

PUBLIC UTILITY DISTRICT NO. 1
of Whatcom County

1705 Trigg Road, Ferndale, WA 98248
P: (360) 384-4288 F: (360) 384-4849
www.pudwhatcom.org

March 8, 2017

Contact: Ann Grimm, Administrative Assistant
Public Utility District No. 1 *of Whatcom County*
(360)384-4288 ext. 27

NOTICE OF PUBLIC HEARING - REAFFIRMATION OF PUBLIC UTILITY DISTRICT NO. 1
OF WHATCOM COUNTY ELECTION DISTRICTS

Notice is hereby provided, pursuant to chapter 29A.76 RCW, that on Tuesday, March 14, at 8:00 a.m. at the District Office located at 1705 Trigg Road, Ferndale, a Public Hearing will be held to receive public comment on the reaffirmation of the existing Public Utility District (PUD) commission district boundaries.

By law, the PUD commission district boundaries were required to match the three Whatcom County legislative district boundaries. In 2016, the County changed to five legislative districts. The existing three PUD commission district boundaries which are proposed for affirmation shall be on file and available Tuesday, February 28 at 1705 Trigg Road, Ferndale, WA, and online: www.pudwhatcom.org.

The Board of Commissions of the Public Utility District No. 1 of Whatcom County will consider adoption of Resolution No. 721 at its March 28 regular meeting to be held at the District Office, 1705 Trigg Road, Ferndale. Written comments will be accepted through 4:00 p.m., Monday, March 13, 2017.

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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 March 14, 2017
8:00 a.m. at the PUD Office

1. Public Comment
2. Approval of Meeting Minutes held February 28, 2017
3. Approval of Claims for March 14, 2017
4. Public Hearing for Reaffirmation of PUD Commission Districts
5. Cornerstone Management – Dept. of Health Project Update
6. Approve Amendment No. 1 to Work Order No. 2 for Cornerstone Management Inc.
7. Manager's Report
8. Executive Session: Pending Litigation
9. Adjourn

Next Commission Meetings

March 28 and April 11, 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 MEETING OF THE COMMISSION

February 28, 2017

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 Paul Kenner. Said meeting was open to the public and notice thereof had been given as required by law. Those present included Commissioner Jeff McClure, Commissioner Mike Murphy 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; Mike Macomber, IT/SCADA Tech; Alec Strand, Project Manager; Aaron Peterson, IT/SCADA Tech; and Traci Irvine, Accountant I.

Public attending: Darrell Gray, Nooksack Salmon Enhancement Association;
Robin Dexter, Environmental Working Group;
Max and Carole Perry, Citizens.

Public Comment

Carole Perry commented on how interesting it is to attend all the different meetings around the county with the new (Presidential) administration on how things seem to all come down to policy matters, from federal jurisdiction all the way to local government and organizations such as the Puget Sound Partnership – all have been affected by the administrative changes. Commissioner Kenner thanked her for her comments.

Approval of the Meeting Minutes and Claims

The Commissioners were presented with the Minutes of the Meeting February 14, 2017 and the following Claims of February 28, 2017:

VENDOR NAME	AMOUNT
3-D CORPORATION	3,573.45
AIR COMPRESSOR SERVICE	2,121.82
APERTURE ELECTRICAL	6,036.80
BHAM WHATCOM CHAMBER OF COMM & INDUSTRY	320.00
BIRCH EQUIPMENT COMPANY	2,818.05
BONNEVILLE POWER ADMINISTRATION	755,003.00
CDW/COMPUTER DISCOUNT WAREHOUSE	2,135.96
CESCO NEW CONCEPT CHEMICAL PRODUCTS	73.05
CLEARING UP: NEWSDATA SERVICE	1,410.50
COMCAST	91.12
EDGE ANALYTICAL LABORATORIES	20.00
EES CONSULTING	425.00
ESRI	1,627.50
FERNDALE ACE HARDWARE	86.76
GLEASON, GUY G	73.86
HARDWARE SALES, INC.	353.44
HYTEC ROOFING INC	8,978.62
INTERNAL REVENUE SERVICE	14,732.88
LAPLAUNT, DAVID	186.38
LES SCHWAB TIRE CENTER	1,184.44
LYNDALE GLASS	321.75
MANAGEMENT SERVICES NW	1,121.02
MAUL FOSTER & ALONGI	492.50
MURPHY, MICHAEL J	44.78
NW PUBLIC POWER ASSOCIATION	3,780.00

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PAYLOCITY	321.95
PAYROLL	164,934.61
PLATT ELECTRIC SUPPLY CO	1,007.92
PORTAL WAY FARM & GARDEN	93.47
PUD #1 OF WHATCOM COUNTY	2,003.47
PUGET SOUND ENERGY, INC	8,007.43
RH2 ENGINEERING, INC	8,582.25
RICOH USA FINANCIAL SVC	152.18
SPECIALTY ENGINEERING, INC	756.50
SURETY PEST CONTROL	59.79
TYLER TECHNOLOGIES-INCODE	402.26
WA FEDERAL VISA CARD MEMBER SERVICES	3,945.63
WA ST DEPT OF REVENUE	75,924.71
WALTERS, DENNIS BRIAN	132.77
WHATCOM FARMERS CO-OP	144.29
ZEE MEDICAL SERVICE	219.85
GRAND TOTAL	\$ 1,073,701.76

ACTION: Commissioner Murphy motioned to approve the MINUTES OF THE MEETING HELD FEBRUARY 14, 2017 and the CLAIMS OF FEBRUARY 28, 2017. Commissioner Kenner second the motion. Motion passed unanimously.

Nooksack Salmon Enhancement Association

Background: Beginning in 2012, the Commission approved a request for funding from the Nooksack Salmon Enhancement Association (NSEA) for 2013 projects. The funding supported the Washington Conservation Corps (WCC) Crew work on habitat restoration on various streams throughout Whatcom County and Nooksack tributaries. NSEA provided a project report to the Commission at the completion of the projects in 2013. NSEA was also granted funding from the PUD in 2014, 2015 and 2016 to acquire restoration materials such as plants, vole and beaver protection, and large wood debris for salmon habitat restoration of lowland streams. The work was performed over these years also by the WCC Crew and managed by NSEA staff.

For 2017, NSEA is requesting funding again and Project Manager Darrell Gray gave an update on 2016 accomplishments and presented a slideshow regarding a restoration project on a tributary of Goodwin Creek, near the Sumas River and Dike.

Gray explained how the process began in 2003/2004 working with the tribes, Whatcom County and private property owners to replace fish passages/culvers along Goodwin Creek tributary. While there is no cost for the property owners, access to the property is required for stream repair. Finally in 2015/2016 the project was approved by the property owners and work began on repairing three crossings on private land. A slideshow depicting work from start to finish included elevation drawings, excavators working to remove sediment and/or placement of streambed rock and other natural materials along the culverts and new bridges put in place for land owners. The construction time on these projects lasted just three weeks and approximately 1.6 miles of habitat was restored. Within a short time, Chum and Coho salmon were spotted in the habitat area.

For 2017, NSEA is requesting funding to provide project oversight, acquire restoration materials such as plants, vole and beaver protection, and large woody debris for salmon habitat restoration of lowland streams for seven (7) fish passage projects. The work will be performed again by the Washington Conservation Corps (WCC) Crew and managed by NSEA staff. Gray thanked the Commissioners for their support of these projects over the years.

Whatcom PUD has had no other requests to support habitat restoration other than NSEA's request and there is no fiscal impact to the PUD as funding has been allocated in the 2017 budget for this purpose.

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ACTION: Commissioner McClure motioned to APPROVE FUNDING IN THE AMOUNT OF \$16,000 FOR NOOKSACK SALMON ENHANCEMENT ASSOCIATION TO SUPPORT WASHINGTON CONSERVATION CORPS CREW WORK ON HABITAT RESTORATION PROJECTS FOR 2017. Commissioner Murphy second the motion. Motion passed unanimously.

Resolution No. 720 – Amend Non-Bargaining Unit’s Employee Compensation Program to Update Staff Position List and Salary Ranges

Background: 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.

This requested action approves a new position of Assistant General Manager and amends the Director of Utility Operations position. As operational needs change and as programs such as PUD involvement in countywide water resource management expands, staff roles and responsibilities need to reflect these changes. This requested action, amending the job descriptions and related salary ranges, results in adding a new position, Assistant General Manager, a salary range assigned to that position and adjusts the current salary range for the Director of Utility Operations position.

The resulting staff assignments will not increase the number of employees. Staff assignments will be made with current staff.

Making these changes reflect a continued shift in staff working on fewer, large capital projects, and more on maintenance and upgrade type projects, a growing number of new customers, both in our Industrial water and Grandview systems, and an expanding role by administration in countywide water resource planning and management.

There is no fiscal impact to the District. 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. 720 – 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 Murphy second the motion. Motion passed unanimously.

Moody’s Rating Change on 2010 Series A & B and 2012 LTGO Bonds

Finance Director Annette Smith explained that the PUD received some good news regarding our bond ratings. Bond ratings are independent evaluations provided by private companies on a bond issuer’s financial strength, or its ability to pay a bond’s principal and interest in a timely fashion. The rating companies we have used recently at the District are Moody’s and Standard and Poor’s.

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The District’s current outstanding bonds, their rating agencies, and rating at the time of issue are:

- 2007 Water Revenue Bonds – *Not rated*
- 2010 Series A & B Limited Tax General Obligation (LTGO) – Moody’s **A1**
- 2012 LTGO – Moody’s **A1**
- 2013 LTGO – Standard & Poor’s **A+**
- 2016 LTGO – *Not rated, private placement with Heritage Bank*

Below is the rating scale from the top four rating agencies:

Moody’s	Standard & Poor	Fitch	NAIC	
Aaa	AAA	AAA	1	Investment Grade ↑
Aa1	AA+	AA+	1	
Aa2	AA	AA	1	
Aa3	AA-	AA-	1	
A1	A+	A+	1	
A2	A	A	1	
A3	A-	A-	1	
Baa1	BBB+	BBB+	2	
Baa2	BBB	BBB	2	
Baa3	BBB-	BBB-	2	

On February 15, 2017, Moody’s published a report stating that they had upgraded the bond ratings of 136 local governments in Montana, Oregon and Washington. The District’s 2010 LTGO, Series A & B, and 2012 LTGO bonds were included in this rating upgrade. The ratings went from A1 (Upper-medium grade and are subject to low credit risk) to AA3 (high quality and subject to very low credit risk).

While there is no immediate impact to the District, future bond issues could have more favorable interest rates.

ACTION: No action taken. Information only.

Approve Interlocal Agreement with Public Utility District No. 1 of Clallam County

Background: Public Utility District No. 1 of Clallam County (“Clallam PUD”) has requested from the District a transfer of a portion of the District’s remaining BPA Energy Efficiency Investment Program (“EEI”) budget for BPA’s fiscal year 2016-17. The District has sufficient budget remaining to accommodate Clallam PUD’s request. The transfer is a paper transaction with no actual funds provided to Clallam PUD. Director of Utility Operations Brian Walters explained that the District has previously entered into similar arrangements with the cities of Blaine and Sumas. The Interlocal Agreement, if approved, is the document enabling the District to legally transfer BPA allocated EEI budget to Clallam PUD. The amount of the requested transfer is \$150,000, as detailed in Exhibit C. BPA stipulations on use of the EEI funds is that (1) the entity purchase power from BPA; (2) the slated project has to reduce the amount of power supply; and (3) the receiver must be a public entity and can only be used for energy efficiency projects. The funds cannot be used towards renewable energy as was the case in the past.

Clallam PUD, like the District, buys power from BPA and receives an allocation of the BPA EEI budget. Clallam PUD offers several programs and implements projects involving residential, commercial, and industrial customers and has exhausted its EEI budget for FY 2016-17.

Should Clallam PUD request transfers in the future of the EEI program budget, it will be accomplished through Amendments to Exhibit C.

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If the transfer of EEI budget to Clallam PUD is approved, then the District will have approximately \$275,000 remaining EEI budget for use through September 30, 2017. This remaining budget amount is sufficient to cover the District's anticipated energy efficiency efforts for the remainder of BPA's 2016-17 rate period and to accommodate any transfer requests from the cities of Blaine and Sumas. The District will receive another EEI budget allocation for BPA's FY 2018-19 rate period, starting October 1, 2017.

If the Interlocal Agreement is approved, it will have no fiscal impact on the District's 2017 annual budget.

ACTION: Commissioner McClure motioned to APPROVE INTERLOCAL AGREEMENT WITH PUBLIC UTILITY DISTRICT NO.1 OF CLALLAM COUNTY AND AUTHORIZE THE DISTRICT'S GENERAL MANAGER TO EXECUTE THE AGREEMENT. Commissioner Murphy second the motion. Motion passed unanimously.

Manager's Report

HB 1938

The proposed bill, *ensuring economic development by authorizing public utility districts to provide retail telecommunication services*, did not make cut and was dropped from the 2017 Legislative Session.

Whatcom County Council Special Presentation regarding Hirst Case on March 7, 2017

Jilk was invited to participate at a special presentation at the Whatcom County Council on March 7 at 6 p.m. Information related to the State Supreme Court's decision on Hirst et al v. Whatcom County will be presented, including a short video. Following the video, councilmembers will ask questions to a panel of state and local water experts including attorneys Tadas Kasilius and Bob Carmichael, hydrogeologist Chuck Lindsay (who has worked with the PUD/Groundwater Study), and Jilk.

Following the presentation, the Council will hold a public hearing on a proposed interim ordinance adopting interim amendments to the County's Comprehensive Plan and specific Whatcom County codes. Unsure of what the expected outcome will be, Jilk said he looks forward to the opportunity to hear the public's concerns on this topic. Another bill in the Legislature, SB5239, *ensuring that water is available to support development*, could change the outcome of the State Supreme Court ruling if passed.

Adjourn

There being no further business for the regular meeting, the Commission adjourned the regular meeting at 8:58 a.m.

Paul D. Kenner, President

Michael J. Murphy, Secretary

Jeffrey L. McClure, Commissioner

PUBLIC UTILITY DISTRICT No.1
of Whatcom County

1705 Trigg Road Ferndale, WA 98248
P: (360) 384-4288 F: (360) 384-4849

AGENDA ITEM # 4
MARCH 14, 2017

Memo

To: Commissioners Kenner, McClure and Murphy

From: Stephan Jilk

Date: March 14, 2017

Re: Approval of Commission District Boundaries

Requested Action – Conduct Public Hearing regarding proposed Resolution No. 721 to affirm the three existing Commissioner District Boundaries as depicted on Exhibit A attached hereto.

RCW 29.A.76 requires that action on the proposed resolution shall not be taken at the same meeting as the public hearing. Action on proposed Resolution No. 721 is anticipated to occur at the regular commission meeting scheduled for March 28, 2017.

Background – Pursuant to RCW 54.12.010(6), the boundaries of a public utility district shall be examined every ten years according to the provisions of Chapter 29A.76 RCW, which provides the criteria for redistricting of counties, municipal corporations, and special purpose districts. The PUD conducted a review of the existing District boundaries according to the criteria outlined in RCW 29A.76.010 and analyzed the 2010 federal decennial census information for Whatcom County. Based on this review, the current boundaries comply with all of the requirements set forth in Chapter 54.12 RCW and Chapter 29A.76 RCW for the review of public utility legislative districts. In particular, the criteria set forth in RCW 29A.76.010(4(a-e)) for establishing the Commissioner District Boundaries are met as follows:

- i. Each Commissioner District is as nearly equal in population as possible to each and every other Commissioner District comprising the Public Utility District such that the variation of population according to the 2010 Census Population Data is less than 2,270 people or less than 3.2% per District in all instances.
- ii. Given the size of the Public Utility District and the distribution of population within the Public Utility District, each Commissioner District is as compact as possible.
- iii. Each Commissioner District consists of a geographically contiguous area.
- iv. No comment was received by any individual or entity that the current or proposed Commissioner District favored or disfavored any racial group or political party. Nor has any such complaint been received by the District since the Commissioner District Boundaries were last established.

- v. The Commissioner District Boundaries in Exhibit A attached hereto coincide with existing recognized natural boundaries and, to the extent possible, preserve existing communities of related and mutual interests. These boundaries, where possible, follow highways, roadways, section lines, and neighborhoods.

While Whatcom County Council increased its Legislative Districts from 3 to 5 in 2016, the Commission is not required to change the District's boundaries commensurate with the County. The PUD provided the required two-week statutory notice under RCW 54.12.010(6) and RCW 29A.76.010, and will conduct a public hearing to receive public comments on March 14, 2017.

Fiscal Impact: None.

Recommended Action: No action to be taken at March 14, 2017 Commission meeting. Anticipated recommended action at March 28, 2017 meeting will be the approval of the attached Resolution No. 721.

EXHIBIT A: PUD COMMISSION DISTRICT BOUNDARIES



PUD Commission and Legislative Districts

Legislative Boundary
 Current Commission Boundary

PUBLIC UTILITY DISTRICT No. 1
of Whatcom County

Legend
 District #1—Commissioner Jeff McClure
 District #2—Commissioner Paul Kenner
 District #3—Commissioner Mike Murphy

RESOLUTION NO. 721

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF PUBLIC UTILITY DISTRICT NO. 1 OF WHATCOM COUNTY, PURSUANT TO CHAPTER 29A.76 RCW AND CHAPTER 54.12 RCW, PROVIDING FOR THE AFFIRMATION OF THE EXISTING COMMISSIONER DISTRICTS

WHEREAS, in accordance with RCW 54.12.010(6) and Chapter 29A.76 RCW, the Commission is required to examine the District's boundaries according to the 2010 federal decennial census information for Whatcom County and establish Commissioner District Boundaries consistent with the purpose and goals of Chapter 29A.76 RCW and Chapter 54.12 RCW; and

WHEREAS, on March 14, 2017, pursuant to RCW 29A.76.010(5), the Commission for Public Utility District No. 1 of Whatcom County held a public hearing concerning the affirmation of and the continued use of the existing Commissioner District Boundaries; and

WHEREAS, following the public hearing, the Commissioners considered the criteria set forth in RCW 29A.76.010(4) and information provided to the Commission during the public hearing, including the staff report and the 2010 federal decennial census information for Whatcom County; and

WHEREAS, Public Utility District No. 1 of Whatcom County now desires to establish the Commissioner District Boundaries for Public Utility District No. 1 of Whatcom County and affirm that it will continue to use the existing Commissioner District Boundaries for Public Utility District No. 1 of Whatcom County.

NOW, THEREFORE, BE IT RESOLVED, the Commission for Public Utility District No. 1 of Whatcom County make the following findings and resolutions to establish the Commissioner District Boundaries for Public Utility District No. 1 of Whatcom County

1. FINDINGS.

- a. The Commission finds that the districts as set forth on Exhibit A meet the criteria set forth in RCW 29A.76.010(4) as follows:
 - i. Each Commissioner District is as nearly equal in population as possible to each and every other Commissioner District comprising the Public Utility District such that the variation of population according to the 2010 Census Population Data is less than 2,270 people or less than 3.2% per District in all instances.
 - ii. Given the size of the Public Utility District and the distribution of population within the Public Utility District, each Commissioner District is as compact as possible.
 - iii. Each Commissioner District consists of a geographically contiguous area.
 - iv. No comment was received by any individual or entity that the current or proposed Commissioner District favored or disfavored any racial group or political party. Nor has any such complaint been received by the District since the Commissioner District Boundaries were last established.

- v. The Commissioner District Boundaries in Exhibit A coincide with existing recognized natural boundaries and, to the extent possible, preserve existing communities of related and mutual interest. These boundaries, where possible, follow highways, roadways, section lines and neighborhoods.

2. ESTABLISHMENT OF COMMISSIONER DISTRICTS. The Commission District Boundaries depicted on Exhibit A with the corresponding Commissioner District numbers are hereby affirmed as the Commissioner Districts for the Public Utility District No. 1 of Whatcom County.

ADOPTED at the open public meeting with all Commissioners present this ____ day of March, 2017.

**PUBLIC UTILITY DISTRICT NO. 1 OF
WHATCOM COUNTY, COMMISSION**

Paul Kenner, President

Jeff McClure, Vice President

Michael Murphy, Secretary

RESOLUTION 721 EXHIBIT A:
PUD COMMISSION DISTRICT BOUNDARIES



**PUD Commission and
Legislative Districts**

- Legislative Boundary
- Current Commission Boundary

**PUBLIC UTILITY
DISTRICT No. 1**
of Whatcom County

- Legend
- District #1—Commissioner Jeff McClure
 - District #2—Commissioner Paul Kenner
 - District #3—Commissioner Mike Murphy

AGENDA ITEM # 6
MARCH 14, 2017

Memo

To: Commissioners Kenner, McClure and Murphy

From: Stephan Jilk, General Manager

Date: March 8, 2017

Re: Approve Amendment No. 1 to Work Order No. 2 not to exceed \$119,000 for Dave Olson, Cornerstone Management Inc. to provide technical support for Grant Agreement N218730 between Washington State Department of Health and PUD No. 1 of Whatcom County and authorize the General Manager to sign the Amendment

Requested Action – APPROVE AMENDMENT NO. 1 TO WORK ORDER NO. 2 NOT TO EXCEED \$119,000.00 FOR DAVE OLSON, CORNERSTONE MANAGEMENT INC. TO PROVIDE TECHNICAL SUPPORT FOR GRANT AGREEMENT N218730 BETWEEN WASHINGTON STATE DEPARTMENT OF HEALTH AND PUD NO. 1 OF WHATCOM COUNTY AND AUTHORIZE THE GENERAL MANAGER TO SIGN THE AMENDMENT.

Background – On January 26, 2016 the Commission approved the request from the Washington State Department of Health (DOH) to enter into Grant Agreement N218730 to conduct a two year pilot project that will have the Whatcom PUD engage with all Group A water systems to identify Group A systems needs and develop a sustainable support/training program for these systems to sustain their operations and manage their systems. The amount of grant is \$200,000 and term of grant is until December 31, 2018.

In addition to the DOH Agreement, the Commission also approved a Professional Services Agreement with Dave Olson, Cornerstone Management Inc. to perform the technical work in support of Grant Agreement N218730. Whatcom PUD staff and Dave Olson developed Work Order No.1 and Work Order No. 2 to begin the technical work for the grant. The two work orders were also approved at the January 26, 2016 Commission meeting.

Work Order No. 1 assessed the water system capacity training need & developed a technical assistance strategy for Whatcom County Group A water systems. Work Order No. 1 had a not to exceed budget of \$50,000. As of March 1, 2017 approximately 50% of the work has been completed and \$24,235.48 remains for completion of Work Order No. 1.

Work Order No. 2 will offer water system capacity technical assistance to utilities in Whatcom County. The original budget approved by Commission was not to exceed \$20,000 based on the grant funding timing that only allowed \$70,000 total budget in 2016 for Work Order No. 1 and Work Order No. 2. The remaining \$130,000 for the grant became available in fiscal year 2017. The \$20,000 for Work Order No 2 has been expended as of March 1, 2017 and Amendment No 1 to Work Order No. 2 requests an additional \$99,000 for a not too exceed total of \$119,000. This budget will allow completion of Work Order No 2 by the fall of 2018.

Work Order Nos. 3 and No 4 will be developed in the future to allow for a final report and public presentations and will total \$31,000.

Fiscal Impact – This action will not impact Whatcom PUD’s budget as all costs incurred by the Whatcom PUD will be reimbursed through the DOH grant.

Recommended Action – APPROVE AMENDMENT NO. 1 TO WORK ORDER NO. 2 NOT TO EXCEED \$119,000.00 FOR DAVE OLSON, CORNERSTONE MANAGEMENT INC. TO PROVIDE TECHNICAL SUPPORT FOR GRANT AGREEMENT N218730 BETWEEN WASHINGTON STATE DEPARTMENT OF HEALTH AND PUD NO. 1 OF WHATCOM COUNTY AND AUTHORIZE THE GENERAL MANAGER TO SIGN THE AMENDMENT.

EXHIBIT B

Amendment No 1 to Work Order No. 2

This Amendment No. 1 to Work Order No. 2 is issued pursuant to the the Professional Services Agreement (“Agreement”) dated as of January 26, 2016 between Dave Olson, Cornerstone Management, Inc. (Consultant) and Public Utility The District No. 1 of Whatcom County (“Whatcom PUD ”), and is hereby incorporated into the Agreement by reference.

I Scope of Work:

Offer Water System Capacity Technical Assistance to utilities in Whatcom County.

Consultant with Whatcom PUD direction will conduct workshops and/or attempt to meet with all Whatcom County Group A water systems (serving <1,000 connections).

Performance measures to be determined based on information gained in Work Order No. 1 implementation.

II. Information to be furnished by the Whatcom PUD:

The Whatcom PUD shall provide the following information to Consultant in connection with the Services: Designated Representative is Rebecca Schlotterback.

III. Information to be furnished to the Whatcom PUD by Consultant:

Consultant shall provide the following information to Whatcom PUD in connection with the Services: Designated Representative is Mr. Dave Olson.

Reports, verbal and in written format, as requested by the Whatcom PUD and agreed upon by the Consultant as to the progress and completion of Work Order No. 2.

IV. Compensation:

Consultant will invoice Whatcom PUD on a time and materials basis not to exceed the estimated cost without written authorization from the Whatcom PUD.

The total not to exceed costs are: \$119,000.00 for Work Order 2.

Dave Olson
Cornertone Management Inc

Public Utility District No. 1 of Whatcom
County

By: _____

By: _____

(typed) Dave Olson
Title: President

(typed) Stephan Jilk
Title: General Manager

Date: _____

Date: _____