

PUBLIC UTILITY DISTRICT No. 1
of Whatcom County

MARCH 28, 2017

STRATEGIC PLAN UPDATE 2017-2021

The PUD is governed by three locally elected Commissioners. This Commission engaged in the development of a Strategic Plan in 2015, which was prepared following a series of public workshops with the District's Commission and staff, meetings with several key stakeholders and the general public. The Strategic Plan was adopted under Resolution No. 700 on December 8, 2015. New challenges facing the PUD were identified in 2016, requiring an update to the Strategic Plan. The Commission held a workshop in late 2016 to discuss progress on the 2015 Strategic Plan's goals and evaluate new challenges that have arisen. After completing that assessment, the Commission and staff updated their goals and strategies to address the challenges and opportunities facing the District as it enters 2017 and beyond.

Photo:
Airburst cleaning process
of intake screens at Plant 1.



A MESSAGE FROM THE COMMISSION

Public Utility District No. 1 of Whatcom County (PUD) appreciates the input and continuing support it receives from the community, its customers and other local government agencies. The Commission and staff has and will continue to undertake periodic reviews of the District's strategic intentions embodied in its mission, values, goals and strategies to help guide the agency into the future.

The Strategic Plan that follows is designed to guide our efforts as we address the critical issues facing our community in ensuring clean water and efficient and responsible power supplies. In adopting this 2017 Strategic Plan Update 2017 - 2021 the Commission directs staff to use this as a road map in the execution of our programs and the management of our facilities. The Commission greatly values our team and looks forward to great progress on our 'vision in service'.

Thank you,



Commissioner Paul Kenner



Commissioner Jeff McClure



Commissioner Mike Murphy

TABLE OF CONTENTS

STRATEGIC PLANNING	7
Plan Development.....	9
WHATCOM COUNTY'S PUD	12
History.....	14
The PUD Today	18
THE ROLE OF THE PUD	22
The Role of the PUD	24
Unique Roles.....	24
Values	25
Foundational Goals	26
LOOKING FORWARD (2017 - 2021)	28
Report Card - 2015 Goals & Initiatives	30
Goals 2017-2021	33
PUD Water Resources Institute.....	36
New Opportunities.....	36



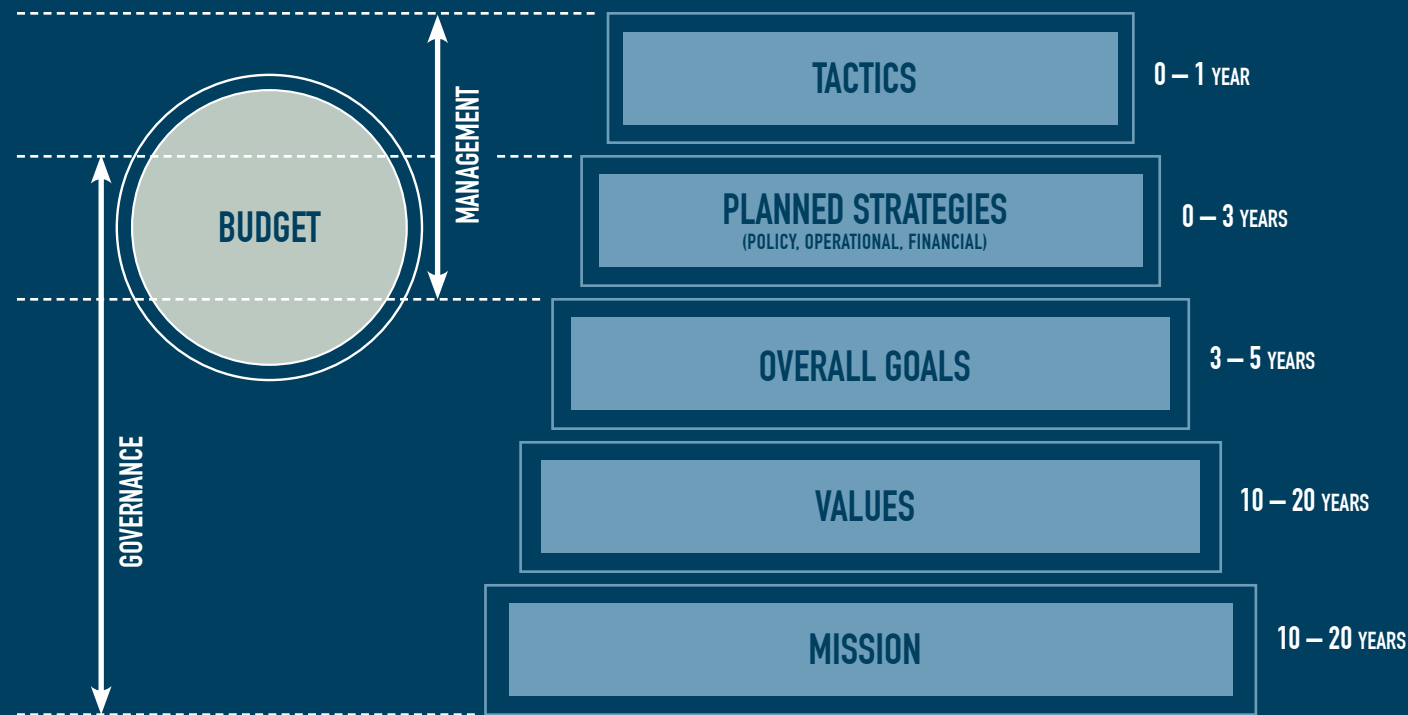
Photo:
Catwalks above the
settling basin at Plant 2.

STRATEGIC PLANNING



PUD No. 1 of Whatcom County | STRATEGIC PLAN 2017

ARCHITECTURE OF STRATEGIC PLANNING



At its core this Strategic Plan defines WHY the PUD undertakes its programs, projects and initiatives and further provides the framework for creating other critical governance and management tools that define WHAT the PUD will do and HOW it will do it.

PLAN DEVELOPMENT

The Public Utility District No. 1 of Whatcom County (PUD) and the community it serves continue to face a number of critical internal and external challenges over the next several years as PUD moves forward in fulfilling its mission.

Those challenges, including unpredictable energy costs to community industries and municipalities, are many, but there are undeniably four that will require extraordinary action:

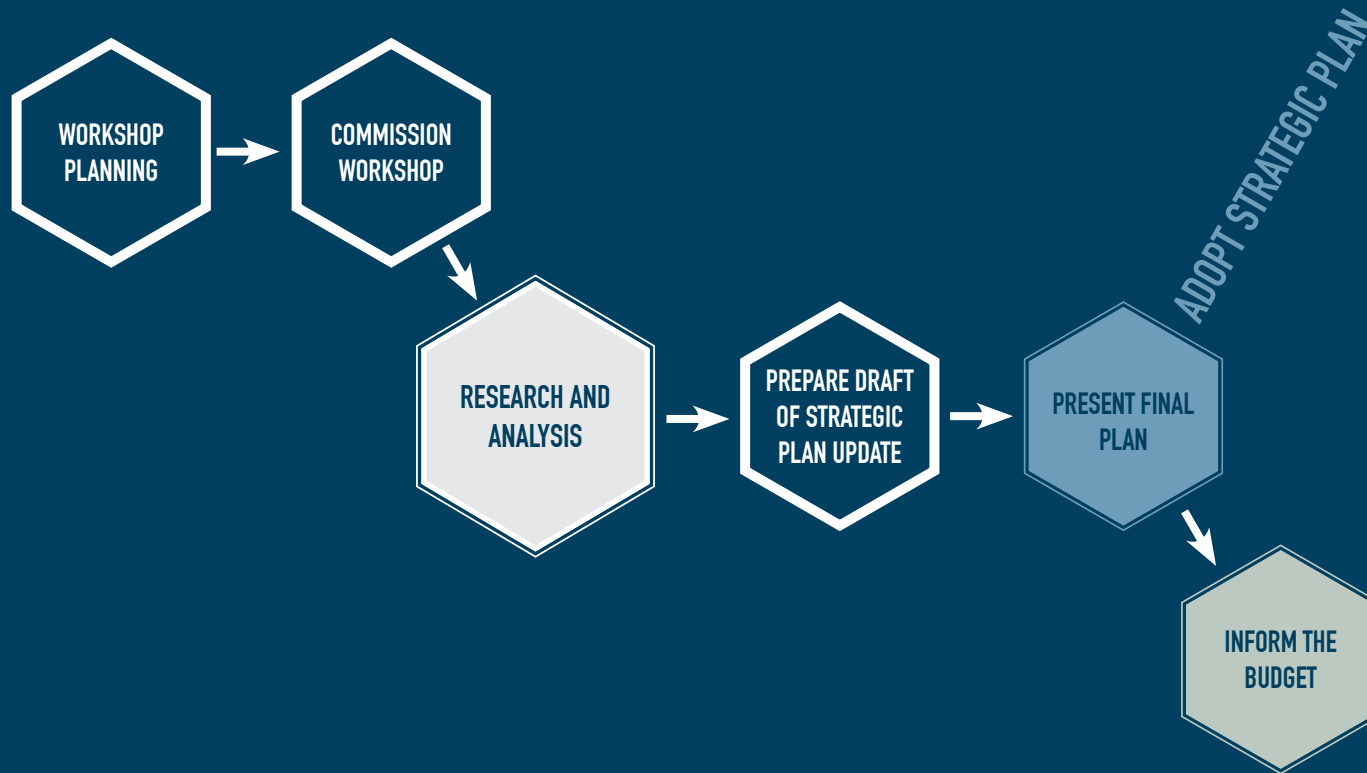
1. The continuing and growing complexity of water rights issues facing the area, most notably the recent Hirst decision (Whatcom County, Hirst (Eric) v. W. Washington Growth Management Hearings Board) that has had a profound impact on the use, access and distribution of water in the region.
2. As an operationally efficient organization the PUD continues to manage its funds and cash flows with very narrow margins and, as a result, continues to be challenged as it pursues non-revenue generating initiatives that advance the broader community's needs and interests.
3. Climate change continues to present long term challenges that require preparation now to better understand its true impacts and explore realistic solutions that will need to be deployed as the PUD delivers on its mission.
4. Overall economic growth and stability of sustainable jobs in Whatcom County and specifically the long-term viability of the PUD's existing customer base at Cherry Point.

This 2017-2021 Strategic Plan Update and the process used to develop it reflect the ideas, suggestions, and expectations of the PUD's customers, staff and our partners in the community. It will provide the basis for the actions the PUD takes to best serve our community in the coming years.

The Strategic Plan is a valuable tool in guiding the PUD, but conditions and circumstances change and the PUD must remain nimble in its response while at the same time maintaining the course for its customers that have long term reliance on the delivery of its services. This tension between flexibility and stability will require constant attention by the staff and Commission. Therein lies the future success of the PUD.

As a practical matter this Strategic Plan is the foundation used to develop and adopt the PUD's annual operating and capital budgets.

This Strategic Plan is one of several keystone documents the PUD adopts that provide the structural framework for its work. These "keystone documents" are guided by state statutes and represent best management practices that guide the PUD in operating and managing the District.



The process of updating the strategic plan.

UPDATING THE STRATEGIC PLAN

The PUD engaged in a strategic planning process that included soliciting input from the community, stakeholders, customers, and local governments. That exploratory work took into account the PUD's financial forecasts and commitments; local, state and federal regulatory requirements; relevant regional and state initiatives; and an assessment of its own strengths and capacity.



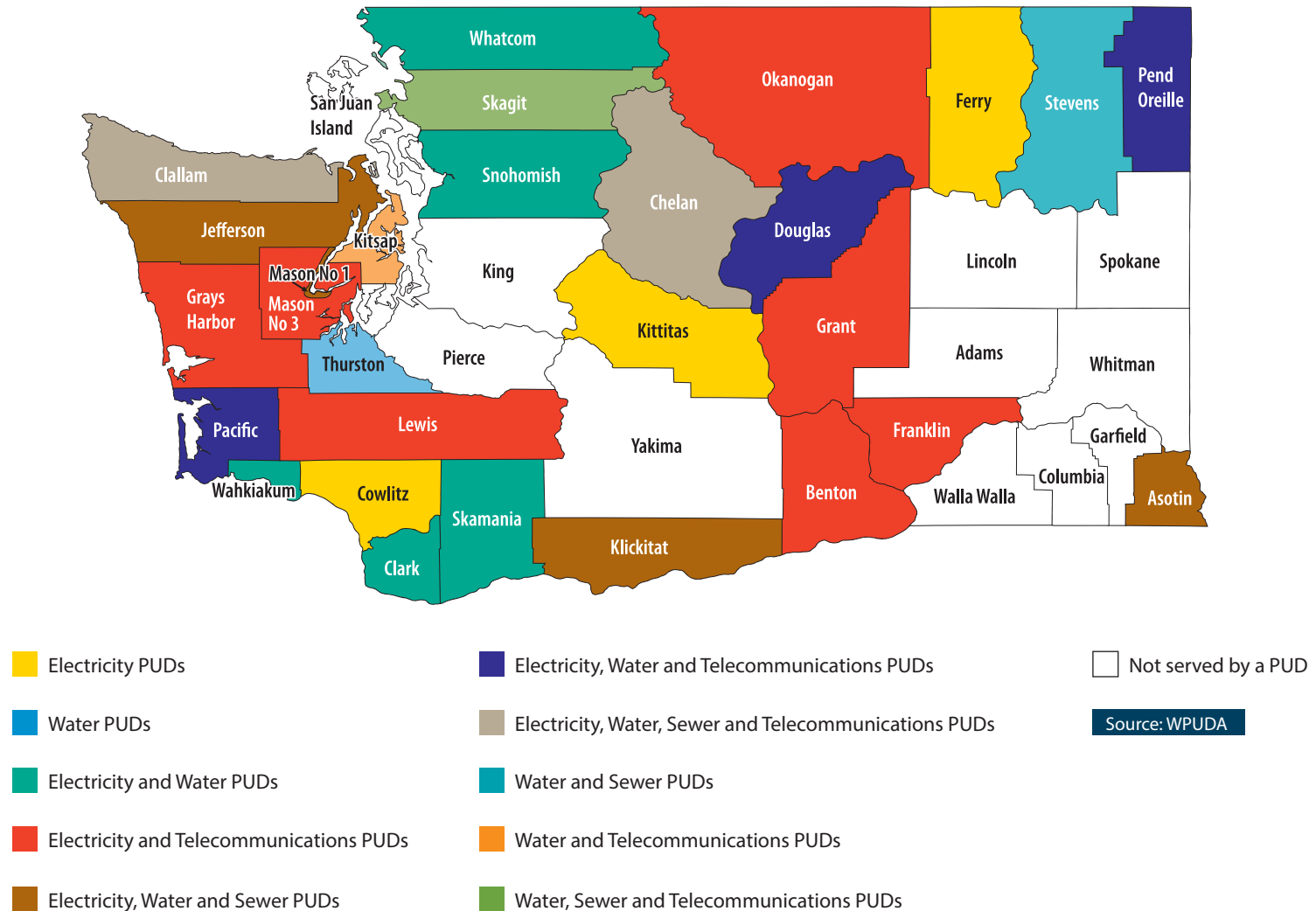
Photo:
Plant 2 high head pumps and
water transmission lines.

WHATCOM COUNTY'S PUD

PUD No. 1 of Whatcom County | STRATEGIC PLAN 2017



COUNTIES SERVED BY PUBLIC UTILITY DISTRICTS



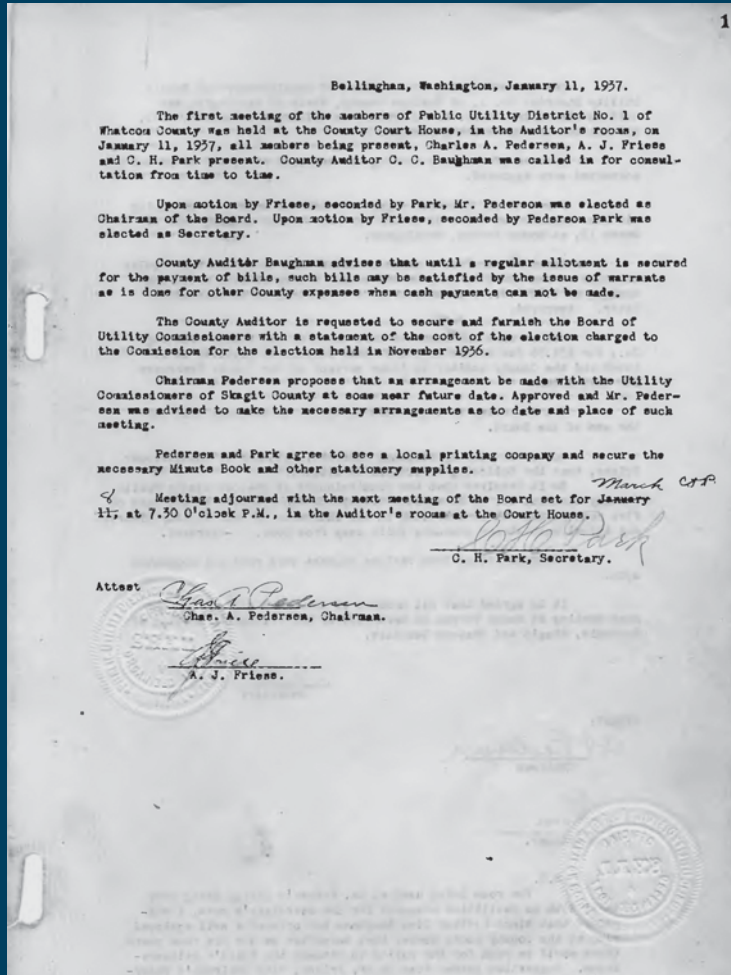
HISTORY

Washington's public utility districts were created in 1930 through a statewide referendum initiated by the Washington State Grange. The Grange, largely an agricultural organization, collected more than 60,000 signatures to send Initiative No. 1 to the Legislature, allowing rural communities to form their own publicly owned utilities. The measure went to a statewide election where it passed with 54% of the vote. The new public utility district law, now captured in Revised Code of Washington (RCW) Chapter 54 went into effect in 1931.

RCW 54 authorized the establishment of public utility districts to "conserve the water and power resources of the State of Washington for the benefit of the people thereof, and to supply public utility service, including water and electricity for all uses." The first public utility district was created in 1934 in Mason County. Today there are 28 operating public utility districts with 23 providing electricity, 19 providing water or water and wastewater services, and 13 offering wholesale broadband telecommunications.

Collectively, public utility districts in Washington get nearly 82 percent of their energy from hydropower, a clean, renewable resource that produces almost zero greenhouse gas emissions. They serve over 2 million customers and generate over \$1.5 billion in revenues. Unlike private utilities, public utility districts are run by an elected, nonpartisan board of commissioners directly accountable to the voters.

Commissioners meet at least monthly in open meetings where members of the public can observe and participate in the decision-making process. Public utility districts are also nonprofit utilities – owned by the community, not by stockholders. They are in business solely to provide a service, not to make a profit. Consequently, public utility district rates are generally lower – and service values higher – than investor-owned utilities that are focused on making a return on investment for their stockholders.



The first meeting minutes of the Board of Commissioners

The creation of the Whatcom PUD was approved by the voters in 1936 to supply water and electricity under RCW 54. On January 11, 1937, the PUD became operational.

The original desire of the citizens of Whatcom County was to take over the Puget Sound Power and Light operations in Whatcom County and replace the investor-owned utility with a publicly owned electric utility.

For a number of reasons this did not happen, primarily because of the start of World War II. By the time the war ended, no one was up to the legal fight that was likely to ensue if the process went forward.

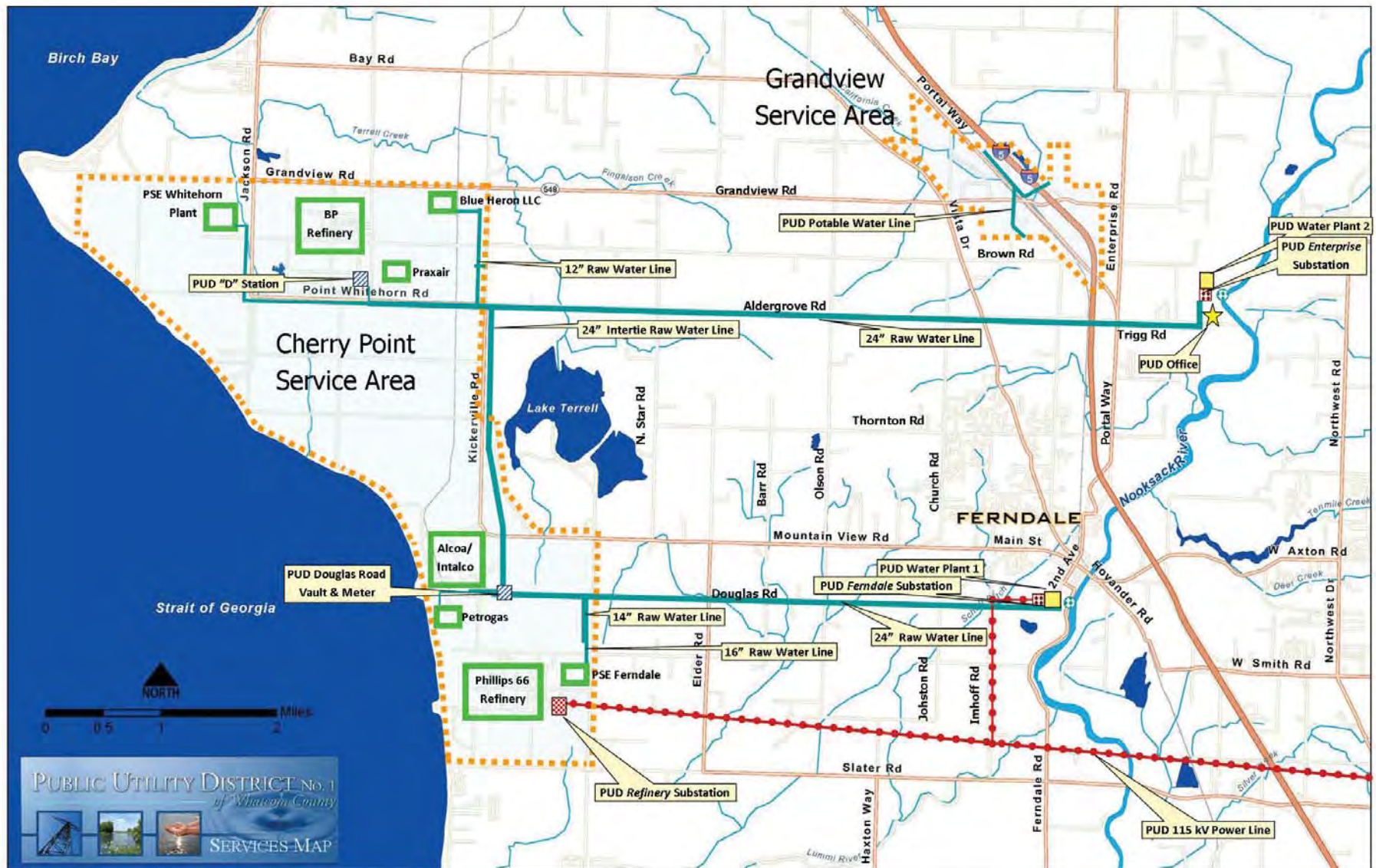
When General Petroleum Corporation came to Whatcom County looking for a refinery site in 1952, Puget Sound Power and Light was unable to supply the energy or obtain additional energy in the market. Through an arrangement with another public utility district in Washington State, Pend Oreille County Public Utility District, the PUD was able to obtain the energy supply which permitted the building of the refinery at Cherry Point. In the process, the PUD gained an electric customer and became a functional electric utility.

The PUD went into the water business in the 1960's when an aluminum company, now Intalco, built a facility at Cherry Point and the PUD provided process water to operate the plant. Eventually, more industrial facilities were built at Cherry Point and the PUD now supplies all industries at Cherry Point with their process water.

The PUD currently has legal authority to supply water, wholesale telecommunication, as well as electricity, anywhere in Whatcom County with the exception of electricity in the cities of Blaine and Sumas because they were existing municipal electric utilities. The PUD could also build and operate sewerage systems, but it would require another vote of the people of Whatcom County.



Congressmen, dignitaries and others celebrate the new substation, circa 1954.





THE PUD TODAY

The PUD is actively involved in watershed planning and in maintaining services to its current service area in the industrial zone at Cherry Point, and the Grandview/Northgate/I-5 Industrial Park located north of Ferndale. The PUD encourages all of its customers to practice conservation of water and electric resources and to reuse water. The PUD maintains an active role in several regional water supply and water quality planning efforts and supports habitat recovery programs such as the Nooksack Salmon Enhancement Association.

Our local PUD:

- Holds water rights to divert 53 million gallons per day from the Nooksack River. The PUD operates one water system comprising two river diversions, two treatment plants and 20 miles of pipeline providing industrial grade water to industries and irrigation customers, as well as wholesale service to other water associations.
- Operates a second water system providing potable and fire protection water for a large industrial park (Grandview/Northgate/I-5 Industrial Center). The water source for this system is groundwater.
- Treats and distributes 5 billion gallons of water a year and is the largest water processor in Whatcom County with an average current use of 14 million gallons per day. It sells more water than any other public utility district in the state.
- Currently has one retail electric service customer that annually consumes approximately 25 average megawatts of electricity, the PUD uses two average megawatts to operate its water system.
- Currently owns 15 miles of electric transmission and distribution lines and three electric substations.
- Currently has a power purchase agreement with Bonneville Power Administration (BPA) to purchase all the energy needed to serve the PUD's current electric customers and its operations.
- Has electric transmission agreements with BPA and Puget Sound Energy in which some of the electric energy purchased from BPA is transmitted to the PUD's electric system for the PUD's use.





Commissioners: Paul Kenner, District 2, serving since 1980; Jeff McClure, District 1, serving since 2008; Mike Murphy, District 3, serving since 1998.



General Manager, Steve Jilk.



PUD Administration Building.

The PUD is governed by three elected Commissioners, one from each of the three districts representing all of Whatcom County. In turn, the Commission acting as a body of the whole appoints a General Manager to manage the day to day operations of the District; approves policies; and adopts an annual operating and capital budget.



Whatcom County Comprehensive Plan
August 2011 Edition

PUD Commission and Legislative Districts

Legend

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

PUBLIC UTILITY DISTRICT No. 1
of Whatcom County

ORGANIZATION CHART

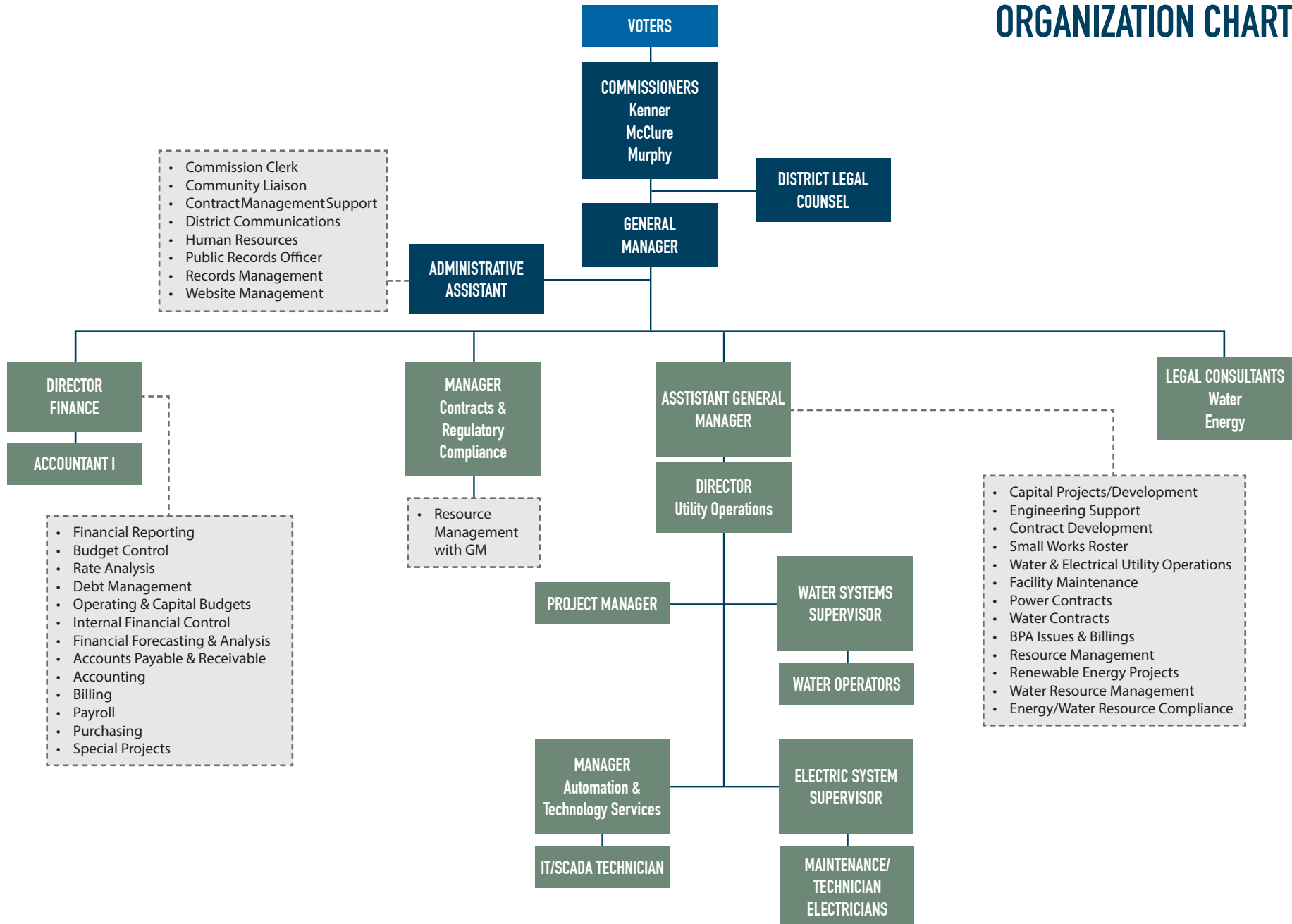




Photo:
Plant 2 weirs and
settling basins.

THE ROLE OF THE PUD

PUD No. 1 of Whatcom County | STRATEGIC PLAN 2017



ITS MISSION

Public Utility District No. 1 of Whatcom County is a steward of water and energy resources providing locally controlled utility services and resource protection for the benefit of the residents, businesses, and agricultural community of greater Whatcom.

Photo:
PUD water operators
inspect flocs at Plant 1.



THE ROLE OF THE PUD

Since the 1930's the PUD has successfully served the community, consistent with governing statutes, but has remained flexible in focusing its mission to best serve the community. The PUD's role in the community has continued to adapt to new challenges and opportunities. As a countywide agency representing all of Whatcom County's residents it is in a unique position to take a leadership role in navigating complex issues including:

- Access to clean and affordable water supply.
- Availability of dependable and sustainable jobs.

In doing so the PUD must remain true to the delivery of its core services.

UNIQUE ROLES

1) A Steward of Water and Energy Resources

The PUD supports the protection and efficient use of natural resources in Whatcom County. Water resource management and water supply planning help increase water use efficiency, promote water conservation, and enhance resource protection. The PUD works with local, regional, and federal governments as well as regional organizations to develop workable approaches to effective water resource and supply management practices.

In addition, the PUD is conscious of the limitation of scarce traditional energy resources as well as the escalating cost of their production and transmission, and supports the wise use of energy and the exploration of alternative sources.

2) A Provider of Core Utility Services

Since its formation, the PUD has maintained its commitments to providing water and energy to the area's major industrial employers. Beginning in the early 1950's, the PUD provided electrical power to an area refinery, and in the 1960's supported the development of the aluminum smelter by serving it with water. Both continue to operate today at Cherry Point. The PUD now serves all industries at Cherry Point with water including two refineries and a smelter.

3) A Provider of Technical Resources

The PUD supports its own operations and other public utility providers in the community with technical, educational and operational resources. The PUD acts as a problem solver in assisting other public and non-profit organizations in the provision, conservation and management of the water and energy services utilized in the county. To support local efforts at managing the water resource, the PUD has kept in the forefront its ability to provide technical and management assistance to large industrial users, municipal and small water systems as well as other local providers of potable water.

The PUD also understands the growing pressure on the need to maintain sustainable jobs within the county and the ongoing market and regulatory pressures on the industries at Cherry Point.

THE PUD EXPLORED THE PRACTICAL ARTICULATION OF THE UNIQUE ROLES IT PLAYS IN WHATCOM COUNTY, THE GOALS THAT SUPPORT THOSE ROLES, AND HOW THESE GOALS MUST ADAPT TO CHANGING CONDITIONS.

VALUES

The PUD undertakes its work with an emphasis on values that support and guide it through often complex decision making and prioritization of the use of valuable resources that the PUD holds in trust for the community. These are captured in two complementary sets of values:

Cultural Values: Those values that define the PUD's expectation of the agency, its Commission and staff in undertaking the PUD's work.

- **Honesty and Integrity** Operate and manage the affairs of the PUD in an open and transparent atmosphere.
- **Creativity** Promote divergent thinking and perspectives to realize innovative and creative solutions.
- **Courage** Act strategically upon convictions in the face of skepticism.
- **Mutual Respect** Carefully considers all views, even in disagreement, from both within and outside of the organization.
- **Unity** Understand that in working together, more can be accomplished for the community than operating unilaterally.

THE PUD'S VALUES REFLECT THE BELIEFS AND IDEALS THAT THE PUD SUBSCRIBES TO AS IT DELIVERS ON ITS MISSION – IN ESSENCE, HOW IT DOES ITS WORK.

Outcome Values: Those values that guide how the PUD assesses its success in achieving its goals and realizing its mission.

- **Stewardship** The PUD understands the fragile nature of the area's water resource and the need to sustainably manage it to serve generations to come, and in doing so, be protective of the natural environment.
- **Conservation** Energy and water are vital resources and the PUD supports the conservation of energy and water, and the development of alternative energy solutions that are less impactful on the environment.
- **Core Services** The PUD places a priority on providing its industrial client base with core utility services in support of their contribution to the community.
- **Human Capital** The staff at the PUD is one of its most valuable assets and the agency is dedicated to attracting, retaining and supporting the right individuals.
- **Vision** The PUD manages its facilities and programs with the long view in mind, being cost effective and safe for the public, its employees and the environment.

FOUNDATIONAL GOALS | Established 2015

To further its unique roles, the PUD has established six foundational goals that support its roles in the community. These goals direct the course of the PUD as the PUD fulfills its mission and defines, in general terms, what it aspires to accomplish in the medium and long term. The figure below demonstrates the relationship between the PUD's unique roles and its foundational goals.





Photo: Part of the PUD's 115kV electric transmission lines and "H" frame structures.

LOOKING FORWARD (2017 – 2021)

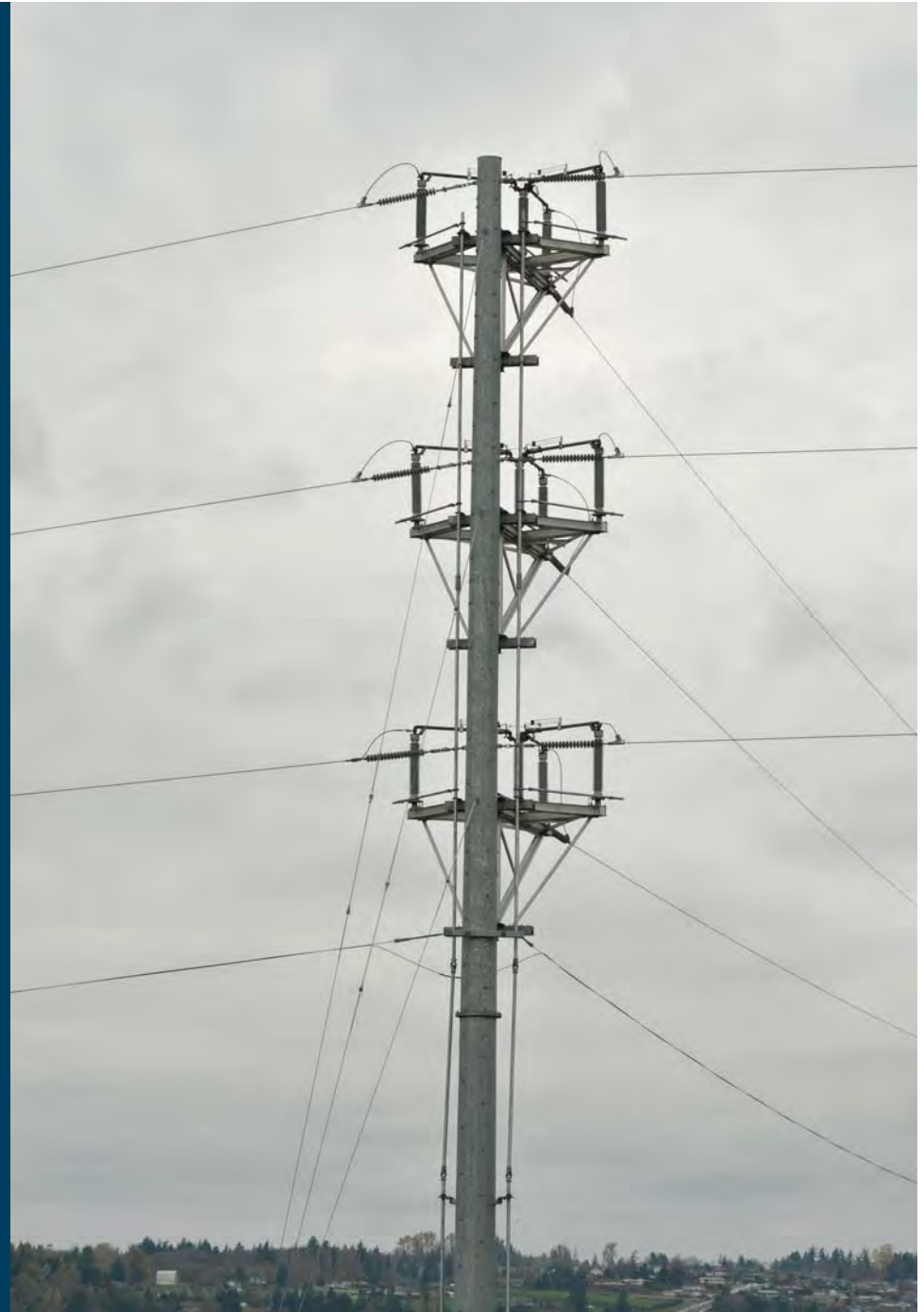
PUD No. 1 of Whatcom County | STRATEGIC PLAN 2017



Planned strategies reflect the direction and scope of the PUD over a one to five-year term to meet the needs of its constituents, fulfill stakeholder expectations, and realize its goals. Planned strategies focus on the entire forest and not individual trees. Progress on planned strategies were reviewed, evaluated and updated at the November 15, 2016 workshop.

Tactics are the planned actions that deliver the planned strategies, a set of maneuvers designed to achieve a specific end result. Tactics focus on the trees in the forest and are undertaken by the organization's staff under the direction of its General Manager.

Photo:
The PUD's 115kV 3-way switch for
Imhof Road Intertie.



REPORT CARD | 2015 INITIATIVES

2015 Initiative	2016 Status	Looking Ahead 2017
Through collaboration with the area's large industrial employers, identify mechanisms for providing more cost effective power to them.	Continuing to proactively collaborate with industrial employers to maintain a low cost structure which includes working closely with BPA as the sole energy supplier.	Maintain working relationships and stay abreast in regional power supply and regulatory changes as well as advancements in technologies.
Further assess the PUD's role in acting as a "Satellite Management Agency" (SMA) for water systems at various SMA category levels as defined in Washington Administrative Code Chapters 246-295 and acting as "purveyor of last resort" in cooperation with Whatcom County.	The PUD has been cautious concerning assuming the role of 'purveyor of last resort' as that remains the County's responsibility. The PUD has continued to provide technical support but has not assumed the role of SMA.	Through collaborative discussion with the County consider a resolution of the trigger point for the PUD to assume the 'purveyor of last resort' responsibility. Continue to provide technical assistance.
Determine demand for expanded technical support by the PUD, beyond its existing informal relationships, to other local public electrical service providers and, if desired, institute that expanded support by adopting more formal agreements.	The PUD has continued to cooperate with area municipalities in sharing equipment and expertise.	Continue the practice of sharing equipment and services with the local cities that provide electrical power. Enter into technical and equipment Interlocal Agreements. Continue sharing and exchanging conversation credits with other public power utilities.
Undertake an analysis of the feasibility of creating a technical assistance program such as a "water institute" to, for example, serve the planning and technical needs of the providers of potable, irrigation, process, and fire suppression water supply.	The PUD has continued its active role on the WRIA 1 Joint Watershed Management Board, and although its role is not broadly understood, the PUD has secured and assisted with several grants addressing technical and water supply issues.	The issues regarding the supply of clean and affordable water have only become more complex with recent judicial decisions. The PUD intends on creating a " <i>Water Resources Institute</i> " that will serve as an extension-type service to attend to the technical, policy, legal and physical challenges facing the provision of sustainable water supply.
Develop ongoing expertise in order to understand, monitor and forecast the state of the water resource in Whatcom County.	The PUD has continued to pursue and secure outside funding for technical work including a recent grant of \$200k from the State Department of Health. In addition, it has assisted several water associations to consolidate and remediate contamination problems.	The PUD will continue and expend this work through the creation of the " <i>Water Resources Institute</i> ."

REPORT CARD | 2015 GOALS

2015 Goal	2016 Status	Looking Ahead 2017
1. Steward of Water Resources		
1.1 Continue to assist other agencies, organizations, businesses and industries in the management of the water resource in the County and expand that effort to consider innovative approaches such as a water exchange program.	The PUD is developing a Drought Contingency Plan utilizing a Bureau of Reclamation grant which allows for establishing a water exchange/ bank program within the community.	Continue to seek grants and undertake specific efforts within a <i>“Water Resources Institute.”</i>
1.2 Continue an active role in the resolution of the water rights associated watershed planning needs facing the county.	The PUD assumed a more engaged and involved role in this countywide effort.	Continue and expand the PUD’s role on the effort by providing leadership in technical support through the <i>“Water Resources Institute.”</i>
1.3 Develop ways to expand as a provider of bulk water to countywide users including allocation of the resource and/or delivery infrastructure.	The PUD has not identified a reasonable way for it to act as a bulk water provider. It has continued to offer support where it can such as advancements in using interties, pipelines, and connections for fire protection.	The PUD’s role as bulk provider is and will continue to be reviewed and integrated into water supply planning and service opportunities.
1.4 Initiate a specific support program targeted at the water resource needs of the local agriculture industry.	The PUD has acquired several grants to assist efforts in supporting the agricultural community including drought relief plans, water exchange concepts and identification of several needs. It continues to be an active member on the WRIA 1 Joint Watershed Management Board.	Continue its efforts with a special focus on the agricultural community. Develop a more robust public outreach program to keep the agricultural community informed as to the PUD’s efforts in the discussion of water rights. Work with the Agricultural Water Board and six Watershed Improvement Districts to establish water supply opportunities.

REPORT CARD | 2015 GOALS

2015 Goal	2016 Status	Looking Ahead 2017
2. Steward of Energy Resources		
2.1 Maintain the current program to promote significant conservation projects with measurable outcomes that result in energy conservation.	The PUD has undertaken energy efficiency projects with industrial users including Phillips 66 and the City of Blaine; however, as the PUD is not a supplier of residential power service those opportunities are limited.	Continue to explore energy efficiency opportunities with industrial and other public and municipal power utilities.
3. Manage Core Utility Costs		
3.1 Manage core utility costs by continuing to develop joint strategies with other key stakeholders with interests in water rights to support the PUD's industrial client base.	Work continues with its efforts to work with the industrial base on water rights.	Continue with joint efforts that will be expanded with the creation of a <i>"Water Resources Institute."</i>
4. Provide Technical Services		
4.1 Promote the PUD's current practice of providing limited technical support to local water associations through Interagency Agreements.	To the extent, it can the PUD has expanded the types of technical services it can provide local water associations utilizing a State Department of Health Grant.	Utilizing a State Department of Health Grant, develop a sustainable support program that continue to provide technical support with an eye to expanding the range of those services.
5. Maintain Long-Term Financial Management Program to Support the Services the PUD Provides		
5.1 Develop rate structures that reflect the "true" costs of preserving needed resources, including water rights and associated legal, infrastructure, planning, and management processes.	The PUD has maintained a cost-effective rate structure which has not historically provided the PUD with the adequate financial resources to play a more active and effective role in the water rights discussion. The PUD's rate structure is undergoing analysis, and will be adjusted to reflect the need for additional resources.	Institute a financial rate structure to generate sufficient resources to support the PUD's efforts to create a <i>"Water Resources Institute"</i> that will provide much needed technical support to the larger community.

REPORT CARD | 2015 GOALS

2015 Goal	2016 Status	Looking Ahead 2017
5. Maintain Long-Term Financial Management Program to Support the Services the PUD Provides (cont.)		
5.2 Review and update appropriate policies to support the financial management tools developed.	Through a rate study the PUD is preparing for a 2017 adjustment to the historic rate structure.	Initiate the new rate structure and develop/update financial management policies.
5.3 Develop a long-term specific strategy addressing operational needs, and debt management and an appropriate water and electrical rate structure so that services provided by the PUD are sustainable.	Analyzed the current rate structure.	Initiate the new rate structure and implement new/updated financial policies.
6. Management Support Proficiently		
6.1 Continue to define and pursue the development of technically qualified staff to undertake the selected planned strategies as well as sufficient capacity to protect against erosion of the ability to serve the core activities of the PUD.	In 2016 the PUD continued ongoing review of staffing needs and succession planning to meet its goals.	Initiate staffing priorities in 2017 to meet the updated goals of the PUD, including a succession plan for key position(s).
6.2 Develop a succession plan for key management and operational personnel.	In 2016 the PUD continued ongoing review of staffing needs and succession planning to meet its goals.	Initiate staffing priorities in 2017 to meet the updated goals of the PUD, including a succession plan for key position(s).
6.3 Appropriately and clearly distinguish the identity of the PUD, its role in the community, and future roles in water and energy resource topics.	The PUD laid the foundation in 2016 for a re-branding of the District.	Undertake the re-branding of the PUD and initiate a public outreach effort to communicate the PUD's role to the community.



GOALS 2017-2021

The PUD has made progress in a number of goal areas and in an effort to improve its efficiency and focus has consolidated its future efforts into revised goals and associated planned strategies.

PLANNED STRATEGIES

To realize its foundational goals, the PUD has formulated special initiatives and planned strategies. These initiatives and strategies put into action the PUD's mission and reflect its values. The PUD's management and technical staff will work closely with the Commission to develop tactics to support and set into action the initiatives and planned strategies.

The following is a review and update of the consolidated initiatives and strategies established in the 2016 Strategic Plan and consideration of future efforts to address new challenges in 2017 and beyond.

PLANNED STRATEGIES ARE WHAT WE DO BETWEEN OPPORTUNITIES, AND UNDERSTANDING THIS DYNAMIC IS KEY TO THE LONG-TERM SUCCESS OF THE PUD.

Goal 1: Manage Core Utility Services

Effectively manage the core water and energy services delivery to the District's industrial customers.

STRATEGY 1.1 Continue to develop joint strategies with other key stakeholders with interests in water rights to support the PUD's industrial client base.

STRATEGY 1.2 Ensure the reliable delivery of power to the PUD's existing industrial client base.

Goal 2: Steward of Energy Resources

Support energy efficiency and energy savings programs and the exploration of alternative energy sources.

STRATEGY 2.1 Promote energy conservation projects with measurable outcomes that result in energy conservation for industrial and municipal users. Utilize available energy conservation funding sources such as the Bonneville Power Administration's Energy Conservation Credits Program.

Goal 3: Steward of Water Resources

Support water resource management to sustain water supply, increase water use efficiency, improve water conservation, and enhance source protection.

STRATEGY 3.1 Continue to assist other agencies, organizations, businesses and industries in the management of the water resource in the county and expand that effort to consider innovative approaches such as a water exchange program.

STRATEGY 3.2 Continue an active role in the resolution of the water rights and associated watershed planning needs facing the county.

STRATEGY 3.3 Provide water resources support directly to the local agriculture industry.

STRATEGY 3.4 Determine if there is an acceptable and sustainable trigger point at which the PUD would assume the role of "purveyor

of last resort" from Whatcom County. Develop a plan and agreement with Whatcom County to assume that role.

Goal 4: Provide Technical Services

STRATEGY 4.1 Further define and create a "Water Resources Institute" (see page 36) that will serve the greater community by developing technical resources, managing relevant data and providing a platform for a robust and outcome based discussion of water rights issues and policies.

Goal 5: Maintain Long-Term Financial Management Program to Support the Services the PUD Provides

STRATEGY 5.1 Implement rate structures that reflect the "true" costs of preserving needed resources, including water rights and associated legal, infrastructure, planning, and management processes.

STRATEGY 5.2 Put updated policies and operating procedures in place to support the financial needs of the PUD.

STRATEGY 5.3 Identify and secure additional funding sources to support the PUD's development of the PUD "Water Resources Institute," including fees for service, grants, Interlocal Agreements, and property tax.

Goal 6: Management Support Proficiently

STRATEGY 6.1 Complete the staffing needs analysis that defines the necessary staffing skills to carry the PUD forward in its challenging roles regarding water rights as well as in maintaining its historic role in providing core utility services.

STRATEGY 6.2 Develop a succession plan for key management and operational personnel.

STRATEGY 6.3 Re-brand the PUD in 2017 and undertake an aggressive public outreach program to communicate the agency's vital community role to the general public, customers, state agencies and local governments.

PUD WATER RESOURCES INSTITUTE

A collaboration of committed partners in exploring local eco-hydrologic constraints and identifying the policy and technical solutions that move the greater community towards a sustainable water resource.

- Developing and managing relevant data to support decision making regarding the water resource
- Researching and evaluating new technologies and adaptive resource management
- Creating a forum for decision making
- Providing education and community awareness of the value and need of a sustainable water resource

NEW OPPORTUNITIES

In its pursuit to realize its mission, the PUD recognizes the need to balance a planned and intended future against the flexibility required as conditions and opportunities change.

New and unforeseen opportunities likely will arise that are not anticipated in this plan or in the annual capital or operating budgets. The PUD strives to remain flexible in order to capitalize on these new “opportunities,” but must be deliberate in evaluating and investing in them. A series of qualitative and quantitative inquiries has been identified to allow the PUD to consider these opportunities without compromising the success of its ongoing planned strategies. As new opportunities present themselves should the PUD consider them?

Project-Specific Strategic Checklist – Should the PUD consider the Project?

- Is it consistent with the PUD’s mission, goals, and values?
- Are there joint ventures or grant partnership possibilities that would mitigate the PUD’s required investment?
- What, if any, planned PUD investments or planned strategies will be delayed or eliminated because of this opportunity and what are the short-term and long-term consequences of that displacement decision? Is that acceptable?
- Will the local community support the outcomes of the effort?
- Does the project significantly advance an existing governmental or community plan or policy?
- Is any other entity, private or public, better positioned to undertake this opportunity, and are they able to do so?
- What should the PUD’s role be in the initiative (e.g. support, investment, operations, partner)?

The PUD appreciates the continuing input from our valued local government partners, customers and community members.

Whatcom County

Executive Jack Louws, Jon Hutchings, Tyler Schroeder and Gary Stoyka

City of Bellingham

Mayor Kelli Linville, Brian Heinrich, Clare Fogelsong and Ted Carlson

City of Ferndale

Mayor and City Administrator

City of Lynden

Mayor Scott Korthuis and City Administrator Mike Martin

ALCOA/Intalco

Barry Hullet and Staff

BP Cherry Point Refinery

Bill Kidd, Pat Pollock and Jeff Chalfant

Phillips66 Refinery

Rick Maricle and TJ Lee

Ag Water Board/Watershed Improvement Districts

Henry Bierlink, Greg Ebe, Marty Mayberry, Ed Blok, Scott Bedlington and Brad Rader

PUBLIC UTILITY
DISTRICT No. 1
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