

# MINUTES OF THE MEETING OF THE COMMISSION

July 12, 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, Commissioner Paul Kenner 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 Construction and Facilities; Fred Disch, Water Systems Supervisor; Jon Littlefield, Electric System Supervisor; Mike Macomber, IT/SCADA Technician; and Aaron Peterson, IT/SCADA Technician.

Public attending: Rick Maricle, Phillips66  
T J Lee, Phillips66  
Dave Olson, Cornerstone Management

## ◆ Public Comment

Rick Maricle introduced TJ Lee, Process Development Engineer, to staff and commissioners. TJ will be covering Rick's responsibilities, at Rick's retirement.

## ◆ Approval of the Meeting Minutes and Claims

The Commissioners were presented with the Minutes of the Regular Meeting held June 28, 2016, and the following Claims of July 12, 2016:

VENDOR NAME	AMOUNT
3-D CORPORATION	1,230.00
APPLIED DIGITAL IMAGING	36.41
BAY CITY SUPPLY	195.41
CARLSON STEEL WORKS, INC	47.74
CESCO NEW CONCEPT CHEMICAL PRODUCTS	65.12
CORNERSTONE MANAGEMENT, INC.	4,903.84
CULLIGAN NORTHWEST	62.35
DIEHL FORD	552.94
FARMERS EQUIPMENT COMPANY	206.95
FCS GROUP	972.50
FERNDALE ACE HARDWARE	79.38
FERNDALE CITY OF	455.02
FERNDALE LUBE	97.67
FRONTIER	843.80
HARDWARE SALES, INC.	780.78
HD FOWLER CO, INC	102.89
HEALTH PROMOTIONS NORTHWEST	90.00
INTEGRITY SAFETY SERVICES INC	1,075.00
JOHN DEERE FINANCIAL	73.08
KCDA PURCHASING COOPERATIVE	64.12
LYNDALE GLASS	457.63
MALLORY SAFETY & SUPPLY LLC	297.50
MASSMUTUAL RETIREMENT SVCS LLC	10,258.33
MCFARLAND CASCADE HOLDINGS-A STELLA-JONES CO	23,427.32
MORTIMER, TOM	2,475.00
OVERHEAD DOOR COMPANY	41.23
PARAMOUNT SUPPLY COMPANY	599.89
PITNEY BOWES GLOBAL FINANCIAL SERVICES LLC	144.00
PLATT ELECTRIC SUPPLY CO	94.94
PORTAL WAY FARM & GARDEN	152.15
PUBLIC UTILITY RISK MANAGEMENT SERVICES	2,426.83
PUGET SAFETY EQUIPMENT COMPANY	4,679.67
PUGET SOUND ENERGY, INC	6,121.81
REGENCE BLUE SHIELD	35,161.76
REISNER DISTRIBUTION, INC	1,541.93
RICOH USA	18.33
SNAPPER SHULER KENNER, INC	105.00
SSC - SANITARY SERVICE COMPANY	554.96
SURETY PEST CONTROL	59.79
TEAMSTER LOCAL #231	410.00
UNITED WAY OF WHATCOM COUNTY	275.00

VERIZON WIRELESS	1,230.33
WA ST SUPPORT REGISTRY	250.00
WASHINGTON DENTAL SERVICE	2,794.90
WASHINGTON TEAMSTERS WELFARE	9,747.90
WHATCOM JANITORIAL	1,170.00
<b>GRAND TOTAL</b>	<b>\$116,431.20</b>

**ACTION:** Commissioner Kenner motioned to approve the Minutes of the Regular Meeting held June 28, 2016, and the Claims of July 12, 2016. Commissioner McClure second the motion. Motion passed unanimously.

◆ **Small Water Systems Assistant Update**

Background – On January 26, 2016 the Commission approved the request from the Washington State Department of Health (DOH) to enter into Grant Agreement N218730 to conduct a two year pilot project where the Whatcom PUD will engage with all Group A water systems to identify Group A systems needs and develop a sustainable support/training program for these systems to sustain their operations and manage their systems. The amount of grant is \$200,000 and term of grant is until December 31, 2018.

In addition to the DOH Agreement, the Commission also approved a Professional Services Agreement with Dave Olson, Cornerstone Management Inc. to perform the technical work in support of Grant Agreement N218730. PUD staff and Dave Olson have developed two work orders to begin the technical work for the grant. Olson provided an update of the grant work done thus far.

Olson thanked the Commissioners for their continued support of the serious need for safe drinking water solutions in Whatcom County. The pilot project for technical support will serve Group A water systems (less than 1,000 connections) and just got its feet off the ground. Olson explained that the DOH was looking for local partners to provide opportunities to these small systems which otherwise may not be able to receive the assistance or training needed. Funds have been reallocated from the statewide level to provide a more localized method of support.

The project includes an assessment of water system capacity training needs and to work with the DOH to evaluate, identify interties for system consolidations, survey types of needs, and then gathering the data to compile the services needed.

The next phase of the project is technical assistance for water system capability – to provide training, or assist in conducting workshops or technical training to systems: Technical – operation of system; Managerial – managing of; and, financial assistance (TMF). Professional/continuing education credits are also available as part of the training provided through the Evergreen Rural Water Association and American Water Works’ Pacific Northwest division. Areas that are not targeted at training or continuing education programs, such as assistance for accounting or financial assistance and relating to the needs and concerns of operators and board members can also be provided.

The grant work to date includes several referrals from the Department of Health, assisting with governance and administration topics such as bylaws, transitioning retirees, consolidation of water systems and water rights topics.

Olson will provide a final report at the end of the pilot project to the PUD Commissioners, Department of Health’s Drinking Water Division, and County Executive Louws.

The PUD and Olson have worked with the DOH on several issues since 2010, including the North County Nitrate Study, South Lake Samish Water Feasibility Study, and water system consolidations (Roederland, Central City, Everson Auction Barn and Skookum Chuck). The most recent grant work was to combine three water systems and construct a short pipeline to intertie the systems between Meadowbrook, Northwood and Northwood Park, in order to consolidate nitrate issues. This work was recently completed and leads into the next agenda item to approve a pipe attachment and water transmission agreement with Meadowbrook Water Association.

The Commissioners thanked Olson for his work. A statewide-level presentation will be scheduled at the WPUA Water Workshop in the fall of 2017.

**ACTION:** No requested action of the Commission. Information only.

◆ **Approve Pipe Attachment and Water Transmission Agreement with Meadowbrook Water Association**

Background: Through the use of several grants received from the Washington State Department of Health the PUD was able to assist three north county water associations, Meadowbrook, Northwood and Northwood Park, to consolidate their systems and construct short pipelines, under Badger Road to intertie these systems. The funding for the construction of the two pipelines had to be used by a Public agency and the pipes constructed had to be owned by the Public agency receiving the funds.

The construction of the pipes is complete and to allow the water association using those pipes to have access to them the PUD needs to allow that use through an agreement.

The recommended agreement, developed by PUD staff and approved by the PUD's Legal Counsel, provides for the user, Meadowbrook, to use the pipes at a minimum cost of \$150.00 per year while assuming responsibility for maintenance, insurance, etc. while having the PUD retain ownership under the rules of the grant program and retains control of the pipe by the owner, the PUD.

This was a very successful project in using state grants to resolve a very challenging water quality and water rights issue. The agreement has already been reviewed and approved by Meadowbrook Water Association. The initial term of the agreement is five years and upon the expiration of the initial term, and each renewal term thereafter, the Agreement shall automatically renew for additional successive one (1) year term.

Fiscal Impact: PUD will invoice Meadowbrook Water Association \$150.00 annually.

**ACTION:** Commissioner Kenner motioned to approve the Pipe Attachment and Water Transmission Agreement with Meadowbrook Water Association and authorize the General Manager to sign. Commissioner McClure second the motion. Motion passed unanimously.

◆ **Approval of Infra Pacific Water Supply for Fire Flow Agreement**

Background: INFRA PACIFIC (legal title, also known as Delta Tech Park) owns and operates a light industrial park in the PUD's Grandview water service area. INFRA PACIFIC owns and operates the water utility service for the park with separate potable and fire systems.

The fire system includes transmission pipes, valves and hydrants. Currently it is a "dry" system and would be charged, by the fire department in case of need for water in the system by connecting a flexible hose from the INFRA PACIFIC (standpipe) system to the PUD's Grandview fire system. The Delta Tech Park owner is requesting a permanent connection between the two systems.

District staff has worked with the park owner on an agreement to allow for the physical connection, paying the cost associated with allowing the connection, and future service charges appropriate to have the PUD provide the water supply to the INFRA PACIFIC Park for fire service. This agreement establishes those requirements.

The elements of the agreement are:

- 1) INFRA PACIFIC engineers will design the infrastructure to connect to the District fire system;
- 2) District engineers will review and approve the design;
- 3) INFRA PACIFIC will obtain road permits and hire a contractor to install the infrastructure;
- 4) District will provide oversight to the construction;
- 5) INFRA PACIFIC will turn over to the District the new infrastructure constructed to physically connect the two systems when the connection infrastructure is constructed and approved by the District;
- 6) INFRA PACIFIC will pay a "connection" charge to the District for each lot in the park that already has buildings constructed on it. Each empty lot will be required to pay a connection charge to the District when a building permit is applied for on the lot;
- 7) INFRA PACIFIC will be required to pay a monthly fire charge for each built on lot since they own the utilities in the park;
- 8) Once this agreement is approved, infrastructure is constructed and fees are paid, the fire system water supply to INFRA PACIFIC (Delta Tech) will be turned on.

This connection and subsequent service to the park will enable the park developer to allow additional buildings to be built.

This will be considered an *interim* service as the park owner is desirous of working toward an agreement to transfer all water utility services in the park to the District. The water for fire service is also considered as an "interruptible supply" due to the fact that the stormwater pond, approved by the County, yet not maintained, is used also for fire water supply. The PUD is currently performing research on the fire well capacity at Grandview and developing a long term solution to fire water supply for the entire Grandview/I-5/Northgate/Delta Tech service area.

The connection charges established here and future monthly fire charges will support the PUD's financing of the local share of the cost of building the proposed pipeline connecting to our Aldergrove industrial service line. This action has no fiscal impact on the PUD. These infrastructure costs are being born by INFRA PACIFIC and connection charges will be utilized to support maintenance of the District fire system and improvements to it in the future.

**ACTION:** Commissioner McClure motioned to approve the Agreement for an Interruptible Supply of Water for Fire Flow with INFRA PACIFIC LLC, contingent upon final review and approval by District legal counsel and the General Manager, and authorize the General Manager to sign the agreement.

Commissioner Kenner second the motion. Motion passed unanimously.

### **Manager's Report**

#### County Comprehensive Plan Update

Jilk distributed a letter composed to the County Council members in regards to the proposed changes to the County Planning Commission's updates to the Environmental, Land Use and other chapters of the *County Comprehensive Plan*. The Council had asked for comments on the updates to be received by 9:00 a.m. this morning (July 12) at a Committee of the Whole meeting. Jilk explained that there was simply not enough time to address the changes/concerns with the PUD Commission (meetings occurring at same time). Jilk asked the Council to consider deferring this matter until at least September so as to have enough time to understand the purpose and intent of the individual proposed changes to the Planning Commission's recommendations. With the general community in the middle of summer vacation and agricultural harvest seasons, continuing consideration of the proposed changes until fall would allow the general public more opportunity to be involved in the process.

#### Okanogan PUD Case Update

Legal Counsel Sitkin noted that the Court of Appeals recently upheld the decision approving permits related to a new dam for Okanogan PUD.

#### ◆ **Recess**

The Commission requested a five minute recess at 9:15 a.m. prior to the last agenda item to allow a short break, and voluntary departure of audience members who did not wish to stay for the legal update.

#### ◆ **Open Public Meetings Act, Public Records and Ethics Update**

Commissioner Murphy reconvened to the regular meeting at 9:20 a.m. Those present included Commissioners McClure and Kenner and Legal Counsel Jon Sitkin. Staff: Steve Jilk, General Manager; and Ann Grimm, Administrative Assistant.

It's time for an update on governance, public records, the Open Public Meeting Act and ethics. District Legal Counsel Jon Sitkin is providing this update. Highlights from the presentation included:

#### **Governance**

The elements of governance:

- Set tone and culture of the organization
- Clear and respected delegation to General Manager
- Act as a strategic Commission and not as a tactical Commissioner
- Run a good meeting

The year in review (July 30, 2015 to July 12, 2016) i.e. The Commission "Report Card"

- Strategic vs. Tactical
- Govern vs. Manage
- Respect the other Commissioners and your managers
- Look at the big issues
- Focus on the "why" and the "what" but not so much on the "how"
- Overall – get the job done

#### **The Open Public Meetings Act – Chapter 42.30 RCW**

- All "actions" of the majority of the Commissioners must occur in an open public meeting
- Executive sessions are narrowly limited
- Commissioner Issues
- Electronic or "in person" serial meetings
- Misuse of the Executive session
- Disturbing Trends – Case examples

#### **Public Records Act – Chapter 42.56 RCW**

- "Public Records" are virtually all District documents or electronic records kept, owned or used by the District
- Exemptions
- Emails
- Social Media
- Content Concerns
- Recent trends in the Public Records Act are cause for concern
- Recent trends in technology are cause for concern
- Combined together, Public Records Act, court rules and technology are yielding a perfect storm

#### **Ethical Issues**

- 95%+ of the time, it's unthinking actions
- The conduct of the Commissioners and senior staff set the cultural tone of the organization

- Ethical issues grow big and get expensive very quickly
- Ethical issues really hurt personally and hurt the organization
- Ethical issues damage the District's "political bank account"
- Once ethical issues become systematic, the culture is hard to change
- What this Commission can do
  - Review the District's and Commission's ethical culture yearly and publically (as an agenda item)
  - Purposely extend ethics to all facets of the District's operation
- Ethical Issues for Commissioners
- Personnel Investigations for Misconduct

The Commissioners thanked Sitkin for the update. A copy of the PowerPoint slides will be attached to the Minutes.

**ACTION:** No action requested. Information only.

◆ **Adjourn**

There being no further business for the regular meeting, the Commission adjourned the regular meeting at 8:51 a.m.

  
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 President/Commissioner

  
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 Secretary/Commissioner

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 Commissioner