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2017 BOARD OF COMMISSIONERS

Paul D. Kenner, President

Jeffrey L. McClure, Vice President

Michael J. Murphy, Secretary

PUBLIC UTILITY DISTRICT No. 1
of Whatcom County

Agenda for the
Regular Meeting of January 10, 2017
8:00 a.m. at the PUD Office

1. Public Comment
2. Approval of Meeting Minutes held December 20, 2016
3. Approval of Claims for January 10, 2017
4. Weather/Operations Update
5. Manager's Report
- NEW 6. Executive Session: Review and Consider Potential Litigation
7. Adjourn

Next Commission Meetings

January 24 and February 14, 2017 – Regular Meetings
All meetings begin at 8:00 a.m. at PUD Administration Office -
1705 Trigg Road, Ferndale, WA unless other location announced.
PUD #1 of Whatcom County • (360) 384-4288

MINUTES OF THE SPECIAL MEETING OF THE COMMISSION

December 20, 2016

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 Mike Murphy. Said meeting was open to the public and notice thereof had been given as required by law. Those present included Commissioner Jeff McClure, Commissioner Paul Kenner and Legal Counsel Jon Sitkin. Staff: Steve Jilk, General Manager; Ann Grimm, Administrative Assistant; Rebecca Schlotterback, Manager of Contracts and Regulatory Compliance; Brian Walters, Director of Utility Operations; Annette Smith, Director of Finance; Alec Strand, Project Manager; Paul Siegmund, Manager of Automation and Technology; Mike Macomber, IT/SCADA Tech; and, Lew Gaskill, Accountant I.

Public attending: Max and Carole Perry, Citizens, Rick Maricle, Citizen
Dave Olson, Citizen,

◆ **Public Comment**

Carole Perry said she heard on the radio news this morning that the County Council is concerned about and is appealing to the state legislature about the Hirst case, and how we are witnessing miraculous things like the County Council at odds with Futurewise and some of the environmental groups. At a recent County Council meeting, she witnessed people old and young who have been affected by the recent ruling. She thinks it is good for governing bodies to realize that they are “not just passing law” but passing laws that really do affect people. Perry said it is not about “water” but about control of where people want us to live and that “real people are involved.” Commissioner Murphy thanked Perry for her comments and said he is blessed to work with PUD staff, crew and legal counsel, and that everyone works well together. Murphy is proud of this and feels the PUD has more vision and is open-minded.

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

The Commissioners were presented with the Minutes of the Regular Meeting December 13, 2016 and the following Claims of December 20, 2016:

VENDOR NAME	AMOUNT
BONNEVILLE POWER ADMINISTRATION	651,645.00
CENTRAL WELDING SUPPLY	67.25
COMCAST	29.88
FERGUSON ENTERPRISES, INC	54.66
GASKILL, LOIS E	21.63
HD FOWLER CO, INC	97.67
INTERNAL REVENUE SERVICE	13,532.79
IVERSON EARTHWORKS	48,657.08
IVOXY CONSULTING LLC	8,000.00
MURPHY, MICHAEL J	73.44
ON-SITE TESTING	354.31
PAYLOCITY	125.40
PAYROLL	171,794.04
PLATT ELECTRIC SUPPLY CO	626.95
POLLARDWATER UTILITY PRODUCTS	1,568.80

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PORTAL WAY FARM & GARDEN	54.33
PUBLIC UTILITY RISK MANAGEMENT SERVICES	8,173.38
RDS - RECYCLING & DISPOSAL SERVICE	8.40
RH2 ENGINEERING, INC	13,359.66
RICOH USA FINANCIAL SVC	152.18
WA FEDERAL VISA CARD MEMBER SERVICES	2,380.84
WA ST DEPT OF REVENUE	70,420.22
WA ST DEPT TRANSP-NW REGION	192.54
WESTERN CONFERENCE OF TEAMSTERS	5,395.50
WHATCOM JANITORIAL	2,500.00
GRAND TOTAL	\$ 999,285.95

ACTION: Commissioner Kenner motioned to approve the MINUTES OF THE REGULAR MEETING HELD DECEMBER 13, 2016 and the CLAIMS OF DECEMBER 20, 2016. Commissioner McClure second the motion. Motion passed unanimously.

◆ **Approve Resolution No. 716 – Amend Non-Bargaining Unit Employees Compensation Policy to Update Salary Ranges and Job Descriptions**

Background: This is a recommendation for the Commission to adopt a resolution amending the District’s Employee Compensation Policy to update position salary ranges and employee positions. In 2007, the District established an Employee Compensation Policy. This policy established employee positions, by title, salary ranges for those positions, required an annual review and update of those salary ranges and provided certain authority to the District’s General Manager in implementing that policy.

This policy provided guidelines for setting salary ranges for all non-bargaining unit employee positions, establishing employee positions and job descriptions for all positions, and establishing a methodology for updating the salary ranges. The policy granted the General Manager the authority to establish individual employee salaries within the Commission approved salary ranges. The maximum amount, in percentage terms of adjustments to an individual employee salary in a calendar year to be granted by the General Manager was also set.

Salary Ranges

Each year District administration collects data related to compensation for non-union employee positions. We gather that data from several sources including regional public agencies including Whatcom County cities, Washington Public Utility Districts Association (WPUDA) salary survey, consumer price index data (CPI-W Seattle/Tacoma/Bremerton, and regional and national sources. We use that data to attempt to maintain a meaningful relationship of the salary and compensation levels of our employees and these other comparable employers and positions. If we feel our salary ranges for our positions are not keeping that relative relationship we recommend adjustments.

Salary Range History:

2010 – 2012	No adjustments made
2013	Six (6) changes made to positions and ranges and one new position added
2014	One job description change and four (4) salary ranges adjustments
2015	Six (6) salary range adjustments
2016	One job description change and four (4) salary range adjustments.

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For 2017, we are recommending sixteen (16) salary range adjustments based on this year's review. Most of the changes were to create rounded numbers and some reflect a slight increase in comparison to the ranges surveyed (as noted above). No job descriptions were added or changed in this recommendation.

A set of new salary ranges with the existing ranges originally attached as Exhibit B was corrected and provided at today's meeting. The job description of the new position of Assistant General Manager was not completed in time and was removed from the corrected version. It will be considered in early 2017 for this new position and appropriate salary range.

The District's Contribution for Retirement was increased to 7.8% in 2016 and will remain the same for 2017. Note that the PUD does not participate in the Washington State PERS program.

This is a recommendation for Commission approval of the recommended salary ranges for 2017. Individual salaries are established by the General Manager as he/she implements the Salary Program established and approved by the Commission. All actions taken by the General Manager to implement the Salary Program will be within the 2017 budget as approved by the Commission.

ACTION: Commissioner McClure motioned to ADOPT RESOLUTION NO. 716 – A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PUBLIC UTILITY DISTRICT NO. 1 OF WHATCOM COUNTY (“DISTRICT”) AMENDING THE EMPLOYEE COMPENSATION POLICY UPDATING THE STAFF POSITION LIST AND ANNUAL SALARY RANGES FOR NON-BARGAINING UNIT EMPLOYEES. Commissioner Kenner second the motion. Motion passed unanimously.

◆ **Approve Resolution No. 717 – Reappoint Jon Sitkin and Chmelik, Sitkin and Davis as District Legal Counsel**

Background: The District appointed Jon Sitkin and the law firm of Chmelik, Sitkin and Davis as District Legal Counsel in year 2006 and reappointed the firm as District Legal Counsel in 2012. Based on the District's Purchasing Policy, it is appropriate to review professional service agreements, including legal services every two years.

As part of establishing appropriate implementation of the District's Purchasing Policy, staff is recommending that the Commission review the appointment of Legal Counsel and recommends the reappointment of Jon Sitkin and Chmelik, Sitkin and Davis Law Firm for an additional two year time period, ending December 31, 2018. At that time the Commission should review this appointment for consideration of an additional term.

There is no fiscal impact to the District as the Legal Services Agreement provides for the rate to be charged by Sitkin and other Counsel at the Chmelik, Sitkin and Davis Law Firm. All costs are budgeted by the District.

Commissioner McClure reaffirmed the Commission's gratitude to Sitkin for keeping the District well informed.

ACTION: Commissioner McClure motioned to adopt RESOLUTION NO. 717 – A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PUBLIC UTILITY DISTRICT NO. 1 OF WHATCOM COUNTY (“DISTRICT”) TO REAPPOINT JON SITKIN AND CHMELIK, SITKIN AND DAVIS AS DISTRICT LEGAL COUNSEL TO THE DISTRICT AND AUTHORIZE THE GENERAL MANAGER TO ENTER INTO THE LEGAL SERVICES AGREEMENT WITH CHMELIK, SITKIN AND DAVIS. Commissioner Kenner second the motion. Motion passed unanimously.

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◆ **Approve Commission Meeting Schedule for 2017**

Background: To provide the general meeting schedule for Commission, District staff and public for year 2017, and to review potential meeting date changes, the Commission meeting schedule is presented for consideration.

During the year, meeting schedules may be revised to respond to individual needs and other industry training and meeting schedules as well as national holidays. Regular review and confirmation of District meetings provides good opportunities for Commission and public interaction and communication and opportunities for managing Commission action.

The proposed 2017 Commission Meeting Schedule follows the regular meeting schedule of the second (2nd) and fourth (4th) Tuesdays and allows for consideration of any federal holidays. This calendar also includes Washington Public Utility Districts Association (WPUDA) meetings, Washington Water Utilities Council (WWUC) meetings, County election information, and other important dates. Commissioner McClure suggested to change the date on the last meeting of 2017, December 26, to December 19, 2017. No other changes were made.

ACTION: Commissioner McClure motioned to APPROVE THE COMMISSION MEETING SCHEDULE FOR 2017 SUBJECT TO THE REVISION NOTED ABOVE. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Elect Commission Officers and Select District Representatives to Agencies for 2017**

Each year the Commission elects officers for the Commission for the upcoming calendar year, and acts to approve Commission and staff representatives to agencies where the District is a member of. The Commission takes action on the election of officers without recommendation from staff.

The Commission selected District Representatives to the following agencies (to have representatives designated by the Commission to speak on behalf of the District as appropriate):

District Representatives:

Commissioner McClure recommended District Representatives in 2017 for the below listed agencies as the following:

Washington Public Utility Districts Association (WPUDA) Representative: Commissioner Murphy (currently 2016 representative), to remain the same for 2017.

Northwest Economic Council (NVEC) Board Member: Commissioner McClure (currently 2016 representative). Commissioner McClure said this board is no longer active, and as such no vote or action was taken on a District representative.

Whatcom County Economic Development Investment (EDI) Board: Commissioner McClure (currently 2016 representative) to remain the same for 2017.

Public Utility Risk Management Services (PURMS) – (Elected) Representative: Commissioner Kenner (currently 2016 representative). Earlier in 2016, the Commissioners approved Steve Jilk (GM) and Annette Smith (Finance Director) as voting alternates. These will remain the same for 2017.

Watershed Resource Inventory Area 1 (WRIA 1) – Joint Board Representative and alternate; and, a Planning Unit Representative and alternate. Commissioner McClure indicated that Jilk and Schlotterback do a ‘stellar’ job as representatives and nominated General Manager Jilk as representative for the WRIA 1 Board and Planning Unit and Rebecca Schlotterback as alternate.

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Energy Northwest – The District did obtain membership in Energy Northwest previously but currently the District is not a member; however, with continued developments of energy transmission and distribution related issues for the District, there may be benefit to rejoin Energy Northwest. There is no cost to the District. Commissioner Murphy nominated McClure as representative to Energy Northwest and Commissioner McClure nominated Murphy as alternate. Should the Commission decide to rejoin in 2017, the Commission representatives will be in place.

ACTION: Commissioner McClure made the motion for the following: (1) WPUDA REPRESENTATIVE AS COMMISSIONER MURPHY; (2) EDI INVESTMENT BOARD REPRESENTATIVE TO REMAIN THE SAME AS 2016 (MCCLURE); (3) PURMS ELECTED REPRESENTATIVE AND ALTERNATES TO REMAIN THE SAME AS 2016; WRIA 1 BOARD AND PLANNING UNIT REPRESENTATIVE JILK AND SCHLOTTERBACK AS ALTERNATE; AND (4) TO REJOIN ENERGY NORTHWEST AND MCCLURE AS REPRESENTATIVE. Commissioner Kenner second the motion. Motion passed unanimously.

Commission Officers

Commissioners selected the following as Officers for 2017:

President: Paul Kenner

Vice President: Jeff McClure

Secretary: Mike Murphy

ACTION ITEM No. 1: Commissioner McClure motioned TO NOMINATE KENNER AS PRESIDENT. Commissioner Murphy second the motion. Motion passed unanimously.

ACTION ITEM No. 2: Commissioner Murphy motioned TO NOMINATE MCCLURE AS VICE PRESIDENT. Commissioner Kenner second the motion. Motion passed unanimously.

ACTION ITEM No. 3: Commissioner McClure motioned TO NOMINATE MURPHY AS SECRETARY. Commissioner Kenner second the motion. Motion passed unanimously.

◆ **Manager's Report**

No report.

◆ **Recess**

At 8:35 a.m., Commissioner Murphy requested a ten minute recess.

◆ **Executive Session at 8:45 a.m.**

Commissioner Murphy requested an Executive Session to discuss the performance evaluation of the General Manager. Jilk stated formal action may or may not be asked of or taken by the Commission following the Executive Session. He estimated the time for the Executive Session will be approximately 45 minutes.

There being no further business for the regular meeting, the Commission adjourned the regular meeting at 8:47 a.m. to Executive Session.

At 9:30 a.m. Commissioner Murphy advised that the Executive Session will be extended for an additional 15 minutes.

◆ **Executive Session Adjourn**

There being no further business for the Executive Session, the Commission reconvened to the regular meeting at 9:46 a.m.

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◆ **Adjourn**

There being no further business for the regular meeting, the Commission adjourned the regular meeting at 9:47 a.m.

President/Commissioner

Secretary/Commissioner

Commissioner