

MINUTES OF THE MEETING OF THE COMMISSION

June 27, 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; Brian Walters, Assistant General Manager; Rebecca Schlotterback, Manager of Contracts and Regulatory Compliance; Duane Holden, Director of Utility Operations, Jon Littlefield, Electric Systems Supervisor; Annette Smith, Director of Finance; Alec Strand, Project Manager; Mike Macomber, IT/SCADA Tech; Aaron Peterson, IT/SCADA Tech; and Traci Irvine, Accountant I.

Public attending: Rick Maricle, Citizen
Carole and Max Perry, Citizens
Dave Olson, Citizen
TJ Lee, Phillips 66

◆ **Public Comment**

Carole Perry said that they had attended a private well owners meeting recently. The Hirst case is certainly bringing awareness to property owners noting the “whys” and dire circumstances that property owners with private wells are beginning to face. Perry said it is a good time to call House Speaker Frank Chopp and tell him it is time to vote. Kenner thanked her for the comments and added that the Hirst case has brought attention now from people that weren’t involved in this issue in the past.

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

The Commissioners were presented with the Minutes of the Meeting June 13, 2017 and the following Claims of June 27, 2017:

VENDOR NAME	AMOUNT
APPLIED INDUSTRIAL TECHNOLOGIES, INC	133.41
BONNEVILLE POWER ADMINISTRATION	595,532.00
CESCO NEW CONCEPT CHEMICAL PRODUCTS	109.57
COLUMBIA FORD	36,826.73
COMCAST	91.12
EDGE ANALYTICAL LABORATORIES	20.00
FERNDALE ACE HARDWARE	293.27
FERNDALE LUBE	60.71
FLOOR GUY INC, THE	250.00
GLOBAL TELECOM ENGINEERING & CONSTRUCTION	130,130.24
HARDWARE SALES, INC	471.24
HD FOWLER CO, INC	165.57
INTERNAL REVENUE SERVICE	17,084.44
IVERSON EARTHWORKS	8,644.20
MOTOR TRUCKS, INC	18.08
NORTHWEST CASCADE INC.	112.50
PACIFIC SURVEY & ENGINEERING	3,715.00
PAYLOCITY	127.50
PAYROLL	180,522.85
PLATT ELECTRIC SUPPLY CO	38.33
PROBUILD - OSO LUMBER	33.11
PUD #1 OF WHATCOM COUNTY	1,580.00
REISNER DISTRIBUTION, INC	485.13
RICOH USA	174.51
SCHWEITZER ENGINEERING LABS	6,737.85
SMITH MECHANICAL	2,791.40
SPECIAL-T STRIPING & SIGN COMPANY	392.85
SPECIALTY ENGINEERING, INC	2,181.00
UNIVAR USA, INC	1,536.48

WA FEDERAL VISA CARD MEMBER SERVICES	4,359.51
WA ST DEPT OF ECOLOGY HAZ FEE	50.00
WA ST DEPT OF REVENUE	67,789.38
WA ST DEPT TRANSP-NW REGION	587.86
WESTERN CONFERENCE OF TEAMSTERS	6,820.00
WHATCOM FARMERS CO-OP	12.30
GRAND TOTAL	\$1,069,878.14

ACTION: Commissioner Murphy motioned to APPROVE THE MINUTES OF THE MEETING HELD JUNE 13, 2017 and the CLAIMS OF JUNE 27, 2017. Commissioner McClure second the motion. Motion passed unanimously.

◆ **Approve 2018 Operating and Capital Budget Development Schedule**

This is a request for the Commission’s approval of 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.

Proposed Schedule:

August 8, 2017Commission 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, 2017Public Hearing on 2018 Budget/Rates, 2nd Commission Work Session
December 12, 20172018 Budget and 2018 Rates/Charges approved

ACTION: Commissioner McClure motioned 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. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Award Small Works Project to Michels Corporation for 2017 –115kV Transmission Pole Replacement**

The District has received condition reports from its electrical engineering consultants, Electric Power Systems (EPS) on the condition of some 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.

Staff has 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. The poles will be made of wood – non-wood structures would require additional engineering studies. Strand noted that a few of the original transmission poles from the 1950s have outlasted some which were replaced in the 1980s. This may be due to the type of wood and the preservatives used.

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

There is no fiscal impact to the District as this project is funded for the 2017, as part of the approved Capital Improvement Projects (CIP E-6) Budget.

Commissioner Kenner inquired if all the transmission poles had been inspected. Walters replied not all have been inspected yet – pending authorization from BPA and FAA, and the line west of Ferndale where vegetation stays wet or where there is high water. Walters added the District is planning to do an annual drone inspection of the power transmission line and schedule pole replacements as needed.

ACTION: Commissioner Murphy motioned to AWARD SMALL WORKS PROJECT TO MICHELS CORPORATION FOR 2017-115KV TRANSMISSION POLE REPLACEMENT FOR AN AMOUNT NOT TO EXCEED \$201,088.80.

Additional Comments: Jilk added that this pole replacement task is a three-year project; noting the bid for this portion was considerably lower than the engineer's estimate and the savings on this phase of the project will be reallocated to the 2018 budget for transmission pole replacements.

Commissioner McClure inquired about using monopoles to replace the H-frame structures. If we switched to monopoles, the distance between poles would be different than what is current. Some poles use a bog shoe frame which creates stability. Commissioner Murphy asked if the poles were being purchased locally. Strand replied that it is up to the contractor to purchase the poles. It was noted that the cross-arms may be supplied by a Bellingham lumberyard.

◆ **Manager's Report**

Ag Water Board

Jilk said the Ag Water Board has submitted a request to the Legislature to earmark funds for a water supply/water bank exchange program. Due to the Legislature being in its third special session, the timeline for the request for funds is unknown. If the Hirst case ruling does not go through, use of a water banking technique or possible mitigation/consolidation could be supported, especially with Birch Bay Water and Sewer District's study on a deep water aquifer and the District's own drought contingency study. Money is needed to continue to coordinate mitigation options, if the funding can be distributed through the Department of Ecology to work with the local community.

Senate Bill 5239 was passed by the Senate and is now awaiting decision from the House. SB5239 reverses the Supreme Court Hirst decision where stream flow rules allow DOE's water availability. House Bill 2226 allows for drilling of a well only after a mitigation plan is in place (per Ecology's plan) but this comes with strings attached. Jilk continues discussion with the agriculture community and legal counsel who work closely with Ecology and the Governor's office. In the end, it might be a combination of both bills that solves the issues at hand.

Local Government Caucus for Joint Board

In September 2016, the Commission approved the Interlocal Agreement to combine the Salmon Recovery and WRIA 1 boards into one. A new, single caucus representing local governments (all small cities, the County and PUD) has since been developed. As the Joint Board meets on a quarterly basis, it was suggested that the local governmental caucus should meet in between the Joint Board ones. The PUD has been approached by this group to facilitate these "in between" meetings of the caucus. The facilitated meetings would occur at the same time as the Small Cities meetings, once per month. This would ensure that the local government caucus would come prepared and at a consensus to the Joint Board meetings. Jilk said the next Joint Board meeting is on June 29, and will revisit the goals of the Joint Board and then establish a budget, which would be approved by the County Council and each local government entity.

Commissioner Murphy suggested holding a couple of workshops to further update the Commission on issues regarding the supply of clean and affordable water that have become complex with recent judicial decisions. Jilk is planning one in a month or so at a regular meeting, and in following up with the District's Strategic Plan 2017 Update directive to create a "Water Resources Institute". Rebecca Schlotterback added that the Whatcom Watersheds Information Network (WWIN) is planning a one day workshop in November to address water supply issues and will be open to all. More information will be forthcoming.

Puget Sound Partnership Update

Jilk distributed handouts on the Puget Sound Partnership (PSP), which included a list of the leadership group and the many different boards and panels of the PSP. Jilk was appointed to a four-year term to the Eco System Coordination Board (which includes representatives from the state and local integrating organizations (LIOs). Mark Personius from Whatcom County Planning and Development Services is the alternate.

Rubicon

Holden has been waiting to receive a permit for a water line crossing under Grandview Road from WS-DOT. Once the permit is received, the final stretch of a line can be connected and water begin flowing at Rubicon. The water use will be minimal – up to 600 gallons a day is estimated and Rubicon will have their own potable plant, but will need the PUD water as well to service the fire water service needs.

Food Processor Property Search

The Port has been assisting a company with site selection of land with electricity, water and sewer capabilities, and recently visited with the PUD for water services at a site within Cherry Point. The business has looked at several properties and is planning to employ approximately 120 to 150 employees.

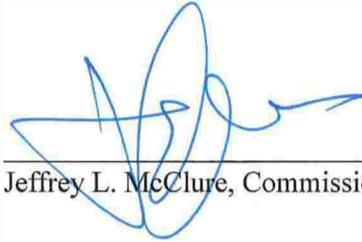
◆ **Adjourn**

There being no further business for the regular meeting, the Commission adjourned the regular meeting at 8:46 a.m.



Paul D. Kenner, President

Michael J. Murphy, Secretary



Jeffrey L. McClure, Commissioner