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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 June 27, 2017 8:00 a.m. at the PUD Office

1. Public Comment
2. Approval of Meeting Minutes held June 13, 2017
3. Approval of Claims for June 27, 2017
4. Approval of 2018 Budget Development Schedule
5. Electric Transmission Pole Replacement Bid Award
6. Manager's Report
7. Adjourn

Next Commission Meetings

July 11 and July 25, 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

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MINUTES OF THE MEETING OF THE COMMISSION

June 13, 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 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 and Legal Counsel Jon Sitkin. Staff: Steve Jilk, General Manager; Ann Grimm, Administrative Assistant; Brian Walters, Assistant General Manager; Rebecca Schlotterback, Manager of Contracts and Regulatory Compliance; Duane Holden, Director of Utility Operations, Fred Disch, Water System Supervisor; Jon Littlefield, Electric Systems Supervisor; Annette Smith, Director of Finance; Alec Strand, Project Manager; Paul Siegmund, Manager of Automation and Technology; Mike Macomber, IT/SCADA Tech; Aaron Peterson, IT/SCADA Tech; Bruce Dundas, Water Operator and Traci Irvine, Accountant I.

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

◆ **Public Comment**

No comments made.

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

The Commissioners were presented with the Minutes of the Meeting May 23, 2017 and the following Claims of June 13, 2017:

VENDOR NAME	AMOUNT
3-D CORPORATION	1,334.27
BAY CITY SUPPLY	150.46
BIRCH EQUIPMENT COMPANY	571.80
BRIDGEVIEW AUTO PARTS	12.49
BRIM TRACTOR COMPANY	41.25
CHMELIK SITKIN & DAVIS	1,225.00
CORNERSTONE MANAGEMENT, INC.	6,405.02
CULLIGAN NORTHWEST	56.85
EAGLE-EYE AERIAL SOLUTIONS, LLC	10,500.00
EES CONSULTING	340.00
ELECTRIC POWER SYSTEMS - EPS	640.00
FARMERS EQUIPMENT COMPANY	2,869.68
FASTENAL	59.83
FERNDALE ACE HARDWARE	302.97
FERNDALE LUBE	47.77
FRONTIER	1,373.70
GENEVA CONSULTING	1,067.50
GRIMM, ANN	133.75
HARDWARE SALES, INC	144.18
HEALTH PROMOTIONS NORTHWEST	90.00
IVOXY CONSULTING LLC	13,283.85
LITHTEX NW LLC	138.88
MASSMUTUAL RETIREMENT SVCS LLC	9,058.33
MICHELS POWER	6,311.76
MORTIMER, TOM	1,787.50

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MURPHY, MICHAEL J	16.69
NORTHWEST MOWING & GARDENING	514.54
P&P EXCAVATING, LLC	11,091.50
PITNEY BOWES GLOBAL FINANCIAL SERVICES LLC	150.79
PITNEY BOWES/PURCHASE POWER	20.99
PORTAL WAY FARM & GARDEN	983.46
PROBUILD - OSO LUMBER	456.04
PUBLIC UTILITY RISK MANAGEMENT SERVICES	16,486.79
PUD #1 OF WHATCOM COUNTY	133.58
PUGET SOUND ENERGY, INC	8,219.51
REGENCE BLUE SHIELD	35,552.43
REISNER DISTRIBUTION, INC	1,634.51
RH2 ENGINEERING, INC	1,509.31
RICOH USA	267.18
SHRED-IT USA	28.00
SOFTWIRED	199.95
SPECIAL-T STRIPING & SIGN COMPANY	499.33
SSC - SANITARY SERVICE COMPANY	356.98
STAR RENTALS	113.87
STERICYCLE ENVIRONMENTAL SOLUTIONS	41.25
TEAMSTER LOCAL #231	512.00
TRUE GREEN LAWN SERVICE	869.60
TYLER TECHNOLOGIES-INCODE	1,261.00
UNITED WAY OF WHATCOM COUNTY	315.00
UTILITIES UNDERGROUND LOCATION	54.18
VERIZON WIRELESS	1,237.58
WASHINGTON DENTAL SERVICE	2,853.65
WASHINGTON TEAMSTERS WELFARE	11,372.55
WATERTEC INC.	1,005.48
WHATCOM JANITORIAL	1,250.00
WILLANDS TECH-AUTO	756.81
XEROX CORPORATION	129.06
YEAGER'S SPORTING GOODS	126.29
GRAND TOTAL	\$157,966.74

ACTION: Commissioner Murphy motioned to APPROVE THE MINUTES OF THE MEETING HELD MAY 23, 2017 and the CLAIMS OF JUNE 13, 2017. Commissioner McClure second the motion. Motion passed unanimously.

◆ **Approve Work Order No. 2 – Eagle Eye Aerial Solutions**

Background: The District executed a Professional Services Agreement (“PSA”) with Eagle Eye Aerial Solutions (“Consultant”) in September of 2016. The PSA describes a general scope of services to include drone assisted aerial surveys of the District’s electric and water system infrastructure. The aerial surveys would assist the District in gathering visual data, which is difficult and expensive to obtain through other means. The visual data recorded in electronic form would help District staff determine maintenance needs and plan for capital improvements related to the District’s electric and water utilities’ facilities.

Previously under Work Order No. 1, Exhibit A to the PSA, inspections of pole structures number 77 through 102 were completed. These structures comprise a segment of the PUD’s main 115 kV line that extends from the three way switch near Imhoff Road to Lake Terrell Road. The work scope is complete, except for three structures (103-5).

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Walters said that the PUD is awaiting approval from the Phillips 66 Refinery for the use of a drone on Refinery property, so that the remaining three structures can be inspected. The information gathered from inspections of structures 77 through 102 revealed three structures to add to the replacement list for maintenance work to be performed later this year. The Commissioners were presented with photos taken from the drone indicating damage to the structures which would not normally be seen from the ground or a in a bucket truck.

Under the Work Order No. 2 Scope of Services, Eagle Eye will inspect the remaining pole structures number 1 through 76. This is a segment of the PUD's main 115 kV line starting at BPA's Bellingham substation off of Dewey Road to the three-way switch at Imhoff Road.

In addition, inspection of the single pole structures carrying the PUD's 115 kV tie line from the three way switch north on Imhoff Road and then east to Water Plant No. 1 will be accomplished. Because the drone flights for inspections will include structures in an area near BPA high voltage lines and also in an area where structures are in the flight path for Bellingham Airport, the work will be segmented into four stages. This is to allow for the possible impact on the project timeline resulting from required FAA and BPA approvals for the sections mentioned above.

The findings from the structure inspections will be used in planning maintenance activities and determining capital improvements to be implemented in 2018.

Commissioner McClure asked how long it took to complete the first round of images from the drone. Electric System Supervisor Littlefield said it took about a day and a half of drone flying, then images were downloaded and provided to the PUD. Walters added that even where some of the poles are "easily accessible" by foot or truck during the summer, the drone images were accomplished quickly and efficiently.

Commissioner Murphy is interested in the PUD acquiring its own drone and views it as a tool that could be used in many other projects/places. Legal Counsel Sitkin, having recently attended the WPUA Attorneys Meeting, said a discussion on unmanned aerial drone systems and the extensive regulations, including pilot and device registrations with the FAA was held. Sitkin said that having a drone for business versus a consumer product, regulations are much different.

There is no fiscal impact associated with execution of Work Order No. 2. The District's current 2017 CIP Budget, under line item E-6, includes sufficient remaining budget to cover the scope of services anticipated under the work order

ACTION: Commissioner Murphy motioned to APPROVE WORK ORDER NO. 2 WITH EAGLE EYE AERIAL SOLUTIONS FOR AERIAL SERVICES RELATED TO DRONE ASSISTED INSPECTIONS OF DISTRICT 115 KV LINE STRUCTURES AND CONDUCTORS FOR A COST NOT TO EXCEED \$30,250 AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE WORK ORDER DOCUMENT. Commissioner McClure second the motion. Motion passed unanimously.

◆ **Manager's Report**

Grandview Fire Pond Update

With special thanks to the water crew, the muskrat issue at the Grandview fire pond may be solved once and for all. The crew built a structure to gain access to the dike and Water Operator David LaPlaunt said that over two tons of bentonite, a whole lot of gravel and some larger rocks were used to fill and ultimately plug the holes caused by the muskrats. The water level of the pond is back up and the crew is keeping a watchful eye on the situation. Jilk indicated that the District is working with property owners on drilling an additional well to supplement the fire water system; however, easements will be needed to gain access to the property to drill the test well first.

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Commissioner Murphy inquired about the extension of the water line project to Grandview. Jilk said he has met several times with the City of Ferndale to discuss options of running the line via Malloy Road or via Portal Way – Enterprise Road – Grandview. The City wants to connect sewer services to the area and is interested in including the PUD’s water line in the same trench. Cost sharing continues to be discussed for the pre-engineering study as well as a joint application for EDI funding for the project. The PUD has already researched its own options for the water. The City expects if sewer is brought to the area then development will happen. The PUD plans to drill a new well so there will be two wells for the fire water source and the pond would be considered as a backup. When the test well can be drilled (and if it is a successful source) will determine the most cost effective means of getting water to the fire system and how the customers will be best served.

WPUDA Attorney Meeting

As noted earlier, Sitkin attended the WPUDA Attorney meeting last week in Chelan. In addition to the drone discussion, Steve Wright of Chelan PUD discussed the possibility of hydro power as a renewable part of the carbon cap; On President Trump’s idea of selling off BPA, it was mentioned that BPA facilities are too integrated within the system and access or purchasing of these facilities is unlikely; Open Public Meetings Act and Social Media – although the District is fairly advanced on the OPMA, everyone is behind on Social Media and the capturing of these records. An example was given of a “serial meeting” on Snapchat, where information is communicated and then almost instantaneously disappears. Sitkin suggested that the District create a policy on the use of different forms of Social Media.

Also discussed was a recent open public meetings act case for the Port of Vancouver in regards to discussion of real estate in Executive Session. The Port had a series of seven meetings to discuss price in Executive Session; constituents argued that the context of the issue (insurance, liability, environmental liability, etc.) should be discussed in open session then how it affects pricing to be discussed in Executive Session. In summary, litigation can be discussed in open negotiating/discussing settlement, however it could risk disclosing pertinent information to the other party (which could harm the position of the PUD).

Jilk inquired about discussing water rights or water leases. Sitkin replied that a real property lease and possibly a personal property discussion could be limited, but to keep in mind that components which affect value should be discussed in open session but actual pricing discussed in Executive Session.

◆ **Resolution No. 727 – Honoring Bruce Dundas Upon Retirement**

The Commissioners honored Bruce Dundas upon his retirement from the District after 40-1/2 years as a Water Operator. The Commissioners thanked Dundas for his outstanding service to the District and presented Resolution No. 727 honoring him upon his retirement.

Resolution No. 727 expressed the Commissioners’ sincere appreciation for his valued employment with the District since August 1976. Dundas served the District “...most capably with the interests of the PUD always foremost, and gave generously of his time and talents in performing the various duties of his job as Water Operator” in freezing northeaster conditions and other astonishing conditions he endured.

McClure presented Dundas with a framed copy of the signed resolution and collage of photographs. Dundas shared a few stories of harrowing and exciting times over the years. Commemorative photos were taken and all congratulated and applauded Bruce’s accomplishments.

ACTION: Commissioner McClure motioned to APPROVE RESOLUTION NO. 727 HONORING KENNETH “BRUCE” DUNDAS UPON HIS RETIREMENT AFTER 40-1/2 YEARS AS WATER OPERATOR TO THE DISTRICT. Commissioner Murphy second the motion. Motion passed unanimously.

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◆ **Adjourn**

There being no further business for the regular meeting, the Commission adjourned the regular meeting at 8:35 a.m.

Paul D. Kenner, President

Michael J. Murphy, Secretary

Jeffrey L. McClure, Commissioner

AGENDA ITEM # 4
June 27, 2017

PUBLIC UTILITY DISTRICT NO. 1
of Whatcom County

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

Memo

To: Commissioners Kenner, Murphy, and McClure

From: Stephan Jilk, General Manager

Date: June 27, 2017

Re: Approval of 2018 Budget Development Schedule

This is a request for the Commission to APPROVE THE SCHEDULE FOR THE DEVELOPMENT OF THE 2018 DISTRICT OPERATING AND CAPITAL BUDGET AND APPROVAL OF THE RATES AND CHARGES FOR WATER AND ELECTRIC SERVICE FOR 2018.

The proposed schedule allows time for:

- Work Sessions by the Commission before adopting the final budget and rates;
- Meetings with the different customer groups we have;
- A Public Hearing and a Commission Meeting/Work Session that allows for public/customer input to the Commission for the 2018 Budget and rate setting process.

Schedule:

- August 8, 2017..... Commission receives 2017 First Half Financial Report
- September 12, 2017..... Commission Work Session to discuss budget parameters for 2018
- October 24, 2017 Draft 2018 Budget presented to the Commission
- November 6 – 10, 2017..... Customer meetings on draft 2018 budget
- November 28, 2017 Public Hearing on 2018 Budget/Rates, 2nd Commission Work Session
- December 12, 2017..... 2018 Budget and 2018 Rates/Charges approved

Requested Action: APPROVE THE SCHEDULE FOR THE DEVELOPMENT OF THE 2018 DISTRICT OPERATING AND CAPITAL BUDGET AND APPROVAL OF THE RATES AND CHARGES FOR WATER AND ELECTRIC SERVICE FOR 2018.

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AGENDA ITEM # 5
June 27, 2017

Memo

To: Commissioners Kenner, McClure and Murphy

From: Stephan Jilk

Date: June 27, 2017

Re: Award Small Works Project to Michels Corporation for 2017-115kV
Transmission Pole Replacement

Requested Action – AWARD SMALL WORKS PROJECT TO MICHELS CORPORATION FOR 2017-115KV TRANSMISSION POLE REPLACEMENT.

Background – The District has received condition reports from its Electrical Engineering Consultants, Electric Power Systems (EPS) on the condition of its 115kV Electric Transmission facilities, poles, conductors, insulators etc. as well as the fiber communication lines. EPS has prioritized the maintenance needs and made recommendations to District staff regarding which poles should be replaced first. In addition, the District has received high definition photographs, collected by flying a drone above the pole structures, under a contract with Eagle Eye Aerial Solutions LLC. This Small Works Project was developed from the consideration of the recommendations from EPS and from of what is budgeted for CIP E-6.

The District identified eight (8) H Frame Structures (16 poles) and 11 single poles supporting our Transmission lines that require total replacement. The Contractor will provide all required labor, materials and hardware to complete the work.

On June 20, 2017 the District received and publicly read aloud two (2) bids submitted for this project. The Engineer's Estimate for the project is \$270,000.00, not including tax. Totals below include tax. The results are as follows:

<u>Contractor</u>	<u>Bid Total</u>
Michels Power	\$201,088.80
Potelco Inc.	\$208,085.80

Fiscal Impact – This Project is funded for the 2017, as part of the approved Capital Improvement Projects (CIP E-6) Budget.

Recommended Action – AWARD SMALL WORKS PROJECT TO MICHELS CORPORATION FOR 2017-115KV TRANSMISSION POLE REPLACEMENT.