

# DRAFT

2016 BOARD OF COMMISSIONERS  
*Michael J. Murphy, President*  
*Paul D. Kenner, Vice President*  
*Jeffrey L. McClure, Secretary*

## PUBLIC UTILITY DISTRICT No. 1 *of Whatcom County*

Agenda for the  
Regular Meeting of September 27, 2016  
8:00 a.m. at the PUD Office

1. Public Comment
2. Approval of the Minutes of the Meeting held September 13, 2016
3. Approval of Claims for September 27, 2016
4. Award of Bid: Plant No. 1 Service Water Piping Replacement Project
5. Approval of Interlocal Agreement – Combining Salmon Recovery and Watershed Boards
6. Approve Extension of Sub-Recipient Agreement with Whatcom County
- NEW 7. Approval of Professional Services Agreement with EES Consulting
8. Washington State Department of Health 2 Year Project - Cornerstone Management Update
9. Commission Work Session – Budget Parameters for 2017 Operating and Capital Budgets
10. Manager's Report
11. Adjourn

Next Commission Meetings

October 11 and 25, 2016 – Regular Meetings  
All meetings begin at 8:00 a.m. at PUD Administration Office -  
1705 Trigg Road, Ferndale, WA unless other location announced.  
PUD #1 of Whatcom County (360) 384-4288

**MINUTES OF THE MEETING OF THE COMMISSION**

**September 13, 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; Rebecca Schlotterback, Manager of Contracts and Regulatory Compliance; Brian Walters, Director of Utility Operations; Annette Smith, Director of Finance; Alec Strand, Project Manager; Fred Disch, Water Systems Supervisor; Jon Littlefield, Electric System Supervisor; Mike Macomber, IT/SCADA Tech; Aaron Peterson, IT/SCADA Tech; Paul Siegmund, Manager of Automation and Technology; and, Lew Gaskill, Accountant I.

Public attending: Andy Dunn and Jim Bucknell, RH2  
 Max and Carole Perry, Citizens  
 Dave Olson, Citizen  
 Henry Bierlink, Ag Water Board  
 Marc Perry, Perry Pallet Company  
 TJ Lee, Phillips66  
 Dan Eisses, Birch Bay Water and Sewer District

**Public Comment**

Max Perry commented on the emergency moratorium that the Whatcom County Council passed on August 9, in which no new applications to ship unrefined fossil fuel through Cherry Point can be approved for at least the next two months. The council unanimously passed the moratorium to address concerns about potential public health and safety risks that could come with the increased transportation of unrefined fossil fuels, such as crude oil traveling by rail through the county to two refineries at Cherry Point. Perry said he had an email from RE-Sources calling for citizens to request/support a six (6) month extension on the moratorium by attending the County Council meeting on Thursday. Perry acknowledged that the industries at Cherry Point are large water customers of the District and he understands the importance of family wage jobs, having worked at Intalco for 30 years himself. He feels there is a force in the County to curtail or cut down the Cherry Point industrial base and questioned if the moratorium becomes permanent, and the PUD cannot make any expansions (i.e. new customers) then how will the PUD survive?

Jilk replied that he is aware of the email and the PUD is engaged in discussions on the topic. A letter to the County Council was sent in July, requesting that the Council defer the matter until September. (Side note: The moratorium does not impact the current refining and shipment of products through the BP Cherry Point and Phillips 66 refineries.)

**Approval of the Meeting Minutes and Claims**

The Commissioners were presented with the Minutes of the Regular Meeting August 23, 2016, and the following Claims of September 13, 2016:

<b>VENDOR NAME</b>	<b>AMOUNT</b>
3-D CORPORATION	1,230.00
AIR COMPRESSOR SERVICE	326.10
AMERICAN WATER WORKS	355.00
APERTURE ELECTRICAL	5,359.93

# DRAFT

ASSOC EARTH SCIENCES, LLC	2,231.25
BAY CITY SUPPLY	9.21
BEST TOOLS, INC	95.11
CARLSON STEEL WORKS, INC	57.48
CENTRAL WELDING SUPPLY	67.25
CESCO NEW CONCEPT CHEMICAL PRODUCTS	97.68
CHMELIK SITKIN & DAVIS	6,938.50
CORNERSTONE MANAGEMENT, INC.	5,943.00
CULLIGAN NORTHWEST	185.20
FASTENAL	4.73
FCS GROUP	3,100.00
FEDERAL EXPRESS	11.14
FERNDALE ACE HARDWARE	108.34
FERNDALE CITY OF	398.96
FRONTIER	2,283.63
GENEVA CONSULTING	1,960.00
HARDWARE SALES, INC.	214.13
HEALTH PROMOTIONS NORTHWEST	90.00
KCDA PURCHASING COOPERATIVE	234.42
LAPLAUNT, DAVID	377.09
LES SCHWAB TIRE CENTER	386.78
MASSMUTUAL RETIREMENT SVCS LLC	10,258.33
MILLS ELECTRIC	1,593.81
MORTIMER, TOM	348.75
NORTHWEST MOWING & GARDENING	926.64
OCCUPATIONAL SAFETY COUNCILS OF AMERICA	90.00
PACIFIC SURVEY & ENGINEERING	18,530.00
PARAMOUNT SUPPLY COMPANY	103.38
PITNEY BOWES GLOBAL FINANCIAL SERVICES LLC	150.00
PLATT ELECTRIC SUPPLY CO	696.77
PORTAL WAY FARM & GARDEN	10.38
PUBLIC UTILITY RISK MANAGEMENT SERVICES	9,317.18
PUD #1 OF WHATCOM COUNTY	2,187.47
PUGET SOUND ENERGY, INC	5,430.39
REGENCE BLUE SHIELD	36,630.82
REISNER DISTRIBUTION, INC	1,021.81
RH2 ENGINEERING, INC	11,793.28
RICOH USA	289.71
SSC - SANITARY SERVICE COMPANY	554.96
STEEL RIVER PIPING & FABRICATION	9,337.51

# DRAFT

SURETY PEST CONTROL	59.79
TEAMSTER LOCAL #231	410.00
TOP TO BOTTOM, INC	3,261.00
UNITED WAY OF WHATCOM COUNTY	275.00
UTILITIES UNDERGROUND LOCATION	24.33
VERIZON WIRELESS	1,127.17
WA ST SUPPORT REGISTRY	250.00
WASHINGTON DENTAL SERVICE	2,853.65
WASHINGTON TEAMSTERS WELFARE	9,747.90
WHATCOM FARMERS CO-OP	21.77
WHATCOM JANITORIAL	1,170.00
XEROX CORPORATION	129.06
<b>GRAND TOTAL</b>	<b>\$160,665.79</b>

**ACTION:** Commissioner McClure motioned to approve the Minutes of the Regular Meeting held August 23, 2016, and the Claims of September 13, 2016. Commissioner Murphy second the motion. Motion passed unanimously.

### **Approval of Agreement with Bureau of Reclamation Grant R16AC0015 for Drought Planning**

Background: The Bureau of Reclamation's (Reclamation) Drought Response Program provides assistance to states, local governments, and tribes to prepare for and address drought in advance of a crisis. The Drought Response Program supports a proactive approach to drought by providing financial assistance to water managers to: (1) develop and update comprehensive drought plans (Drought Contingency Planning); (2) implement projects that will build long-term resiliency to drought (Drought Resiliency Projects); and (3) implement emergency response actions.

In April, 2016 the District submitted an application on behalf of water resource stakeholders, such as farmers, cities, Whatcom County government, water districts and others who wish to build resiliency to drought and climate change in Whatcom County. The District received letters of support from the Ag Water Board, Birch Bay Water and Sewer District, the City of Bellingham, the City of Lynden, the Lummi Nation, Washington State University Center for Sustaining Agriculture and Natural Resources, and the Whatcom County Executive's Office.

The goal of the plan is convene a Drought Planning Task Force which will evaluate the following drought mitigation elements:

Drought Monitoring	Response Actions
Vulnerability Assessment	Operational and Administrative Framework
Mitigation Actions	Plan Update Process

The mitigation actions work may include the establishment of a water rights exchange program to facilitate the shifting of water within Whatcom County to assist irrigators and other water users with interruptible water rights to secure a supply of water during future droughts. It is currently estimated that the development of the drought contingency plan for Whatcom County will require 18-24 months to complete after the receipt of Reclamation's grant funding.

# DRAFT

In late June, Reclamation notified the District that its application was one of the highest ranked and would receive \$100,000 in assistance. Reclamation staff is working with District staff on the final agreement which must be approved by September 16, 2016. District staff recommends approving the agreement at today's meeting, pending final legal review by legal counsel and the authorizing the General Manager to sign and return the agreement by the September 16, 2016 deadline.

Upon Commission approval of the grant and pending final legal review, the District will initiate the formal selection process for consultants to assist in the plan.

**ACTION:** Commissioner McClure motioned to approve the Bureau of Reclamation Agreement R16AC0015 for Drought Contingency Planning in the amount of \$100,000.00 pending final legal review and authorize the General Manager to sign the Agreement. Commissioner Murphy second the motion. Motion passed unanimously.

### **Approve License Agreement between the District and BNSF Railway**

Background: The District is preparing to go out to bid for a fiber optic cable deployment project, which is an improvement of its backbone communications system for the electric and water utility systems. The fiber optic cable deployment will include both aerial and underground segments and the underground work will include directional bores under both interstate highway I-5 and the BNSF railroad tracks. This project is in the final design and permitting phase.

BNSF requires parties constructing facilities over or under their railway right of way to enter into the company's standard License Agreement, which is titled "License for Communication Line, Television Cable, and/or Fiber Optic Line Across or Along Railway Property". Walters said the District entered into a similar agreement, prior to boring under the BNSF tracks at Grandview for placement of potable and fire water lines. The License Agreement which has a renewable twenty (20) year term, including associated fees has no fiscal impact on the PUD as any expenses are included in 2016 Capital Improvements Projects Budget.

**ACTION:** Commissioner McClure motioned to approve the License Agreement between the District and the BNSF Railway and authorize the General Manager to sign the Agreement subject to final legal review. Commissioner Murphy second the motion. Motion passed unanimously.

### **Approval of Amendment No. 4 to Exhibit C to Interlocal Agreement with City of Blaine for a Transfer of District BPA EEI Program Budget**

As discussed at the last Commission Meeting, the City of Blaine and Public Works Director, Ravyn Whitewolf, approached the District for consideration of transferring some of the District's Energy Conservation Credits from Bonneville Power Administration (BPA) to the City of Blaine, as a sponsor for low-income weatherization projects. The program, advantageous to many households will be managed by the Opportunity Council.

Such transfers are on a case by case basis and no actual funds are transferred from one party to the other. BPA Energy Efficiency Investment Program (EEI) is geared towards projects that reduce the BPA's electric load. Amendment No. 4 revises Exhibit C to enable a transfer of BPA FY 2016-17 EEI Program budget allocated to the District to the City of Blaine in the amount of fifty thousand dollars (\$50,000). The transfer amount of the District's Conservation Credits is a direct result of the District's sale of energy to Phillips 66 refinery, and otherwise would not be possible, and that Phillips66 be credited for supporting the projects and keeping the funds within Whatcom County.

Walters indicated that the District's EEI budget is approximately \$585,000 and will have plenty left over should the District or Phillips 66 need to access the program funding for projects. The City of Blaine has prepared a draft press release which is currently being reviewed by Phillips 66 staff and pending response prior to release.

## DRAFT

Commissioner Murphy wishes there were more programs in Whatcom County that can take advantage of the Conservation Credits but because the District does not provide any residential electric services, we are limited on where the funds can be used. Murphy thanked Phillips 66 for all that they contribute to Whatcom County and making projects like this possible.

**ACTION:** Commissioner McClure motioned to approve Amendment No. 4 to Exhibit C to the Interlocal Agreement with the City of Blaine for a Transfer of District BPA EEI Program Budget in the amount of \$50,000 and authorize the District's General Manager to sign the document. Commissioner Murphy second the motion. Motion passed unanimously.

### **Approve Bi-Annual Whatcom PUD *Utility Resource Plan* to be submitted to Washington State Department of Commerce as Required (RCW 19.280)**

Background – During its 2006 session, the State Legislature passed a bill requiring every electric utility in the State to prepare a plan that includes their forecasts of future electric loads and what energy resources they plan to use to meet those loads. The bill was signed by the Governor and became RCW 19.280.

Under the new law, each utility, both public and investor-owned had until September 1, 2008 to prepare and file its initial plan. The plan must be updated every two years. Utilities with 25,000 or more customers must prepare and update a comprehensive integrated resource plan (IRP). Utilities, such as Whatcom PUD, with fewer than 25,000 customers, only have to prepare and update a resource plan (RP) sheet that lists forecast electric loads five and ten years in the future and the energy resources, including conservation and renewables, that the utility plans on using to meet its forecast loads. Whatcom PUD's electric load forecasts used in the Plan for the five and ten year forward years are based on the BPA load forecast for the same years.

A Plan update was required to be filed in draft by September 1, 2016. Staff complied and the updated Plan used a base year of 2015 (actual load) and forecasts loads and resources for the years 2020 and 2025. Commissioners reviewed the draft Resource Plan prior to today's meeting; however, the draft Resource Plan filed is not final until approved by Whatcom PUD's Commission. There is no fiscal impact to the District and staff recommends approval of the Resource Plan, as submitted.

**ACTION:** Commissioner McClure motioned to approve the update of Whatcom PUD's *Utility Resource Plan* as submitted to the Washington State Department of Commerce. Commissioner Murphy second the motion. Motion passed unanimously.

### **Approve Professional Consulting Services Agreement with Eagle-Eye Aerial Solutions, LLC**

Background: From time to time, as needed, the District has retained engineering and technical consulting services to evaluate the condition of its electric and water utility facilities. Both aerial and ground-based field inspections have been utilized as part of this ongoing effort. On the electric system side, past aerial inspections have included the use of a helicopter to visual inspection, photograph, and thermograph both transmission structures and lines. On the ground, District electric staff has conducted their own visual inspections and third party line crews have been retained to do bucket-truck in-the air inspections. These efforts are time consuming and relatively expensive.

Damage assessment following a storm event (i.e. high winds, ice) is constrained by a number of factors, including (1) availability of third party line crews to perform the work; (2) possible limited access to the transmission line corridors (electric and water); and, (3) time required to do the assessments. Regulatory requirements, particularly on the electric system side require regular inspections and evidence that system facilities are being maintained to industry standards

With the above in mind, staff arranged for a new Bellingham area company, Eagle Eye Aerial Solutions to demonstrate the capabilities of its aerial services, utilizing a Drone platform for visual inspecting transmission structures. Staff was impressed by the technology and the ability of the Drone to do close-in

# DRAFT

and top-down inspections relatively quickly. The use of a Drone would seem to be particularly well suited for damage assessments after a storm event (high winds, floods, etc.) versus the use of traditional land-based vehicles. Walters showed some of the photographs taken during the demonstration.

Based on the demonstration conducted, the use of a Drone platform for aerial inspection of facilities utilizing cameras for real-time observations, photography, and thermography, will greatly enhance the District's ability to assess the condition of both electric and water facilities. Also, use of this technology will be faster and less expensive than the traditional means of doing these field surveys.

There is no fiscal impact associated with execution of the PSA. The District's current 2016 CIP Budget includes sufficient remaining budget to cover the initial scope of work anticipated under a work order.

**ACTION:** Commissioner McClure motioned to approve Professional Consulting Services Agreement with Eagle-Eye Aerial Solutions, LLC for Aerial Services Involving Field Surveys of Electric and Water Utility System Facilities and authorize the General Manager to execute the PSA. Commissioner Murphy second the motion. Motion passed unanimously.

## **Approve Purchase of Cisco Network Servers from Ivoxy Consultants**

Background: As part of a scheduled server replacement/upgrade plan, staff identified the need to purchase new servers and associated components in 2016 to replace some of the existing servers. The servers being replaced are over five years old and have significant limitations for the District's needs today.

The District is under contract with the State of Washington Department of Enterprise Services, and may purchase servers and associated components available for sale by distributors with whom contracts have been awarded with the State through their competitive bidding process. In this manner, the District can secure items at a competitive price, using the State's competitive bid process in lieu of the District issuing its own bid solicitation.

If approved, the servers and associated components will replace some of the servers currently in use at the District. This will increase the reliability, flexibility and performance of some of the District's systems, as well as provide expansion options in the future.

Purchase of the servers and associated components will have no impact on the District's 2016 Budget, as the purchase price is less than the remaining 2016 budget amount for CIP IS-14.

**ACTION:** Commissioner McClure motioned to approve the purchase of Servers (CIP IS-14) from Ivoxy Consulting under a Washington State Procurement Contract and authorize the District's General Manager to proceed with the purchase for the price of \$47,359.00, excluding sales tax. Commissioner Murphy second the motion. Motion passed unanimously.

## **RH2 Presentation – Quantification of Agricultural Irrigation Water Use and Streamflow Analysis**

Background: The District contracted with RH2 Engineering to conduct work under funding from the Puget Sound Partnership. Specifically, RH2 was to evaluate and synthesize available data related to agricultural water use and develop an updated estimate of such water use on a drainage by drainage basis in WRIA 1. Additionally, RH2 was to review existing stream flow records from WRIA1 and identify trends in the volume or timing of flow and consolidate this information into a single report.

To support this work, funding was made available from the Puget Sound Partnership funding for Puget Sound Recovery coordination, through the Whatcom LIO and the PUD assumed administration of the project. Because the time limitation for the use of PSP funds ends at the end of September, 2016, this work had to be accomplished in a short time period.

# DRAFT

As this work will support identifying impact on streamflow by water use for agricultural purposes the AG Water Board has and is in support of this work being completed.

RH2 staff Jim Bucknell and Andy Dunn presented the information. Highlights included:

## *Purpose of the Study*

- Task One:** To quantify agriculture irrigation water use and water rights in the Whatcom County portion of Water Resources Inventory Area 1 (WRIA 1)
- Task Two:** To provide a single source of information regarding historic and current stream flows and trends in WRIA 1 using existing data.

## *Primary Data Source for Task 1*

Washington State Department of Agriculture Land Use Database includes:

- 45 different crops
- 11 irrigation methods (drip, big gun, sprinkler, wheel line, etc.)
- More than 4,000 fields mapped
- Survey of crops grown and irrigation methods used during the 2014 irrigation season

## *Map of Agricultural Lands and Study Area*

- Two levels of drainage areas examined: Watersheds (formed the basis for WID boundaries) and Aggregated Watersheds. Both are consistent with the drainage acres identified in the 2010 State of the Watershed Report.

## *Methodology*

For each mapped field, information was obtained from the database for:

- Acres
- Primary and rotation crops
- Irrigation method

RH2 then:

- Assigned irrigation method application efficiency
- Calculated crop irrigation requirements based on WID values
- Calculated total irrigation requirement
- Identified water use under three scenarios:

### *Scenario 1: Minimum*

Based solely on data from WDA database

Likely under-reports actual water use

Problem: Some fields listed crops like raspberries, caneberries, blueberries and potatoes but reported as non-irrigated

### *Scenario 2: Maximum*

Assumes all agriculture and irrigated EXCEPT Christmas trees, poplar, civiculture, fallow, Conservation Reserve Program or Developed

Irrigation methods based on general irrigation practices for each crop

The highest water use scenario

### *Scenario 3: RH2*

All raspberries, caneberries and blueberries = drip irrigation

Potatoes = big gun

Even if shown by WDA as non-irrigated based on knowledge of practice in the watershed;

Remainder of crops uses straight WDA data.

# DRAFT

RH2 believes this estimate is the most accurate depiction of irrigated agriculture water use.

RH2 developed tables for drainage areas showing:

- Total acreage
- Agriculture acreage
- Irrigated agricultural acreage
- Calculated volume of water used for agriculture irrigation.

Water Rights Analysis

- Obtained geographic data from Ecology
- Culled data to only include permits, certificates, change authorizations, and long form claims identifying irrigation as a purpose of use.
- Used centroid of place of use to assign to different watersheds.
- Did not review point of diversion/withdrawal locations to allow for apples-to-apples comparison.

For each watershed and aggregated watershed:

- Compared irrigation acreage to the acreage authorized by existing water rights;

## *Summary of Results*

- Full Study Area in 2014
  - Total agricultural acres = 71,218
  - Total irrigated agricultural acres = 41,113 (58%)
- More land is authorized for irrigation than is currently irrigated in WRIA 1
- Caveats:
  - Accuracy of WDA database
  - Snapshot of water use
  - Some of the water rights and claims may no longer be valid due to non-use for five or more consecutive years
  - Some claims may not be valid
  - Irrigated acreage exceeds the acreage authorized by water right documents (cited list of watersheds – Johnson and Fishtrap watersheds exceed the most at 2,249 acres and 1,035 acres respectively).

## *Coming Attractions/What's Next:*

- RH2 will create comparisons to the Lower Nooksack Water Budget, Bertrand WID Comprehensive Plan and the North Lynden WID Comprehensive plan.
- Task No. 2 – Streamflow Analysis to be completed by September 30.
- Final Report

The Commissioners thanked Bucknell for the presentation and Jilk commented that this study is one of the important 'water supply data/information' pieces – the Bureau of Reclamation's Drought Contingency Planning grant, development of a 'water banking' program, and "real time" water monitoring/gauging management system. Henry Bierlink added a thank you to the PUD for supporting the important water role. Bierlink questioned the number of 71,000 acres cited in the presentation from the WDA database. Bierlink believes there is about 100,000 acres according to the USDA Farm Service Agency. Bucknell noted as well that the "claims" can overlap the water rights or permits and that the analysis was done several years ago.

# DRAFT

Jilk added that he hopes that the information will be used to make decisions around water usage and water planning. Commissioner McClure appreciated the use of “scientific tools to make decisions on how to manage resources.”

**ACTION:** No action taken. For information only.

## **WRIA 1 Interlocal Agreement**

The WRIA 1 Watershed Joint Administrative Board and the Salmon Recovery Board have been considering action for more than two years that would provide a more integrated approach for working on the implementation of the WRIA1 Salmon Recovery Plan and the WRIA1 Watershed Management Plan.

On July 28, 2016 the two Boards met and considered a draft Interlocal Agreement (ILA) that, when approved by the represented elected bodies of the two boards, would officially combine the two boards into one and carry on the current duties of the individual boards. Action taken by the two boards on that day was to approve the draft ILA and send it to the decision makers, councils, commissions to consider for approval. Subsequent to the action taken on July 28, the State of Washington Attorney General provided additional comments/suggested changes to the July 28 Draft. The State of Washington is represented on the Salmon Recovery Board by Washington Department of Fish and Wildlife (WDFW) and is designated as Co-Chair of the Salmon Recovery Board. The changes provided by the State Attorney General have were integrated into the draft and PUD Commissioners reviewed the final draft of the Interlocal Agreement with WDFW redline changes.

Additionally, at a WRIA1 Management Team meeting on September 7, the updated draft with the WDFW changes was discussed as was the processes to now approve the amended draft. Our understanding of the status of the draft ILA is that it should be taken back to the Joint Board(s) on September 15 for review as was the previous ILA draft on July 28. The draft needs approval by the two boards by unanimous vote or consensus before it can be considered by elected boards, councils and commissions.

Another issue came up at the Management Team meeting about language in the draft ILA that indicates that if the ILA is approved, that action, as called out in the ILA, will terminate the existing WRIA1 Joint Board. Whatcom County staff indicates that the County’s Legal Counsel has decided that the language will not cause the termination of the WRIA 1 Joint Board and to do so will require separate action. This question of termination needs to be clarified before PUD staff can recommend approving the draft ILA.

This item was planned to be acted on September 13th based on the outcome of the Joint Board meeting on July 28. But with the outstanding issues, WDFW changes, and the issue of the termination clause being unanswered, PUD staff is not ready to recommend action by the Commission at this time. Jilk expects both boards to approve the draft and that the changes are not substantive. Commissioner Murphy questioned the primary functions of the board and doesn’t think that everyone is *equally* represented. Henry Bierlink asked how does the County represent the *interests of all* with the revised ILA, and feels there are still a lot of open questions to be answered.

Staff indicated there are some options for Commission consideration of the current draft ILA:

- No Action – wait until after the September 15 Joint Board(s) meeting and consider updated draft ILA with any additional changes coming out of that meeting;
- Action to approve ILA as now drafted;
- Action to not approve ILA with any PUD proposed changes;
- Action to terminate membership in the WRIA1 Joint Board effective November 1, 2016.

# DRAFT

**ACTION:** No action was taken. The Commissioners agreed to table the agenda item until after the September 15 Joint Board(s) meeting, and will review at the next Commission meeting on September 27.

## **Commission Work Session – Budget Parameters for 2017 Operating and Capital Budgets**

Background: Every year, as District Staff begins the development of the succeeding year(s) budget we specifically schedule a work session for the Commissioners to discuss any specific areas of interest or concerns that they would like the District staff to consider when developing the draft budget for the upcoming year(s). The planned time for this work session is September 13th and was approved by the Commissioners in the 2017 budget development schedule on May 10, 2016.

The budget is the tool that staff uses to carry out/implement policies and directions that the Commission sets. District staff has already begun development of the 2017 budget and always appreciates the input, suggestions and direction the Commission provides in developing our budget. Today's work session was to allot time for Commissioners to identify any specific programs or projects that they want staff to address in 2017.

Jilk suggested that the Commissioners review the District's Strategic Plan and the goals and strategies in the plan as one basis for setting budget development direction for 2017. A good time to begin this review would be in late October, and possibly bring Jim Darling of Maul Foster Alongi back for a Commission Work Session or schedule a Special Meeting to assist with the review. After the review discussion, there will still be time to implement ideas/suggestions into the draft budget process.

Due to Commissioner Kenner's absence today, the Budget Parameters work shop will be postponed until the next Commission meeting on September 27, 2016.

**ACTION:** No action taken. Item tabled until next Commission meeting on September 27.

## **Manager's Report**

### WRIA 1 Joint Board/Salmon Recovery Board Meeting

The next meeting for the joint boards will be Thursday, September 15 at 1:30 PM in the Garden Room/Civic Center. The latest draft of the Interlocal Agreement will be discussed, along with the Scope of Work for the Local Integrating Organizations (LIO) coordination.

### AG Board/WID Meetings

Jilk distributed a copy of the AG Board and individual Watershed Improvement Districts' upcoming meeting schedules. He plans to attend the next AG Board meeting which is scheduled for tomorrow.

### Public Records Request – Legal Counsel Update

Legal Counsel Sitkin updated the Commissioners on the very large public disclosure request that the District received in July. The second and final installment of documents, including the electronic files and an exemption log were delivered on August 26. A supplemental request was received on September 2<sup>nd</sup> and then withdrawn. Sitkin added that the District has completed the request and other agencies have only begun the review process. Murphy thanked staff members Ann Grimm and Rebecca Schlotterback on a job well done. The request is now complete and closed.

### Whatcom Water Week is September 24 – October 1

Rebecca Schlotterback is on the planning committee for Whatcom Water Week and updated the Commission on the event. Whatcom Water Week kicks off on September 24 with a 5K Run with the Chums, then join local experts and learning about the dynamics of Lake Whatcom, how to irrigate with collected rain water, "Streams for Thought" a series of films showing at the Pickford and Bellingham Library, preschool and elementary school age story times, tours of the Bellingham Water and Waste Water Treatment plants and several other events throughout Whatcom County.

# DRAFT

Water Week showcases the maritime and fishing economy of Whatcom County and the critical connection between a healthy watershed and a thriving working waterfront. More information is available online on the District's website with a link to [whatcomwaterweeks.org](http://whatcomwaterweeks.org).

## **Adjourn**

There being no further business for the regular meeting, the Commission adjourned the regular meeting at 9:40 a.m.

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President/Commissioner

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Secretary/Commissioner

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Commissioner

**PUBLIC UTILITY DISTRICT NO. 1**  
***of Whatcom County***  
1705 Trigg Road Ferndale, WA 98248  
P: (360) 384-4288 F: (360) 384-4849

# Memo

**AGENDA ITEM # 4**  
**September 27, 2016**

**To:** Commissioners Kenner, McClure and Murphy  
**From:** Alec Strand, Project Manager  
**Date:** September 27, 2016  
**Re:** Award Bid to Iverson Earthworks for the 2016 Plant No. 1 Service Water Piping Replacement Project

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**Requested Action:** Award Bid to Iverson Earthworks for the 2016 Plant No. 1 Service Water Piping Replacement Project and authorize the General Manager to sign the contract.

**Background:** The District has developed a Capital Improvement Project list for work to be completed in 2016. This project was budgeted for under extraordinary maintenance for Water Treatment Plant No. 1 to be completed in 2016. The existing service water piping is mostly from the original construction of Plant No. 1, is over 50 years old and needs replacement. In addition, water operations staff has requested additional hydrants (fire hose connection) locations to make wash downs easier to perform.

On September 20, 2016 the District received and publicly read aloud one (1) bid submitted for this project. Engineers Estimate for the project is \$140,000.00 not including tax. Totals below do not include tax.  
The results are as follows:

<u>Contractor</u>	<u>Bid Total</u>
Iverson Earth Works LLC.....	\$123,590.00

Based on review of the submitted bid, staff recommends awarding the Bid to Iverson Earth Works LLC, who submitted the lowest priced and only responsive bid.

**Fiscal Impact:** This project was budgeted for under extraordinary maintenance for Water Treatment Plant No. 1 to be completed in 2016.

**Recommended Action:** Award Bid to Iverson Earthworks for the 2016 Plant No. 1 Service Water Piping Replacement Project in the amount of \$123,590.00 plus tax and authorize the General Manager to sign the contract.

PUBLIC UTILITY DISTRICT No.1  
*of Whatcom County*

1705 Trigg Road Ferndale, WA 98248  
P: (360) 384-4288 F: (360) 384-4849

# Memo

**AGENDA ITEM # 5**  
**September 27, 2016**

**To:** Commissioners Kenner, McClure and Murphy

**From:** Stephan Jilk, General Manager

**Date:** September 27, 2016

**Re:** Approve Interlocal Agreement – Combining Salmon Recovery and Watershed Boards

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The WRIA 1 Watershed Joint Administrative Board and the Salmon Recovery Board have been considering action for more than two years that would provide a more integrated approach for working on the implementation of the WRIA1 Salmon Recovery Plan and the WRIA1 Watershed Management Plan.

On July 28<sup>th</sup>, 2016 the two Boards met and considered a draft Interlocal Agreement (ILA) that, when approved by the represented elected bodies of the two boards, would officially combine the two boards into one and carry on the current duties of the individual boards.

Subsequent to the action taken on July 28<sup>th</sup> the State of Washington attorney General provided additional comments/suggested changes to the July 28<sup>th</sup> Draft. The State of Washington is represented on the Salmon Recovery Board by Washington Department of Fish and Wildlife (WDFW) and is designated as CO-CHAIR of the Salmon Recovery Board.

Another issue came up at the Management Team meeting about language in the draft ILA that indicated that if the ILA is approved, that action, as called out in the ILA, would terminate the existing WRIA1 Joint Board. Whatcom County staff indicated that County legal Counsel decided that the language would not cause the termination of the WRIA1 Joint Board and to do so will require separate action.

Language to reflect the changes sought by the State of Washington and language proposed by the Lummi Nation to cause termination of the WRIA1 Joint Board and the Salmon Recovery Board was considered at a Joint Board(s) meeting on September 15<sup>th</sup> and the two Boards unanimously approved the amended ILA to send on to the elected boards, councils and Commissions for approval.

That draft is attached. If all represented bodies on the two boards approve this new ILA the new Watershed Management Board will be in place and the old Salmon Recovery Board and the Watershed Joint Board will terminate. The PUD will join Whatcom County Cities and Whatcom County on the “Local Government Caucus” of the new Watershed Management Board.

**Recommended Action:** Approve the INTERLOCAL AGREEMENT BETWEEN LUMMI NATION, NOOKSACK TRIBE, WASHINGTON STATE DEPARTMENT OF FISH AND WILDLIFE, WHATCOM COUNTY, AND THE CITIES OF BELLINGHAM, BLAINE, EVERSON, FERNDALE, LYNDEN, NOOKSACK, AND SUMAS, AND PUBLIC UTILITY DISTRICT NO.1 OF WHATCOM COUNTY and authorize the General Manager to sign.

1 INTERLOCAL AGREEMENT

2 BETWEEN

3 LUMMI NATION, NOOKSACK INDIAN TRIBE, WASHINGTON STATE DEPARTMENT OF FISH AND  
4 WILDLIFE, WHATCOM COUNTY, AND THE CITIES OF BELLINGHAM, BLAINE, EVERSON,  
5 FERNDALE, LYNDEN, NOOKSACK, AND SUMAS,  
6 AND PUBLIC UTILITY DISTRICT NO.1 OF WHATCOM COUNTY

7 WHEREAS, effective natural resource management requires a collaborative and coordinated  
8 framework for advancing a shared vision that integrates the full range of existing and future natural  
9 resource management efforts across jurisdictions in Water Resources Inventory Area (WRIA) 1; and

10 WHEREAS, long-term environmental, land use, fisheries and water resource management  
11 practices have contributed to the decline of salmonid species, including native Nooksack Chinook  
12 populations included in the Puget Sound Chinook Evolutionarily Significant Unit listed as Threatened  
13 under the Endangered Species Act (ESA); WRIA 1 Bull Trout that are components of the Puget Sound  
14 and Coastal Bull Trout Distinct Population Segment (DPS) listed as Threatened under ESA; and WRIA 1  
15 steelhead that are components of the Puget Sound Steelhead DPS listed as Threatened under ESA; and  
16 other salmonid and shellfish resources; and

17 WHEREAS, a goal of the Watershed Management Project is to have water of sufficient quantity  
18 and quality to meet the needs of current and future human generations, including the restoration of  
19 salmon, steelhead, and other salmonid and shellfish populations to healthy and harvestable levels and  
20 improvement of habitats on which fish rely; and

21 WHEREAS, another goal of the Watershed Management Project is to ensure that the water  
22 resources in WRIA 1 are managed to balance the competing water resource demands for the WRIA in a  
23 manner that combines and coordinates data collection efforts, is consistent with ESA recovery actions,  
24 ensures that the water quality standards for the designated uses of each water body are achieved,  
25 provides economic and environmental certainty for stakeholders and communities, and does not conflict  
26 with other existing local agreements, state statutes, federal laws, tribal laws, or tribal treaty rights; and

27 WHEREAS, in 1999 under a Memorandum of Agreement and acting as the Initiating  
28 Governments under RCW 90.82 and consistent with RCW 39.34 Interlocal Cooperation Act, the City of  
29 Bellingham, Whatcom County, and Public Utility District No. 1 of Whatcom County (PUD No. 1) entered  
30 into an Interlocal Agreement with the Lummi Nation and Nooksack Indian Tribe establishing themselves  
31 as the "WRIA 1 Watershed Management Project Administrative Decision Makers" and designating it as  
32 the "Watershed Management Project Joint Board" for purposes of the WRIA 1 planning process; and

33 WHEREAS, in 2005 the *WRIA 1 Watershed Management Plan-Phase 1* was completed and  
34 approved by the WRIA 1 Planning Unit and the councils and commissions of the local and tribal  
35 governments in WRIA 1; and

36 WHEREAS, in 2004 the Lummi Nation, Nooksack Indian Tribe, and Washington State  
37 Department of Fish and Wildlife as the fishery co-managers and Whatcom County and the cities of  
38 Bellingham, Blaine, Everson, Ferndale, Lynden, Nooksack, and Sumas as land use managers entered  
39 into an Interlocal Agreement denominating themselves as the WRIA 1 Salmon Recovery Board and

1 pursuant to RCW 77.85.050 designated such Board as the salmon recovery lead entity for WRIA 1 to  
2 ensure cooperative and proactive implementation of a jointly developed and adopted Chinook Recovery  
3 Plan; and

4 WHEREAS, in 2005 the *WRIA 1 Salmonid Recovery Plan* was adopted by the WRIA 1 Salmon  
5 Recovery Board and was submitted to and included in the Shared Strategy Recovery Plan for the Puget  
6 Sound Chinook ESU, which was subsequently adopted with an additional supplement by the National  
7 Marine Fisheries Service as the official recovery plan for the listed Chinook under the Endangered  
8 Species Act section 4(f); and

9 WHEREAS, in 2011 the Puget Sound Partnership's Leadership Council designated the WRIA 1  
10 integrated implementation structure under the WRIA 1 Joint Board and WRIA 1 Salmon Recovery Board  
11 as the local integrating organization for the Whatcom Action Area, and the two WRIA 1 Boards prepared  
12 a signature document accepting the designation as the WRIA 1 Policy Boards; and

13 WHEREAS, parties to the 1999 Interlocal Agreement are willing and desire to terminate their  
14 previous agreement establishing themselves as the Watershed Management Project Joint Board and  
15 combine the duties and functions of their roles under the 1999 Interlocal Agreement with the roles and  
16 functions of the WRIA 1 Salmon Recovery Board under a new comprehensive Interlocal Agreement; and

17 WHEREAS, parties to the 2004 Interlocal Agreement are willing and desire to terminate their  
18 previous agreement establishing themselves as the WRIA 1 Salmon Recovery Board and combine the  
19 duties and functions of their roles under the 2004 Interlocal Agreement with the roles and functions of the  
20 Salmon Recovery Board and establish this combined board as the salmon recovery lead entity and local  
21 integrating organization; and

22 WHEREAS, the dissolution of the WRIA 1 Joint Board is consistent with formalizing advancement  
23 of the integrated implementation structure that has been progressing in increments since 2007, retains a  
24 collaborative multi-jurisdictional decision-making process for tribal participation, increases efficiency of  
25 operations, and retains the integrated implementation structure in place in 2011 under which the Local  
26 Integrating Organization was established.

27 NOW, THEREFORE, BE IT AGREED by the parties hereto, namely the Lummi Nation, Nooksack  
28 Indian Tribe, Washington State Department of Fish and Wildlife, Whatcom County and the cities of  
29 Bellingham, Blaine, Everson, Ferndale, Lynden, Nooksack, and Sumas, and the PUD No. 1 that:

30 **WRIA 1 Watershed Management Board.** The 1999 Interlocal Agreement establishing the  
31 Watershed Management Project Joint Board and the 2004 Interlocal Agreement establishing the WRIA 1  
32 Salmon Recovery Board are terminated and the duties and functions of the roles under those  
33 agreements are combined under this Interlocal Agreement.

34 There is hereby established the WRIA 1 Watershed Management Board, hereafter referred to as  
35 the Board, consisting of one representative from each of the parties to this agreement.

36 The primary functions of the Board are to

- 37 1) Facilitate implementation and adaptive management of the *WRIA 1 Watershed*  
38 *Management Plan-Phase 1* as currently constituted or subsequently amended;

- 1           2) Coordinate the implementation and adaptive management of the *WRIA 1 Salmonid*  
2           *Recovery Plan* and associated implementation documents, serve as the Lead Entity for  
3           WRIA 1, coordinate participation in Puget Sound salmon recovery efforts, and coordinate  
4           the development, implementation and adaptive management of WRIA 1 watershed  
5           chapters of recovery plans for ESA listed salmonids and other salmonid species as  
6           warranted;
- 7           3) Coordinate planning, implementation, monitoring and adaptive management of ecosystem  
8           recovery actions in WRIA 1 consistent with agreed local goals and objectives, and serve  
9           as the WRIA 1 Local Integrating Organization and a partner in the Puget Sound  
10          Partnership in representing WRIA 1 goals and priorities; and
- 11          4) Other related activities as agreed to by the Board.

12           The Board defined herein is established solely for cooperative efforts within WRIA 1 and its  
13          creation does not change the rights, authority, or responsibility for any resource management issue of  
14          any of the participants.

15           It is recognized that state and federal agencies represent technical, legal, and financial resources  
16          needed for the long-term success of the Board. Proactive engagement of and participation by state and  
17          federal agencies may be accomplished through the Board and through the caucuses described herein,  
18          whenever possible and appropriate.

19           **Fishery Co-Managers Caucus.** Parties to this agreement that are members of the Fishery Co-  
20          Managers caucus include the Lummi Nation, Nooksack Indian Tribe, and Washington State Department  
21          of Fish and Wildlife (WDFW). The Fishery Co-Managers caucus will designate a representative to serve  
22          as a co-chair of the Board and must represent the caucus position on matters before the Board. The  
23          Fishery Co-Managers caucus will determine its own operating procedures.

24           **Local Government Caucus.** Parties to this agreement that are members of the Local  
25          Government caucus include Whatcom County and the cities of Bellingham, Blaine, Everson, Ferndale,  
26          Lynden, Nooksack and Sumas. The PUD No. 1, as an Initiating Government for Watershed Planning and  
27          a signatory to this Agreement is a member of the Local Government caucus for purposes of decision-  
28          making. For matters pertaining to all projects or programs within or otherwise affecting any portion of  
29          WRIA 1 located within Skagit County, a representative delegated by the Skagit County Board of  
30          Commissioners may be invited to participate in the Local Government Caucus during its deliberation and  
31          formulation of a position for the topic under discussion. The Local Government caucus will designate a  
32          representative to serve as a co-chair of the Board and must represent the caucus position on matters  
33          before the Board. The Local Government caucus will determine its own operating procedures.

34           **Discussions, Decision-Making and other Actions by the Board.**

35           The process of the WRIA 1 Watershed Management Board is supported by designated teams  
36          and work groups as described in Exhibit A. The structure and decision-making process for the Board is  
37          described below.

38           1. All members of the Board and their staff may speak during agenda matters being discussed by  
39          the Board representatives. Individuals other than Board members attending a meeting of the Board may

1 participate in agenda discussions only if the Board determines the matter is open to direct participation  
2 by others.

3 2. Affirmative action or decision by the Board requires a consensus of all parties attending or the  
4 agreement of both caucus representatives.

5 In addition to actions by the caucuses, the Board may form advisory work groups to support the  
6 efforts of the Board and to assist in resolving difficult issues of science and fact.

7 The actions of the Board are not binding on the respective legislative bodies until approved by  
8 those bodies. It is understood and agreed that discussions and actions by the Board are to be conducted  
9 and carried out in good faith between the parties to this agreement.

10 **Guiding Principles.**

11 1. Each participant on the Board understands that this collaborative effort is not intended to  
12 diminish, expand or define the rights of any participant.

13 2. The relationship between federal, tribal, and state resource managers is complex. So too is the  
14 relationship between Indian treaty rights and the state and federal laws designed to protect and  
15 recover salmon. The exact parameters of these relationships have not been clearly defined in all  
16 instances. Notwithstanding these areas of uncertainty, participating tribes, the state, the federal  
17 agencies, and local governments in WRIA 1 are committed to working together to protect and  
18 restore ecosystem functions supporting sustainably harvestable salmon runs and clean water  
19 sufficient for the salmon shellfish, and community needs.

20 3. All parties, reserve the right to seek different or additional measures viewed as necessary to carry  
21 out treaty rights and/or ensure compliance with other local, state, or federal laws.

22 4. Support a way of life in Whatcom County that meets the vision of residents and their leaders.

23 **Budgetary and Financial Authority.** The Board does not have authority to receive, budget, or  
24 expend funds, or to hire staff or acquire assets. All actions of the Board are to be implemented through  
25 the individual parties to this agreement under the direction of the Board or, as authorized, the  
26 Management Team. The Board may designate a party to this agreement to act on its behalf as a fiscal  
27 agent for the management and execution of grants, receipt of which by the fiscal agent is approved by  
28 the Board. A fiscal agent shall carry out administrative and fiscal duties authorized by the Board or a  
29 designated group of key staff. Parties implementing grants on behalf of the Board shall be responsible for  
30 reporting the outcomes of such grants to the Board.

31 **Meetings and Record Keeping.** All meetings of the Board are open to members of the public  
32 unless the Board determines the discussion of an agenda item is confidential in nature and can be  
33 discussed in closed session in compliance with RCW 42.30 Open Public Meetings Act by affected parties  
34 to this agreement.

35 Summary minutes, including the topics discussed, general nature of the discussion, and action  
36 items adopted by the Board will be prepared, approved by the Board, and distributed to each party to this  
37 agreement for purposes of their administrative record and other applicable legislative and/or legal  
38 requirements. Each party to this agreement is responsible for maintaining records for its own

1 representatives on the Board in accordance with applicable records retention requirements for that party,  
2 and is responsible for responding to any requests to that party for inspection or copying of public records  
3 relating to the Board, pursuant to the Public Records Act, 42.56 RCW, if applicable. Any party or Board  
4 member that receives a request for public records directed to the Board will immediately forward said  
5 request to the party designated by the Board as the fiscal agent, or to such other party as the Board shall  
6 designate to coordinate the Board's responses to public records requests directed to the Board. The  
7 parties will cooperate in good faith to comply with the Public Records Act, as applicable.

8 **Term.** This agreement shall commence on the date of the last signature below and shall continue  
9 indefinitely until cancelled by agreement of the two caucuses or due to a majority of a caucus  
10 membership terminating participation described below.

11 **Termination.** A party may terminate its participation in and under this agreement thirty days after  
12 providing written notice to the other parties of its intent to do so, subject to satisfaction of all obligations  
13 incurred by the party prior to termination.

14 The Lead Entity and its authority described herein shall survive termination of participation by any  
15 party to this agreement. However, should a majority of the herein-named members of either the Fishery  
16 Co-Manager Caucus or the Local Government Caucus terminate participation, then this agreement shall  
17 become null and void as to each remaining party upon satisfaction of all obligations of each individual  
18 party incurred prior to termination.

19 **Relationship of the Parties.** The parties hereto agree that each is an independent entity  
20 operating pursuant to the terms and conditions of this agreement. No agent, employee, or representative  
21 of any party shall be deemed to be an agent, employee, or representative of any other party for any  
22 purpose. Each party shall be solely and entirely responsible for the acts of its officers, agents and  
23 employees, acting within the scope of their authority during the term of this agreement.

24 **Modifications.** No changes or modifications of this agreement shall be valid or binding upon any  
25 party to this agreement unless such changes or modifications are in writing and are executed by all  
26 parties.

27 **Filing of Agreement.** Notwithstanding any provision to the contrary, this agreement and any  
28 modification thereof shall not be effective as to any party until such party files a copy hereof with the  
29 appropriate person within each entity, including compliance with RCW 39.34.040 by affected parties to  
30 this agreement.

31 **Form of Execution.** This agreement may be executed in multiple counterparts.  
32  
33  
34  
35  
36  
37



## Exhibit A

**Governance Structure:** The governance structure for integrated WRIA 1 programming and the composition and role of each organizational level are described below and appear as a diagram in Attachment A.

WRIA 1 Watershed Management Board: The composition of the WRIA 1 Watershed Management Board is established by Interlocal Agreement.

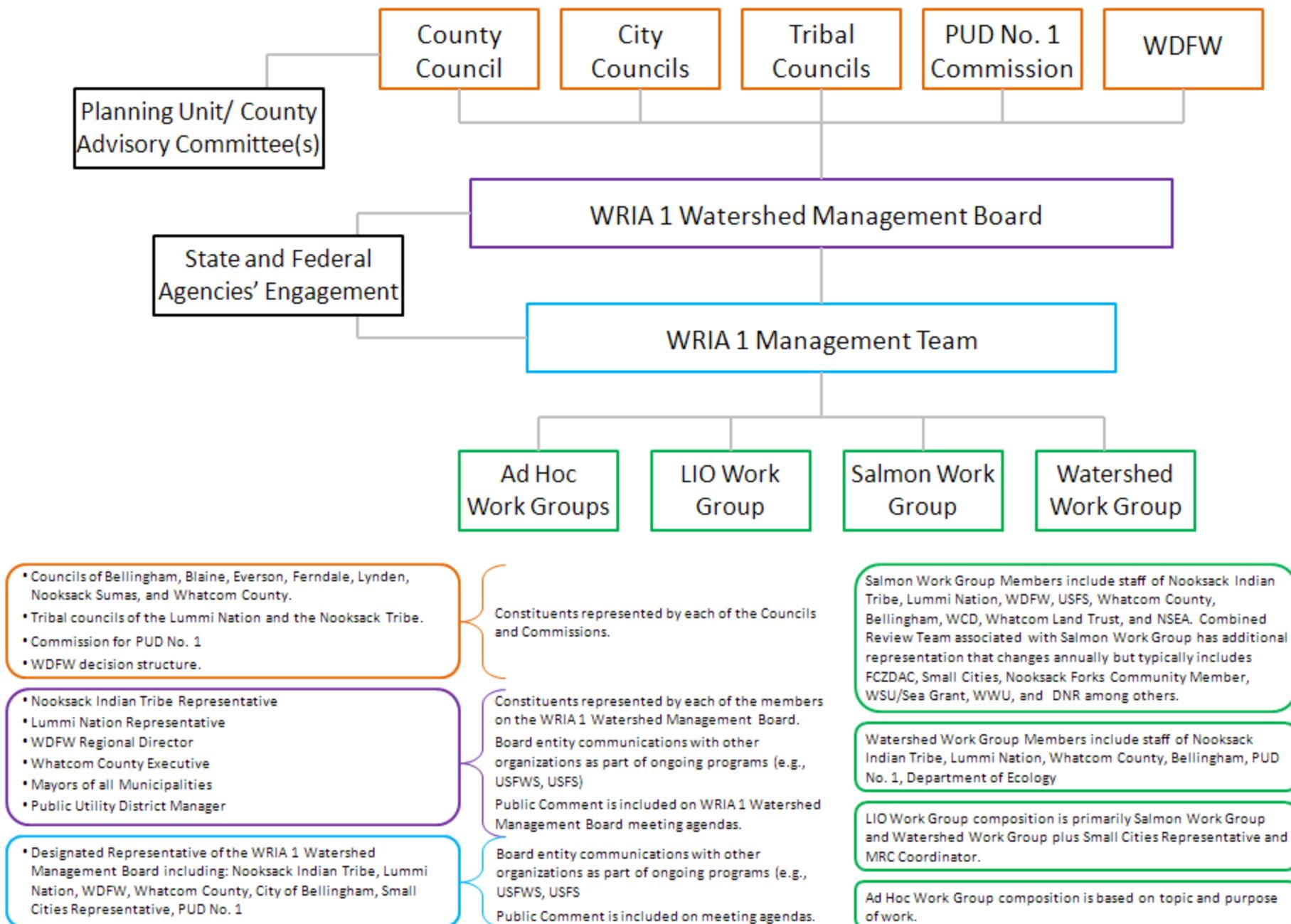
The WRIA 1 Watershed Management Board's role in the integrated governance structure is to represent signatory government's legislative bodies in questions of high-level WRIA 1 programming. The WRIA 1 Watershed Management Board discusses watershed, salmon, and ecosystem program topics. Endorsements of programs/actions are forwarded from the WRIA 1 Watershed Management Board to the various Legislative Bodies as applicable. Policy representatives of federal, state, and regional agencies and/or programs are intended to interact primarily at the WRIA 1 Watershed Management Board level. Opportunities for Public Comment are provided on agendas of the WRIA 1 Watershed Management Board.

WRIA 1 Management Team: The WRIA 1 Management Team consists of management and policy level staff members representing the WRIA 1 Watershed Management Board signatories. The purpose of the Management Team is to engage in contextual discussions providing the framework for program integration and coordination, administer the program policies of the WRIA 1 Watershed Management Board, provide direction to Work Groups, and make recommendations on program policies to the WRIA 1 Watershed Management Board. Opportunities for Public Comment are provided on agendas of the WRIA 1 Management Team.

Watershed, Salmon, and Local Integrating Organization (LIO) Work Groups: The Watershed, Salmon, and LIO Work Groups implement actions, programs, projects, and tasks identified by the WRIA 1 Watershed Management Board and/or WRIA 1 Management Team. The Watershed Work Group is composed of staff of Whatcom County, City of Bellingham, Nooksack Indian Tribe, Lummi Nation, PUD No. 1, and the Washington Department of Ecology. The composition of the Salmon Work Group includes staff of the Lummi Nation, Nooksack Indian Tribe, WDFW, Whatcom County, City of Bellingham, U.S. Forest Service, Whatcom Conservation District, Whatcom Land Trust, and Nooksack Salmon Enhancement Association. The Salmon Work Group works with the Combined Review Team, which is a combined citizen/community and technical team consistent with RCW 77.85, whose representation may change annually. The composition of the LIO Work Group includes staff from the Watershed and Salmon Work Groups with the addition of a representative of the small cities and the Whatcom County Marine Resources Committee (MRC) coordinator.

Ad Hoc Work Groups: Work Groups may be established by the Board for topic or program specific purposes with the composition determined in part by the topic or program they are formed to address. The Work Groups are intended to provide significant opportunity for involving private citizens and other community stakeholders in the local implementation process. Work Groups make recommendations to the WRIA 1 Management Team.

# Exhibit A



# PUBLIC UTILITY DISTRICT No.1

*of Whatcom County*

1705 Trigg Road Ferndale, WA 98248  
P: (360) 384-4288 F: (360) 384-4849

## Memo

AGENDA ITEM # 6  
September 27, 2016

**To:** Commissioners Kenner, McClure and Murphy  
**From:** Stephan Jilk, General Manager  
**Date:** September 21, 2016  
**Re:** Approve Extension of Sub-Recipient Agreement with Whatcom County.

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**Requested Action:** Approve extension of Sub-Recipient Agreement with Whatcom County for work under the Puget Sound Partnership's Local Integrating Organization and authorize the District's General Manager to sign and execute the extension of the agreement.

**Background:** Currently the WRIA 1 Local Integrating Organization (LIO) which consists of members of the Administrative Joint Boards has a grant from the Puget Sound Partnership to perform various tasks. The existing LIO grant for developing the Whatcom Ecosystem Recovery Plan (ERP) includes a placeholder for work that would serve multiple purposes: a) support objectives of existing efforts around water use, flow, and supply, b) meet the planning framework needs for the local ERP, and c) focus on data compilation and synthesis, d) public outreach.

The LIO requested that District manage this portion of the grant. Work will include:

Evaluating and synthesizing the available data related to agricultural water use and develop an updated estimate of such water use on a drainage-by-drainage basis.

Reviewing existing stream flow records from WRIA 1 and identifying trends in the volume or timing of flow and consolidating this streamflow information into a single report.

Public outreach

The total cost not to exceed for the Scope of Services described in the agreement is Sixty One Thousand, Four Hundred and Four Dollars (\$61,404.00).

The original term of the LIO grant was September 30, 2016. The Puget Sound Partnership is allowing more time for the LIO to develop the Whatcom Ecosystem Recover Plan and is extending the term to December 30, 2016. This includes extending the term of the sub-recipient agreement to December 30, 2016 as well.

**Fiscal Impact:** There is no impact to the District. Whatcom County is the fiscal agent for the LIO and currently manages grants received from PSP. The County is subcontracting this specific work to the District under the sub-recipient agreement. All costs will be reimbursed through the LIO grant.

**Recommended Action:** Approve Extension of Sub-Recipient Agreement with Whatcom County for work under the Puget Sound Partnership's Local Integrating Organization and authorize the District's General Manager to sign and execute the extension of the agreement.

**-NEW-  
AGENDA ITEM # 7  
September 27, 2016**

# Memo

**To:** Commissioners Kenner, McClure and Murphy  
**From:** Brian Walters, Director of Utility Operations  
**Date:** September 27, 2016  
**Re:** Approve Professional Services Agreement for Consulting Services with EES Consulting

---

**Requested Action** – Approve Professional Services Agreement for Consulting Services (“PSA”) with EES Consulting (“Consultant”) and authorize the General Manager to execute the PSA.

**Background** – The NERC federally mandated electric system reliability standards continue to evolve and increase in complexity. There are a number of regional committees, comprised of electric utility representatives and other stakeholders, whose task is to resolve issues surrounding existing standards and to propose revisions to make such standards more compatible with regional utility circumstances.

These meetings, often held in the Portland, Oregon area or Salt Lake City, Utah (home base of WECC), are numerous. Given the time involvement and travel expense, it is not feasible for Whatcom PUD staff to attend and participate in very many of these meetings. Several utilities in the region may have the same issue and it is often cost-effective to utilize third party consultants to represent them on a cost-share basis. Such is the case with EES Consulting, whose staff represent a number of smaller public utilities in the region on various issues.

Currently, an issue of particular concern to staff is the new version of the Critical Infrastructure Protection (“CIP”) standards, which have a major impact on Whatcom PUD’s relationship with BPA in regards to who is responsible for protecting what transmission assets at the interconnection between the two utilities and who is responsible for providing services associated with the NERC defined “Transmission Operator” or “TOP” services provider function. Whatcom PUD is currently pursuing a contract with BPA to provide such services for the PUD. Given the complexity of the issues involved and the fluid nature of ongoing developments in this area, staff recommends retaining Consultant to act as an additional set of “eyes and ears” at regional meetings and to advise on strategy.

Consultant’s general scope of services will be regulatory analysis and support related to NERC Electric System Reliability Standards and compliance strategies & issues. Work tasks may include, but not be limited to, monitoring & analysis of NERC, WECC, and BPA compliance activities as they relate to and impact Whatcom PUD as a registered entity operating within the WECC region. Attendance at meetings will be as authorized by Whatcom PUD.

**Fiscal Impact** –Whatcom PUD’s current 2016 Annual Budget includes sufficient funds to cover the consulting work to be performed by EES Consulting during the remainder of 2016.

**Recommended Action** - Approve Professional Services Agreement for Consulting Services (“PSA”) with EES Consulting (“Consultant”) and authorize the General Manager to execute the PSA.

**STANDARD AGREEMENT  
FOR PROFESSIONAL CONSULTING SERVICES**

**THIS AGREEMENT** (“Agreement”) is made and entered into this \_\_\_\_\_ day of September 2016, by and between the **PUBLIC UTILITY DISTRICT NO. 1 of WHATCOM COUNTY**, 1705 Trigg Road Ferndale, WA 98248, hereinafter called the "Whatcom PUD," and **EES CONSULTNG**, having a mailing address of 570 Kirkland Way, Suite 100, Kirkland, WA 98033; hereinafter called "Consultant," for consulting services generally described as:

**Consultant’s general scope of services will be regulatory analysis and support related to NERC Electric System Reliability Standards and compliance strategies & issues. Work tasks may include, but not be limited to, monitoring & analysis of NERC, WECC, and BPA compliance activities as they relate to and impact Whatcom PUD as a registered entity operating within the WECC region.**

**WHEREAS**, Whatcom PUD wishes to obtain consulting services related to regulatory analysis and support related to NERC Electric Reliability Standards; and

**WHEREAS**, Consultant has expertise in providing such services and desires to perform such services for Whatcom PUD; and

**WHEREAS**, the selection of consultants, and the Consultant herein, has been made after the completion of a process that complies with all provisions of Federal, State, and local laws concerning selection of professional services.

**NOW, THEREFORE**, for and in consideration of the promises and the mutual covenants set forth herein, the parties agree as follows:

1. **Scope of Services.** The specific assignments for the Consultant will be identified from time to time by Whatcom PUD. Upon request, the Consultant in consultation with Whatcom PUD will propose a scope of services and fee estimate for an identified assignment. If acceptable, Whatcom PUD will execute a Work Order for the specific assignment. The scope of services is hereinafter referred to as “Work”. Services of the Consultant shall conform with the standard of care applicable to professionals providing similar such services in the State of Washington. All Work Orders must be approved in writing and approved in advance by the Commission and/or General Manager of Whatcom PUD in accordance with policy. The terms and conditions of this Agreement shall apply in all Work Orders approved by the Whatcom PUD, unless a Work Order contains terms and conditions different than those provided herein, as agreed to by the parties. Any Work Order and this Agreement shall be interpreted to give full meaning to all provisions. In the event that any provision of this Agreement is in conflict with any provision of an approved Work Order, the more specific shall control, and if a conflict still exists, then the Work Order shall control the specific conflicting provision

2. **Term.** The term of this Agreement shall commence on execution of this Agreement until all tasks associated with the approved Work Orders herein, as may be amended, have been completed by Consultant or **December 31, 2018**, whichever is sooner, unless terminated earlier as provided herein.

3. **Termination.** Whatcom PUD reserves the right to terminate this Agreement at any time by sending written notice of termination to the Consultant. The notice shall specify a termination date at least fourteen (14) calendar days after the date the notice is issued. The notice shall be effective upon the earlier of either actual receipt by the Consultant (whether by fax, mail, delivery or other method reasonably calculated to be received by the Consultant in a reasonably prompt manner) or three (3) calendar days after issuance of the notice. Upon the notice date, the Consultant shall immediately commence to end the Work in a reasonable and orderly manner. Unless terminated for the Consultant's material breach, the Consultant shall be paid or reimbursed for: (a) all hours worked and eligible expenses incurred up to the notice date, less all payments previously made; and (b) those hours worked and eligible expenses incurred after the notice date, but prior to the termination date, that were reasonably necessary to terminate the Work in an orderly manner. The notice shall be sent by the United States Mail to the Consultant's address provided herein, postage prepaid, certified or registered mail, return receipt requested, or by hand delivery. In addition, the notice may also be sent by any other method reasonably believed to provide the Consultant actual notice in a timely manner, such as fax. Whatcom PUD does not by this Section waive, release or forego any legal remedy for any violation, breach or non-performance of any of the provision of this Agreement. At its sole option, Whatcom PUD may deduct from the final payment due the Consultant (a) any damages, expenses or costs arising out of any such violations, breaches, or non-performance and (b) any other back charges or credits.

4. **Compensation and Payment.** Whatcom PUD shall pay the Consultant only for completed Work and for services actually rendered which are described in each Work Order. Such payment shall be full compensation for Work performed or services rendered, including, but not limited to, all labor, materials, supplies, equipment and incidentals necessary to complete the Work. The Consultant shall obtain the prior written approval of Whatcom PUD for any charges for additional services by the Consultant, the additional services of others retained by the Consultant, or the furnishing of additional supplies, materials or equipment. The Consultant shall not be entitled to compensation for any such additional charges incurred in violation of this paragraph.

4.1 The Consultant shall submit monthly statements, including project budget status and a narrative progress description of services rendered in a form and in such detail as requested by Whatcom PUD. Whatcom PUD shall make prompt monthly payments for work completed to the Whatcom PUD's satisfaction and billed before the first day of the month. Whatcom PUD shall review and consider for approval all bills submitted one week prior to a regularly scheduled meeting of Whatcom PUD Commissioners. After approval of the Consultant's statement of bill, Whatcom PUD shall forward the approval to the County Treasurer for payment in the normal course of events. In no event shall Whatcom PUD be charged interest on payments due under this Agreement. Whatcom PUD shall not be obligated to pay for services deemed unsatisfactory.

5. **Compliance With Laws.** All Federal, State and local laws applicable in the rendering of the services by the Consultant shall be complied with in all respects by the Consultant, as shall all rules and regulations of Whatcom PUD and any other governmental agency. The Consultant shall register, as required by RCW 23B.15.010, to do business in the State of Washington and provide proof of the same to Whatcom PUD.

6. **Project Management.** Whatcom PUD's designated representative may at any time issue written directions within the general scope of this Agreement. If any such direction causes an increase or decrease in the cost of this Agreement or otherwise affects any other provision of this Agreement, the Consultant shall immediately notify the designated representative in writing and take no further action concerning those written directions until such time as the parties have executed a written change order. No additional work shall be performed or charges incurred unless and until Whatcom PUD approves in writing the change order and the increased cost thereof. Any work done in violation of this paragraph shall be at the sole expense of the Consultant.

7. **Recordation of Documents Affecting Title.** Prior to the execution or recordation of any documents affecting title to any property, the said document shall be reviewed by Whatcom PUD. Whatcom PUD shall be responsible for all costs associated with such review.

8. **Conflict of Interest.** Consultant covenants that it presently has no interest and shall not acquire an interest, directly or indirectly, which would conflict in any manner or degree with its performance under this Agreement. Consultant further covenants that in the performance of this Agreement, no person having such interest shall be employed by it or any of its subcontractors.

9. **Insurance.** Consultant shall procure and maintain during the term of this Agreement the following insurance:

a. Comprehensive general liability policy covering all claims for personal injury (including death) and/or property damage arising out of Consultant's services. The limits of liability shall be not less than One Million Dollars (\$1,000,000) for each occurrence and in the aggregate unless Whatcom PUD approves in writing a lesser limit.

b. Automobile Liability Insurance covering all owned and non-owned automobiles or vehicles used by or on behalf of Consultant. The limits of liability shall be not less than One Million Dollars (\$1,000,000) for each occurrence and in the aggregate unless Whatcom PUD approves in writing a lesser limit.

c. Workers Compensation Insurance as required by law.

9.1 The foregoing insurance policies shall name Whatcom PUD as an additional insured. Consultant shall provide two (2) certificates of insurance and, if requested, copies of any policy to Whatcom PUD. Receipt of such certificate or policy by Whatcom PUD does not constitute approval by Whatcom PUD of the terms of such policy. Furthermore, the policy of insurance required herein shall: (i) be written as a primary policy; (ii) expressly provide that such

insurance may not be materially changed, amended or canceled with respect to Whatcom PUD except upon forty-five (45) days prior written notice from the insurance company to Whatcom PUD; (iii) contain an express waiver of any right of subrogation by the insurance company against Whatcom PUD and Whatcom PUD's elected officials, employees, or agents; (iv) expressly provide that the insurance proceeds of any loss will be payable notwithstanding any act or negligence of Consultant which might otherwise result in a forfeiture of said insurance; and (v) in regard to physical property damage coverage, expressly provide that all proceeds shall be paid jointly to Whatcom PUD and Consultant.

9.2 If Consultant fails to procure and maintain the insurance described above, Whatcom PUD shall have the right, but not the obligation, to procure and maintain substitute insurance and to pay the premiums. Consultant shall pay to Whatcom PUD upon demand the full amount paid by Whatcom PUD, or Whatcom PUD may offset such premiums against amounts to be paid to Consultant.

10. **Indemnification.** Consultant shall indemnify and hold Whatcom PUD harmless from and against all costs and losses, and all claims, demands, suits, actions, payments and judgments, arising from personal injury or otherwise, brought or recovered against Whatcom PUD by reason of any negligent act or omission of Consultant, its directors, officers, agents or employees in the performance and execution of the Services hereunder, including any and all expenses, legal or otherwise, incurred by Whatcom PUD or its representatives in the defense of any claim or suit.

11. **Confidentiality.** Any reports, documents, questionnaires, records, information or data given to or prepared or assembled under this Agreement which Whatcom PUD requests to be kept confidential shall not be made available by the Consultant to any individual or organization without prior written approval of Whatcom PUD, except as may be ordered by a court of competent jurisdiction. The provisions of this section shall survive the expiration or earlier termination of this Agreement. No reports, records, questionnaires, software programs provided by Whatcom PUD or other documents produced in whole or in part by the Consultant under this contract shall be the subject of an application for copyright by or on behalf of the Consultant.

12. **Property of Whatcom PUD.** All Plans, Reports, Documents, Photographs, Drawings, and Specifications that are generated by the Consultant for Whatcom PUD under this contract are and shall remain the property of Whatcom PUD whether the Project for which they are made is executed or not. The Consultant assumes no liability for any use of the Drawings and Specifications other than that originally intended for this Project. The Consultant shall retain originals during the performance of the Services and reproducible copies shall be provided as requested by Whatcom PUD. Upon completion of the work, the originals of all Plans, Drawings and Specifications shall be delivered to Whatcom PUD.

13. **Electronic Transmission.** All electronically transmitted output must be compatible with existing District software and must be accompanied by at least one (1) copy of written reports. Consultant shall check with Whatcom PUD for software application and system compatibility.

14. **Contamination.** For the purpose of this clause, contamination conditions shall mean the actual or alleged existence, discharge, release or escape of any irritant, pollutant, contaminant, or hazardous substance into or upon the atmosphere, land, groundwater, or surface water of or near the property. Consultant will promptly notify Whatcom PUD of contamination conditions, if identified.

15. **No Employment Relation Created.** Consultant is an independent contractor, who will provide services to Whatcom PUD. The Parties are not “partners” and this Agreement does not create a partnership, joint venture relationship or an employer-employee relationship. The relationship between Whatcom PUD and the Consultant is not and shall not be construed to be an employment relationship under any circumstance, and shall be construed only to be an independent contractor relationship with Whatcom PUD.

16. **Industrial Insurance Act Defense Waiver.** The Consultant expressly waives any claim of defense against Whatcom PUD as may be provided by the Industrial Insurance Act, RCW 51.04.010 *et seq.* for any claim asserted by any person (or relative or estate thereof) for injury or death sustained during the course of the Contract work.

17. **Subconsultants.** Contractor shall notify Whatcom PUD in writing of all subconsultants hired or utilized by Consultant. At the time of project completion, the Consultant agrees to certify to Whatcom PUD that all sub consultants have been paid in full. Consultant shall be solely responsible for the performance of any sub-consultant. All such subconsultants shall possess all licenses and insurance as required by the laws of the State of Washington.

18. **Discrimination.** In connection with the performance of this Agreement, the Consultant shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age, marital status, or being handicapped, a disadvantaged person, or a disabled or Vietnam era veteran. The Consultant shall take affirmative action to ensure that the employees are treated during employment without regard to, their race, color, religion, sex, national origin, age, marital status, or being handicapped, or disadvantaged person, or disabled or Vietnam era veteran.

19. **Understanding of Agreement.** Each party acknowledges that such party has read this Agreement and understands its contents, that such party has had the opportunity to have this Agreement reviewed by an attorney of such party’s choice, and that such party either has consulted with an attorney or voluntarily has chosen not to consult with an attorney before signing this Agreement.

20. **Litigation/Arbitration.** In the event either party herein finds it necessary to bring an action against the other party to enforce any of the terms, covenants or conditions hereof or any instrument executed pursuant to this Agreement by reason of any breach or default hereunder or thereunder, the party prevailing in any such action or proceeding shall be paid all costs and attorneys’ fees incurred by the other party, and in the event any judgment is secured by such prevailing party all such costs and attorneys’ fees of collection shall be included in any such judgment. In the event of any dispute arising between the parties to this Agreement, any such dispute shall be submitted to binding arbitration as provided herein. The parties shall select an

independent and unbiased arbitrator who is not affiliated directly or indirectly with either party within ten (10) days after any party demands arbitration. If the parties fail to select or cannot agree upon an arbitrator within this time, then they shall make application to the Superior Court of Whatcom County, pursuant to RCW 7.04 et seq., for an order appointing an arbitrator. Such application may be made at any time after the ten (10) day period has expired. Upon application to the court for an arbitrator, the Court shall select an arbitrator who shall render his/her decision no later than sixty (60) days after his/her appointment. If the arbitrator requests a hearing prior to rendering his/her decision, such hearing shall be held in Whatcom County, Washington within thirty (30) days of the arbitrator's appointment. The arbitrator's decision shall be binding on both parties. Each party shall bear its own expenses associated with the arbitration but shall share equally the costs of the arbitrator. RCW Chapter 7.04 and Rules 5.2 through 5.4 of the Mandatory Arbitration Rules for Superior Court ("MAR") shall govern the arbitration. In the event of any inconsistencies between the Binding Arbitration Clause, RCW Chapter 7.04, and MAR 5.2 through 5.4, the terms of the Binding Arbitration Clause shall take precedence over RCW Chapter 7.04 and MAR 5.2 through 5.4; and RCW Chapter 7.04 shall take precedence over MAR 5.2 through 5.

21. **Notices.** All notices, demands, requests, consents and approvals which may or are required to be given by any party to any other party hereunder shall be in writing and shall be deemed to have been duly given if delivered personally, sent by facsimile, sent by a nationally recognized overnight delivery service, or if mailed or deposited in the United States mail and sent by registered or certified mail, return receipt requested, postage prepaid to:

District:                   Stephan Jilk, General Manager  
Public Utility District No. 1 of Whatcom County  
1705 Trigg Road/PO Box 2308  
Ferndale, WA 98248-2308

Consultant:               Gary Saleba  
EES Consulting  
570 Kirkland Way, Suite 100  
Kirkland, WA 98033

or to such other address as the foregoing parties hereto may from time-to-time designate in writing and deliver in a like manner. All notices shall be deemed complete upon actual receipt or refusal to accept delivery. Facsimile transmission of any signed original document and retransmission of any signed facsimile transmission shall be the same as delivery of an original document.

22. **Amendment.** No modification, termination or amendment of this Agreement may be made except by written agreement signed by all parties, except as provided herein.

23. **Waiver.** No failure by any of the foregoing parties to insist upon the strict performance of any covenant, duty, agreement, or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or any other covenant, agreement, term or condition. Any party hereto, by notice and only by notice

as provided herein, may, but shall be under no obligation to, waive any of its rights or any conditions to its obligations hereunder, or any duty, obligation or covenant of any other party hereto. No waiver shall affect or alter this Agreement, and each and every covenant, agreement, term and condition of this Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

24. **Captions.** The captions of this Agreement are for convenience and reference only and in no way define, limit, or describe the scope or intent of this Agreement.

25. **Severability.** In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

26. **Counterparts.** This Agreement may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

27. **Neutral Authorship.** Each of the provisions of this Agreement has been reviewed and negotiated and represents the combined work product of all parties hereto. No presumption or other rules of construction which would interpret the provisions of this Agreement in favor of or against the party preparing the same shall be applicable in connection with the construction or interpretation of any of the provisions of this Agreement.

28. **Governing Law.** This Agreement and the right of the parties hereto shall be governed by and construed in accordance with the laws of the State of Washington.

29. **Time of Performance.** Time is specifically declared to be of the essence of this Agreement and of all acts required to be done and performed by the parties hereto.

30. **Entire Agreement.** The entire agreement between the parties hereto is contained in this Agreement and the exhibits hereto, and this Agreement supersedes all of their previous understandings and agreements, written and oral, with respect to this transaction. This Agreement may be amended only by written instrument executed by the parties subsequent to the date hereof. The Consultant specifically understands that no Whatcom PUD employees other than the project manager or his/her supervisors are authorized to direct the work of the Consultant and/or amend this Agreement.

**IN WITNESS WHEREOF**, the parties hereto execute this Agreement.

**DISTRICT:**

PUBLIC UTILITY DISTRICT NO. 1 OF WHATCOM COUNTY

By: \_\_\_\_\_

Title: General Manager

Date signed: \_\_\_\_\_

**CONSULTANT:**

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Firm's EIN: \_\_\_\_\_

Date signed: \_\_\_\_\_

# PUBLIC UTILITY DISTRICT NO. 1

*of Whatcom County*

1705 Trigg Road Ferndale, WA 98248  
P: (360) 384-4288 F: (360) 384-4849

# Memo

**AGENDA ITEM # 8**  
**September 27, 2016**

**To:** Commissioners Kenner, Murphy, and McClure

**From:** Stephan Jilk, General Manager

**Date:** September 27, 2016

**Re:** Washington State Department of Health 2 Year Project - Cornerstone Management Update

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**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 that will have the Whatcom PUD engage with 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. On March 8, 2016, two Work Orders were approved with Dave Olson, Cornerstone Management, Inc. by the District to provide technical support for the grant work.

At today's meeting, Olson will provide a brief presentation of the work done to date and what is coming up in the near future. This will be the first of a series of updates from Olson.

**Requested Action:** For informational purposes only. No Action will be requested of or taken by the Commission.

# PUBLIC UTILITY DISTRICT NO. 1

*of Whatcom County*

1705 Trigg Road Ferndale, WA 98248  
P: (360) 384-4288 F: (360) 384-4849

# Memo

**AGENDA ITEM # 9**  
**September 27, 2016**

**To:** Commissioners Kenner, Murphy, and McClure  
**From:** Stephan Jilk, General Manager  
**Date:** September 27, 2016  
**Re:** 2017 Budget Development / Commissioner Work Session

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Note: The Budget Development/Commissioner Work Session was postponed from the September 13 Commission meeting.

Every year, as District Staff begins the development of the succeeding year(s) budget we specifically schedule a work session for the Commissioners to discuss any specific areas of interest or concerns that they would like the District staff to consider when developing the draft budget for the upcoming year(s). The planned time for this work session is September 13th and was approved by the Commissioners in the 2017 budget development schedule on May 10, 2016.

District staff has already begun development of the 2017 budget and always appreciates the input, suggestions and direction the Commission provides in developing our budget. As the budget is, in actuality, the tool that staff uses to carry out/implement policies and direction that the Commission sets.

This input, is therefore, critical for the Commission to provide at this stage in our budget development process and will provide direction to the District Staff in preparing the 2017 budget for consideration and review by the Commission on October 25, 2016.

I recommend that we look to the District's Strategic Plan and the goals and strategies in the plan (on page two) as one basis for setting budget development direction for 2017. The Commission should identify any specific programs or projects they want staff to address in the 2017 Budget. This is the purpose for the discussion on Tuesday, September 27.

**Requested Action:** Discussion and input from Commissioners on the development of the 2017 Operating and Capital budgets.

## Goal 1: Steward of Water Resources

Support water resource management to sustain water supply, increase water use efficiency, improve water conservation and enhance source protection.

- 1.1 Continue to assist other agencies, organizations, businesses and industries in the management of the water resource in the County and expand that effort to consider innovative approaches such as a water exchange program.
- 1.2 Continue an active role in the resolution of the water rights and associated watershed planning needs facing the county.
- 1.3 Develop ways to expand as a provider of bulk water to county-wide users including allocation of the resource and/or delivery infrastructure.
- 1.4 Initiate a specific support program targeted at the water resource needs of the local agriculture industry.

## Goal 2: Steward of Energy Resources

Support energy efficiency and energy savings programs and the exploration of alternative energy sources.

- 2.1 Maintain the current program to promote significant conservation projects with measurable outcomes that result in energy conservation.

## Goal 3: Manage Core Utility Services

Effectively manage the core water and energy services delivery to the District's industrial customers.

- 3.1 Continue to develop joint strategies with other key stakeholders with interests in water rights to support the PUD's industrial client base.

## Goal 4: Provide Technical Services

- 4.1 Promote the PUD's current practice of providing limited technical support to local water associations through interagency agreements.

## Goal 5: Maintain Long-Term Financial Management Program to Support the Services the PUD Provides

- 5.1 Develop rate structures that reflect the "true" costs of preserving needed resources, including water rights and associated legal, infrastructure, planning, and management processes.
- 5.2 Review and update appropriate policies to support the financial management tools developed.
- 5.3 Develop a long-term specific strategy addressing operational needs, and debt management and an appropriate water and electrical rate structure so that services provided by the PUD are sustainable.

## Goal 6: Management Support Proficiently

- 6.1 Continue to define and pursue the development of technically qualified staff to undertake the selected planned strategies as well as sufficient capacity to protect against erosion of the ability to serve the core activities of the PUD.
- 6.2 Develop a succession plan for key management and operational personnel.
- 6.3 Appropriately and clearly distinguish the identity of the PUD, its role in the community, and future roles in water and energy resource topics.