

MINUTES OF THE MEETING OF THE COMMISSION

August 22, 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, Assistant General Manager; Duane Holden, Director of Utility Operations; Alec Strand, Project Manager; Mike Macomber, IT/SCADA Tech; Aaron Peterson, IT/SCADA Tech; and Traci Irvine, Accountant I.

Public attending: Carole Perry, Max Perry, Citizens
Dave Olson, Citizen

◆ Public Comment

Max Perry said he was aware that the Lummi Tribe is asking the City of Bellingham for water services at their development near the freeway. As Mr. Perry understands it, the City takes water from the Nooksack River via a diversion dam and this water flows to Lake Whatcom (reservoir). Perry said they (tribe) will use more water with this development – and the tribe is opposed to wells being drilled and any form of a resolution; yet they still want to utilize public water, meaning they are saying one thing and doing another. Carole Perry added that she appreciated PUD Commissioners at the last meeting holding an open and frank discussion and taking the time to speak to different sides. Perry said the PUD is unlike the County Council, where she feels items just go through (without full discussion). Commissioner Kenner thanked the Perry's for their comments.

◆ Approval of the Meeting Minutes and Claims

The Commissioners were presented with the Minutes of the Meeting August 8, 2017 and the following Claims of August 22, 2017:

VENDOR NAME	AMOUNT
ALL SEASON SPRAYING	984.82
AMAZON BUSINESS	633.09
BONNEVILLE POWER ADMINISTRATION	747,147.00
CENTRAL WELDING SUPPLY	69.95
COMCAST	91.12
FASTENAL	24.94
GENEVA CONSULTING	857.50
HACH COMPANY	4,382.80
HD FOWLER CO, INC	3,141.18
INDUSTRIAL SUPPLY, INC	138.69
INTERNAL REVENUE SERVICE	15,454.38
KCDA PURCHASING COOPERATIVE	48.17
MORTIMER, TOM	462.50
NORTHWEST CASCADE INC.	225.00
PARAMOUNT SUPPLY COMPANY	1,906.91
PAYLOCITY	133.25
PAYROLL	160,932.42
PLATT ELECTRIC SUPPLY CO	1,007.42
PROBUILD - OSO LUMBER	26.66
PUD #1 OF WHATCOM COUNTY	13.69
PUGET SOUND ENERGY, INC	595.44
REISNER DISTRIBUTION, INC	24.66
SPECIAL-T STRIPING & SIGN COMPANY	174.51
SPECIALTY ENGINEERING, INC	7,378.60
SURETY PEST CONTROL	59.79
THE CELTIC CLEANER	543.50
UNITED RENTALS	1,958.43
UTILITIES UNDERGROUND LOCATION	16.77

◆ **Approve Purchase and Installation of ESSCO Slurry (Mud) Pump Assembly for Plant 1**

Background: Water Treatment Plant No. 1 has two slurry (also called mud) pumps used to remove sediment from the treatment settling basins and to transport the slurry material to the settling ponds. One of the two pump assemblies is failing, which has since hampered water operations staff's ability to clean and remove sediment from the basins. Reliance on only one pump has lengthened the time required to drain and clean the basins and the process is more labor intensive.

The cost not to exceed estimate for the pump includes equipment, installation labor, and tax. The ESSCO pump was selected for compatibility with the other ESSCO pump in the Plant 1 Mud Pump Room in order to accommodate similar maintenance procedures and parts inventory. The equipment purchase will be covered by Sole Source Resolution No. 729, just approved by the Commission.

The failing pump assembly is original equipment, 1960's vintage and has already exceeded its rated life. Purchase of the ESSCO slurry pump assembly will have no impact on the District's 2017 budget. The capital item is included in the extraordinary maintenance item identified in the CIP budget RW-M-11. Jilk added that this slurry pump and the Byron Jackson pump assembly approved earlier both came in under the estimated dollar amount.

ACTION: Commissioner McClure motioned to APPROVE PURCHASE OF THE ESSCO SLURRY PUMP ASSEMBLY FROM TRIANGLE PUMP & EQUIPMENT, INC. AND AUTHORIZE THE DISTRICT'S GENERAL MANAGER TO PROCEED WITH THE PURCHASE FOR THE NOT TO EXCEED PRICE OF SIXTY THREE THOUSAND EIGHT HUNDRED SIXTY ONE DOLLARS AND 25 CENTS (\$63,861.25), WHICH INCLUDES SALES TAX. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Approve Energy Conservation Agreement (No. 17ES-11572) with Bonneville Power Administration**

Background: The District's current Energy Conservation Agreement ("ECA") with the Bonneville Power Administration ("BPA") expires September 30, 2017. The new ECA, if approved, will become effective October 1, 2017 and extend through September 30, 2021 (two BPA rate periods).

The ECA provides the District with an allocation of BPA's Energy Conservation Budget, which is determined and approved as part of BPA's every two year power rate setting process. The amount of the District's allocation is based on the District's power purchases from BPA as a percentage of the total aggregate purchases of all of BPA's public agency ("preference") customers.

Walters said the District can expend funds on energy efficiency measures and projects. If they qualify under the requirements of BPA's Energy Conservation Program, then the District can seek reimbursement of its expenditures. BPA views the conservation (energy efficiency) measures and projects implemented as a purchase of power resources.

In the past, the District has been reimbursed for energy efficiency improvements involving both its electric and water facilities as well as energy conservation improvements for Phillips66 Refinery. Currently there are no ECA programs slated for the District or any improvements for the Refinery which are usually accomplished during turnarounds. Commissioner Murphy inquired if the purchase of a new pump (as approved earlier) could qualify as a project. Walters replied that is possible only if running the pump shows a reduction in the amount of energy consumed, and he added that the BPA approved projects for the credits are restrictive.

In addition, the District has been able transfer a portion of its ECA budget to the cities of Blaine and Sumas, which are also BPA power customers. The District, cities, and their respective customers have benefited from energy efficiency improvements, which have reduced operating costs. Participation in BPA's Energy Conservation Program is a means to re-capture funds spent for BPA power purchases to the benefit of Whatcom County.

The District's anticipated energy conservation budget allocation for BPA's rate period FY 2018-19 is in the range of \$500,000.

If approved, there is no fiscal impact to the District. The executed Agreement will have no impact on the District's 2017 Budget, as activities and expenses associated with the Agreement are to be reimbursed by BPA.

ACTION: Commissioner McClure motioned to APPROVE ENERGY CONSERVATION AGREEMENT (NO.17ES-11572) WITH THE BONNEVILLE POWER ADMINISTRATION AND AUTHORIZE THE DISTRICT'S GENERAL MANAGER TO SIGN THE AGREEMENT. Commissioner Murphy second the motion. Motion passed unanimously.

WA FEDERAL VISA CARD MEMBER SERVICES	782.40
WA ST DEPT OF HEALTH	424.00
WA ST DEPT OF REVENUE	75,941.30
WATERHOUSE ENVIRONMENTAL SERVICES CORP	16,299.78
WESTERN CONFERENCE OF TEAMSTERS	6,380.00
GRAND TOTAL	\$ 1,048,260.67

ACTION: Commissioner Murphy motioned to APPROVE THE MINUTES OF THE MEETING HELD AUGUST 8, 2017 and the CLAIMS OF AUGUST 22, 2017. Commissioner McClure second the motion. Motion passed unanimously.

◆ **Approve Purchase of Byron Jackson Pump Assembly from Pump Tech Inc. (for Plant 2)**

As part of the 2017 CIP budget, staff included the rebuild of a high-head pump motor for the Plant No. 1 facility. Due to the failure of the Plant No. 2 intake pump # 4, the 150 horsepower intake pump and motor was selected to be replaced instead. Replacement with the new pump/motor assembly will improve intake pumping reliability and capacity.

Holden said staff reviewed a new type of stainless steel single stage pump with a water lubricated shaft which was approximately the same price as what we already have. After discussing it with staff it was decided to recommend keeping all the pumps and motors the same to keep spare parts and maintenance items consistent.

The cost not to exceed estimate for the pump includes equipment, installation labor, and tax. The Byron Jackson pump was selected for compatibility with the other Byron Jackson pumps in the Plant No. 2 Intake in order to accommodate similar maintenance procedures and parts inventory. The equipment purchase is covered by a previous sole source resolution approved by the Commission.

Commissioner Kenner asked if there would be any increase in price from the company do to sole sourcing and Commissioner Murphy said he thought all the pumps at Plant 2 had been rebuilt (or installed new with remodel). Holden said he did not anticipate any delays or price push for the new assembly and that only one pump from the 1970s had been replaced during the remodel.

If approved, the purchase and installation of the pump/motor assembly will occur this coming fall. The purchase and installation of the Byron Jackson pump and motor will have no impact on the District's 2017 budget. The project is included as (CIP RW-M-10) and the cost estimate is less than the budget amount.

ACTION: Commissioner McClure motioned to APPROVE THE PURCHASE OF THE BYRON JACKSON PUMP ASSEMBLY (CIP RW-M-10) FROM PUMP TECH INC. OF BELLEVUE, WA FOR THE COST NOT TO EXCEED PRICE OF \$130,368.18 AND AUTHORIZE THE DISTRICT'S GENERAL MANAGER TO PROCEED WITH THE PURCHASE. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Approve Resolution No. 729 – Authorizing Sole Source Purchase and Installation of ESSCO Slurry (Mud) Pump Assembly for Plant 1**

Water Treatment Plant No. 1's mud pump facility has an existing ESSCO pump and motor assembly which includes the pumps and shafts. The second unit is way beyond its useful life and has not been refurbished in several years. The time has come to replace this second pump and motor assembly. Holden said in order to be compatible with existing ESSCO products and maintain a uniform inventory of assembly parts, staff would like to purchase another ESSCO pump and motor assembly.

Triangle Pump and Equipment, Inc. is the exclusive Northwest distributor and authorized installer, repairer of ESSCO components. Therefore, staff recommends approval of Resolution No. 729, which would authorize the Sole Source purchase.

There is no fiscal impact on the District, if Resolution No. 729 is adopted. The purchase of the pump and motor is an extraordinary maintenance item, which would be included as part of the District's approved 2017 Budget and is categorized as a capital expenditure under the CIP RW-M-1 budget. The amount of the purchase and installation is within the dollar amount budgeted for this line item.

ACTION: Commissioner McClure motioned to ADOPT RESOLUTION NO.729 AUTHORIZING THE SOLE SOURCE (WAIVER OF COMPETITIVE BIDDING REQUIREMENTS) PURCHASE AND INSTALLATION OF ESSCO PUMP AND MOTOR ASSEMBLIES TO BE SUPPLIED AND INSTALLED BY TRIANGLE PUMP AND EQUIPMENT, INC. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Manager's Report**

Whatcom Water Week

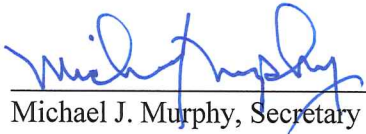
Schlotterback has been working with the team putting together Whatcom Water Week, scheduled this year for September 16 through 23, 2017. There are many planned activities to celebrate including a fun run, photo contest, "Streams of Thought" film festival at the Pickford, water/waste water treatment plant tours, educational opportunities, *SeaFeast* (seafood event at Squalicum Harbor) and a two-day "Baker to Bay" water symposium. Schlotterback encouraged the Commissioners and all to attend. She also provided handouts with the latest information and schedules. More information is available www.whatcomwaterweeks.com and will be posted on the District's website.

◆ **Adjourn**

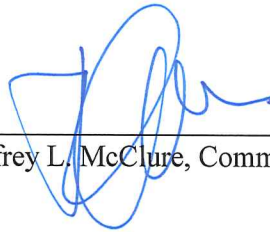
There being no further business for the regular meeting, the Commission adjourned the regular meeting at 8:25 a.m.



Paul D. Kenner, President



Michael J. Murphy, Secretary



Jeffrey L. McClure, Commissioner