

MINUTES OF THE MEETING OF THE COMMISSION

July 25, 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; Brian Walters, Assistant General Manager; Rebecca Schlotterback, Manager of Contracts and Regulatory Compliance; Jon Littlefield, Electric Systems Supervisor; Paul Siegmund, Manager of Automation and Technology; Mike Macomber, IT/SCADA Tech; and Traci Irvine, Accountant I.

Public attending: Carole and Max Perry, Citizens
Rick Maricle, Citizen
Dave Olson, Citizen
TJ Lee, Phillips66

◆ **Public Comment**

Carole Perry said they are following the Hirst case and how it is affecting farmers. They recently attended a Whatcom County Planning and Development Services (PDS) hearing regarding an impervious surfaces requirement that would have an impact on farms. Perry said there were four hearings held. Many farmers turned out and were adamant that they could not take any more (water) regulations. Perry said the very liberal Planning Commission took the farmers advice. Information was received from the "Hirst group" pushing that there should be more regulations. Perry is urging people to keep a watch; explaining how one citizen investigated the impervious surfaces science and discovered the information used by PDS was in relation to King County regulations, not Whatcom County; Perry feels that the PDS is pushing for the surface regulations due to pressure brought on from the group in favor of the Hirst ruling.

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

The Commissioners were presented with the Minutes of the Meeting July 11, 2017 and the following Claims of July 25, 2017:

VENDOR NAME	AMOUNT
ALL SEASON SPRAYING	5,359.02
APERTURE ELECTRICAL	8,811.03
BAY CITY SUPPLY	238.02
BONNEVILLE POWER ADMINISTRATION	675,582.00
BRIM TRACTOR COMPANY	6,656.18
COMCAST	91.12
EDGE ANALYTICAL LABORATORIES	20.00
EES CONSULTING	850.00
ELECTRIC POWER SYSTEMS - EPS	640.00
FERGUSON ENTERPRISES, INC	500.01
FERNDAL ACE HARDWARE	154.65
GLOBAL TELECOM ENGINEERING & CONSTRUCT.	23,893.87
HD FOWLER CO, INC	1,678.91
INTERNAL REVENUE SERVICE	14,137.71
KCDA PURCHASING COOPERATIVE	126.29
LAPLAUNT, DAVID	142.67
MOTOR TRUCKS, INC	1,030.95
MURPHY, MICHAEL J	9.90
PACIFIC SURVEY & ENGINEERING	4,003.00
PAYLOCITY	131.04
PAYROLL	148,738.46
PLATT ELECTRIC SUPPLY CO	633.14
PROBUILD - OSO LUMBER	109.57
PUD #1 OF WHATCOM COUNTY	13.68
PUGET SOUND ENERGY, INC	145.49
RAGAN COMMUNICATIONS	29.95
RDS - RECYCLING & DISPOSAL SERVICE	31.97
SPECIALTY ENGINEERING, INC	12,595.27
STAR RENTALS	1,440.27
UNICK, ROBERT F	113.31
UTILITIES UNDERGROUND LOCATION	19.35
WA FEDERAL VISA CARD MEMBER SERVICES	4,392.63
WA ST DEPT OF REVENUE	72,092.56

WA ST DEPT TRANSP-NW REGION	545.82
WESTERN CONFERENCE OF TEAMSTERS	5,725.50
WHATCOM FARMERS CO-OP	153.49
GRAND TOTAL	\$990,836.83

ACTION: Commissioner Murphy motioned to APPROVE THE MINUTES OF THE MEETING HELD JULY 11, 2017 and the CLAIMS OF JULY 25, 2017. Commissioner McClure second the motion. Motion passed unanimously.

◆ **Award of Bid for 2017 Plant No. 2 West Settling Pond Cleaning Project**

Background: The District has developed a Capital Improvement Project list for work to be completed in 2017. On this list is the cleaning and excavation of the District's Plant No. 2 West Settling Pond, extraordinary maintenance project (RW-M-2) in 2017. Due to the significant amount of sediment that the clarification process produces, the settling ponds need to be cleaned and excavated on an annual basis. The District rotates the cleaning/excavating process through the four ponds on annual schedule. This is the first cleaning of the west pond since the remodel of Plant 2.

On July 18, 2017 the District received and publicly read aloud two (2) bids submitted for this project. Engineers Estimate for project is \$124,000.00 not including tax. Totals do not include tax. The results are as follows:

<u>Contractor</u>	<u>Bid Total</u>
Carman's Construction.....	\$165,716.00
Iverson Earth Works LLC	\$105,882.00
<i>Engineer's Estimate</i>	<i>\$124,000.00</i>

Commissioner Murphy inquired if there is a process to separate the water from the solids (similar to the anaerobic digester method) and reutilize the byproduct? Strand reported that there are issues around the sediment and testing and permitting needs to be done. Sometimes the contractor can benefit from the sediment, however it consists of fine clay and can be very messy material. Jilk added that there is very little water to remove from the discharge into the pond as the District reclaims most of what is available.

Commissioner Murphy indicated he is just looking for a method to get away from the yearly costs associated with the cleanings; and if the material was separated perhaps the cleaning would be less expensive. Strand said it was a regulatory issue with the sediment. Jilk added that the District would have to conduct testing on the material and in the end, it is the taker (of the sediment), contractor in this case, that is liable once they assume ownership of it.

There is no fiscal impact as this project is budgeted for in the 2017 Capital Improvement Projects Budget.

ACTION: Commissioner McClure motioned to AWARD BID TO IVERSON EARTH WORKS LLC FOR THE 2017 PLANT NO. 2 WEST SETTLING POND CLEANING PROJECT AND AUTHORIZE THE GENERAL MANAGER TO SIGN THE CONTRACT. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Approve District's Medical/Dental/Vision Insurance Plan Renewal (Sept. 2017 –Aug. 2018)**

The District has received the health insurance plan renewal rate information for our medical, dental, prescription drug, and vision coverage for non-union employees and Commissioners.

This year we were able to receive quotes from Regence Blue Shield, Kaiser Permanente, and Delta/Washington Dental Service; and we researched the Association of Washington Cities' anticipated rate increases as well, with the possibility of rejoining their Benefits Trust. A summary of the options quoted to consider are:

- **Regence Employee Choice Platinum 250 Plan** – Same Plan as last year; all costs and charges within the 250 Plan remains the same.
- **Kaiser Permanente VisitsPlus Platinum** – Merge to new plan. Kaiser Permanente merged with Group Health Cooperative. This plan would require employees and Commissioners to choose a Primary Care Physician and Specialists referrals *within* the Kaiser (GHC) network. Any non-network services are not covered. Annual deductibles are the same as the Regence 250; however, there are some differences in out-of-pocket expenses such as office visits and lab/X-Ray services.
- **Association of Washington Cities**
Although AWC has not published their rates yet; discussions with a representative noted that their Regence plans are anticipated to increase 7 to 10%, Kaiser Plans are anticipated to increase 8 to 10%, and there is no increase for their Delta/Washington Dental Plans. The District would need to reapply this month, with the City of Blaine's sponsorship in order to qualify. As noted last year, the

AWC medical plan has higher co-pays and deductibles, and the out-of-pocket maximum is \$3,000 (individual)/\$6,000 (family).

- **Delta Dental Service** – Same Plan as last year.

As noted, there are cost saving options for the District which would result in increased cost sharing for District employees – a lower coinsurance cost, higher copays. Last year, the District experienced a 4.0% rate increase for the same plan period (September 1, 2016 to August 31, 2017).

After receiving our current Regence Medical and Delta Dental plans renewal information and reviewing the other options noted above, the District's medical plan renewal is reflecting a 4.71% increase along with a 1.6% increase in our dental premium has resulted in an overall 4.5% increase in all of our premiums beginning September 1. Jilk is recommending that the District renew with Regence with the *Regence Employee Choice Platinum 250 Plan* and renew with Delta Dental under the existing plan. The total monthly premium beginning coverage on September 1, 2017, will be \$41,328.32 for the same plans.

This change will be effective September 1, 2017 and because the increase is slightly less than the amount budgeted for the remaining four months, the District will not experience an overall budget change due to the change in premium. When the budget was developed last year, a projected rate increase of 5% was slated for the remainder of 2017.

The District currently covers 15 employees, 3 Commissioners, 17 spouses and 22 children. Any changes in the age or number of employees/dependents covered by these plans, during the plan year, September 1, 2017 to August 31, 2018, will impact the premium because that is how the premium is based.

Commissioner McClure said as being a business owner himself researching insurance plans, anything under 5% increase is great.

ACTION: Commissioner McClure motioned to APPROVE THE RENEWAL OF THE DISTRICT'S MEDICAL/DENTAL/VISION INSURANCE PLANS FOR NON-BARGAINING EMPLOYEES AND COMMISSIONERS: *REGENCE BLUE SHIELD EMPLOYEE CHOICE PLATINUM 250 PLAN* AND THE *DELTA/WASHINGTON DENTAL SERVICE PREMIER ENHANCED PLAN*, EFFECTIVE SEPTEMBER 1, 2017, AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF THE DISTRICT. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Project Overview: Fiber Optic Infrastructure**

Manager of Automation and Technology Paul Siegmund updated the Commission with a slideshow and information on the completion of the District's Fiber Optic Infrastructure Project. The District has completed installation of fiber optic communication cable between the District's Water Treatment Plants No. 2 and No. 1. It also includes two taps - one to the District's Northgate Potable Well at Grandview and one to the District's Repeater Tower that will provide the interconnections needed to improve the backbone communication system. The majority of the fiber was placed aerially on District-owned poles and Puget Sound Energy poles, and trenched underground in some locations.

These improvements benefit system reliability, not having to depend on a phone company (dial-up/slow connection), faster connection and greater security as the fiber is owned by the PUD, not shared. In terms of SCADA benefits, the fiber is much faster and more reliable. In the future, the repeater tower will not be used as a repeater, meaning no communication delay; however the repeater is still used for Phillips 66, BP Refinery and Alcoa. And finally, the District will be able to incorporate SCADA equipment into/at the Grandview Water System. Other benefits include the capability of video monitoring at some locations and the ability to install badge readers for door and gate monitoring. Most importantly, with the new fiber, the District now meets NERC physical security requirements.

Staff has already benefited from the new fiber by improved computer access from remote sites (email/internet, etc.) and auto patching and security updates are better accomplished now.

Commissioner Kenner inquired on the cost of the project. Strand replied the Engineer's Estimate for the project was over \$800,000, but the bid was awarded at approximately \$460,000.

Jilk said he is pleased, especially because the new fiber will separate the SCADA system from the network system, resulting in increased security and creating greater ability to operate the plants remotely. These enhancements to the Districts communications and control system enable the District to continue improving our systems for the future and enhance our service to our customers. The Commission thanked Siegmund for a very informative presentation.

◆ **Manager's Report**

Legislative Update

There is no positive update for the third special session which has come to a close. There was no fix/decision made on the Hirst case and no approved capital budget which means some funding for agencies and projects will be delayed. Jilk indicated he was hopeful for matching funds for the Drought Contingency Planning Project but it is now being held up.

County Critical Areas Ordinance Update

In addition to Mrs. Perry's comments, Jilk is planning to attend today's County Council committee discussion on the 2016 Critical Areas Ordinance Update which will include a review of questions, comments and suggestions related to the conservation program on agricultural lands. Jilk has attended several Ag board meetings and Watershed Improvement Districts meetings and is aware of the situation. Anti-growth and others are pushing hard on the water quantity issues, including the impervious surfaces action to control water/wastewater.

◆ **Executive Session**

The President of the Commission Paul Kenner adjourned the Commission into Executive Session. The estimated time for the Executive Session was 20 minutes. The Commission President indicated that no action was anticipated to occur after the adjournment of the Executive Session.

Counsel for the Commission indicated that he was seeking the Executive Session pursuant to RCW 42.30.110(1)(i)(iii) to allow the Commission to discuss with legal counsel potential litigation and legal risks associated with a proposal delivered to the District that may result in adverse legal or financial consequences to the District if public discussion of the legal risks occurred. The Commission was in Executive Session for 20 minutes. No action was taken after the close of the Executive Session.

There being no further business for the regular meeting, the Commission adjourned the regular meeting at 8:35 a.m. to Executive Session.

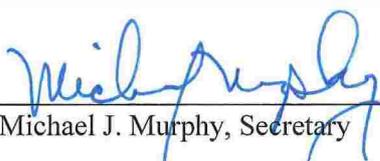
◆ **Executive Session Adjourn**

There being no further business for the Executive Session, the Commission reconvened to the regular meeting at 9:02 a.m.

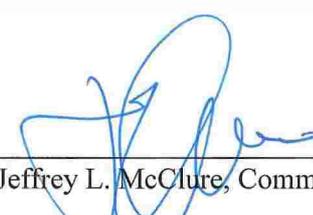
◆ **Adjourn**

There being no further business for the regular meeting, the Commission adjourned the regular meeting at 9:04 a.m.

Paul D. Kenner, President



Michael J. Murphy, Secretary



Jeffrey L. McClure, Commissioner