

MINUTES OF THE MEETING OF THE COMMISSION

December 12, 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; Annette Smith, Director of Finance; Duane Holden, Director of Utility Operations; Jon Littlefield, Electric System Supervisor; Paul Siegmund, Manager of Automation and Technology; Mike Macomber, IT/SCADA Technician; Aaron Peterson, IT/SCADA Technician; and Traci Irvine, Accountant I.

Public attending: Carole Perry, Citizen
Max Perry, Citizen
Rick Maricle, Citizen
Robin Dexter, Environmental Working Group
Pat Pollock, BP Cherry Point

◆ Public Comment

Max Perry commented about the hearing in Olympia scheduled for this morning at 10:00 a.m. for a possible “fix” on the Hirst case. Concepts of the new bill include possible metering, additional fees for new permit exempt wells, water-use limits and acquiring senior water rights. Mr. Perry asked how senior water rights may affect the PUD. Jilk replied that he is aware of the hearing and has received drafts of the bill from Washington Public Utility Districts Association (WPUDA) and Washington Water Utilities Commission (WWUC) who are attending the hearing. Jilk explained that that the new legislation will require the Department of Ecology to work with “local” entities on a restoration and enhancement plan for mitigation, instream flow for all Water Resource Inventory Areas (WRIAs) and the 15 designated WRIAs, including Whatcom/WRIA1 with pre-2000 instream flow rules. Attorney Bill Clarke (WPUDA Government Affairs) indicated that there has been no clarification to the language specific for exempt wells to be drilled until the law is in place. Clark assumes there will be a five-year period is the window for exempt wells to be permitted and drilled.

The House Committee on Agriculture will hold the hearing of the bill today. It is a Democrat sponsored bill, similar to the ones considered in earlier sessions but more broad. The bill calls for \$200 million dollars for planning and implementation of the program that would be established to restore and enhance streamflows and support mitigation plans to allow for exempt wells to be drilled and will be distributed over the next ten years to 15 WRIAs with the pre-2000 instream flow rules.

Robin Dexter asked how the District gets its input to the Legislature or into legislation, specific to water related topics. Jilk responded that WPUDA and WWUC have both taken an active role to support legislation and to provide PUDs the ability to be a problem solver/local player. Whatcom PUD has not taken a position on the Hirst case but works with WPUDA and WUCC in developing legislation to find solutions to water supply. Commissioner Murphy added that the PUD is monitoring the situations and doing what we can do to provide where others (water purveyors) don't have the same opportunity.

Pat Pollock asked if the differential between surface water and ground water (instream flow limitations) has been defined by these court cases – where the well issue is clearly the issue at hand and the Department of Ecology has changed its mind that there wasn't an issue and now that is different. Jilk replied that the current cases don't address the continuity issue.

Carol Perry added that this all seems to demonstrate the difficulty of understanding what is happening in the water world. Perry encourages everyone to be informed as citizens and Commissioners. She gave an example of attending a recent County meeting that demonstrated citizens being more involved and paying attention to things. Perry doesn't want to come across as a broken record, but if citizens pay attention then things turn out better.

In taking his turn for public comment, Rick Maricle wished everyone a Merry Christmas.

Commissioner Kenner thanked all for the comments.

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

The Commissioners were presented with the Minutes of the Meeting of November 28, 2017 and the following Claims December 12, 2017:

VENDOR NAME	AMOUNT
3-D CORPORATION	1,284.27
AIR COMPRESSOR SERVICE	1,452.77
AMAZON BUSINESS	55.68
ANDGAR CORPORATION	5,762.44
ARBITRAGE GROUP INC.	2,500.00
CENTRAL WELDING SUPPLY	69.95
CESCO NEW CONCEPT CHEMICAL PRODUCTS	79.05
CHMELIK SITKIN & DAVIS	4,082.50
CORNERSTONE MANAGEMENT, INC.	1,530.00
FEDERAL EXPRESS	4.92
FERNDALE ACE HARDWARE	39.95
FRONTIER	1,362.82
GUARDIAN SECURITY SYSTEMS, INC	1,485.00
HACH COMPANY	116.56
HACKER, RONALD G	137.17
HARDWARE SALES, INC.	110.77
HEALTH PROMOTIONS NORTHWEST	90.00
KCDA PURCHASING COOPERATIVE	26.60
LOOMIS, CHRIS	250.00
MASSMUTUAL RETIREMENT SVCS LLC	11,183.33
MORTIMER, TOM	812.50
NATIONAL SAFETY, INC.	956.36
NORTHWEST CASCADE, INC.	112.50
NORTHWEST MOWING & GARDENING	514.54
OPEN ACCESS TECHNOLOGY INTERNATIONAL	400.00
PACIFIC SURVEY & ENGINEERING	2,284.00
PITNEY BOWES GLOBAL FINANCIAL SERVICES	150.79
PLATT ELECTRIC SUPPLY CO	169.18
PRO-VAC	1,953.00
PUGET SOUND ENERGY, INC	10,932.21
REGENCE BLUE SHIELD	37,571.04
REISNER DISTRIBUTION, INC	1,051.60
RH2 ENGINEERING, INC	1,820.66
RICOH USA	235.05
SMITH MECHANICAL	251.78
SSC - SANITARY SERVICE COMPANY	364.05
SURETY PEST CONTROL	59.79
TEAMSTER LOCAL #231	384.00
UNITED WAY OF WHATCOM COUNTY	315.00
UTILITIES UNDERGROUND LOCATION	23.22
VERIZON WIRELESS	1,567.15
WASHINGTON DENTAL SERVICE	2,762.40
WASHINGTON TEAMSTERS WELFARE	9,747.90
WASHINGTON WATER UTILITIES COUNCIL	125.00
WHATCOM JANITORIAL	1,250.00
GRAND TOTAL	\$107,437.50

ACTION: Commissioner Murphy motioned to APPROVE THE MINUTES OF THE MEETING HELD NOVEMBER 28, 2017 and the CLAIMS OF DECEMBER 12, 2017. Commissioner McClure second the motion. Motion passed unanimously.

◆ **Approve 2018 Operating and Capital Budget and Rates Resolutions 731, 732 and 733**

Following the presentations to the Commission, customers and subsequently the public hearing on the draft 2018 budget, staff is recommending the Commission adopt the 2018 Operating and Capital Budget and Rates for Water and Electric Services.

To do this, a series of resolutions are passed for the budget of the upcoming year and also the appropriate rates and charges for each utility. The budget resolutions are based on the information presented at the November 28 Commission Meeting and no other changes have been made.

The resolutions being presented for approval for the 2018 calendar year are:

- Resolution No. 731 - Adopting the District's Operating and Capital Budget
- Resolution No. 732 - Adopting the Raw Water Utility Water Rates and Grandview Water Rates
- Resolution No. 733 - Adopting the Electric Utility Rates

ACTION Item #1: Commissioner McClure motioned to approve Resolution No. 731 – A Resolution of the Board of Commissioners of the Public Utility District No. 1 of Whatcom County (“District”), adopting the District Budget for Calendar Year 2018. Commissioner Murphy second the motion. Motion passed unanimously.

ACTION Item #2: Commissioner McClure motioned to approve Resolution No. 732 – A Resolution of the Board of Commissioners of the Public Utility District No. 1 of Whatcom County (“District”), adopting Raw Water Utility Water Rates and Grandview Utility Service Rates for 2018. Commissioner Murphy second the motion. Motion passed unanimously.

ACTION Item #3: Commissioner McClure motioned to approve Resolution No. 733 – A Resolution of the Board of Commissioners of the Public Utility District No. 1 of Whatcom County (“District”) adopting Rates and Charges Related to Use and Operation of the District’s Electric Utility for 2018. Commissioner Murphy second the motion. Motion passed unanimously.

Commissioner McClure congratulated staff on a job well done and for managing a modest rate increase for all our customers.

◆ **Manager’s Report**

2015 – 2016 State Audit

We just received notice that the District’s 2015 – 2016 State Audit is now available on the State Auditors website. This is the 10th year in a row that the District has received a “clean” audit. Jilk recognized Finance Director Annette Smith and Accountant Traci Irvine for their assistance in completing the audit and for keeping everyone in check. With such a small staff, the complexity of projects and purchasing, and continuing to follow policies in place, it takes the whole staff to successfully pass an audit. A job well done for all!

Economic Development Investment Board Meeting

Commissioner McClure will be attending the EDI Board Meeting later this morning.

Water Supply Symposium – December 13

Schlotterback reminded all about the symposium scheduled for tomorrow at Windows on the Bay. She indicated it is almost sold out to capacity (110), with the focus being on water supply. Former Washington State Director of Ecology, Jay Manning will be the keynote speaker. Jilk thanked Schlotterback for her work on the planning committee and all the work that is accomplished behind the scenes. Jilk and the Commissioners are planning to attend.

Last Commission Meeting of 2017

Jilk reminded Commissioners that the final regular meeting will be next Tuesday, December 19, 8:00 a.m. at the District office. The agenda will include year-end housekeeping such as Commissioner Officer Elections and approval of the 2018 meeting schedule.

WRIA1 October Management Team Meeting

Commissioner Murphy had a question on the minutes of the October WRIA Management Team Meeting in regards to the Salmon Recovery Council and a couple of actions noted. Jilk explained that George Boggs of the Whatcom Conservation District had provided a letter of concern about the language written of the recommended priorities for salmon recovery. Boggs brought his concerns to the Management Team, Local Integrating Organization (LIO) and onto the Puget Sound Partnership (PSP). The Management Team and PSP supported Boggs’ position and as a result, PSP Leadership accepted his recommendation on changes.

As for an update on the culvert case, the United States Supreme Court has been asked to consider an appeal. The position argued by the tribes is tribes have Treaty-protected rights to harvest and consume salmon; and by the blockage of streams and culverts by Washington State this violated the treaty. This could potentially open the door for violations on water quality programs that aren’t sufficient for fish habitat as they relate to Treaty Rights.

WPUDA Annual Conference

Legal Counsel Jon Sitkin attended the Attorneys Conference at the WPUDA Annual Meeting in Spokane. Sitkin said the meeting consisted mostly of updates and he had nothing technical to report.

Team PUD/United Way Campaign

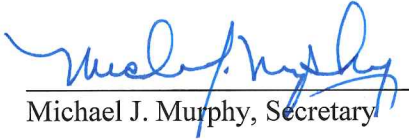
Ann Grimm reported that the District held its second annual chili contest to benefit United Way of Whatcom County. Chili contest winners were Mike Macomber (first place) and a tie for second place were Alec Strand and Steve Jilk. To date, employees have contributed over \$3,380 to this year’s campaign.

◆ **Adjourn**

There being no further business for the regular meeting, the Commission adjourned the regular meeting at 8:45 a.m.



Paul D. Kenner, President



Michael J. Murphy, Secretary

Jeffrey L. McClure, Commissioner