

**MINUTES OF THE MEETING OF THE COMMISSION**

**June 14, 2016**

The regular meeting of the Board of Commissioners of Public Utility District No. 1 of Whatcom County was called to order at 8:00 a.m. by Commissioner Mike Murphy. Said meeting was open to the public and notice thereof had been given as required by law. Those present included Commissioner Jeff McClure and Legal Counsel Jon Sitkin. Staff: Steve Jilk, General Manager; Ann Grimm, Administrative Assistant; Brian Walters, Director of Utility Operations; Rebecca Schlotterback, Manager of Contracts and Regulatory Compliance; Annette Smith, Director of Finance; Lew Gaskill, Accountant I; Duane Holden, Manager of Facilities and Construction; Alec Strand, Project Manager; Mike Macomber, IT/SCADA Technician; and Aaron Peterson, IT/SCADA Technician.

Public attending: Scott Bauer, Northwest Municipal Advisors;  
Max and Carol Perry, Citizens;  
Dave Olson, Citizen.

**Public Comment**

Carol Perry encouraged the Commissioners to get as much information as they can about the proposed Interlocal Agreement (combining the WRIA 1 Joint Board and Salmon Recovery Board into a single body responsible for coordinating implementation of jointly-adopted watershed management and salmon recovery plans). Consensus has been reached on the language of the proposed agreement on all points except characterization of the WRIA 1 Planning Unit’s relationship with the various participating governments. There is confusion about the purpose of the Planning Unit’s designated role as an advisory committee to the County Council. Perry attended the County Council meeting on May 31 which discussed the topic and she urged the Commissioners not to “move ahead hastily.”

◆ **Approval of the Meeting Minutes and Claims**

The Commissioners were presented with the Minutes of the Regular Meeting held May 24, 2016, and the following Claims of June 14, 2016:

<b>VENDOR NAME</b>	<b>AMOUNT</b>
3-D CORPORATION	1,230.00
APPLIED INDUSTRIAL TECHNOLOGIES, INC	13.78
BAY CITY SUPPLY	224.62
CENTRAL WELDING SUPPLY	67.25
CESCO NEW CONCEPT CHEMICAL PRODUCTS	97.68
CHMELIK SITKIN & DAVIS	1,550.00
CORNERSTONE MANAGEMENT, INC.	1,564.00
CULLIGAN NORTHWEST	116.35
DLT SOLUTIONS, LLC	624.43
EDGE ANALYTICAL LABORATORIES	20.00
FASTENAL	107.49
FCS GROUP	3,022.50
FERNDALE ACE HARDWARE	113.46
FERNDALE TRUE VALUE HARDWARE	21.69
FRONTIER	843.89
GRAINGER	316.20
GUARDIAN SECURITY SYSTEMS, INC	1,372.18
HACH COMPANY	3,596.15
HARDWARE SALES, INC.	144.97
HD FOWLER CO, INC	636.42
HEALTH PROMOTIONS NORTHWEST	90.00
INDUSTRIAL SUPPLY, INC	271.28
KAMAN FLUID POWER LLC	204.95
KCDA PURCHASING COOPERATIVE	83.26
LITHTEX NW LLC	211.58
MALLORY SAFETY & SUPPLY LLC	31.33
MASSMUTUAL RETIREMENT SVCS LLC	6,258.33
MORTIMER, TOM	450.00

NORTHWEST MOWING & GARDENING	515.61
PARAMOUNT SUPPLY COMPANY	1,019.21
PLATT ELECTRIC SUPPLY CO	2,467.98
PORTAL WAY FARM & GARDEN	82.55
POTELCO, INC	3,276.82
PROBUILD - OSO LUMBER	53.26
PUD #1 OF WHATCOM COUNTY	43.71
PUGET SOUND ENERGY, INC	5,945.85
REGENCE BLUE SHIELD	35,248.88
REISNER DISTRIBUTION, INC	1,021.54
RH2 ENGINEERING, INC	2,082.03
RICOH USA	242.48
SOFTWIRED	199.00
SOUND SHREDDING & RECYCLING	28.00
SSC - SANITARY SERVICE COMPANY	554.96
STONEWAY ELECTRIC SUPPLY	1,969.81
SURETY PEST CONTROL	59.79
TEAMSTER LOCAL #231	410.00
THATCHER COMPANY OF MONTANA	41,943.63
TRUE GREEN LAWN SERVICE	1,766.38
UNITED WAY OF WHATCOM COUNTY	275.00
UNIVAR USA, INC	1,476.69
UTILITIES UNDERGROUND LOCATION	27.09
VERIZON WIRELESS	1,095.66
WA ST DEPT OF L&I BOILER	710.80
WA ST SUPPORT REGISTRY	250.00
WALTERS, DENNIS BRIAN	303.80
WASHINGTON DENTAL SERVICE	2,794.90
WASHINGTON TEAMSTERS WELFARE	9,747.90
WESTERN ELECTRICAL SERVICES, INC	23,629.00
WHATCOM FARMERS CO-OP	115.17
WHATCOM JANITORIAL	1,170.00
WHITNEY EQUIPMENT CO.	3,857.04
XEROX CORPORATION	117.33
<b>GRAND TOTAL</b>	<b>\$167,785.66</b>

**ACTION:** Commissioner McClure motioned to approve the Minutes of the Regular Meeting held May 24, 2016, and the Claims of June 14, 2016. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Approve Resolution No. 709 – 2016 LTGO Bond Refinance Resolution**

Background – In 2007, the District issued the 2007 Water Revenue bonds to fund the pipeline extension of the Grandview system, and established a LUD with corresponding assessments on the effected properties to pay the debt service of the bonds. The bonds were issued with an average coupon rate of 5.68%. Since 2007, interest rates have dropped significantly. Several properties have, either due to the interest rate drop or the sale of the property, paid their assessment off early. While this puts money in the LUD account ahead of schedule, the interest rate earned on the LUD account held at the County is very low. This has created a projected shortfall in the money required to finish the debt service on the 2007 bonds.

Earlier this year, the District contacted NW Municipal Advisors (NWMA), concerning the possibility of refinancing the bonds. The earliest call date on the outstanding bonds is 2018. The estimated interest rate, if the District issues bonds now, is close to 2.5%. This would result in savings. The exact interest rates and savings will be determined by the results of the selected bank proposal. In order to take advantage of the current low rates, staff recommends refinancing now.



Commissioner McClure thanked Bauer for the information, in addition to District staff who worked diligently on the process.

**ACTION:** Commissioner McClure motioned to approve Resolution No. 709 to authorize the District to issue the 2016 LTGO bonds, with Heritage Bank as the selected bank to place the bonds, and name Stephan Jilk as the Designated District Representative with authority to sign the required documents. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Approve Interlocal Agreement with Pacific PUD and the Transfer of BPA EEI Program Budget in the Amount of \$100,000**

Background – Every two years, the Bonneville Power Administration (“BPA”) sets a budget for its Energy Efficiency Incentive Program (“EEI”). Under the EEI Program, utility customers of BPA can implement qualifying energy efficiency projects and receive incentives from BPA to offset a portion of the cost of the projects. The total budget for EEI set by BPA for each two year rate period is allocated proportionally to each of BPA’s public agency wholesale power purchase customers, including Whatcom and Pacific PUDs. The incentives provided by BPA come out of each utility’s allocated EEI fund budget.

For BPA’s fiscal years 2016 and 2017, the District’s EEI budget is \$558,935. In addition, the PUD has \$21,122 in EEI budget carry-over from BPA fiscal year 2015. Therefore, the total EEI budget available to the PUD is \$585,057. To date, staff has identified two District lighting efficiency projects, which qualify for less than \$10,000 in EEI incentive payments and staff anticipates that there will not be energy efficiency projects identified and implemented within the two year period that will be sufficient in terms of projected energy savings to utilize the entire District’s EEI budget. Walters added that Phillips66 does not have any upcoming projects either. Commissioner Murphy inquired about other entities, such as water districts or associations being able to utilize the incentive program. Unfortunately, the incentives are for use by BPA wholesale power purchasers and have to be used for projects which reduce BPA power sales that are used by District customers or the District itself.

Pacific PUD has committed the remainder of its EEI budget for 2016/17 and has a need for an additional \$100,000 to complete a large project involving an industrial customer. In past years, the District has assisted both the cities of Blaine and Sumas with transfers of EEI budget, so that they could complete energy efficiency projects. For 2016, neither of their electric utilities has a need for additional EEI budget.

Staff recommends that the Commission approve the transfer of EEI budget to Pacific PUD in the amount requested. If the transfer occurs, there will still be sufficient budget remaining to cover energy efficiency District projects that might be identified during the remainder of the two year period, which ends September 30, 2017.

There is no fiscal impact to the District. Transfer of a portion of Whatcom’s EEI budget to Pacific PUD will not impact the District’s approved 2016 Budget.

**ACTION:** Commissioner McClure motioned to approve an Interlocal Agreement (“Agreement”) with Pacific PUD and the transfer of BPA EEI Program Budget in the amount of \$100,000 and authorize the General Manager to sign and execute the Agreement. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Approve Resolution No. 710 – Cancellation of Duplicate Warrant**

A duplicate Warrant was issued to Puget Safety Equipment and now needs to be cancelled. As such, the District has requested that the County cancel Warrant No. 1001696 in the amount of \$4,679.67. Puget Safety Equipment has not received or tendered the Warrant, and a new Warrant will not be issued. There is no fiscal impact to the District.

**ACTION:** Commissioner McClure motioned to approve Resolution No. 710 Authorizing Cancellation of a Duplicate Warrant. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Manager’s Report**

Grandview/Delta Tech Fire Water System Update

Jilk met again last with representatives from Whatcom County, the Fire Marshal’s office, City of Ferndale, and the owners of Delta Tech in regards to the lack of fire water suppression at Delta Tech. The pond currently in place serves as the fire water source and the District does not own the pond. This has created liability and limitations (supply and water quality).

Delta Tech Industrial Park is requesting to make a connection to the District’s hydrant system for fire suppression. The Fire Marshal is not approving any building permits for this area without having direct access to a charged fire water system. Legal Counsel Sitkin has been working on a draft agreement between Delta Tech Park and the District which would allow for (1) connection charges to be set, (2) allow the PUD to manage the Delta Tech Park fire system and; (3) to apply for financing from the County’s Economic Development Investment Funds.

The District is working on plans to build a new water line to connect with Plant 2's main line via a route following Vista Drive. This is the most reasonable way to provide a sustainable water supply which could be used for fire suppression for all of the Grandview/Northgate/I-5/Delta Tech service area.

WPUDA Attorney Meeting

Sitkin will be attending the upcoming summer WPUDA Attorney Meeting. Topics on the agenda include bonds, climate change, Oregon coal phase-out plan, and panel discussions. He will provide an update at the next Commission meeting.

DOH Grant Program for Small Systems Assistance

Jilk noted the District has received two requests from water associations for support assistance through the DOH funded program.

◆ **Adjourn**

There being no further business for the regular meeting, the Commission adjourned the regular meeting at 8:58 a.m.

  
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President/Commissioner

  
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Secretary/Commissioner

  
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Commissioner