

PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY
COMMISSIONERS' MEETING

DRAFT AGENDA

July 10, 2018

4:30 PM

PLEDGE OF ALLEGIANCE

CONSENT AGENDA

1. Approval of Agenda 07/10/18
2. Approval of Minutes 06/26/18 Commission Meeting
3. Ratification of Vouchers 07/03/18
4. Approval of Vouchers 07/10/18

TREASURER'S REPORT – May 2018

AUDIENCE COMMENTS

OLD BUSINESS

5. Manager's Report

NEW BUSINESS

6. Capital Improvement Projects Scheduling Change - **Discussion**

MISCELLANEOUS

COMMISSIONER COMMENTS

ADJOURNMENT

JUDY RESERVOIR ELEVATION

Agenda Item #2

MINUTES OF THE REGULAR MEETING OF THE COMMISSION PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON

June 26, 2018

The regular meeting of the Commission of Public Utility District No. 1 was held in the Aqua Room of the utility located at 1415 Freeway Drive, Mount Vernon, Washington, on June 26, 2018.

The meeting was called to order at 4:30 PM. Those Commissioners in attendance were: Robbie Robertson, President; Eron Berg, Vice President; and Al Littlefield Secretary. Also in attendance were: George Sidhu, General Manager; Mark Handzlik, Engineering Manager, Sally Saxton, Treasurer, Peter Gilbert, Attorney; and Catherine Price, Administrative Assistant; and District Employees: Mike Fox, Mark Semrau, Kevin Tate, Luis Gonzalez, and Gary Chrysler.

Commissioner Littlefield led the Pledge of Allegiance.

Commissioner Littlefield moved to approve the Consent Agenda for June 26, 2018:

1. Approval of Agenda 06/26/18
2. Approval of Minutes 05/22/18 Commission Meeting
3. Ratification of Vouchers 05/29/18
No. 2798 - Voucher Nos. 12641-12691, Payroll Check Nos. 22721-22804 (\$572,466.84)
Ratification of Vouchers 06/05/18
No. 2799 - Voucher Nos. 12692-12748 (\$329,521.17)
Ratification of Vouchers 06/12/18
No. 2800 - Voucher Nos. 12749-12809, Payroll Check Nos. 22890-22974 (\$508,129.02)
No. 2801 - Voucher No. 12810 (\$22,520.95)
Ratification of Vouchers 06/19/18
No. 2802 - Voucher Nos. 12811-12847 (\$251,243.62)
4. Approval of Vouchers 06/26/18
No. 2803 - Voucher Nos. 12848-12901, Payroll Check Nos. 23059-23142 (\$2,600,552.91)
5. Project Acceptance
Sterling Hills National Fire Line (Burlington)
Bay Baby Produce, Inc., Agriculture Processing Facility (Mount Vernon Rural)
Plat of Spring Breeze (Mount Vernon)
6. Recommendation to Award Utility Potholing to Interwest Construction for Judy Reservoir-Mount Vernon Transmission Line-Phase 2

The motion passed.

There were no audience comments.

Treasurer Saxton presented the Status of Budget/Financial Summary for the first quarter of 2018.

Agenda Item #2

Under Old Business:

7. Manager's Report

Manager Sidhu reported on the following items:

- Commissioners Littlefield attended the Public Utility Risk Management Services (PURMS) insurance meeting on June 6. A new Interlocal and Resolution is expected to be presented at the July 10 meeting.
- Staff competed in the Top Ops competition held by American Water Works Association (AWWA) at the ACE 18 Conference. Our team of Gary Tollefson, Emilia Blake and Riley Smith finished 7th place after competing on the National Stage.
- Associated General Contractors of Washington (AGC) selected TRICO as winner of 2018 Heavy Industrial Project Under \$5 Million for the Mundt Creek Intake Improvements Project.

8. Draft Strategic Plan Revisions

Commissioner Berg moved to adopt the 5-year Strategic Plan as presented. The motion passed.

9. IT Policy & Administrative Practice & Procedures (AP&Ps) – **Potential Action**

Commissioner Berg moved to authorize the General Manager to sign District Policies: Policy # 1060, Information Technology Policy Statement; Policy # 1061, Disaster Recovery Plan; and Policy # 1062, Security Response Plan Policy. The motion passed.

10. Gilligan Creek Watershed Land Management Plan – **Discussion**

Manager Sidhu presented the Property Management Plan for discussion.

Commissioner Berg made clarification suggestions to the access section.

Commissioner Robertson had questions regarding gate access. It was suggested that section (#6) Public Access and Recreation language be revisited next year.

Under New Business:

11. Legislative Task Force on Water Supply

Recommendation to Ratify Task Force Representative

Commissioner Berg moved to ratify the selection of Tom Mortimer as the District's representative on the Skagit Water Supply Task Force. The motion passed.

12. Recommendation to Execute Cascade Natural Gas Agreement - **Potential Action**

Commissioner Berg moved to execute the agreement between the District and Cascade Natural Gas to turn over ownership of an abandoned steel gas main to the District, subject to Attorney Gilbert's review. The motion passed.

Agenda Item #2

13. Skagit River Diversion Pump and Motor Refurbishment Project

Change Order No. 1 – Razz Construction – **Potential Action**

Commissioner Littlefield moved to authorize the Manger to execute Change Order No. 1 with RAZZ Construction in the amount of \$170,767.32, for the recommended pump repairs and upgrades to the District's Skagit River Diversion (SRD) and authorize the use of up to \$220,000 of System Development Funds to augment budget Line Item 20 SRD Pump Rebuilds. The motion passed.

Under Miscellaneous, Attorney Gilbert gave an update on Saratoga Passage, Richard Mitchell has a Summary Judgement hearing scheduled July 12, and the punchlist is nearly complete. The District will not sell any services until the Project is accepted by the Commission, which would be July 24 at the earliest if the bank can provide a clean Bill of Sale.

Manager Sidhu stated that the Commission notebooks include Skagit Valley Herald articles regarding the SkagitNet fiber network, Skagit County grant for fiber networks and candidate forum for District 2 PUD Commissioner.

Under Commissioner Comments, Commissioner Littlefield and Robertson plan to attend the WA PUD Association (WPUDA) Water Committee meeting in Olympia this week.

Having no further business to come before the Board, Commissioner Robertson moved for adjournment. The motion passed and the meeting of June 26, 2018 was adjourned at 5:31 PM.

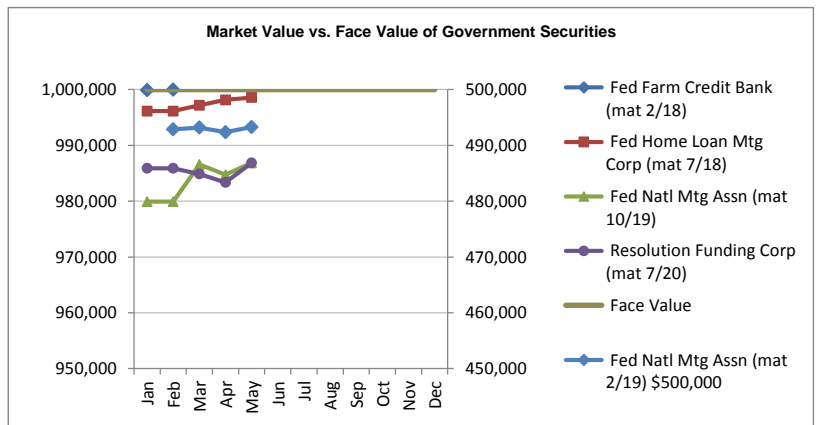
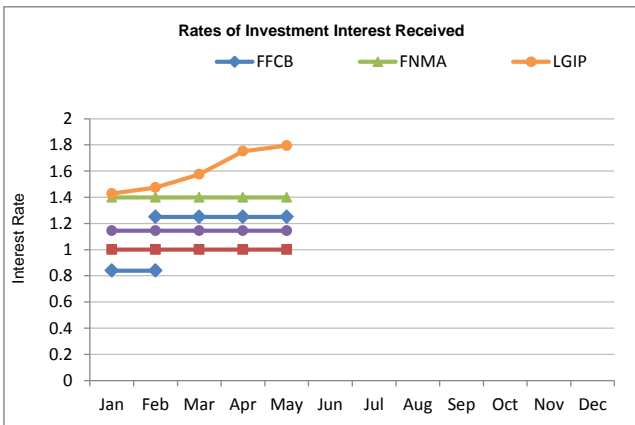
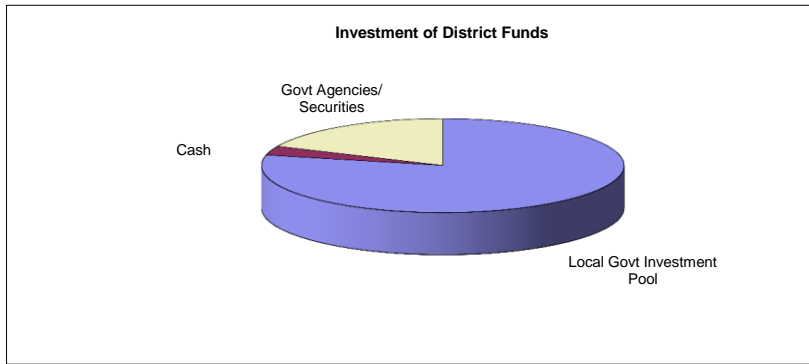
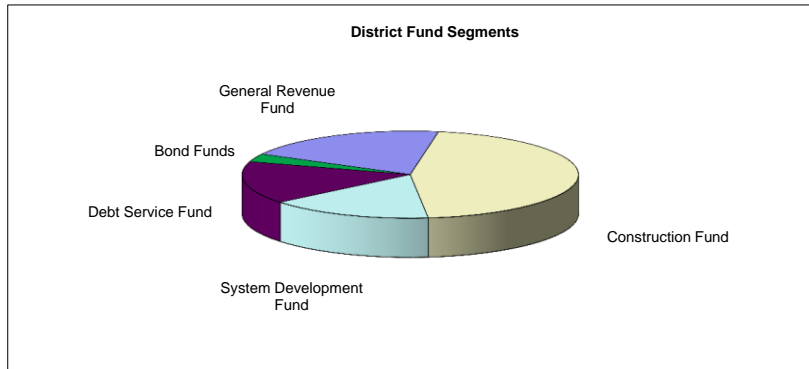
Respectfully submitted:

Catherine Price
Administrative Assistant

**PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY
TREASURER REPORT
AS OF MAY 31, 2018**

Balance of District Funds	
General Revenue Fund	\$3,806,211
Capital Project Fund	0
Construction Fund	8,718,058
System Development Fund	3,010,974
Debt Service Fund	3,008,909
Bond Funds	573,414
Rate Stabilization Funds	0
Total Funds	\$19,117,566

Investment of District Funds		%
Local Govt Investment Pool	\$15,022,022	79%
Cash	595,543	3%
Govt Agencies/ Securities	3,500,000	18%
Total Funds	\$19,117,566	100%



**PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY
TREASURER REPORT**

	For the month ending May 31, 2018							May 2017	May 2016	May 2015	
	REVENUE FUND	CAPITAL PROJECT FUND		SYSTEM DEVELOPMENT FUND	DEBT SERVICE FUND			COMBINED	COMBINED	COMBINED	
		Capital Projects	Restricted		Debt Reserve	Bond Sinking	Bond Reserve				
Resources:											
External Revenue:											
Water Customer Receipts	1,438,856							1,438,856	1,601,463	1,421,552	1,274,605
System Development Fees				176,818				176,818	171,570	229,386	75,440
Capital Contributions	150,575							150,575	170,431	99,985	71,655
Grants	0							0	0	71,767	0
LUD Assessments, Interest, Penalties						6,792		6,792	7,684	4,729	19,050
Investment Income	1,558		12,672	4,299	3,687	237	149	22,603	14,318	1,531	819
Non-Operating Revenues	23,023							23,023	17,772	27,423	18,288
Total External Revenue	1,614,011	0	12,672	181,117	3,687	7,029	149	1,818,665	1,983,238	1,856,373	1,459,857
Debt Proceeds:											
Debt Proceeds - DWSRF Loan Draws			1,000,405					1,000,405	0	425,953	0
Debt Proceeds - Dept. of Ecology Loan								0	0	0	0
Debt Proceeds - Bonds								0	0	6,300,000	0
Total Debt Proceeds	0	0	1,000,405	0	0	0	0	1,000,405	0	6,725,953	0
Transfers from Other Funds:											
To Debt Reserve Fund ← from Revenue Fund					769,544			769,544	200,133	206,939	178,442
To Revenue Fund ← from Debt Reserve Fund	258,202							258,202	259,393	0	0
To Debt Reserve Fund ← from Bond Sinking Fund								0	0	0	0
To Bond Reserve Fund ← from Revenue Fund								0	90,361	90,361	0
To Debt Reserve Fund ← from System Development Fund								0	85,771	56,510	67,685
To Capital Project Fund ← from Revenue Fund								0	0	0	0
To Capital Project Fund ← from System Development Fund								0	0	0	0
Total Transfers to Other Funds	258,202	0	0	0	769,544	0	0	1,027,747	635,658	353,810	246,127
Total Revenue	1,872,214	0	1,013,077	181,117	773,232	7,029	149	3,846,817	2,618,896	8,936,136	1,705,984
Operating Expenditures:											
Operations and Maintenance	1,147,035							1,147,035	879,840	1,122,024	1,872,200
Utility and Excise Taxes	91,934							91,934	92,324	63,631	73,918
Total Operating Expenditures	1,238,969	0	0	0	0	0	0	1,238,969	972,164	1,185,655	1,946,118
Capital Expenditures:											
Capital Projects	825,534	530,770						1,356,305	1,011,406	406,653	371,174
Total Capital Expenditures	825,534	530,770	0	0	0	0	0	1,356,305	1,011,406	406,653	371,174
Debt Service Payments:											
Interest Expense	0							0	0	0	0
Federal Tax Credit for 2009B Bonds	0							0	0	0	0
Principal Payments	0							0	0	0	0
Total Debt Service Payments	0	0	0	0	0	0	0	0	0	0	0
Transfers to Other Funds:											
From Revenue Fund → To Debt Reserve Fund	769,544							769,544	200,133	206,939	178,442
From Debt Reserve Fund → To Revenue Fund					258,202			258,202	259,393	0	0
From Bond Sinking Fund → To Debt Reserve Fund								0	0	0	0
From Revenue Fund → To Bond Reserve Fund								0	90,361	90,361	0
From System Development Fund → To Debt Reserve Fund								0	85,771	56,510	67,685
From Revenue Fund → To Capital Project Fund								0	0	0	0
From System Development Fund → To Capital Projects Fund								0	0	0	0
Total Transfers to Other Funds	769,544	0	0	0	258,202	0	0	1,027,747	635,658	353,810	246,127
Total Expenditures	2,834,048	0	530,770	0	258,202	0	0	3,623,020	2,619,228	1,946,118	2,563,419
Increase (Decrease) in Fund Balance	(961,834)	0	482,307	181,117	515,029	7,029	149	223,797	(332)	6,990,018	(857,435)
Services sold:											
ERU's								38	38	53	17
Services								25	31	24	16
Re-Activations (under 10 years)								6	4	9	3
Re-Activations (over 10 years)								0	1	1	0

**PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY
TREASURER REPORT**

For the five months ending May 31, 2018										41.67%	YTD 2017	YTD 2016	YTD 2015
REVENUE FUND	CAPITAL PROJECT FUND		SYSTEM DEVELOPMENT FUND	DEBT SERVICE FUND			COMBINED	ANNUAL BUDGET	PERCENTAGE OF BUDGET REALIZED		COMBINED	COMBINED	COMBINED
	Capital Projects	Restricted		Debt Reserve	Bond Sinking	Bond Reserve							
							connections: consumption:	25,718 4,032,351			25,536 3,884,533	25,253	24,379
Resources:													
External Revenue:													
Water Customer Receipts	8,479,150							8,479,150	22,889,533	37.04%	7,856,413	6,791,350	6,488,915
System Development Fees			729,365					729,365	1,100,000	66.31%	604,394	612,838	429,179
Capital Contributions	871,107							871,107	1,319,000	66.04%	609,655	545,514	453,060
Grants	30,000							30,000	427,500	7.02%	0	71,767	0
LUD Assessments, Interest, Penalties								66,988	113,400	59.07%	138,846	85,493	114,836
Investment Income	23,575	52,612	16,913	12,822	736	2,173		108,831	78,200	139.17%	45,374	14,336	3,990
Non-Operating Revenues	38,642							38,642	45,000	85.87%	64,769	61,326	79,535
Total External Revenue	9,442,474	0	52,612	746,278	12,822	67,724	2,173	10,324,083	25,972,633	39.75%	9,319,451	8,182,624	7,569,515
Debt Proceeds:													
Debt Proceeds - DWSRF Loan Draws		2,962,410						2,962,410	300,000	987.47%	1,962,141	824,664	422,163
Debt Proceeds - Dept. of Ecology Loan								0	1,192,500	0.00%	0	0	0
Debt Proceeds - Bonds								0	2,694,507	0.00%	0	6,300,000	0
Total Debt Proceeds	0	0	2,962,410	0	0	0	0	2,962,410	4,187,007	70.75%	1,962,141	7,124,664	422,163
Transfers from Other Funds:													
To Debt Reserve Fund ← from Revenue Fund				1,836,936				1,836,936	3,893,617	47.18%	1,000,665	1,034,695	892,210
To Revenue Fund ← from Debt Reserve Fund	258,202							258,202	0		259,393	0	0
To Debt Reserve Fund ← from Bond Sinking Fund								0	0		0	0	0
To Bond Reserve Fund ← from Revenue Fund								0	1,211,179	0.00%	90,361	90,361	0
To Debt Reserve Fund ← from System Development Fund								0	0		428,855	282,550	338,425
To Capital Project Fund ← from Revenue Fund								0	0		0	0	0
To Capital Project Fund ← from System Development Fund								0	1,050,000	0.00%	310,000	0	0
Total Transfers to Other Funds	258,202	0	0	0	1,836,936	0	0	2,095,138	6,154,796	34.04%	2,089,274	1,407,606	1,230,635
Total Revenue	9,700,676	0	3,015,022	746,278	1,849,758	67,724	2,173	15,381,631	36,314,436	42.36%	13,370,866	16,714,894	9,222,313
Uses:													
Operating Expenditures:													
Operations and Maintenance	4,889,219							4,889,219	12,328,385	39.66%	4,266,942	4,561,034	5,136,167
Utility and Excise Taxes	444,839							444,839	1,158,120	38.41%	427,876	346,010	344,871
Total Operating Expenditures	5,334,058	0	0	0	0	0	0	5,334,058	13,486,505	39.55%	4,694,818	4,907,044	5,481,038
Capital Expenditures:													
Capital Projects	2,735,850	1,240,231						3,976,081	19,900,373	19.98%	5,692,104	2,477,607	2,521,686
Total Capital Expenditures	2,735,850	0	1,240,231	0	0	0	0	3,976,081	19,900,373	19.98%	5,692,104	2,477,607	2,521,686
Debt Service Payments:													
Interest Expense	91,474							91,474	866,300	10.56%	141,861	155,257	174,457
Federal Tax Credit for 2009B Bonds	0							0	(63,201)	0.00%	0	0	0
Principal Payments	0							0	3,416,669	0.00%	251,282	0	0
Total Debt Service Payments	91,474	0	0	0	0	0	0	91,474	4,219,768	2.17%	393,143	155,257	174,457
Transfers to Other Funds:													
From Revenue Fund → To Debt Reserve Fund	1,836,936							1,836,936	3,893,617	47.18%	1,000,665	1,034,695	892,210
From Debt Reserve Fund → To Revenue Fund				258,202				258,202	0		259,393	0	0
From Bond Sinking Fund → To Debt Reserve Fund								0	0		0	0	0
From Revenue Fund → To Bond Reserve Fund								0	1,211,179	0.00%	90,361	90,361	0
From System Development Fund → To Debt Reserve Fund								0	0		428,855	282,550	338,425
From Revenue Fund → To Capital Project Fund								0	0		0	0	0
From System Development Fund → To Capital Projects Fund								0	1,050,000	0.00%	310,000	0	0
Total Transfers to Other Funds	1,836,936	0	0	0	258,202	0	0	2,095,138	6,154,796	34.04%	2,089,274	1,407,606	1,230,635
Total Expenditures	9,998,318	0	1,240,231	0	258,202	0	0	11,496,751	43,761,442	26.27%	12,869,339	8,947,514	9,407,816
Increase (Decrease) in Fund Balance	(297,642)	0	1,774,791	746,278	1,591,556	67,724	2,173	3,884,880			501,527	7,767,380	(185,503)
Services sold:													
ERU's								113			78	87	80
Services								95			86	78	67
Re-Activations (under 10 years)								20			34	38	5
Re-Activations (over 10 years)								0			3	2	0

**SKAGIT PUD DEBT REPAYMENT AMOUNTS
AS OF MAY 31, 2018**

Senior Lien Bond Debt					Public Works Trust Fund Loan Debt				Drinking Water State Revolving Fund Loan Debt				
	Coupon Rates	Current Rate	Mature Date	Beg Bal		Interest Rates	Mature Date	Beg Bal		Interest Rates	Mature Date	Beg Bal	
2008 Refunding	3.5% - 4.25%	4.25%	Jul 2018	\$8,835,531	2001 SRD	0.50%	Jul 2021	\$10,000,000	2000 Clearwell	1.50%	Oct 2021	\$1,803,360	
2009B BAB	2.7%* - 3.79%*	3.66%	Jul 2029	\$3,660,000	2002 WTP Controls	0.50%	Jul 2022	\$10,000,000	2000 SVV Distribution	1.50%	Oct 2021	\$704,070	
2016 Revenue	2.65% - 10.00%	2.65%	Jul 2036	\$6,300,000	2012 Josh Wilson Rd	0.25%	Jun 2031	\$3,342,154	2000 SVV Controls	1.50%	Oct 2021	\$64,619	
2017 Revenue	2.65% - 10.00%	2.65%	Jul 2037	\$4,200,000	2014 Division St Tank Design	1.00%	Jun 2018	\$300,000	2001 Transmission Line	1.50%	Oct 2022	\$1,758,480	
									2001 WTP Controls	1.50%	Oct 2022	\$77,520	
									2015 Division St Tank Const	1.50%	Oct 2037	\$10,004,050	
Year	Principal	Interest	Interest Rate Range		Principal	Interest	Interest Rate Range		Principal	Interest	Interest Rate	Total	
	*(after 35% tax credit)												
2018	1,324,982	248,495	2.65%	4.25%	1,356,201	31,831	0.25%	1.00%	766,225	234,695	1.50%	\$3,962,429	
2019	660,997	383,541	2.65%	3.72%	1,281,201	25,115	0.25%	0.50%	766,224	156,264	1.50%	\$3,273,344	
2020	681,615	365,842	2.65%	3.79%	1,281,201	19,150	0.25%	0.50%	766,225	144,775	1.50%	\$3,258,807	
2021	703,905	344,087	2.65%	3.79%	1,281,201	13,185	0.25%	0.50%	766,224	133,281	1.50%	\$3,241,883	
2022	720,832	322,318	2.65%	3.79%	738,777	7,220	0.25%	0.50%	615,909	121,784	1.50%	\$2,526,839	
2023	748,079	300,038	2.65%	3.79%	176,282	3,966	0.25%		500,202	112,546	1.50%	\$1,841,115	
2024	770,094	277,424	2.65%	3.79%	176,282	3,526	0.25%		500,203	105,043	1.50%	\$1,832,571	
2025	793,555	252,985	2.65%	3.79%	176,282	3,085	0.25%		500,203	97,539	1.50%	\$1,823,649	
2026	816,816	228,368	2.65%	3.79%	176,282	2,644	0.25%		500,202	90,036	1.50%	\$1,814,350	
2027	747,285	468,705	3.79%	10.00%	176,282	2,204	0.25%		500,203	82,533	1.50%	\$1,977,213	
2028	789,236	429,640	3.79%	10.00%	176,282	1,763	0.25%		500,203	75,030	1.50%	\$1,972,154	
2029	830,730	385,464	3.79%	10.00%	176,282	1,322	0.25%		500,203	67,527	1.50%	\$1,961,528	
2030	518,879	339,255	10.00%		176,282	881	0.25%		500,203	60,024	1.50%	\$1,595,524	
2031	554,957	303,178	10.00%		176,282	441	0.25%		500,202	52,521	1.50%	\$1,587,582	
2032	593,525	264,609	10.00%						500,202	45,018	1.50%	\$1,403,354	
2033	637,002	221,132	10.00%						500,203	37,515	1.50%	\$1,395,851	
2034	683,688	174,446	10.00%						500,203	30,012	1.50%	\$1,388,348	
2035	734,626	123,508	10.00%						500,202	22,509	1.50%	\$1,380,845	
2036	790,051	68,086	10.00%						500,203	15,006	1.50%	\$1,373,345	
2037	267,064	7,176	10.00%						500,202	7,503	1.50%	\$781,945	
	\$14,367,917	\$5,508,297			7,525,123	116,332			\$11,183,844	\$1,691,164		\$40,392,677	

\$ Change from previous month:

\$1,000,405 last draw from DWSRF for Division St Tank loan

Total Principal Outstanding:	\$33,076,884
Total Interest Outstanding:	7,315,793
Total Debt Repayment:	\$40,392,677
2018 Weighted Interest Rate:	2.09%