

MINUTES OF THE MEETING OF THE COMMISSION

March 28, 2017

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 Paul Kenner. Said meeting was open to the public and notice thereof had been given as required by law. Those present included Commissioner Jeff McClure, Commissioner Mike Murphy 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; Mike Macomber, IT/SCADA Tech; and Traci Irvine, Accountant I.

Public attending: Dave Olson, Citizen
Rich Maricle, Citizen
Jim Bucknell, RH2

◆ **Public Comment**

No comments made.

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

The Commissioners were presented with the Minutes of the Meeting March 14, 2017 and the following Claims of March 28, 2017:

VENDOR NAME	AMOUNT
3-D CORPORATION	1,339.98
BONNEVILLE POWER ADMINISTRATION	548,798.00
CARL'S MOWER & SAW, INC	32.59
COMCAST	91.12
EDGE ANALYTICAL LABORATORIES	20.00
EES CONSULTING	340.00
ELECTRIC POWER SYSTEMS - EPS	1,280.00
FERNDALE ACE HARDWARE	172.11
FERNDALE LUBE	28.15
GENEVA CONSULTING	1,242.50
GLEASON, GUY G	176.14
GLOBAL TELECOM ENGINEERING	117,890.60
HARDWARE SALES, INC.	145.28
HD FOWLER CO, INC	625.53
INTERNAL REVENUE SERVICE	14,847.76
KAMAN FLUID POWER LLC	126.29
LAPLAUNT, DAVID	18.86
MAUL FOSTER & ALONGI	612.50
MURPHY, MICHAEL J	47.19
NORTH COAST ELECTRIC COMPANY	358.47
NW PUBLIC POWER ASSOCIATION	6,167.44
OVERHEAD DOOR COMPANY	775.78
PACIFIC SURVEY & ENGINEERING	301.00
PAYLOCITY	125.40
PAYROLL	167,232.79
PLATT ELECTRIC SUPPLY CO	2,858.35
PORTAL WAY FARM & GARDEN	23.87
PUGET SOUND ENERGY, INC	1,177.00
RH2 ENGINEERING, INC	6,783.87
RICOH USA FINANCIAL SVC	152.18
SHERWIN WILLIAMS PAINT	140.09
STREMLER GRAVEL, INC	26,362.28
SURETY PEST CONTROL	59.79
TYLER TECHNOLOGIES-INCODE	1,113.09
WA FEDERAL VISA CARD MEMBER SERVICES	4,011.05
WA ST DEPT OF REVENUE	64,443.63
WA ST DEPT TRANSP-NW REGION	512.37
WESTERN CONFERENCE OF TEAMSTERS	5,643.00
GRAND TOTAL	\$976,076.05

ACTION: Commissioner Murphy motioned to APPROVE THE MINUTES OF THE MEETING HELD MARCH 14, 2017 and the CLAIMS OF MARCH 28, 2017. Commissioner McClure second the motion. Motion passed unanimously.

◆ **Approve Resolution No. 721–Affirmation of PUD Commission District Boundaries**

Background – Pursuant to RCW 54.12.010(6), the boundaries of a public utility district shall be examined every ten years according to the provisions of Chapter 29A.76 RCW, which provides the criteria for redistricting of counties, municipal corporations, and special purpose districts. The PUD conducted a review of the existing District boundaries according to the criteria outlined in RCW 29A.76.010 and analyzed the 2010 federal decennial census information for Whatcom County.

Based on this review, the current boundaries comply with all of the requirements set forth in Chapter 54.12 RCW and Chapter 29A.76 RCW for the review of public utility legislative districts. In particular, the criteria set forth in RCW 29A.76.010(4(a-e)) for establishing the Commissioner District Boundaries are met as follows:

- i. Each Commissioner District is as nearly equal in population as possible to each and every other Commissioner District comprising the Public Utility District such that the variation of population according to the 2010 Census Population Data is less than 2,270 people or less than 3.2% per District in all instances.
- ii. Given the size of the Public Utility District and the distribution of population within the Public Utility District, each Commissioner District is as compact as possible.
- iii. Each Commissioner District consists of a geographically contiguous area.
- iv. No comment was received by any individual or entity that the current or proposed Commissioner District favored or disfavored any racial group or political party. Nor has any such complaint been received by the District since the Commissioner District Boundaries were last established.
- v. The Commissioner District Boundaries in Exhibit A (distributed with packet) coincide with existing recognized natural boundaries and, to the extent possible, preserve existing communities of related and mutual interests. These boundaries, where possible, follow highways, roadways, section lines, and neighborhoods.

While Whatcom County Council increased its Legislative Districts from three to five in 2016, the PUD Commission is not required to change the District's boundaries commensurate with the County.

The PUD provided the required two-week statutory notice under RCW 54.12.010(6) and RCW 29A.76.010, and conducted a public hearing to receive public comments on March 14, 2017. No written comments were received and verbal comments made at the Public Hearing on March 14, 2017 were in favor of keeping the three (3) existing election district boundaries.

ACTION: Commissioner McClure motioned to APPROVE RESOLUTION NO. 721, PURSUANT TO CHAPTER 29A.76 RCW AND CHAPTER 54.12 RCW, PROVIDING FOR THE AFFIRMATION OF THE EXISTING THREE (3) COMMISSIONER DISTRICTS. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Approve Work Order No. 2 for Associated Earth Sciences**

Background: The District previously approved a Professional Consulting Services Agreement ("Agreement") with AESI (dated May 24th, 2016). Previously Chuck Lindsay–AESI completed Work Order No. 1 which involved the investigation and testing of one of the existing fire protection system wells (16" diameter) located within the Northgate portion of the District's Grandview area fire protection and potable water systems utility. The work authorized was in response to a reduction in the fire protection well capacity observed by District water operations staff. The purpose of the work was to identify causative factors resulting in the loss of capacity.

Work Order No. 2 Scope of Services is for the purpose of locating, designing, and specifying a new fire protection well in the vicinity of the existing fire protection wells within Northgate. This well would supplement but not replace the existing wells. It would increase fire protection water supply capacity for the total area served by the Grandview fire protection water supply system. Based on the results of the tasks completed by AESI under Work Order No.1, it isn't feasible or cost effective to upgrade the existing fire protection wells in Northgate. If the District proceeds with a new well, it would be in lieu of a new water main connected to the 24" industrial water line located along Vista Road.

Staff has many discussions with the City of Ferndale and most recently with regards to the city's latest notice to expand their retail service area into the Grandview/Northgate/I-5 Industrial Park region, although there is no concrete plan as to when the possible expansion would happen. Jilk feels it is best to move ahead with the investigative work of costs of potentially drilling an additional well. Initial estimates of an added well and new water storage is around \$1.0 million— about half the cost of running a pipeline along Vista Road to connect to the existing PUD service line. The current supply of the fire water system is a pond which is no longer stable or sustainable for fire protection.

There is no fiscal impact to the District's 2017 budget. These types of costs are budgeted for.

ACTION: Commissioner Murphy motioned to APPROVE WORK ORDER NO. 2 WITH CHUCK LINDSAY, ASSOCIATED EARTH SCIENCES INC., (AESI) FOR TECHNICAL CONSULTING SERVICES FOR A COST NO TO EXCEED \$8,000 AND AUTHORIZE THE GENERAL MANAGER TO SIGN THE WORK ORDER DOCUMENT. Commissioner McClure second the motion. Motion passed unanimously.

◆ **Approve Grant with Washington State Department of Fish and Wildlife to Support Numerical Groundwater Modeling Project**

Background— The District is a member of the Watershed Management Board (WMB) which includes the City of Bellingham, all small cities in Whatcom County, Whatcom County Government, the Lummi Nation, the Nooksack Tribe and the Washington State Department of Fish and Wildlife (WDFW). The WMB acts as the WRIA 1 Local Integrating Organization (LIO) and is responsible for integrating and coordinating local activities related to the Puget Sound Partnership's (PSP) Puget Sound Action Agenda.

PSP provides LIO's opportunities to fund Near Term Actions on an annual basis. Each LIO (9 total throughout Puget Sound) may submit Near Term Actions for consideration for funding up to \$100,000 total per LIO. In the summer of 2016, the District, with the backing of WMB members, submitted a Near Term Action proposal in support of Phase 4 of the Groundwater Model Project started in 2014.

Jilk indicated that Phase 4 is the final phase of the project and the actual model development.

Rick Maricle inquired as to who will manage/own the model and who will be allowed to run it? Jilk replied that is a very important decision, a decision that has not been made yet. Commissioner McClure suggested some sort of "Technical Oversight Committee" could be formed/charged to utilize it, even as a mitigation tool.

The first three phases of the Groundwater Model Project were funded by funds from the WMB. The final Phase 4 required additional funding to develop the Numerical Groundwater Model. A scope of work has been developed for Phase 4 and the total budget for Phase 4 is \$318,676.00. In November 2016, the District received a notice of award from Washington State Department of Fish and Wildlife for \$100,000 to support the Numerical Groundwater Model Development. Whatcom County has committed to providing the remaining budget of \$218,676.00. The Phase 4 project will be completed by June 30, 2018.

There is no fiscal impact to the District. The District will pass funds from the WDFW grant to Whatcom County who is the lead agency managing Phase 4 and the consultant hired to perform the work.

ACTION: Commissioner McClure motioned to APPROVE GRANT WITH WASHINGTON DEPARTMENT OF FISH AND WILDLIFE TO SUPPORT NUMERICAL GROUNDWATER MODEL DEVELOPMENT IN THE AMOUNT NOT TO EXCEED F \$100,000.00 PENDING FINAL REVIEW BY DISTRICT STAFF/LEGAL COUNSEL AND AUTHORIZE GENERAL MANAGER TO SIGN THE CONTRACT. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Approve Interlocal Agreement with Whatcom County for Implementation of a Groundwater Modeling Project**

The Interlocal agreement will allow the District to pass funds not too exceed \$100,000 from the WDFW grant to Whatcom County in support of the modeling project. Payment will be based on deliverables and invoices presented to the District by Whatcom County. There is no fiscal impact to the District. The District will pass funds from the WDFW grant to Whatcom County who is the lead agency managing Phase 4 and the consultant hired to perform the work.

ACTION: Commissioner McClure motioned to APPROVE AN INTERLOCAL AGREEMENT WITH WHATCOM COUNTY FOR IMPLEMENTATION OF A GROUNDWATER MODELING PROJECT AND AUTHORIZE THE DISTRICT'S GENERAL MANAGER TO SIGN AND EXECUTE THE AGREEMENT. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Approve Update to District's Strategic Plan**

Background: The District completed a Strategic Plan in December 2015. The Commission agreed to complete a review of the plan, implementation progress and consider updating the plan each year. On November 15, 2016, a special meeting/workshop was held to address this effort.

Findings and additional input at the workshop in November 2016 provided the opportunity to discuss an update to the plan and efforts to integrate this information has been accomplished. Commissioners were presented with the resulting 'draft update' to the Strategic Plan and had the opportunity to review it prior to today's meeting.

Commissioner Murphy inquired about the 2015 Goal to “initiate a specific support program targeted at the water resource needs of the local agriculture industry” and how this would relate to assisting the Watershed Improvement Districts (WIDS). The PUD has acquired several grants to assist efforts in supporting the agricultural community including drought relief plans and water exchange concepts, several additional needs were identified within the Whatcom water community. The plan forward is to develop a more robust public outreach program to keep the agricultural community informed on the PUD’s efforts in the discussion of water rights; which includes working with the Ag Water Board and the six WIDS.

Currently there is no “one” go-to place for water resource information, including water policies and scientific data. As discussed at the November 2016 workshop, a proposed Water Resources Institute idea was included in the Strategic Plan Update. It calls for a collaboration of committed partners in exploring local eco-hydrologic constraints and identifying the policy and technical solutions that move the greater community towards a sustainable water resource. Exactly what leadership role the PUD will take along with what is the best way the PUD can assist is yet to be determined.

Commissioner McClure commented that he thought the update was a very good summary and it captures the PUD’s work going forward. Time will tell what role the PUD will play. He is also very interested in re-branding the PUD, not just with a new logo or newsletter, but something that portrays the characteristics of the PUD. McClure summed it up, noting the PUD is:

- A no-nonsense utility provider;
- Solution seeker for water issues;
- Protector of the resource;
- Provides the leadership while seeking intelligent solutions; and,
- Amount of Water Rights (the PUD currently holds) and has countywide authority.

These combined efforts offer the PUD the credibility to be in a role that can make things happen.

ACTION: Commissioner Murphy motioned to APPROVE THE UPDATE TO THE DISTRICT’S STRATEGIC PLAN OF MARCH 28, 2017. Commissioner McClure second the motion. Motion passed unanimously.

◆ **Manager’s Report**

No report.

◆ **Executive Session at 9:12 a.m.**

Jilk requested an Executive Session to review and consider potential litigation. He stated that no formal action will be asked of or taken by the Commission following the Executive Session. Jilk estimated the time for the Executive Session will be approximately 30 minutes.

There being no further business for the regular meeting, the Commission adjourned the regular meeting at 9:12 a.m. to Executive Session.

◆ **Executive Session Adjourn**

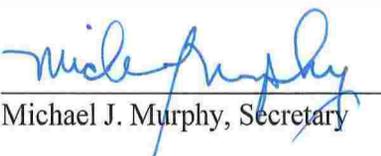
There being no further business for the Executive Session, the Commission reconvened to the regular meeting at 9:38 a.m.

◆ **Adjourn**

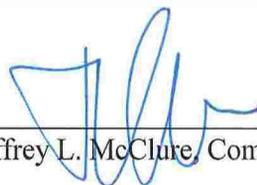
There being no further business for the regular meeting, the Commission adjourned the regular meeting at 9:40 a.m.



Paul D. Kenner, President



Michael J. Murphy, Secretary



Jeffrey L. McClure, Commissioner