

MINUTES OF THE MEETING OF THE COMMISSION

July 14, 2015

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 Jeff McClure. Said meeting was open to the public and notice thereof had been given as required by law. Those present included Commissioner Mike Murphy, Commissioner Paul Kenner and Legal Counsel Jon Sitkin. Staff: Steve Jilk, General Manager; Brian Walters, Director of Utility Operations; Rebecca Schlotterback, Contracts and Regulatory Compliance Manager; Duane Holden, Facilities and Construction Manager; Annette Smith, Director of Finance; Lew Gaskill, Accountant I; and Alec Strand, Project Manager.

Public attending: Max and Carole Perry, citizens.

Dave Olson, Cornerstone Management; and Rick Maricle and Paul Sterner, Phillips 66.

◆ **Public Comment**

No public comment.

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

The Commissioners were presented with the Minutes of the Regular Meeting held June 23, 2015, and the following Claims of July 14, 2015:

VENDOR NAME	AMOUNT
3-D CORPORATION	1,240.00
AIR COMPRESSOR SERVICE	5,048.84
ALL SEASON SPRAYING	1,405.08
ASSOCIATION OF WASHINGTON CITIES	9.00
BAKER SEPTIC TANK PUMPING	90.00
BANK & OFFICE INTERIORS	660.00
BAY CITY SUPPLY	173.90
BRIDGEVIEW AUTO PARTS	541.33
BRIM TRACTOR COMPANY	181.20
CESCO NEW CONCEPT CHEMICAL PRODUCTS	551.40
CHMELIK SITKIN & DAVIS	3,625.00
CORNERSTONE MANAGEMENT, INC.	4,080.00
CULLIGAN NORTHWEST	78.85
DLT SOLUTIONS, LLC	623.88
DOORMAN COMMERCIAL	4,820.66
EASYPOWER LLC	1,315.00
EDGE ANALYTICAL LABORATORIES	19.00
FASTENAL	1,660.05
FEDERAL EXPRESS	62.08
FERNDALE ACE HARDWARE	179.46
FERNDALE CITY OF	362.30
FERNDALE LUBE	104.13
FERNDALE TRUE VALUE HARDWARE	85.81
FRONTIER	828.35
HARDWARE SALES, INC.	438.96
HARRIS GROUP, INC.	10,026.50
HD FOWLER CO, INC	179.88
HEALTH PROMOTIONS NORTHWEST	90.00
INDUSTRIAL SUPPLY, INC	41.32
LYNDEN PAINT & DECORATING CENTER	112.81
MORTIMER, TOM	1,361.25
MURRAY SMITH & ASSOCIATES	23,034.00
NORTHWEST FENCE, INC	2,576.88
NORTHWEST MOWING & GARDENING	447.42
PACIFIC SURVEY & ENGINEERING	4,735.50
PLATT ELECTRIC SUPPLY CO	1,084.27
PORTAL WAY FARM & GARDEN	43.43
PROBUILD - OSO LUMBER	69.31
PUBLIC UTILITY RISK MANAGEMENT SERVICES	2,668.39
PUD #1 OF WHATCOM COUNTY	214.22

PUGET SOUND ENERGY, INC	5,494.45
RDS - RECYCLING & DISPOSAL SERVICE	22.04
REGENCE BLUE SHIELD	36,770.10
REISNER DISTRIBUTION, INC	1,395.02
RICOH USA	182.45
SMITH MECHANICAL	2,484.02
SOUND SHREDDING & RECYCLING	28.00
SPECIAL-T STRIPING & SIGN COMPANY	45.11
SSC - SANITARY SERVICE COMPANY	520.29
STAR RENTALS	108.70
UNICK, ROBERT F	247.26
UTILITIES UNDERGROUND LOCATION	20.79
VERIZON WIRELESS	1,031.14
WASHINGTON DENTAL SERVICE	2,435.15
WASHINGTON TEAMSTERS WELFARE	9,306.90
WHATCOM JANITORIAL	1,170.00
GRAND TOTAL	\$ 136,130.88

ACTION: Commissioner Kenner motioned to approve the Minutes of the Regular Meeting held June 23, 2015, and the Claims of July 14, 2015. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Approve Interlocal Agreement with Whatcom County for Payroll Services**

Background: Finance Director Smith stated that Whatcom County has been processing payroll for many years for the Whatcom PUD free of charge. This includes all deductions, taxes, and quarterly and year-end reporting. In an attempt to help cover costs and shrinking budgets, the County is beginning to charge for payroll processing. Starting July 1st, a \$10 per warrant issued fee will be charged. Based on 2014 activity, the annual cost would be approximately \$3,860. In October of each year, the fee for the following year will be established. Smith is researching other options for payroll services because there are some payroll services the County does not have the ability to perform such as tracking benefits nor can it estimate overtime. At this time Whatcom PUD staff must keep track of benefits and overtime hours. Smith said she will continue to research other service providers to see if they will work for the Whatcom PUD.

One of the benefits of moving off of the County system is that currently Whatcom PUD is lumped with County employees under regulations regarding the American Affordable Care Act (ACA). If the Whatcom PUD used a different payroll service it would no longer be subject to some of the ACA requirements which are based on number of employees.

ACTION: Commissioner Kenner motioned to approve the Interlocal Agreement with Whatcom County for payrolls services and authorized the General Manager to execute the agreement. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Award of Bid – Plant 1 Pond Cleaning**

Background: Project Manager Strand stated that Whatcom PUD has developed a Capital Improvement Project list for work to be completed in 2015. On this list is the cleaning and excavation of the Whatcom PUD’s Plant No. 1 North Settling Pond (RW-M-2). Due to the significant amount of sediment the clarification process produces, the settling ponds need to be cleaned and excavated, on a regular basis.

On July 7, 2015 the Whatcom PUD received and publicly read aloud three (3) bids submitted for this project. Engineers Estimate for project is \$103,400.50 not including tax. Totals do not include tax.

The results are as follows:

<u>Contractor</u>	<u>Bid Total</u>
Western Refinery Services.....	\$153,900.00
P & P Excavating LLC.....	\$142,983.50
Iverson Earth Works LLC.....	\$103,150.88

In anticipation of the above work, samples of the sediment to be removed from the settling pond at Plant 1 were collected and sent to Edge Analytical for testing. The results of the tests conducted by Edge Analytical indicated that the sediment materials and percentages of various components did not exceed accepted levels beyond which the sediment would be considered contaminated. However, one of the identified substances in the sediment was chromium.

The above test results were provided to all bidders to inform them in their bid preparation. After the bids were submitted and reviewed, the lowest priced responsive and responsible bidder was determined to be Iverson Earth Works LLC. Iverson had identified one party, who would accept the sediment at their site, based on the test results. However, two other parties said they would not accept the sediment unless an additional "leachability" test was performed. They cited the presence of chromium as the reason for their refusal. The initial testing by Edge Analytical did not include a test of "leachability" of the chromium. In other words, how easily does the chromium breakdown and separate from the sediment and enter ground or surface waters.

Iverson felt it was prudent to perform this additional test to avoid any potential liability for the company or Whatcom PUD. The results of the test would also inform the Whatcom PUD as to how to treat sediment removal from the ponds in the future should there be an issue.

It will take approximately five business days for the tests to be conducted and the results known. To delay the Bid Award until the results of the test would extend the period between the bid opening and the bid award beyond the ten day maximum called for in the bid documents voiding the bid.

Therefore, staff recommends awarding the bid subject to the results of the new Edge Analytical tests. Should the tests indicate that the "leachability" of the chromium is high and the sediment then requires a more rigorous disposal method, then the bid award would be terminated. Should this occur, then staff would proceed with a new bid process.

Strand stated that the Whatcom PUD has never run the "leachability" test known because the chromium levels tested this year are on par with past years tests and there is no reason to believe should the results of the new tests indicate that the "leachability" is within an acceptable range, then the bid award would stand and Iverson Earth Works LLC would proceed with the sediment removal project.

ACTION: Commissioner Kenner motioned to approve Iverson Earth Works LLC for the 2015 Plant No. 1 Settling Pond Cleaning Project subject to the results of additional sediment testing acceptable to the PUD. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Approval of Amendment No. 3 to Professional Services Agreement with Murray, Smith and Associates**

Background: In 2006, Whatcom PUD approved a Professional Engineering Services (PSA) agreement with Murray Smith and Associates (MSA) for engineering services to assist the Whatcom PUD. The original termination date was December 30, 2010. In September 2010, the Commission approved Amendment No 1 to the PSA to extend the term until December 31, 2014.

The primary reason for extending the term through the end of 2014 was to allow Whatcom PUD to complete several major capital improvement projects such as the Water Plant 2 Upgrade that required continuing to use MSA to provide engineering services for the projects and to serve as Engineer of Record.

There were three remaining major work tasks that required time to complete beyond December 31, 2014. The three are:

- Task Order No. 8 – Water Reclamation and Reuse Study: Task Order No. 8 started in 2009 and is approximately 80% complete.
- Task Order No. 22 – Storage Feasibility Study: Task Order No. 22 started in 2010 and is approximately 85% complete.
- Task Order No. 25 – Water System Plan Update: Task Order No. 25 started in 2013 and is approximately 50% complete. The work on the Water System Plan Update was slowed down to allow PUD Staff and MSA time to work on the priority of completing the Plant 2 upgrade.

The Commission approved Amendment No. 2 to allow an extension of the MSA Professional Services Agreement until June 30, 2015 to complete Task Orders 8, 22 and 25. Based on the task order budgets, Task Order 8 is now 90% complete, Task Order 22 is now 95% complete and Task Order 25 is now 98% complete. General Manager Jilk stated that Task Order 25 – the update to Whatcom PUD's water system plan has been slowed down so that information from the rate study can be included in the final document.

In February 2015, the Commission approved Task Order No. 26 for MSA, which covers engineering services associated with the Douglas Road Isolation Valve Project (CIP RW-22). Project construction has been delayed and it is anticipated that the work will begin by the middle of August. The two factors forcing the delay have been equipment lead times and the new County road closure permitting process, which requires the County Council to review and approve all permits for County road closures.

All four tasks will be completed within the next three months and it is Whatcom PUD staff's recommendation to amend the current Professional Services Agreement with Murray and Smith Associates extending the term to September 30, 2015.

ACTION: Commissioner Kenner motioned to Approve Amendment No. 3 to the Professional Services Agreement with Murray Smith and Associates extending the term to September 30, 2015, unless terminated earlier as provided in the agreement and authorize the General Manager to sign and execute the amendment. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Approval of Resolution No. 695: Revising the Policy for Employee Compensation of Non-Bargaining Unit Employees**

Background: RCW 54.12.090 authorizes the Board of Commissioners of the District to create positions and fix salaries and RCW 54.16.100 authorizes the General Manager to recommend to the Commission compensation of the non-bargaining unit employees, including salaries. As such, a policy for administering a compensation program for the District's non-bargaining unit employees was approved by the Commission as Resolution No. 560, effective January 1, 2008. Over the years, the Employee Compensation Policy has been amended to reflect salary range changes and job descriptions required to efficiently manage and achieve the goals of the District (Resolution Nos. 663, 675 and 687).

If approved, Resolution No. 695 will revise the Employee Compensation Policy for the purpose of updating the "at-will" employment status, "industry salary comparison" in which District staff utilizes the Washington Public Utility Districts Association Salary Survey, and now outlines "additional benefits and other compensation" for the non-bargaining unit employees of the District. Resolution No. 695 will supersede previously adopted Resolution No. 687.

ACTION: Commissioner Kenner motioned to approve Resolution No. 695 revising the Employee Compensation Policy for Administrative (non-bargaining unit) employees. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Manager's Report**

Responding to Karen Brown's Comments at June 23, 2015 Commission Meeting

General Manager Jilk responded to Karen Brown's comments at the June 23, 2015 Commission meeting regarding instream flows, public water systems and the documents supplied by Ellen Baker. Jilk stated that the Planning Unit's two committees: Funding and Governance Committee, and the Instream Flow Committee both met recently and will be providing recommendations to the Planning Unit at their July 22, 2015 meeting. Jilk provided the draft recommendations and stated that the final recommendations should be sent out to the Planning Unit by July 15. Committee members will also present an update to the County Council on July 28 during their Surface Water Committee Meeting. One item discussed at the Funding and Governance Committee is to suggest to the County Council that they consider using the 2001 Comprehensive Water Resource Plan as a basis to direct the Planning Unit's focus.

Commissioner Murphy asked what the Instream Flow Committee was reviewing and what were they going to use the information for. Jilk stated that the WRIA1 Joint Board has been working on several studies that will help inform the instream flow issues. The studies include the Surface Water Budget completed in 2013 and the first phase of the groundwater study that will be completed in 2016. The second phase of the groundwater study is where the conceptual model will be developed but at this time there is no dedicated funding for the \$800,000 needed to complete it.

Commissioner McClure commented that the groundwater study is focusing on the LENS area and currently does not include the entire County. Jilk concurred and stated the conceptual model, when completed and approved by stakeholders such as the Joint Board, Planning Unit and others should be capable of addressing issues throughout the entire Nooksack Basin.

Commissioner Murphy commented on the article regarding Skagit County and water rights issues. Jilk stated that Skagit County has different issues than Whatcom County.

Rate Study


Finance Director Smith stated that FCS was still performing their analysis on Whatcom PUD's financial information and is still on target to have the study done by September.

Strategic Plan Presentation on July 28

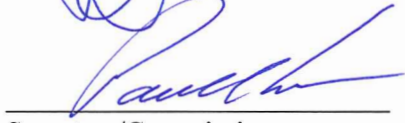
There will be a Strategic Plan presentation to the Commission at the July 28 Commission meeting. The draft plan will be posted on the website and an announcement placed in the local papers inviting public comment at the first Commission meeting in August and then Commission can adopt the plan at the second August meeting.

◆ **Adjourn**

There being no further business for the regular meeting, the Commission adjourned the regular meeting at 8:37 a.m.



President/Commissioner



Secretary/Commissioner

Commissioner