

MINUTES OF THE MEETING OF THE COMMISSION

June 24, 2014

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 Rich Davis. Staff: Steve Jilk, General Manager; Brian Walters, Director of Utility Operations; Annette Smith, Director of Finance; Duane Holden, Manager of Construction and Facilities; Rebecca Schlotterback, Manager – Contracts and Regulatory Compliance; Alec Strand, Project Manager; and, Mike Macomber, IT/SCADA Technician.

Public attending: Max and Carol Perry, citizens, Greg and Karen Brown, citizens, and Rick Maricle, Phillips66.

◆ **Public Comment**

Karen Brown asked if there was going to be action on Item #4 on the agenda. Brown stated that she was out of town and this item was added on Friday and that she did not know about it and that there should be more information. Jilk stated that the Commission would be asked to take action on Item #4.

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

The Commissioners were presented with the Minutes of the regular meeting held June 10, 2014 and the following Claims of June 24, 2014.

VENDOR NAME	AMOUNT
BONNEVILLE POWER ADMINISTRATION	564,843.00
CARL'S MOWER & SAW, INC.	24.94
COMCAST	86.01
EVERGREEN RURAL WATER OF WASHINGTON	165.00
FERNDALE ACE HARDWARE	37.24
HARDWARE SALES, INC.	247.02
INTERNAL REVENUE SERVICE	11,355.57
KCDA PURCHASING COOPERATIVE	131.13
LAMONS GASKET COMPANY	22.70
MATERIALS TESTING & CONSULTING, INC.	209.50
PAYROLL	148,438.79
PORTAL WAY FARM & GARDEN	461.71
PUBLIC UTILITY RISK MANAGEMENT SERVICES	9,339.98
PUD #1 OF WHATCOM COUNTY	14.44
PUGET SOUND ENERGY, INC	857.29
RICOH USA	373.79
RICOH USA FINANCIAL SVC	152.18
SANDERSON SUPPLY	96.63
SOFTWIRED	85.00
SOUND SHREDDING & RECYCLING	28.00
SSC - SANITARY SERVICE COMPANY	402.10
TRUE GREEN LAWN SERVICE	1,630.50
WA FEDERAL VISA CARD MEMBER SERVICES	1,126.69
WA ST DEPT OF REVENUE	61,095.43
WESTERN CONFERENCE OF TEAMSTERS	5,554.50
WILLIAM SCOTTSMAN	1,017.43
GRAND TOTAL	\$ 807,796.57

ACTION: Commissioner Kenner motioned to approve the Minutes of the regular meeting held June 10, 2014 and the Claims of June 24, 2014. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Department of Health Water Systems Assistance-Update on Current Projects and New Projects**

Jilk stated that Dave Olson has been working on two grant projects funded by the State Department of Health (DOH) and will update the Commission on the two projects and inform the Commission of three potential new projects.

Olson acknowledged the Commission's support to help solve drinking water issues in rural Whatcom County. Small private systems do not have access to public funding and for the last 14 to 15 years the PUD has been open to helping these types of systems. Olson reported on the following current and potential projects:

Existing DOH Grants for North County: The north county grant area east of Lynden includes Meadowbrook Water Association, Northwood Water Association and Northwood Park Water Association. These systems have issues with water quality/nitrate contamination. Grant funds provided for: technical assistance, planning, engineering, and emergency intertie components. The grants were initiated by DOH based on requests by the community following the outcome of the 2010 DOH feasibility study facilitated by the PUD.

Status of work: Grants are for a two (2) year period ending July 1, 2015.

- Emergency Intertie: Preliminary engineering complete, permits submittals to DOT pending DOH archeological and historical approval. Public bidding expected fall 2014 with construction as soon as possible thereafter.
- Water System Planning: The key elements of the water system plan require coordination and agreements with City of Sumas, Lynden, Meadowbrook Water Association (MBWA), Northwood Water Association, and Northwood Park Water Association. Meetings with all groups have been ongoing. A preliminary agreement with Sumas to supply water to MBWA has been approved by the Sumas City Council. Final reports and documentation are expected winter 2014. Agreements between the water associations will be drafted fall of 2014 and will include related agreements with Lynden. The agreements will be a basis for consolidated water system plan.

Commissioner McClure asked if more water would become available for developable parcels. Olson said that water was available only for existing parcels essentially meaning there would be no increase in quantity of water. Commissioner McClure asked if all three systems were going to consolidate into one system. Olson said that the agreements being developed would consolidate the three systems into one system. The consolidation helps diminish the economic and operation impacts that the individual systems now face. The DOH grants administered by the PUD have helped these systems to be able to take care of themselves. Private water systems are not eligible for these DOH public funds and because the PUD can accept public funds the PUD can help facilitate DOH's assistance to private water systems. Olson reiterated that the project was initiated by the private water associations not the PUD.

Existing DOH Grant for South County: Grant area includes South Lake Samish (Calmor Cove Water System and South Lake Samish private residents). Issues include water quality of surface water. Grant funds provide for: Technical assistance and feasibility study. The project was initiated by DOH based on request of South Lake Samish private residences.

Status of work: Nine (9) Month Period ending December 1, 2014.

- The primary research is complete. Multiple community meetings were held with decision makers and private residents. The draft feasibility study for DOH is due July 14, 2014.
- Community meetings will be held during summer 2014 followed by incorporation of feedback from community and DOH with final draft due December 1, 2014.

Olson stated that Calmor Cove Water System has 50 connections and all 50 voted to approve to work with the South Lake Samish private residents. 90% of the 100 private residents voted to approve to work with Calmor Cove Water System. Commissioner McClure asked if an option had been decided upon. Olson stated that the report would provide the options, however it is clear that it is not feasible to connect to the Skagit PUD supply as the infrastructure cost could be as much as \$5 million dollars. A community water treatment plant, at this stage, seems to be more feasible. Commissioner McClure asked if the Samish Water District was participating in this project. Olson said that at this time the Samish Water District is unable to provide potable water and is unwilling to be a part of the project. The Samish Water District was asked if they would like to facilitate the DOH Grant and they declined and that is why the PUD is facilitating the DOH grant. Samish Water District may choose to work with Calmor Cove and others on a system development in the future.

Olson reported on the following three newly proposed DOH Grant projects:

(1) Proposed DOH Grant for North County: The location of this grant is south of Lynden and east of Everson. The Everson Livestock Auction Barn is a Group A Community water system providing water to its restaurant/meeting place. The Auction Barn has consistent water quality issues. The DOH proposes that the PUD facilitate a grant that would connect the system with nearby Skookum Chuck Water Association (SCWA). The grant funding would support a scope of work for technical support, project management and administration, and connection fees as required for consolidation but does not include materials or construction labor. If approved by the Commission the PUD would apply for the grant, DOH would prepare the contract for approval at July 22, 2014 Commission meeting and the goal would to have the consolidation finished by December 31, 2014.

Commissioner Murphy asked why the PUD was being asked to help a private business. Olson said the Everson Auction Barn is a Group A Community water system and DOH has determined that the water poses a high risk to the public. Commissioner Murphy said he would not support this grant that the money is moving in the wrong direction. Commissioner Kenner asked if DOH would shut down the restaurant. Olson said he is not able to respond as to what DOH will do if the Auction Barn does not connect to SCWA.

(2) Proposed DOH Grant for North County: The location of this grant is south of Lynden and west of Everson. The Roederland Water Association (Roederland) consists of 51 private homes served by a well that has bacterial contamination. The association has no board, no operator and no management and is under a bilateral compliance agreement by DOH. The Skookum Chuck Water Association (SCWA) could serve Roederland but does not have the legal authority to accept public grant funding and DOH has asked the PUD to facilitate the grant. The grant funding would pay for a feasibility study regarding the consolidation of Roederland with SCWA. The scope of work is for technical support, project management, administration, engineering, and planning as required for feasibility study consistent with those previously facilitated by PUD. If approved by the Commission the PUD would apply for the grant, DOH would prepare the contract for approval at July 22, 2014 Commission meeting and the goal would be to have the consolidation finished by June 30, 2015.

Commissioner McClure asked what would happen to Roederland's water right if the consolidation occurred. Olson stated that the water right would move to SWCA. There would be enough water to supply existing customers. Holden asked if there would be a public bid on any construction. Olson stated that any public funds used for construction would fall under the requirements for the public bidding process. Olson reiterated that the funds for the three proposed grant projects are for feasibility studies only and no grant funds will go towards construction.

(3) Proposed DOH Grant for West County: The proposed grant is for Central City Water Association (CCWA) located within the city limits of Ferndale. DOH supports those activities that help smaller systems consolidate into larger more viable systems. Ferndale is in the process of improving Church Road and notified CCWA that they would have to upgrade their existing pipes that are located in the right of way or consolidate into Ferndale's water system. The pipe upgrade would cost approximately four hundred thousand dollars and was not a viable option for CCWA. Ferndale and CCWA compromised on a solution to consolidate CCWA into the Ferndale water system. DOH requested that the PUD facilitate the grant funds DOH can provide to help with the feasibility study for the consolidation.

A Consolidation Agreement has been executed between CCWA and Ferndale. The Agreement includes two phases:

- Phase I: Funded, underway, and to be complete summer 2014. CCWA will abandon existing source (well) and Church Road transmission main. CCWA side street mains will be connected to Ferndale with temporary wholesale agreement for water.
- Phase II: No funding for planning/engineering. CCWA is responsible to secure its own funding to design and upgrade all remaining water distribution system and services to Ferndale standards after which the remaining CCWA distribution system will be transferred to Ferndale and CCWA will be dissolved.

If approved by the Commission, the PUD would apply for the grant, DOH would prepare the contract for approval at July 22, 2014 Commission meeting. Planning and preliminary engineering necessary for Phase II and related funding applications will be completed by June 30, 2015.

CCWA will apply for Washington State Health Department Drinking Water State Revolving Funds (DWSRF) and related consolidation loan forgiveness in fall 2015 with funding available as early as spring 2016 with construction beginning as soon as possible. CCWA is targeting DWSRF that are eligible for 50% construction loan forgiveness based on consolidation of smaller systems.

Olson stated that the maximum grant funding amount for the three proposed projects is \$30,000.00 each. The Roederland Water Association project and the Central City Water Association project would require the full \$30,000.00 amount. The Everson Auction Barn water system maximum fund would be \$20,000.00 but more accurately it would require \$15,000.00 for the connection fee to Skookum Chuck Water Association and \$2,000 to \$2,500 in administrative and technical oversight. Final approval of all grants would come back to the Commission at the July 22, 2014 Commission Meeting. Based on Washington State Department of Health criteria Roederland Water Association and Central City Water Association are considered Group A Community water systems. The Everson Auction Barn Water System is a Group A Transient Non-Community Water System and is placed in the same group as hotels, campground, churches, etc. that have their own water supply.

Commissioner Murphy acknowledged Dave Olson's continued hard work to assist small private systems with various challenging issues. Murphy asked if the PUD has pulled away from assisting Rathbone and other West Lynden water supply issues. Olson stated that with the help of the PUD's facilitation,

Rathbone received a 50% loan forgiveness. Rathbone is in the process of raising the funds it will need to complete the project and at this time does not need the PUD's further help.

Jilk stated that when the PUD first began to facilitate the work for the North County grant to assist Meadowbrook Water Association, Northwood Water Association and Northwood Park Water Association, the water association members questioned why the PUD was "messaging" with their water. As the project progressed, they realized that the PUD was there only to help resolve issues and had no desire to take over their water associations or take their water rights.

- (1) **ACTION:** Commissioner Kenner motioned to authorize district staff to apply to the Washington State Department of Health for a Technical Assistant/Consolidation grant to support the Roederland Water Association. Commissioner Murphy second the motion. Motion passed unanimously.
- (2) **ACTION:** Commissioner Kenner motioned to authorize district staff to apply to the Washington State Department of Health for a Technical Assistant/Consolidation grant to support the Central City Water Association. Commissioner Murphy second the motion. Motion passed unanimously.
- (3) **ACTION:** Commissioner Kenner motioned to authorize district staff to apply to the Washington State Department of Health for a Technical Assistant/Consolidation grant to support the Everson Auction Barn Water Association. No second. Motion failed.

◆ **Manager's Report**

Water Plant 2 Project Update

PUD staff has accepted the Substantial Completion portion of the project and will meet with legal counsel to discuss the Final Completion portion with a date of July 10, 2014.

Water Forum

The League of Women Voters is sponsoring another water forum on Thursday, July 10 at 6:30 p.m. at the Silver Reef Casino.

WRIA 1 Planning Unit Meeting

The WRIA 1 Planning Unit meeting is scheduled for Wednesday, June 25, 2014 at 6:00 p.m.

◆ **Adjourn**

There being no further business for the regular meeting, the Commission adjourned the regular meeting at 9:14 a.m.



President/Commissioner



Secretary/Commissioner

Commissioner

MINUTES OF THE MEETING OF THE COMMISSION

July 8, 2014

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; Ann Grimm, Administrative Assistant; Brian Walters, Director of Utility Operations; Annette Smith, Director of Finance; Duane Holden, Manager of Construction and Facilities; Rebecca Schlotterback, Manager – Contracts and Regulatory Compliance; Fred Disch, Water Systems Supervisor; Lew Gaskill, Accountant I; and, Mike Macomber, IT/SCADA Technician.

Public attending: Max and Carol Perry, citizens, Greg and Karen Brown, citizens.

◆ **Public Comment**

Karen Brown had three questions: (1) In the memo regarding the Grandview Water System, does the “lack of control of the property” reference meant to indicate the system in the past or future? (2) Does the PUD plan to supply water to the new jail? And (3) Does the PUD plan to supply water to the new mall on Slater Road owned by the Lummi Tribe? Commissioner McClure indicated the question on Grandview would be addressed during that particular discussion of the agenda item and the other two questions addressed later in the meeting.

Max Perry said that as a Grandview business owner and PUD customer, he is concerned about the future costs of maintaining the system comprising of storm water, fire protection and potable water. Cost is a real factor to the business owners.

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

The Commissioners were presented with the Minutes of the regular meeting held June 24, 2014 and the following Claims of July 8, 2014. Jilk indicated there was one correction in the Minutes: Page three under section “(1) Proposed DOH Grant for North County”, second paragraph, third sentence. Commissioner Murphy requested that this sentence be removed as it does not correctly state what Murphy said.

VENDOR NAME	AMOUNT
3-D CORPORATION	1,170.00
CARL'S MOWER & SAW, INC	20.20
CESCO NEW CONCEPT CHEMICAL	82.71
CHMELIK SITKIN & DAVIS	7,518.00
CORNERSTONE MANAGEMENT, INC.	3,058.40
CULLIGAN NORTHWEST	63.57
EDGE ANALYTICAL LABORATORIES	19.00
FEDERAL EXPRESS	4.76
FERNDALE ACE HARDWARE	33.62
FERNDALE CITY OF	317.13
FRONTIER	736.06
GRUNDFOS CBS/PACO PUMPS	18,173.55
HARDWARE SALES, INC.	240.47
HEALTH PROMOTIONS NORTHWEST	90.00
HEWLETT PACKARD CO	7,088.20
LEGACY FORD	33,385.81
MORTIMER, TOM	315.00
MURRAY SMITH & ASSOCIATES	14,887.07
NEOFUNDS BY NEOPOST	500.00
NORTHWEST MOWING & GARDENING	447.42
NORTHWEST PROFESSIONAL SERVICES	550.00
NW RECYCLING	108.50
PLATT ELECTRIC SUPPLY CO	285.92
PORTAL WAY FARM & GARDEN	554.30
POTELCO, INC	135,577.10
PUBLIC UTILITY RISK MANAGEMENT SERV.	2,722.90
PUD #1 OF WHATCOM COUNTY	47.25
PUGET SAFETY EQUIPMENT COMPANY	513.21
REGENCE BLUE SHIELD	33,438.46
REISNER DISTRIBUTION, INC	1,552.13

RICOH USA	250.83
SPECIAL-T STRIPING & SIGN COMPANY	124.14
STELLAR J CORPORATION	153,807.25
THATCHER COMPANY OF MONTANA	32,675.22
VERIZON WIRELESS	1,055.20
WASHINGTON DENTAL SERVICE	2,435.15
WASHINGTON TEAMSTERS WELFARE	70,814.00
WESTERN FLUID COMPONENTS	97.24
WHATCOM COUNTY AUDITOR	73.00
WHATCOM WATCH	25.00
XEROX CORPORATION	8.03
GRAND TOTAL	\$524,865.80

ACTION: Commissioner Kenner motioned to approve the Minutes of the regular meeting held June 24, 2014, as corrected, and the Claims of July 8, 2014. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Grandview Systems – Modifications/Corrective Action**

Background – The PUD purchased potable and fire flow water systems that served portions of Northgate and Grandview industrial parks in 1992. Prior to that time, the systems were developed separately; a potable system with a well and storage tank and a fire flow system with three wells to support the fire supply, by private parties. As a condition of the PUD taking over the systems, the Northgate and Grandview potable systems and the Grandview and Northgate fire systems were physically connected to each other. The three wells consisted of two groundwater wells and a third well that is considered a groundwater well but draws water from a storm water management pond filtered through soil/gravel to a large diameter casing before pumping it into the fire flow system.

Over the last few years, PUD staff has identified several issues related to the capacity, operating and property ownership and easements for both fire and potable systems.

Grandview Water System(s) Main Issues:

1. Property ownership and easement issues – The PUD purchased pipes and pumps from the owners. The PUD was granted easements for the locating of pumps, pipes and storage facilities, but purchased no land. There are many areas where PUD facilities are located that do not align with the easements granted. The PUD has had survey work done to identify these conflicts. Additionally, there is no evidence that ownership of the building structures housing PUD wells and pumps were ever transferred to the PUD. An owner of a building in Northgate which houses two PUD fire wells has granted an easement to the PUD (to locate the well and pumps); however, it does not align with the location of the portion of the building where the PUD equipment is located. A similar situation occurs at the Grandview location of the pond and building/pumps for the other part of the fire system, the PUD has an easement for the use of the pond for fire flow. There are other significant issues related to the pond (as noted below).

Lack of correctness of easements and lack of ownership of real property by the PUD leads to lack of control of the property to validate the safe and efficient operations of the systems.

2. Fire Pond/Well/Pumps – The fire flow system has three wells and a pond with some surface water storage. Two wells are located uphill in the original Northgate Park and the third well is located in the Grandview Industrial Park.
3. Surface Water Storage Pond – The pond was designed as a storm water retention pond for the purpose of managing storm water for the entire Northgate/Grandview development. The pond was later accepted by the County for use as the source of water for the fire system. Over time, sediment coming from storm water has in filled quite an amount of the storage capacity of the pond and a fish passage has been added at the outlet of the pond to California Creek. The main drainage swales upstream from the pond have not been maintained and, along with the in filling of the pond with sediment, the entire system, in terms of storm water management, is dysfunctional. This, in part, inhibits the use and maintenance of the pond for storage for fire flow.

Pump Building Base – Sloughing of material around the base of the pump building was discovered last year by PUD staff. To reinforce the base of the building, gravel was added and concrete poured to keep it from dropping at the northwest corner. If the building/pumps are to stay in that location, a permanent solution needs to be found to protect the building/well/pump.

More recently, the PUD experienced failure of the large diesel pump engine in the pond/well system. It is believed that the cooling system for the pump engine failed and the motor burned up. The engine has been replaced and is functioning. Recently, when the new pump was tested, it was able to produce sufficient quantity of water, but the quality was obviously impacted by sediment in the system. A long term fix has to be found to this problem. Currently, fire water flow over a long duration can't be assured.

As PUD staff considered options on a long term fix at the pond, the idea of dredging the pond, modifying the intake and pump system at the pond were both ideas reviewed.

After meeting with the Whatcom County fire marshal, Whatcom County Planning and Development and Washington Fish and Wildlife and discussing long term roles and responsibilities of different parties in managing the pond, PUD staff is prepared to recommend the following as a three-year plan for correcting existing deficiencies in the Grandview/Northgate/I-5 water systems:

1. Easements – Correct and alignment of the easements to actual locations of infrastructure.
2. Property ownership – Acquire ownership of property (ies) where PUD wells, pumps and storage facilities are located and sufficient areas around these structures to control drainage, well head protection and safety and public access issues and to locate additional storage facilities. Even completing the correct legal description of easements to align them with actual infrastructure does not resolve the need to have the PUD own certain properties.
3. Remove the pump/well/building system from the pond and replace it at the general location of the other wells and storage area up in Northgate. This may require building storage for fire flow, drilling an additional well to supplement existing wells in that location or expanding the capacity of existing wells. This will also require the PUD to get approval for moving the water right attached to the pond to another location.

This plan will require additional legal, survey and engineering work to be completed to arrive at cost estimates and feasible options to choose from and will require a financing plan to accomplish. There are different methods of funding the plan in order to reduce costs to the property owners/businesses. There has been minimal discussion with the City of Ferndale to connect with their water system by extending the line from Malloy Road to Grandview at an estimated cost of \$3 to \$5 million. Recall the City of Ferndale annexed a portion of the Grandview Business Park in 2010. Other options include transferring ownership of the system, creating a Local Utility District (LUD) to bring the water line in or the possible use of County EDI funding to assist in paying for infrastructure. Most importantly, the PUD will work with its customers (connected to the system) and land owners (who are not now connected) to discuss what they see as options for making changes to the system.

Jilk has discussed the Grandview water rights with Legal Counsel Mortimer and the Department of Ecology, and moving the water rights from the pond to another well does not seem to create a problem.

Commissioner Kenner said he would like to explore the option of the City of Ferndale purchasing the water system, although they [City] may have issues in getting the funding. Jilk said that the City's annexation was in anticipation of significant development that has not occurred yet. If any significant development would occur to the level anticipated by the city it would require a sewer system which would require connection to the City of Ferndale's sewer system. Currently the Grandview business area is on septic systems.

Commissioner McClure inquired about the Grandview area's build-out. The PUD service area is at about 50% and approximately 40% of the land has been built. It is now zoned Light Industrial Level 1 (right outside the City limits) and zoned for retail-dense inside the area annexed by the City. McClure suggested the possible use of EDI funds tied to infrastructure to create jobs. Jilk replied that the EDI board prefers to see the bird in hand approach for investment in public infrastructure, where a development would occur, creating jobs or retaining jobs only if the cost could be shared by the public sector.

Commissioner Murphy identified with Mr. Perry as a business owner and that he understands costs and trying to determine the needs. Murphy said the fire flow has not been taken into consideration, there should be a broader approach to the City of Ferndale to take over the system; and what is the best way to serve the PUD customers and make them aware of these situations. Murphy would like to see a more of an immediate action rather than three years to develop the plan by December 31, 2017. Jilk replied that the intention is to develop the plan and have all the work done *within* three years. (Allowing for permitting and construction would take at least a year and a half.) PUD staff can begin discussions with engineering consultants to assist the District in implementing and developing options/improvements and present a plan to the Commission in about 120 days.

Commissioner McClure indicated there are too many divergent requirements that do not give the PUD much control and his main concern is the intake system for the pond – problems with sediment getting into the pond/intake system and the slough-off around the building that houses the other well pumps. The property owner issues (such as lack of maintenance) that has not been taken on also creates liability. Jilk added that property acquisition of the building that houses the pumps would be necessary in order to maintain and secure the equipment, long term. Legal Counsel Sitkin added that the County Critical Areas Specialist advised that because the pond is fish habitat work in the pond is subject to the County's Critical Areas Ordinance, and that the maintenance of the pond would be an exempt activity under the Critical Areas Ordinance allowing the pond to be restored to its pre-existing condition, but the County confirmed that it does not have any records regarding the size or volume capacity of the fire pond that the County approved. Thus, there the opportunity to maintain the pond and thus dredging may be an option, but the pre-existing condition of the pond is uncertain.

Director of Utility Operations Walters said the PUD recently extended a request to Whatcom County Fire District 7 to observe a test on the fire system. The test actions were deemed satisfactory to the Fire Marshal by pumping 3,000 gallons per minute; however, there is a significant lack of clarity of the water in the pond, which is likely due to ongoing sediment in the pond.

At this time, the recommendation to the Commission to consider is the concept of moving out of the surface water pond to another location and use groundwater as the only fire water source and to correct the property easements and complete property acquisitions necessary to bring the system at Grandview to a place to where the PUD can operate it to meet all standards and in a cost effective and responsible manner. If approved by the Commission, PUD staff would bring specific recommendations to the Commission and develop a scope of work to determine initial land values and clarifications on easements, specifically the land on the northwest section of Northgate to own, control and locate additional facilities. The best location for connection to the City of Ferndale's system could be on the north end of the property with an added storage tank. The challenge will be the issue of how much cost may have to be borne by the customers. The District has consistently been trying to hold Grandview customer rates down.

ACTION: Commissioner Murphy motioned to direct staff to develop a plan within the next 120 days for (1) specific actions to correct easements, acquire properties, move the fire flow supply source out of the surface water pond at Grandview and identify costs and potential revenue sources; and, (2) include an outreach to the City of Ferndale for potential purchase, to be completed in its entirety by 12-31-2017. Commissioner Kenner second the motion. Motion passed unanimously.

Follow Up Answers for Public Comment:

(1) New Jail Property – Jilk attended a meeting last month with the small cities mayors where County Executive Louws, Deputy Dessler and Sheriff Elfo presented information on the jail. The PUD has a 115 kV electric line just south of the new jail site. If there is an interest from the County, the PUD may provide electric service with its own substation. Puget Sound Energy currently serves the area with the LaBounty Substation across the road on Slater. Jilk indicated the PUD is open for discussion on electric service. As far as water service goes, the PUD would not directly serve the jail but could consider working with the City of Ferndale to supply power for their water treatment plant/system that would serve the jail.

(2) Jilk received a call from the Lummi Nation regarding PUD electric service for property on the south side of Slater Road. The same option for the jail above applies to this property – it would require building a separate substation. The PUD remains open for discussion on electric service for that area.

◆ **Adopt Resolution No. 679 – Sole Source for Purchase of Rockwell Variable Frequency Drive for New Water Plant No. 2 Intake Pump**

Background – New Variable Frequency Drives (VFD) installed by the Contractor as part of the Water Plant No.2 Improvement Project are Rockwell brand. At the conclusion of the Project, the District will, separate from the Project; install a new 150 hp pump at the Intake facility. Staff desires that the new VFD required to drive the pump be a Rockwell brand. Walters said there are twelve Rockwell VFD motors in the basins and prefer to keep consistency and purchasing another of the same would facilitate operations, maintenance, and inventory for the population of VFDs installed at Plant 2.

Commissioner Kenner inquired on the cost of a Rockwell VFD. Walters replied approximately \$23,000. Commissioner McClure asked if the price is comparable and Walters assured it is.

RCW 39.04.280(1)(b) states the competitive bidding requirement may be waived by the governing body of the municipality if the purchases involve special facilities or market conditions.

ACTION: Commissioner Murphy motioned to adopt Resolution No. 679, approving the use of sole source for purchasing a Rockwell Variable Frequency Drive (VFD) to use with a new pump to be installed at the Water Plant No. 2 Intake facility. Commissioner Kenner second the motion. Motion passed unanimously.

◆ **Manager's Report**

Whatcom County Council

Natural Resources Committee - Today at 9:30 a.m. – The County Executive's council update on the development and progress of the Water Action Plan for water resources in Whatcom County is scheduled. Jilk will plan to attend.

Public Works Committee – Today at 1:30 p.m. – Discussion and a recommendation to the Council regarding the Resolution commencing the Coordinated Water System Plan update process is scheduled. Jilk will plan to attend.

Public Hearing – As part of tonight's regular County Council Meeting (beginning at 7:00 p.m.) for the Ordinance granting the PUD's franchise area to allow for the utilization of County Rights of Way for water infrastructure. Jilk will plan to attend.

Water Forum

The Rome Grange is sponsoring their fourth water forum on Thursday, July 10 at 7:00 p.m. at the Silver Reef Casino.

◆ **Adjourn**

There being no further business for the regular meeting, the Commission adjourned the regular meeting at 9:02 a.m.



President/Commissioner



Secretary/Commissioner

Commissioner

