

# DRAFT

## MINUTES OF THE MEETING OF THE COMMISSION

March 25, 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; Alec Strand, Project Manager; Fred Disch, Water Systems Supervisor; Lew Gaskill, Accountant 1; Paul Siegmund, Manager – Automation and Technology Services; Mike Macomber, IT/SCADA Technician. Public attending: Greg and Karen Brown, citizens; Rick Maricle, Phillips66; and, Max and Carole Perry, citizens.

◆ **Public Comment**

None made.

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

The Commissioners were presented with the Minutes of the regular meeting held March 4, 2014 and the following Claims of March 25, 2014.

VENDOR	AMOUNT
3-D CORPORATION	1,170.00
ASPLUNDH TREE EXPERT CO	1,280.00
BAY CITY SUPPLY	498.00
BELLINGHAM HERALD	76.58
BONNEVILLE POWER ADMINISTRATION	681,122.00
CENTRAL WELDING SUPPLY	61.29
CORNERSTONE MANAGEMENT, INC.	6,241.46
EASYPower LLC	3,062.50
EDGE ANALYTICAL LABORATORIES	19.00
FERNDAL ACE HARDWARE	54.87
FERNDAL CITY OF	272.20
FERNDAL READY MIX AND GRAVEL, INC	284.67
FERNDAL TRUE VALUE HARDWARE	28.41
GLEASON, GUY G	65.36
HACKER, RONALD G	65.47
HARDWARE SALES, INC.	57.90
HD FOWLER CO, INC	31.30
HEWLETT PACKARD CO	1,901.24
HYDROFLOW PRODUCTS, INC	2,667.38
INTERNAL REVENUE SERVICE	11,187.08
KCDA PURCHASING COOPERATIVE	119.48
LENOVO US INC.	520.78
MATERIALS TESTING & CONSULTING, INC.	446.00
MORTIMER, TOM	1,848.00
MURPHY, MICHAEL J	40.88
MURRAY SMITH & ASSOCIATES	35,247.69
NEW CONCEPT CHEMICAL PRODUCTS	90.71
NORTHWEST MOWING & GARDENING	447.42
NORTHWEST PROFESSIONAL SERVICES	550.00
NW RECYCLING	108.50
OPEN ACCESS NETWORK SERVICES	50.00
P&P EXCAVATING, LLC	434.00
PARTNERSHIP FOR WATER CONSERVATION	100.00
PAYROLL	146,236.34
PLATT ELECTRIC SUPPLY CO	271.34
PORTAL WAY FARM & GARDEN	218.43
PUD #1 OF WHATCOM COUNTY	139.86
PUGET SOUND ENERGY, INC	5,330.12
REISNER DISTRIBUTION, INC	1,270.57
RICOH USA FINANCIAL SVC	152.18
SANDERSON SUPPLY	283.25
SPECIALTY ENGINEERING, INC	9,051.62
SQUARE D/SCHNEIDER ELECTRIC	5,705.84
SSC - SANITARY SERVICE COMPANY	392.95
THATCHER COMPANY OF MONTANA	16,700.67

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UTILITIES UNDERGROUND LOCATION	15.48
VERIZON WIRELESS	1,059.72
WA FEDERAL VISA CARD MEMBER SERV	1,791.44
WA ST DEPT OF REVENUE	66,818.13
WESTERN CONFERENCE OF TEAMSTERS	5,113.50
WESTERN FLUID COMPONENTS	123.04
WILLIAM SCOTTSMAN	847.86
XEROX CORPORATION	96.97
<b>GRAND TOTAL</b>	<b>\$1,011,769.48</b>

**ACTION:** Commissioner Kenner motioned to approve the Minutes of the regular meeting held March 4, 2014 and the Claims of March 25, 2014. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Approval of Resolution No. 677 – Establishing Guidelines for District Commission Meetings**

Background – On an annual basis, the District Commission sets the regular meetings schedule by resolution at or before their first meeting of the year. The Commission has decided that additional policies and procedures related to District Commission meetings and the scheduling of Special Meetings would provide guidance, assistance to the District staff and the public, and would encourage and foster open government and transparency in government, while protecting the personal privacy interests of District employees and commissioners.

Legal Counsel Sitkin explained that the State Legislature recently passed SHB 2105, an act relating to promoting transparency in government by requiring public agencies with governing bodies to post agendas online no later than 24 hours in advance of each regular meeting. As such, the District has developed a policy which is anticipated to assist the District in its continuing compliance with laws and regulations applicable to the conduct of open meetings and the conduct of the public in such meetings. There are also similar policies that other cities and public utility districts are adopting.

Resolution No. 677 establishes the District Guidelines related to District Commission meetings as follows and clarifies in greater detail of what the law (Open Public Meetings Act RWC-42.30) requires:

- A. Open Public Meetings Act
- B. Meetings
  - 1) Regular District Commission Meetings
  - 2) Special District Commission Meetings
- C. District Commission Meetings and Conduct at Meetings
- D. Applicable Laws Govern

**ACTION:** Commissioner Murphy motioned to approve Resolution No. 677 establishing Guidelines for District Commission Meetings. Commissioner Kenner second the motion. Motion passed unanimously.

◆ **Approval of Resolution No. 678 – Establishing Guidelines for District Employee Use of District Owned Technology and Prohibition of Personal Technology**

Background – Commission Resolution No. 509 established guidelines for District owned cellular phones and for District employee cell phone acquisition and usage. Since the advent of personal technology devices, working away from the office and remote access to computer networks, the line between personally owned technology and company technology is indistinct. For example, remote access to work place emails on a personal cell phone or tablet is commonplace.

The District Commission has decided that in certain circumstances, District staff and/or Commissioners should be provided District owned portable technology in the addition to cell phones such as tablets or iPads for District purposes, and that employee use of personally owned technology for District purposes should be limited.

Legal Counsel Sitkin explained that because of the advance in technology and that many of the staff use 'smart' phones and laptops for remote duties, the District has developed this policy designed to provide guidelines for technology interface; and, to supplement and expand existing District policies, now collectively referred to as Technology Policies regarding the use of District owned or operated technology which includes computers, laptops, servers, intranet, District internet access, cell phones, and tablets/iPads. The Technology Policies establishes acceptable and appropriate use of computer and information systems, networks, and other information technology resources of the District, and limitations on the use of personally owned or operated computers, laptops, servers, intranet, internet access, cell phones and tablets/iPads.

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The purpose of the Technology Policies are to safeguard and protect all District Technology from anything other than authorized and intended use, and to provide direction to District staff and elected officials regarding the prohibition of the use of personally owned technology (cell phones, computers, tablets, etc.) for District purposes. This policy is also intended to promote practices that encourage open government and transparency in government while protecting the personal privacy interests of District employees and Commissioners.

Commissioner McClure inquired on how this policy relates to District staff. Jilk replied this policy sets the level of where the parameters need to be for the District as a whole, but what the individual (staff or elected official) is comfortable with on “going public” i.e. should a public disclosure request arise and the District owned technology is subject to a records search. There are many nuances and issues that arrive from technology but need more defined use parameters. Commissioners asked several questions regarding how this policy would impact Commissioners and use of District laptops, iPads, and smart phones. Sitkin suggested that the Commission table this item for further review and revisit at the next meeting on April 8 and Commissioners should contact Mr. Jilk or Sitkin with questions to clarify any concerns.

**ACTION:** No action taken. Item tabled for review at next meeting.

### **Approval of Amendment No. 2 to Bender Park Communications Tower Agreement**

Background – Whatcom PUD entered into the Bender Park Communications Tower Agreement (Agreement) with Cingular Wireless in January of 2004. The Agreement allowed Cingular Wireless access to place equipment at Whatcom PUD’s communication tower site located at Thornton Road in Ferndale. The property area within which Whatcom PUD’s tower and related equipment is located is owned by the City of Ferndale. Whatcom PUD occupies and controls the site under an easement agreement with the City.

The Agreement was subsequently assigned to AT&T. The Agreement requires that if AT&T wishes to add lease space and/or equipment it must first seek approval from Whatcom PUD for an amendment to the Agreement.

In April of 2013, the Commission approved Amendment No. 1 to the Agreement which allowed AT&T to add additional equipment on the ground at the tower site. Upon approval of Amendment No. 1 the fees increased from \$935.00 to \$1,408.00. The following summer, AT&T made a new request to the District to install one microwave dish antenna with associated radio unit and coax cable on the tower. There was no request for new equipment on the ground. The District required AT&T to conduct, at their expense, an engineering study to assess the impact the proposed microwave dish installation would have on the tower, including whether the tower could handle the additional loading without being modified. AT&T complied and the study results and underlying data were provided to PUD staff for review.

Staff then informed AT&T that the PUD would have the study results further reviewed by the PUD’s engineering consultant. AT&T, in accordance with the terms of the Agreement, would be required to reimburse the PUD for the cost of such review.

Subsequently, PUD asked MSA to conduct the review utilizing its sub-consultant CG Engineering. The review was completed and the consultant summarized the review and recommended that AT&T perform additional engineering work, including topographical and seismic analyses in its technical letter. AT&T complied and provided additional data related to the analyses requested.

Walters said that in all, a total of five (5) studies were done to ensure that the satellite dish and other equipment would not interfere/impact with the transmission, etc. of that of the District’s. A second review was conducted by the PUD’s engineering consultants and in February of 2014, MSA through its sub-consultant determined that the proposed microwave dish installation would not negatively impact the communications tower owned and operated by the District. A study was completed on the microwaves and the location of the tower is very desirable because it is one of the tallest towers in the area.

McClure inquired about the rate setting process. Walters replied that staff performed a market survey of other comparable towers to set the rates. An Interlocal Agreement between the District and the City of Ferndale for use of the property is in place. The District can use the property at no charge and in exchange, the City may place their equipment on the tower as space provides.

**ACTION:** Commissioner Kenner motioned to approve Amendment No. 2 to Bender Park Communications Tower Agreement and authorize the General Manager to sign the Agreement. Commissioner Murphy second the agreement. Motion passed unanimously.

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## ◆ Washington Public Utility Districts Association – Committee Appointments

Background – As a member of the Washington Public Utility Districts Association (WPUDA) each member PUD has the option to designate a representative from the PUD to various committees of the WPUDA and act as a “voting delegate” on that/those committees. Designated representatives of the member have to be an elected or employee of the member district.

The WPUDA committees and PUD #1 designees for the committees are listed below as well as Jilk’s recommendations to fill vacant positions. The original request was modified to represent the primary or alternate designee to be the same as the current Commissioner who represents the District on WPUDA’s Board of Directors. This will allow for that person attending the various committee meetings to be eligible to vote.

<i>WPUDA Committee</i>	<i>Primary</i>	<i>Alternate</i>
<i>WPUDA Board of Directors</i>	Mike Murphy	Jeff McClure
<i>Managers Committee</i>	Stephan Jilk	Brian Walters
<i>Government Relations</i>	Mike Murphy	Stephan Jilk
<i>Communications</i>	None (none recommended at this time)	
<i>Energy</i>	Stephan Jilk	Mike Murphy
<i>Telecom</i>	None (none recommended at this time)	
<i>Water</i>	Stephan Jilk	Mike Murphy

**ACTION:** Commissioner Kenner motioned to approve PUD #1 delegates to Washington Public Utility Districts Association committees. Commissioner Murphy second the motion. Motion passed unanimously.

## ◆ Ratify General Manager’s Declaration of an Emergency and Contract(s) Executed to Remedy the Emergency Situation

Background – On March 4, 2014, while District water operations staff was conducting a flow test of the Grandview fire water system, the diesel engine driving the water pump at the Grandview Fire Pond seized and experienced a catastrophic failure. Fire District 7 responded to reports of black smoke billowing from the fire pond pump building. Upon arriving at the scene, fire personnel determined that there was no fire present.

Following the event, District staff disconnected the engine from the pump drive shaft and electric cabling. The engine was removed from the pump building and trucked to Bellingham for disassemble and analysis of its condition. The services provider, Tri-County Diesel (TCD), determined that the engine had suffered major damage and would require an extensive re-build, if even possible. One issue influencing the re-build decision was whether the engine block could be re-used. Given the estimated cost of the potential rebuild, District staff requested that TCD investigate alternatives, including the purchase and installation of a new diesel engine.

With the fire pond diesel engine out of service, the Grandview fire system cannot operate anywhere near its design capacity nor can it meet the pressure and flow duration rates specified in the current County Fire Code. Because of this, staff recommended and the General Manager concurred that an Emergency existed and the General Manager declared the existence of the Emergency.

The section on Emergency Contracts, which is contained in the District’s current Policy document, states the following:

*“When any emergency shall require the immediate execution of a contract, the General Manager, pursuant to procedures of RCW 39.04.020 (and as amended), is authorized to make a finding of the existence of such emergency and execute any contract necessary to respond to the existing emergency, providing that the General Manager shall, at the first Commission meeting following the General Manager’s finding of the existence of an emergency, request District Commission ratification of the finding of an emergency and any contract awarded or executed pursuant to this authority. From the inception of any such emergency, the General Manager shall continuously advise the Commission of the status of the emergency situation and the progress of any contracts executed to remedy the emergency.”*

The General Manager is addressing the emergency in accordance with the above Policy directives. Based on estimates of costs to be incurred to remedy the situation, the total of expenses will exceed the General Manager’s purchasing authority of up to \$25,000. The cost not to exceed cost estimate is \$80,000.00, including contingencies. The District is in discussion with Tri-County Diesel for the purchase and installation of the required equipment. The main components will include a new fire system rated diesel engine, new fire control panel, and associated piping and wiring. The installed package will be required to meet the National Fire Protection Association’s (NFPA) Standard 20, UL, and a Factory Mutual (FM) standard certifying the engine is fire duty rated.

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The majority of the cost of relieving the emergency condition, involving the Grandview Fire System, will be reimbursed through the District's insurance pool. Overall costs estimated for a new engine/system replacement is between \$70,000 and \$80,000 and rebuilt engine around \$60,000. The District's cost would be approximately \$15,000 to \$20,000 (net costs above insurance proceeds will include the insurance deductible and other incidental costs not reimbursed).

After the fire system event occurred on March 4, District staff contacted all Grandview customers and Fire District 7 and updated them on the situation. We will continue to keep Fire District 7 apprised of the status of our efforts to remedy the Emergency and return the fire system to fully functional capacity.

Commissioner McClure said Walters presented a good summary of the problems that staff is working on and that a future discussion on the fire system will be needed. There are options to possibly combine the potable with the fire system and the potable system.

**ACTION:** Commissioner Kenner motioned to Ratify the General Manager's Declaration of an Emergency and subsequent execution of contract(s) to remedy the emergency situation, which involves the District's Grandview fire water system. The estimate cost not to exceed to remedy for remedying the Emergency is \$80,000.00. Commissioner Murphy second the motion. Motion passed unanimously.

### **Strategic Planning Process**

Sitkin updated the Commissioners on the District's Strategic Planning Process. He is working along with a consultant of Maul Foster and formulating a proposal after meeting with key staff and commissioners. The process will be tied to the budget planning process beginning in June and is focusing on:

- District's mission statement
- Goals to achieve
- Pre-Planning workshops facilitated by the consultant and Sitkin
- Draft Strategic Plan, followed by an additional workshop and public review
- Adoption of Strategic Plan

Sitkin plans to have a proposal ready for Commission review at the end of April.

### ◆ **Manager's Report**

#### Legislative Watch

Four (4) bills made it through the State Legislature's session that may have a possible impact on Public Utility Districts. One of the new laws will now require commissioner/elected officials training on the public information act. Jilk will present more information at the next meeting.

Commissioner Murphy attended the WPUDA Legislative Reception in February. He hoped to have a discussion with Representative Larsen but did not get the opportunity as the group was very busy. Murphy said out of 1,343 bills introduced, the WPUDA monitored 239 of them.

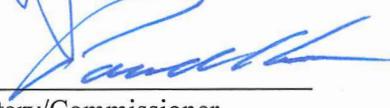
#### Small Water Systems Workshop

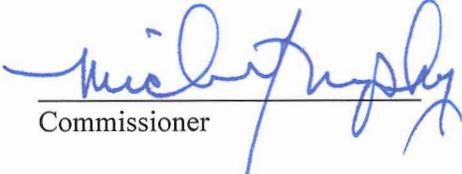
Commissioner Murphy and Jilk attended a workshop presented by the WPUDA and Department of Health on March 5 at Skagit PUD. This northwest region workshop was one of four to be held around the state. Murphy indicated there was full attendance at the workshop which included small private and public water associations. Presentations made by Whatcom PUD (Jilk represented Whatcom), Snohomish PUD, Skagit PUD, and Department of Health about the challenges small water districts face along with a broad overview of the kind of resources available, from the DOH to PUDs to help address those challenges. Grant information was also presented. Jilk was on one of the panel interviews for question/answer sessions and a mock water association meeting was facilitated by the executive director of the State Water Districts Association.

### ◆ **Adjourn**

There being no further business for the regular meeting, the Commission adjourned the regular meeting at 9:05 a.m.

  
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President/Commissioner

  
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Secretary/Commissioner

  
\_\_\_\_\_  
Commissioner