

MINUTES OF THE SPECIAL MEETING OF THE COMMISSION

October 17, 2017

The special 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, and Legal Counsel Jon Sitkin. Staff: Steve Jilk, General Manager; Rebecca Schlotterback, Manager of Contracts and Regulatory Compliance; Annette Smith, Director of Finance; Alec Strand, Project Manager; Paul Siegmund, Manager – Automation & Technology Services; Mike Macomber, IT/SCADA Tech; Aaron Peterson, IT/SCADA Tech; and Traci Irvine, Accountant I.

Public attending: Carole Perry, Citizen
Max Perry, Citizen
Dave Olson, Citizen
Rick Maricle, Citizen
Robin Dexter, Environmental Working Group
TJ Lee, Phillips66

◆ Public Comment

Carole Perry commented that at the last Whatcom County Council meeting Hirst litigants painted a very dark picture of running out of water. Perry said that in the PUD's Strategic Plan there had been a statement that there was "scarce water supply". Perry said that she believes there is a tremendous amount of water from rainfall and aquifers and it is important to base decisions on real data and not just emotions. Perry noted that at many meetings at both the state and local levels the PUD is mentioned. Cherry Point issues are also being discussed and business leaders have been attending council meetings to voice their concerns. Perry did not know if the PUD had made any comments regarding Cherry Point issues.

Robin Dexter commented that in regards to the Hirst Moratorium, the County Council received a staff report that provided three options: 1) a 6 month moratorium, 2) a permanent moratorium, or 3) staff would work locally with stakeholders to come to an agreement. Dexter said that County staff has been able to work with some impacted landowners regarding their water issues. Council pointed out to the audience that they were doing everything that is possible to resolve this issues. An example of one collaboration is Eric Hirst and WID members have been working together to potentially resolve issues on a sub-basin by sub-basin basis.

◆ Approval of the Meeting Minutes and Claims

The Commissioners were presented with the Minutes of the Meeting September 26, 2017 and the following Claims of October 17, 2017:

VENDOR NAME	AMOUNT
3-D CORPORATION	\$1,284.27
AMAZON BUSINESS	\$2,003.19
BAY CITY SUPPLY	\$194.13
BRIDGEVIEW AUTO PARTS	\$9.01
CARL'S MOWER & SAW, INC	\$2.82
CDW/COMPUTER DISCOUNT WAREHOUSE	\$434.23
CESCO NEW CONCEPT CHEMICAL PRODUCTS	\$73.05
CHMELIK SITKIN & DAVIS	\$4,203.56
CORNERSTONE MANAGEMENT, INC.	\$1,534.50
CRABTREE, DEVIN	\$250.00
CULLIGAN NORTHWEST	\$77.18
DOORMAN COMMERCIAL	\$1,617.93
EAGLE-EYE AERIAL SOLUTIONS, LLC	\$30,250.00
EDGE ANALYTICAL LABORATORIES	\$20.00
ELECTRIC POWER SYSTEMS - EPS	\$7,714.00
FASTENAL	\$314.44
FERGUSON ENTERPRISES, INC	\$180.81
FERNDALE ACE HARDWARE	\$76.52
FERNDALE RECORD JOURNAL	\$55.00
FERNDALE READY MIX AND GRAVEL, INC	\$317.64
FERNDALE TRUE VALUE HARDWARE	\$88.00
FRONTIER	\$1,369.88
GENEVA CONSULTING	\$1,750.00
HARDWARE SALES, INC.	\$118.72
HD FOWLER CO, INC	\$469.74

HEALTH PROMOTIONS NORTHWEST	\$90.00
KCDA PURCHASING COOPERATIVE	\$110.80
MASSMUTUAL RETIREMENT SVCS LLC	\$11,058.33
MORTIMER, TOM	\$750.00
MURPHY, MICHAEL J	\$208.60
NORTH COAST ELECTRIC COMPANY	\$3,313.27
NORTHWEST CASCADE INC.	\$112.50
NORTHWEST MOWING & GARDENING	\$514.54
P&P EXCAVATING, LLC	\$7,052.50
PACIFIC SURVEY & ENGINEERING	\$237.00
PACIFIC UNDERWRITERS CORP INC	\$1,000.00
PLATT ELECTRIC SUPPLY CO	\$45.57
PUD #1 OF WHATCOM COUNTY	\$119.60
PUGET SOUND ENERGY, INC	\$10,662.20
PUMPTECH	\$26,283.04
REGENCE BLUE SHIELD	\$38,430.32
REISNER DISTRIBUTION, INC	\$1,339.07
RICOH USA	\$253.58
SCHWEITZER ENGINEERING LABS	\$1,566.74
SHRED-IT USA	\$28.00
SSC - SANITARY SERVICE COMPANY	\$356.98
SURETY PEST CONTROL	\$59.79
TEAMSTER LOCAL #231	\$429.00
UNITED RENTALS	\$882.11
UNITED WAY OF WHATCOM COUNTY	\$315.00
UTILITIES UNDERGROUND LOCATION	\$23.22
VERIZON WIRELESS	\$2,747.61
WA ST DEPT OF ECOLOGY-CASHIERING	\$7,180.00
WASHINGTON DENTAL SERVICE	\$2,898.00
WASHINGTON TEAMSTERS WELFARE	\$9,747.90
WATERHOUSE ENVIRONMENTAL SERVICES CORP	\$16,994.38
WESTERN REFINERY SERVICES	\$11,319.41
WHATCOM FARMERS CO-OP	\$75.91
WHATCOM JANITORIAL	\$1,250.00
WIN-911	\$495.00
YEAGER'S SPORTING GOODS	\$220.08
GRAND TOTAL	\$212,578.67

ACTION: Commissioner McClure motioned to APPROVE THE MINUTES OF THE MEETING HELD SEPTEMBER 26, 2017 and the CLAIMS OF OCTOBER 17, 2017. Commissioner Kenner second the motion. Motion passed unanimously.

◆ **Approval of Resolution No. 730 – Sole Source Supplier Indegy, Inc.**

Indegy Inc. Cyber Security Solution software and hardware is a proprietary product and is the only product of this kind that meets the District’s current need regarding cybersecurity intrusion detection for its industrial controls architecture.

Indegy Inc. is the only manufacturer, distributor, installer and maintenance/repair entity for its Cyber Security Solution software and hardware. Therefore, staff recommends approval of Resolution No. 730, which would authorize the Sole Source purchase.

There is no fiscal impact on the District, if Resolution No. 730 is adopted. The purchase of Indegy Inc. Cyber Security Solution software and hardware which would be included as part of the District’s approved 2017 Budget and is categorized as a capital expenditure under the CIP IS-12 budget. The amount of the purchase and installation is within the dollar amount budgeted for this line item.

Paul Siegmund provided a short presentation on how the Indegy system works. The system is for the control side of District’s processes. The Programmable Logic Controller (PLC) is connected to computer systems. The PLC is also connected to the Indegy software. The software then tracks any time someone enters the system to make changes and will alert staff when this happens. This allows staff to check to make sure there is no security breach by potential hackers.

Kenner asked if the Indegy system stops a breach before it enters the system. Siegmund said that it does not but the system will alert staff immediately and continually on a 24 hour basis.

ACTION: Commissioner McClure motioned to APPROVE RESOLUTION NO. 730 – SOLE SOURCE SUPPLIER INDEGY INC. Commissioner Kenner second the motion. Motion passed unanimously.

Approve Purchase of Indegy Inc. Products

The District in order to protect its electric and water utility operations must continually evaluate, purchase and install appropriate new software and hardware devices to help mitigate ongoing cybersecurity threats.

Indegy Inc. Cyber Security Solution software and hardware is a proprietary product and is the only product of this kind that meets the District's current need regarding cybersecurity intrusion detection for its industrial controls architecture.

The District's Commission has adopted Resolution No.730 authorizing the "Sole Source" purchase of the proprietary products.

Based on the analysis and testing of the Indegy product, staff believes that the hardware/software package uniquely meets the District's current cybersecurity need. Staff recommends approval of the purchase.

Fiscal Impact –The District's 2017 CIP budget includes this capital expenditure under the CIP IS-12 budget line item. The amount of the purchase and installation is within the dollar amount budgeted for this line item.

ACTION– Commissioner McClure motioned to APPROVE PURCHASE OF INDEGY INC. CYBER SECURITY SOLUTION software and hardware for A COST NOT TO EXCEED AMOUNT OF SEVENTY FIVE THOUSAND DOLLARS (\$75,000.00) which does not include sales tax and AUTHORIZE DISTRICT'S GENERAL MANAGER TO EXECUTE THE PURCHASE. Commissioner Kenner second the motion. Motion passed unanimously.

◆ **Fiber Optics Line Emergency Repair**

On August 2, 2017, a large commercial box truck intercepted and damaged aerial fiber optic cabling and associated equipment owned by the District. This occurred as the vehicle entered a private road off of Church Road in Ferndale. The truck continued down the private road dragging the cable, which had snagged on the truck's freight box, separating the cable from numerous poles along Church Road to which the cable was attached. The cable eventually snapped, breaking at several points. Upon realizing what was happening the truck driver stopped and notified the Ferndale Police Department. The District was notified and staff responded to survey the damage and begin initial clean-up work as the downed cable and equipment were impeding traffic along Church Road and numerous private roads intercepting Church, creating a public safety hazard. Several hundred feet of fiber optic cable was pulled loose from its aerial attachments to PSE power poles.

The impact of the damage was such that it required immediate action. There was a public safety and impediment to traffic situation. Also, the damage to the fiber optic cabling resulted in an immediate loss of communications between the District's Water Treatment Plants Nos. 1 and 2. District staff consulted with me and because of the necessity to immediately begin activities to remove the public safety hazard and restore critical telecommunications service over the District fiber optic network, the District's General Manager declared the "existence of an emergency" to manage the restoration work in a timely fashion. This action was taken in accordance with the Delegation of Authority granted to the General Manager and under RCW 39.04.020.

District staff subsequently contacted Global Telecom Engineering and Construction, LLC ("gTEC") to survey the damage and in consultation with the District, prepared a scope of work for restoring the fiber optic network. gTEC was contacted because the company had recently completed the large extension of the fiber optic network under the District's capital project CIP IS-15. gTEC was knowledgeable of the fiber optic system's equipment and installation specifications and still had equipment mobilized in the area. gTEC could initiate work in a timely fashion.

Because of the Emergency Declaration and immediate need to restore service, and after gTEC and District agreed upon a scope of work with the cost not exceed amount for the repairs in the amount of \$74,608.00 (including tax), the General Manager authorized the work to begin. gTEC initiated activities and ordered equipment and supplies and began the repair work.

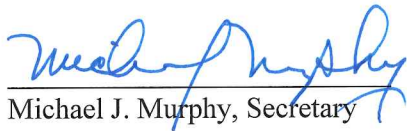
Staff is requesting the Commission to take action as required under the Delegation of Authority and RCW 39.04.020 to approve completion of the work by gTEC for a total amount not to exceed \$74, 608.00 (including tax). The cost of the restoration work performed by gTEC does not impact the District's 2017 capital and O&M budgets, as there are sufficient funds to cover the expenditure.

ACTION: Commissioner McClure motioned to REPAIR WORK FOR A COST NOT TO EXCEED AMOUNT OF SEVENTY FOUR THOUSAND SIX HUNDRED EIGHT DOLLARS (\$74,608.00) REQUIRED TO REMEDY EMERGENCY CONDITION CAUSED BY DAMAGE TO THE DISTRICTS FIBER OPTIC SYSTEM. Commissioner Kenner second the motion. Motion passed unanimously.

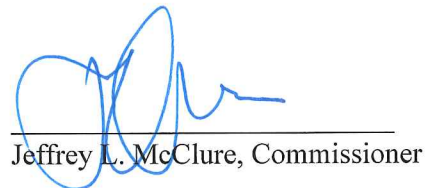
◆ **Adjourn**

There being no further business for the regular meeting, the Commission adjourned the regular meeting at 8:30 a.m.

Paul D. Kenner, President



Michael J. Murphy, Secretary



Jeffrey L. McClure, Commissioner