

MINUTES OF THE MEETING OF THE COMMISSION

May 23, 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 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, 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; and Traci Irvine, Accountant I.

Public attending: Dave Olson, Citizen
Rick Maricle, Citizen
Carole and Max Perry, Citizens
TJ Lee, Phillips66

◆ Public Comment

Carole Perry has been following the County Council's Cherry Point land use Ordinance amendments and attended the meeting last week in which Councilmember Weimer presented the latest round of proposed changes. She asked how the PUD feels (about the amendments) and will it affect our service to Cherry Point? Does the Commission have an opinion? Commissioner Kenner responded that his opinion is negative and that any impact to Cherry Point affects the PUD and that it was not a good day in Whatcom County. Commissioner Murphy responded that he feels the same way. He doesn't understand why people can't look in the moment and see the impact. Murphy added that the PUD staff and Commission have an open mind, and he is trying not to bring just his own opinions to the table.

◆ Approval of the Meeting Minutes and Claims

The Commissioners were presented with the Minutes of the Meeting May 9, 2017 and the following Claims of May 23, 2017:

VENDOR NAME	AMOUNT
BONNEVILLE POWER ADMINISTRATION	781,301.00
CESCO NEW CONCEPT CHEMICAL PRODUCTS	109.57
COMCAST	91.12
CRITICAL INFORMATICS, INC	13,860.00
EDGE ANALYTICAL LABORATORIES	20.00
ELECTRIC POWER SYSTEMS - EPS	1,600.00
FERGUSON ENTERPRISES, INC	120.18
FERNDALE ACE HARDWARE	118.32
FERNDALE LUBE	131.31
GLEASON, GUY G	148.44
GUARDIAN SECURITY SYSTEMS, INC	225.01
HANSEN SUPPLY COMPANY	7,139.54
HD FOWLER CO, INC	1,908.77
INDUSTRIAL SUPPLY, INC	157.14
INTERNAL REVENUE SERVICE	15,288.79
JOHN DEERE FINANCIAL	11,909.11
KNOWBE4, INC.	587.50
MORTIMER, TOM	1,425.00
NORTHWEST CASCADE INC.	170.50
PACIFIC SURVEY & ENGINEERING	3,496.95
PAYLOCITY	127.50
PAYROLL	158,646.12
PLATT ELECTRIC SUPPLY CO	519.69
PORTAL WAY FARM & GARDEN	219.53
PROBUILD - OSO LUMBER	13.03
PUD #1 OF WHATCOM COUNTY	165.14
PUGET SAFETY EQUIPMENT COMPANY	107.36
PUGET SOUND ENERGY, INC	7,775.52
PUMPTECH	4,516.31
REISNER DISTRIBUTION, INC	365.83
RICOH USA FINANCIAL SVC	152.18
SMITH MECHANICAL	1,609.58
SPECIALTY ENGINEERING, INC	149.00
SURETY PEST CONTROL	59.79
US BANK	636,843.46

WA FEDERAL VISA CARD MEMBER SERVICES	4,788.89
WA ST DEPT OF REVENUE	76,689.70
WA ST DEPT TRANSP-NW REGION	221.19
WALTERS, DENNIS BRIAN	236.47
WESTERN CONFERENCE OF TEAMSTERS	6,688.00
WHATCOM FARMERS CO-OP	152.47
GRAND TOTAL	\$1,739,855.01

ACTION: Commissioner Murphy motioned to APPROVE THE MINUTES OF THE MEETING HELD MAY 9, 2017 and the CLAIMS OF MAY 23, 2017. Commissioner Kenner second the motion. Motion passed unanimously.

◆ **Resolution No. 725– Cancellation of Warrant**

Irvine said that Warrant Number 1024138 in the amount of \$6,718.78 for Puget Sound Energy issued on March 21, 2017 was never received by the vendor and as such the Warrant needs to be cancelled. A new warrant will be reissued.

ACTION: Commissioner Murphy motioned to APPROVE RESOLUTION NO. 725 AUTHORIZING CANCELLATION OF WARRANT NEVER RECEIVED BY THE VENDOR AND REISSUE OF WARRANT. Commissioner Kenner second the motion. Motion passed unanimously.

◆ **Resolution No. 726– Cancellation of Warrant**

Irvine said that Warrant Number 1028464 in the amount of \$149.48 for Farmers Equipment Company issued on May 16, 2017, was a duplicate payment. The original invoice received was not marked “Paid in Full” as it was paid via credit card prior to the warrant being issued. The warrant has been returned by the vendor and now needs to be cancelled.

ACTION: Commissioner Murphy motioned to APPROVE RESOLUTION NO. 726 AUTHORIZING CANCELLATION OF A DUPLICATE WARRANT. Commissioner Kenner second the motion. Motion passed unanimously.

◆ **Approve Interlocal Agreement with Public Utility District No. 1 of Jefferson County**

Public Utility District No. 1 of Jefferson County (“Jefferson 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 current rate period (fiscal years 2016-17). The District has sufficient EEI budget remaining to accommodate Jefferson PUD’s request. The transfer is a paper transaction with no actual funds provided to Jefferson PUD. The District has previously entered into similar arrangements with the cities of Blaine and Sumas and Clallam PUDs. The Interlocal Agreement, if approved, is the document enabling the District to legally transfer BPA allocated EEI budget to Jefferson PUD.

Jefferson PUD, like the District, buys power from BPA and receives an allocation of the BPA EEI budget. Jefferson PUD offers several energy efficiency programs meeting BPA program criteria. The PUD has a large demand for its low income residential weatherization program. Jefferson PUD has exhausted its EEI budget for FY 2016-17 and is seeking additional EEI Budget funds to continue its energy efficiency activities through the remainder of FY 2017, which ends September 30th of this year. The details of any EEI budget transfers to or from each party and the amount to be transferred are described in Exhibit A to the Interlocal Agreement and any future transfers are accomplished through Amendments to Exhibit A. Exhibit A and any Amendments thereto are to be approved by the Commission separately from the Interlocal Agreement.

The District’s remaining BPA EEI Program budget for FY 2016-17 is sufficient to cover the District’s anticipated energy efficiency efforts for the remainder of BPA’s 2016-17 rate period and there is no fiscal impact our 2017 Annual Budget. Walters added that the District will receive another EEI budget allocation for BPA’s FY 2018-19 rate period, which starts October 1, 2017.

ACTION: Commissioner Murphy motioned to APPROVE INTERLOCAL AGREEMENT WITH PUBLIC UTILITY DISTRICT NO. 1 OF JEFFERSON COUNTY AND AUTHORIZE THE DISTRICT’S GENERAL MANAGER TO EXECUTE THE AGREEMENT, SUBJECT TO FINAL STAFF AND LEGAL REVIEW. Commissioner Kenner second the motion. Motion passed unanimously.

◆ **Approve Exhibit A to Interlocal Agreement with Public Utility District No. 1 of Jefferson County and the Transfer of \$150,000 in BPA EEI Budget**

As noted above, the Commission approved the Interlocal Agreement with Jefferson PUD. Jefferson PUD has exhausted its BPA EEI budget for FY 2016-2017 and has requested that the District transfer \$150,000 of its remaining EEI budget for FY 2016-17 to Jefferson PUD. Such transfer from one party to the other is memorialized in Exhibit A, which is incorporated into the Interlocal Agreement. Future transfers agreed to by the parties (either to or from Jefferson PUD) will be accomplished by Amendments to Exhibit A.

Commissioner Murphy commented that he would like to see a program where the EEI program funds could be used within Whatcom County. Walters noted that BPA's new two-year rate period begins on October 1, 2017 and we will receive \$550,000 to use. The District can transfer up to \$55,000 into the upcoming 2018-2019 rate period. Jilk noted that there is \$50,000 remaining should a project with Phillips 66 or the District come up to utilize the funds.

ACTION: Commissioner Murphy motioned to APPROVE EXHIBIT A TO THE INTERLOCAL AGREEMENT WITH PUBLIC UTILITY DISTRICT NO. I OF JEFFERSON COUNTY ("JEFFERSON PUD") AND THE TRANSFER OF \$150,000 OF THE DISTRICT'S REMAINING BPA EEI PROGRAM BUDGET FOR BPA FY 2016-17 AND AUTHORIZE THE DISTRICT'S GENERAL MANAGER TO IMPLEMENT THE TRANSFER, SUBJECT TO FINAL STAFF AND LEGAL REVIEW. Commissioner Kenner second the motion. Motion passed unanimously.

◆ **Approve Amendment No. 1 to Exhibit A of Interlocal Agreement with Public Utility District No. 1 of Clallam County**

The District entered into an Interlocal Agreement with Clallam PUD on February 28, 2017. Clallam PUD has exhausted its BPA EEI budget for FY 2016-2017 and has requested that the District transfer an additional \$70,000 of its remaining EEI budget for FY 2016-17 to Clallam PUD. Such transfer from one party to the other is memorialized in Exhibit A and any amendments thereto, which is incorporated into the Interlocal Agreement. Any future transfers agreed to by the parties (either to or from Clallam PUD) will be accomplished by further amendments to Exhibit A.

If the transfer is approved, the District will have sufficient remaining BPA EEI Program Budget for FY 2016-17 to cover any District sponsored energy efficiency projects for the remainder of BPA's 2016-17 rate period, which ends September 30, 2017. The District will receive another budget allocation for BPA's FY 2018-19 rate period, which begins October 1, 2017. If approved, Amendment 1 to Exhibit A and the EEI budget transfer described therein will have no fiscal impact on the District's 2017 Annual Budget.

ACTION: Commissioner Murphy motioned to APPROVE AMENDMENT 1 TO EXHIBIT A TO THE INTERLOCAL AGREEMENT WITH PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY ("CLALLAM PUD"), WHICH TRANSFERS OF \$70,000 OF THE DISTRICT'S REMAINING BPA EEI PROGRAM BUDGET FOR BPA FY 2016-17 TO CLALLAM PUD AND AUTHORIZE THE DISTRICT'S GENERAL MANAGER TO SIGN THE AMENDMENT DOCUMENT. Commissioner Kenner second the motion. Motion passed unanimously.

◆ **Projects Update**

Holden and Strand presented an update and slideshow on District projects. Highlights included:

- *Grandview Fire Water Pond*
Water operators reported that the water level in the pond at Grandview was very low. After an investigation, holes were discovered in the berm which was causing the water loss. The Department of Agriculture was consulted and after a site visit, the culprit of the holes made were muskrats. With the recent rainfall the pond returned to normal levels, then dropped again. This time, Holden contacted Whatcom County and the Department of Fish and Wildlife for a remedy. Because the pond is located in a sensitive area, a permit was issued to fill in the holes made by the muskrats. Sand bags and crushed rock will be used to fill the holes, and a state-certified trapper has been contracted to catch the pesky buggers. Backflow from the fire well water will be used in an attempt to raise the pond level, if necessary, and hopefully these hole filling and trapping methods will solve the problem.
- *Plant 1 Service Water Piping*
Years of repairing holes in the service water piping has come to an end with new piping being installed. This water source is used when the basins are washed down for cleaning. New ductile iron piping was used in the repair, along with an addition of more hydrants to make wash-downs easier for the water operators. A new pressure relief valve to regulate the water pressure was also installed along with the new piping and smaller PRVs were installed at each hydrant.
- *Fiber Backbone Project*
The connection of fiber from Plant 1 to Plant 2 is nearing 80% complete. Crews have been using a trenchless digger which can bore up to 1,000 feet in each section – most recently completing the stretch along Trigg Road and up to the Repeater Tower at Bender Park.
- *Alcoa Easement/ Buried Communication Line*
New conduit will be installed and the meter that serves the Alcoa potable plant will be relocated. Over 1,100 feet of trenching and conduit will be required for a fiber communication line connection to the Douglas Road Vault. This will benefit Alcoa and the District by not having to access Alcoa's property to reach/read our meter.

- *Jockey Pump Replacement*
The jockey pump located at the Grandview Fire pump station quit working. A new pump and motor was ordered and repair has been completed. This keeps the system pressurized. If there is a large water demand on the system (i.e. a hydrant opened) then the large diesel engine pump turns on and an alarm is triggered, requiring a response by a Water Operator.
- *Plant 1 Louver Replacement*
New louvers were placed in Plant 1 intake's building to help better monitor the temperature and Andgar recently replaced the temperature control with a new thermostat. The louvers can be automatically opened or closed to regulate the temperature by letting outside air in.
- *New Streaming Current Monitor*
This helps determine the proper amount of chemical dosage to use for turbidity. Although this project is not yet complete, it will automate the chemical dosage with a more "immediate response" to treat the water.
- *Frazil Ice Safety*
Larger compressors are sometimes needed onsite to assist with the airbursts and to help make the area safer outside of the intake building at Plant 1, additional outdoor lighting and electrical outlets were installed along side of the building.
- *Variable Frequency Drives*
Water Operators are now running two new VFDs at a time to work with river flows at Plant 1. The new VFDs are smaller and more compact than the old ones.
- *Grandview Fire Well*
Issues brought on from last winter's wicked storms included broken PVC pipes. New, ductile iron piping replaced the old, weaker plastic pipes.
- *Electric Transmission Line Pole Replacements*
Using drone camera footage, Electric System Manager Littlefield has determined that there are a few poles that will need to be replaced this summer in addition to the ones already scheduled for replacement.
- *Seasonal Work*
Now that summer is upon us, we will have the usual projects going on such as sediment cleaning at the west pond of Plant 2 (first time cleaning since it was re-constructed); vegetation management for the electric and water transmission lines, and completing the communication conduit bank at Alcoa as mentioned earlier.
- *Other Work*
Walters mentioned that new customer Rubicon has begun installing pipe but is still waiting on the WSDOT/Grandview Road permit. Their water line will begin near Kickerville Road across from Grandview, ending at Chemco. It will end approximately 1,000 feet north of Grandview.
- *Schedule Changes*
The Water Operators schedules have been realigned where there is more staffing available during day-shift hours, doing away with swing-shift hours. This has helped utilize the water operators for projects where in the past, contractors may have been brought in to accomplish work due to lack of daytime staffing. This is a mutually beneficial opportunity as the staff works well together and can utilize additional training or emphasize operators' skills such as welding and being prepared for tooling and working on various equipment. Commissioner Murphy agreed that this concept is something he would offer his staff while head of maintenance at the school district.

The Water Operators can now work side-by-side with contractors when necessary, and creating better operations and maintenance opportunities is the ultimate goal.

◆ **Manager's Report**

REGENIS Project

Discussions with REGENIS are continuing. REGENIS is partnering with a European company who has a treatment method which produces clean enough water for livestock and irrigation, and useable solids for fertilizer using dairy farms or food processors wastewater. REGENIS is checking with the European manufacturer in hopes of a lower-priced unit to use as a test/display in Whatcom County. REGENIS has been offered a rebuilt unit at a reduced price. There are three Whatcom County farmers who are interested in placing the unit on their farm and Powell, of REGENIS will have more information for the PUD in a few weeks.

Jilk is in discussion with Legal Counsel Tom Mortimer in regards to the District taking water off of the project and should the District consider applying for a water right. This could be a significant barrier to sell water for irrigation or the like, as this "reused" water might be considered as wastewater or reclaimed water and a permit or water right may be needed. Jilk noted that REGENIS has determined a specific location/right fit, adjacent to "impaired streams" would benefit most. Bertrand or Fishtrap Creeks could provide mitigation for a farmer seeking water. For now, Jilk is working to identify the best opportunity to reuse the water. A firm proposal regarding location and ways to reduce the cost is forthcoming from REGENIS.

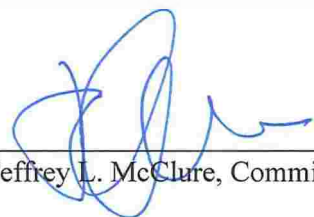
◆ **Adjourn**

There being no further business for the regular meeting, the Commission adjourned the regular meeting at 8:44 a.m.

Paul D. Kenner, President



Michael J. Murphy, Secretary



Jeffrey L. McClure, Commissioner