a map to the Board and is working closely with legal counsel to bring a recommendation before the Board for approval once the details are known. Discussion ensued.

Washington State’s Paid Family and Medical Leave Act

Assistant Manager Jason Nutsford noted the PUD is now participating in the Family Medical Leave Act. Each of the District’s employees including the Board has had a small percentage of their salary/wage paid into the FMLA program as well as an employer match. As the District looks into how its employees can use this leave, the question of how the Board can use it has been asked, as elected officials may not be eligible to use this program to take sick leave. Mr. Nutsford is working with Neal Williams, the PUD’s CPA to investigate and request a refund of the payments made to the program on their behalf. More information to come as it becomes available.

W2 and Earnings Statement

Mr. Nutsford also reported a discrepancy that was discovered on the W2 and Earnings Statement under box section Box 12a, which is a memo box that is showing how much each participant has paid into the Deferred Compensation Program. This section should show both the employee and employers contribution, in the W2 printed and sent out it did not have the employers’ contribution included. This was an apparent programming error through ADP, and after speaking with Hearthstone, they plan on reissuing the W2 and Earning Statement. After speaking with Hearthstone, they plan on reissuing the W2 and Earning Statement. This should only affect a small group of employees and they will be contacted separately.

Telecom Operations

Residential Updates:

Telecom Business Manager Angela Bennink reported that there is a lot going on at this time and fiber crews are out working on NCLUDs over several areas as well as the District’s large Big Valley Road LUD No. 26 Project in Poulsbo.

LUD No.29 (Bridletree Community, Bremerton)

Ms. Bennink also reported that while working on LUD No.29 (Bridletree Community) they had two petitioners attempt to opt out. Ms. Bennink informed the Board that the ability to opt has expired. Only the Board can allow them to opt out. Two emails were received and Ms. Bennink read both letters to the Board. Discussion ensued.

The Board requested that Ms. Bennink provide the cost per customer changes /impacts should we allow the residents to opt out. The Board also requested change on the notification to petitioners so that it included the state law (RCW) language so there would be a better understanding that once a petition is signed and cost estimate received, an applicant could no longer opt out.

Larson Lane and Glory Lane, Bremerton

Ms. Bennink also stated they are finding the two communities beyond Bridletree challenging to work with and are taking steps to confirm and verify that they are ready to move forward.
MINUTES 02-25-20 Page 4

Department of Revenue

Ms. Bennink informed the Board that it is that time of the year to submit a memo to the Department of Revenue stating that KPUH Telecommunications has not participated in any retail sales. This will come before the Board at the next meeting as the District is required to submit the memo by April.

NoaNet Update

Telecom Business Manager Angela Bennink reported that there was nothing substantial to report after the last NoaNet Board of Directors meeting in Spokane. There will be an executive session at the request of Energy Northwest at the next NoaNet meeting in Olympia. Discussion ensued.

Telecom Box Bucket Truck Update

Ms. Bennink reported that after investigating the possibility of purchasing a used box truck, the telecom department has opted to purchase a new truck as budgeted and will also investigate the possibility of an option to lease. Discussion ensued.

Telecom Cabinets

Ms. Bennink informed the Board that the request for four (4) new telecom cabinets has gone out to bid and will come before the Board to award. Discussion ensued.

Manager

New Facility Update

General Manager Bob Hunter stated that the site will be posted with “No Trespassing” signs and a sign labeled “Property Owned and Maintained by KPUH”. The sign will inform the community of the District’s ownership and will have a contact number listed.

Superintendent of Operations Dave Epperson commented that he met with a neighboring property owner that came in to the office to share that after seeing the sign, he was very happy knowing that KPUH owns the property.

Medicare Buy-Out Update

General Manager Hunter reported that the VEBA presentation was held on March 21, 2020, which Commissioner Heather Pauley attended. Brian Riches, the VEBA consultant did a wonderful job with his presentation and answering questions. Mr. Hunter indicated that many of the questions were directed to him. Mr. Hunter indicated that he believes that nearly 100% of the eligible participants will choose the VEBA option based on the feedback and signed documents. Discussion ensued.

Strategic Planning Update

General Manager Hunter reported that department heads are working with Commissioner Lester on the details of the upcoming strategic planning session and anticipate sending out an updated agenda. Mr. Hunter stated that on March 12, 2020 the discussions will focus on a review of the 2019-2024 Goals. On March 13, 2020, will include more staff and the meeting will be focused on the 2021 Budget and planned capital projects.

Deer Path Well Update

Mr. Hunter informed the Board that he spoke with Bainbridge Island Metropolitan Park & Recreation District Service Division Director Dan Hamlin this morning to arrange for the Deer Path well discussions. Mr. Hamlin is going to meet with the Bainbridge Island Land Trust and the Park District to provide the PUD with a meeting date so Groundwater Resource Manager Joel Purdy and he can provide a presentation. Discussion ensued.
Puget Sound Energy (PSE)

General Manager Hunter informed the Board that the District has had some difficulties getting PSE to work with KPUD on a Sylvan Way cabinet that KPUD is installing. Mr. Hunter has reached out to Gordon Falkner and PSE Vice President, Customer Operations & Communications Andy Wappler and requested a return call. Mr. Hunter is hopeful that he will hear back from PSE to identify the proper person PUD should be communicating with.

**Jefferson PUD Presentation**

Mr. Hunter informed the Board the he and Telecom Business Manager Angela Bennink will be attending a meeting at Jefferson PUD to provide a presentation on Broadband and LUDs, including the District’s experiences with Broadband deployment and our LUD process.

**WWUC Meeting**

General Manager Hunter informed the Board that he and Superintendent of Operations Dave Epperson will be attending the Washington Water Utilities Council meeting on Friday in Tacoma, WA.

Mr. Hunter also mentioned that he would be on vacation Wednesday and Thursday.

**Employee Recognition Program**

Mr. Hunter shared the following employee recognition for Allison Cotner, nominated by Water Resource Manager Mark Morgan for all her effort in putting on various KPUD employee events such as BBQs and breakfasts. These events boost KPUD employee morale.

**Legal Counsel**

Attorney William Broughton reported that he and Telecom Business Manager Angela Bennink are working on a Poulsbo Interlocal agreement to formalize an informal arrangement for a number of years where KPUD provides wholesale broadband infrastructure to the City of Poulsbo and a number of their facilities. Discussion ensued.

Mr. Broughton also reported that he has drafted and sent to Assistant Manager Jason Nutsford a copy of the draft resolution to bring to the Board at the next meeting to authorize the Assistant Manager or his designee to conduct local utility district hearings.

**Commissioners**

Commissioner Civilla attended the KEDA meeting and shared some interesting things that he learned. Amazon is bringing a new fulfillment center to the Port of Bremerton. This facility is anticipated to generate 965 vehicle trips a day in that corridor and it will bring 200 jobs to the City of Bremerton. Mr. Civilla also mentioned that KEDA’s Executive Director John Powers is retiring September 1, 2020.

Mr. Civilla informed the Board and staff that he will be in attendance for the first meeting of April, however he will call in.

Commissioner Pauley reported that the WPUDA Day on Hill and BBQ were both successful events and were well attended. She also stated that at the PFAS Navy Meeting she and General Manager Hunter talked with Kathy Crabtree and Shawn Bills, Patty Murray’s State Director. They discussed the cost of the EPA regulations and how the costs are being borne by the PUDs. They were very receptive and requested the District keep in touch; they would like to meet with us. Discussion ensued.

Commissioner Lester shared an opportunity for training that she found out about last week called Next Level Women Leaders. She registered and asked General Manager Hunter if she should extend the training to Commissioner Heather Pauley and Telecom Business Manager Angela
Bennink, as she felt it is was a worthwhile training to attend. Each has registered and will be attending the two day training in Seattle April 29-30, 2020. General Manager Hunter agreed that it would be a great opportunity.

Commissioner Lester inquired if the Board would be interested in reviewing the Governance Policy annually or reviewing the policy when a new board member is elected into office as suggested by WPUDA. Ms. Lester asked if it would be of interest to do this at a future board meeting or as part of the intro meeting at the strategic planning meeting. The Board agreed that they could review it at the retreat.

The meeting was recessed for a short break at 11:28 p.m., followed by a Working Session at 11:39 p.m.

**Working Session**

Commissioner Lester opened the floor to discuss headhunter search options for a new General Manager.

After discussion, and at the recommendation of Attorney William Broughton, Commissioner Civilla moved to approve that KPUD develop a new General Manager Job announcement and run the search in-house and not use a headhunter agency to identify candidates. Commissioner Pauley seconded the motion THE MOTION PASSED WITH COMMISSIONERS CIVILLA AND PAULEY VOTING IN FAVOR. COMMISSIONER LESTER VOTING AGAINST

**Board Meeting**

The next Board meeting will be held March 10, 2020 beginning at 9:30 a.m. at the Kitsap Public Utility District.

**Adjournment**

Having no further business, the regular meeting was duly adjourned at 12:13 p.m.

Signatures upon Return form “Stay home, stay healthy” order
Commissioner Debra Lester

Signatures upon return form “Stay home, stay healthy” order
Commissioner Heather Pauley

Signatures upon return form “Stay home, stay healthy” order
Commissioner James T. Civilla