

MINUTES OF THE MEETING OF THE COMMISSION

January 28, 2014

The regular meeting of the Board of Commissioners of Public Utility District No. 1 of Whatcom County was called to order at 4:00 p.m. by Commissioner Mike Murphy. Said meeting was open to the public and notice thereof had been given as required by law. Those present included 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 – Construction and Facilities; Lew Gaskill, Accountant 1; Mike Macomber, IT Technician; and Paul Siegmund, Manager – Automation and Technology Services. Public attending: Karen Brown, citizen; Rick Maricle and Dan Kier, Phillips 66; and Max Perry and Carole Perry, citizens.

◆ **Public Comment**

None made. Commissioner Murphy welcomed back Rick Maricle of Phillips 66, noting it was nice to see him again after his extended absence from the District Commission meetings.

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

The Commissioners were presented with the Minutes of the regular meeting held January 14, 2013 and the following Claims of January 28, 2014.

VENDOR NAME	AMOUNT
BELLINGHAM LOCK & SAFE, INC	118.70
BONNEVILLE POWER ADMINISTRATION	616,431.00
CARL'S MOWER & SAW, INC	2,291.69
CENTRAL WELDING SUPPLY	91.93
COMCAST	78.31
CORNERSTONE MANAGEMENT, INC.	2,675.40
EDGE ANALYTICAL LABORATORIES	19.00
ELCON ASSOCIATES	9,842.75
FERNDALE ACE HARDWARE	15.74
FERNDALE READY MIX AND GRAVEL, INC	1,464.79
FERNDALE TRUE VALUE HARDWARE	6.61
HARDWARE SALES, INC .	22.11
INTERNAL REVENUE SERVICE	11,678.97
MATERIALS TESTING & CONSULTING, INC.	618.00
MURRAY SMITH & ASSOCIATES	30,680.76
NORTHWEST PROFESSIONAL SERVICES	112.24
PACIFIC SELF STORAGE	3,149.00
PAYROLL	152,666.28
PLATT ELECTRIC SUPPLY CO	2,285.21
PUD #1 OF WHATCOM COUNTY	583.95
PUGET SAFETY EQUIPMENT COMPANY	933.76
PUGET SOUND ENERGY, INC	1,493.39
REGENCE BLUE SHIELD	33,438.46
RICOH USA FINANCIAL SVC	152.18
THATCHER COMPANY OF MONTANA	16,715.19
WA FEDERAL VISA CARD MEMBER SERVICES	1,883.57
WA PUBLIC UTILITY DISTRICTS ASSOCIATION	13,537.00
WA ST DEPT OF REVENUE	63,134.92
WASHINGTON DENTAL SERVICE	2,435.15
WASHINGTON TEAMSTERS WELFARE	8,794.80
WESTERN CONFERENCE OF TEAMSTERS	3,316.50
WILLIAM SCOTTSMAN	847.86
GRAND TOTAL	\$ 981,515.22

ACTION: Commissioner Kenner motioned to approve the Minutes of the regular meeting held January 14, 2013 and the Claims of January 28, 2014. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Approve Potelco Construction Contract – Change Order No. 7 (Enterprise Substation)**

Background – The re-design of the Enterprise substation, CIP Project E-11, has been underway since 2012. Walters explained this Change Order No. 7 has two distinct work items which were not part of the original scope of work and was a design omission when the project was bid. Both work items are for the procurement, installation and testing of power quality monitoring current transformers (CT). The work items are:

1. The low voltage or service side of (T328) a neutral CT is required to monitor the substation operations. This work item is for the purchase of a new CT, and the installation and testing of it on T328 as well as the installation of all required conduit and conductors. Potelco Change Order Proposal No. 10 (COP 10).
2. Whatcom PUD owns 3 CT's (115kV) which are fully functional but not currently in use as a result of the Refinery Substation Redesign Project at the Phillips 66 (CIP E-14). Potelco will safely remove the CT's from Transformer No. 2 (T2) at the Refinery Substation, transport, install and test them on transformer No. 328 (T328) at Enterprise Substation, the installation includes all conduit and conductors required to terminate connections inside of the new control house. Potelco Change Order Proposal No. 12 (COP 12).

With these changes this project is still within budget for CIP E-11:

COP 10	\$6,246.00
COP 12	\$17,208.61
Sub-Total.....	\$23,454.61
<u>Sales Tax (8.5%).....</u>	<u>\$1,993.64</u>
TOTAL.....	\$25,448.25

Walters explained that the metering package specified in the design documents for the substation project did not include CT's, which were needed. He explained that to return the original metering package ordered for the project, the District would incur substantial restocking fines/penalties. It was determined that it would be less expensive to keep the metering package delivered and buy new CT's to add.

Commissioner Kenner asked what the estimated cost would be. Walters said that it was determined that three of the needed CT's could be obtained at no cost from the Refinery substation. They were surplus as part of the recently completed project there. The only cost would be the labor to remove them and reinstall them at Enterprise substation. Therefore, the net cost increase resulting from the design error would probably be only a few thousand dollars. However, the project would still be within the budget.

Jilk noted that with the General Manager's Change Order Authority (up to \$25,000), the change order could have been approved by him (without sales tax included). However, Jilk wanted to ensure the Commission completely understood the project. Commissioner Murphy said he viewed it as the most cost-effective way as far as managing time/cost involved with a return shipment and the change.

ACTION: Commissioner Kenner motioned to approve Change Order No. 7 for Potelco (Contractor) Construction Contract for the Enterprise Substation Project (CIP E-11) for a cost not to exceed \$25,448.25 (including sales tax) and authorize the District's General Manager to sign the document. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Manager's Report**

WRIA1 Planning Unit

There is a Planning Unit meeting scheduled for tomorrow night and the next WRIA1 Joint Board meeting is scheduled for February 6. Jilk plans to attend both and will present an update at the next Commission meeting on February 11.

Farmer Water Meeting – Update

Commissioner McClure, Rebecca Schlotterback and Jilk attended the Farmer Water Meeting hosted by the Whatcom Farmer's Co-op and the AG District Coalition on Monday, January 20th. The meeting focused on water issues and how farmers address them. There were about 250 in attendance with a well diverse section of representation. Presentations from the Lummi Nation, ReSources and attorney Bill Clark were made. The Coalition is looking to expand the number of watershed improvement districts by adding five or six more throughout the county. The idea is to develop a broader political base and financial resource base so more "agriculture" is represented on water management issues. There were no decisions asked of or made at the meeting but rather it created a broader representation of many different types of farmers which will help to craft a stronger Ag voice and provide input on current strategies and next steps of the Ag District Coalition.

Weather/Water Watch

Commissioner Murphy noted that as he watches weather forecasts he hopes that the District continues to develop around climate issues in the long term and communicate/work together with other main water purveyors in the area. Jilk said that the 25 to 30 year outlook there is expected to be lower snow pack, and not much water stored in the snow. This may mean higher flows in the winter, more runoff, and lower flows in the summer months because there will less snow pack to act as a reservoir. There is also the possibility of tidal influence at Plant 1 because of higher sea levels to keep in mind, and that low river levels during the summer can create challenges with stream flow and constrictions. District staff will continue to engage in discussion and planning on potential impacts to the District water resources regarding climate change.

◆ **Adjourn**

There being no further business for the regular meeting, the Commission adjourned the regular meeting at 4:16 p.m.



President/Commissioner



Secretary/Commissioner

Commissioner