

MINUTES OF THE MEETING OF THE COMMISSION

December 19, 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; Rebecca Schlotterback, Manager of Contracts and Regulatory Compliance; Brian Walters, Assistant General Manager; Duane Holden, Director of Utility Operations, Paul Siegmund, Manager of Automation and Technology; Aaron Peterson, IT/SCADA Technician; Alec Strand, Project Manager; and Traci Irvine, Accountant I.

Public attending: Carole Perry, Citizen
Max Perry, Citizen
Robin Dexter, Environmental Working Group

◆ Public Comment

Max Perry wished everyone a Merry Christmas.

◆ Approval of the Meeting Minutes and Claims

The Commissioners were presented with the Minutes of the Meeting of December 12, 2017 and the following Claims of December 19, 2017:

VENDOR NAME	AMOUNT
AMAZON BUSINESS	653.31
APPLIED DIGITAL IMAGING	38.26
ASSOCIATION OF WASHINGTON CITIES	500.00
BELLINGHAM LOCK & SAFE, INC	866.92
BONNEVILLE POWER ADMINISTRATION	686,118.00
BRIM TRACTOR COMPANY	144.77
COMCAST	91.12
EDGE ANALYTICAL LABORATORIES	20.00
EES CONSULTING	85.00
ELECTRIC POWER SYSTEMS - EPS	1,087.00
FASTENAL	162.74
FLOOR GUY INC, THE	2,400.00
HARDWARE SALES, INC.	695.15
HYTEC ROOFING INC	299.65
INTERNAL REVENUE SERVICE	13,587.17
IVOXY CONSULTING LLC	1,387.65
KCDA PURCHASING COOPERATIVE	134.38
LES SCHWAB TIRE CENTER	9.51
NETWORKING COMPUTING ARCHITECTS	4,448.50
PAYLOCITY	131.04
PAYROLL	157,584.08
PLATT ELECTRIC SUPPLY CO	7,513.08
POTELCO, INC	13,339.33
PROBUILD - OSO LUMBER	53.96
PUD #1 OF WHATCOM COUNTY	100.70
PUGET SOUND ENERGY, INC	217.90
RH2 ENGINEERING, INC	11,782.71
THRESHOLD DOCUMENTS	277.46
WA FEDERAL VISA CARD MEMBER SERVICES	1,158.80
WA ST AUDITOR'S OFFICE	3,872.34
WA ST DEPT OF REVENUE	72,015.86
WATERHOUSE ENVIRONMENTAL SERVICES	16,978.94
WESTERN CONFERENCE OF TEAMSTERS	5,984.00
WILLANDS TECH-AUTO	845.09

GRAND TOTAL

\$ 1,004,584.42

ACTION: Commissioner Murphy motioned to APPROVE THE MINUTES OF THE MEETING HELD DECEMBER 12, 2017 and the CLAIMS OF DECEMBER 19, 2017. Commissioner Kenner second the motion. Motion passed unanimously.

◆ **Approve Resolution No. 734 – Amend Non-Bargaining Unit Employees Compensation Policy to Update Salary Ranges, Vacation Benefits and Separation Terms**

Background: This is a recommendation for the Commission to adopt a resolution amending the District’s Employee Compensation Policy for non-bargaining unit employees to update position salary ranges, vacation benefits and clarifying separation terms. In 2007, the District established an Employee Compensation Policy. This policy provides guidelines for establishing employee positions, by job description and title, salary ranges for those positions, required an annual review and update of those salary ranges and provided certain authority to the District’s General Manager in implementing that policy.

Over the years, this policy has been amended for the purpose of updating not only salary ranges, but “at-will” employment status, “industry salary comparisons” and “additional benefits and other compensation” for the non-bargaining unit employees of the District.

Salary Ranges Update

There are six (6) salary ranges which have been recommended for updates this year. District staff completes a survey of PUD’s and some selected cities each year to review salaries assigned to non-represented employees. We use this information along with latest CPI-W numbers to determine two things for wages and salary adjustments for the upcoming year. We update our range for salaries for our non-represented employee positions and then develop salary/wage adjustments. This provides us with a validated decision making process on these adjustments

Vacation Benefits Update

While the Employee Compensation Policy has provided updates for setting salary ranges and other guidelines, this includes a proposed update to the Non-Bargaining Employee’s Vacation Schedule. The current schedule remains unchanged since before 2007. The amount of paid vacation time employees receive each year is based upon date of hire and increases with the length of their employment as shown in the table below. (Exceptions to this may be established pursuant to the employee’s Letter of Employment Agreement.)

An industry survey for “vacation/paid time off (PTO)” of several PUDs within the Washington Public Utility Districts Association (WPUDA) was completed. We found that public agencies, PUD’s, cities and counties vary quite a bit in how they provide time off benefits, vacation, holidays, and personal leave days. The following is the District’s current schedule:

Current Vacation Schedule for Non-Bargaining Employees

Year 1 88 hours @ 7.33 hours per month	Year 6 128 hours @ 10.66 hours per month
Year 2 88 hours @ 7.33 hours per month	Year 7 136 hours @ 11.33 hours per month
Year 3 96 hours @ 8.00 hours per month	Year 8 144 hours @ 12.00 hours per month
Year 4 112 hours @ 9.33 hours per month	Year 9 152 hours @ 12.66 hours per month
Year 5 128 hours @ 10.66 hours per month	Year 10 168 hours @ 14.00 hours per month

One consistency we found is that in comparing these types of benefits was that seniority of service is recognized, that is, time with the organization. Some combine vacation and sick leave time as one, and a few smaller PUDs utilize the separate benefit schedules of vacation and sick leave. The majority provide PTO/vacation benefits past 15 years of employment and some as high to 25 years.

The workplace benefits of employees taking personal time include: higher productivity, stronger workplace morale, greater employee retention, and significant health benefits. As the Districts employees terms of employment continue to lengthen, we are fortunate to have retained several employees with over 10 years of service with the District.

This is a recommendation to update the vacation schedule to include the following:

Year 11 176 hours @ 14.66 hours per month	Year 16 248 hours @ 20.66 hours per month
Year 12 192 hours @ 16.00 hours per month	Year 17 256 hours @ 21.33 hours per month
Year 13 208 hours @ 17.33 hours per month	Year 18 264 hours @ 22 hours per month
Year 14 224 hours @ 18.66 hours per month	Year 19 272 hours @ 22.66 hours per month
Year 15 240 hours @ 20 hours per month	Year 20 280 hours @ 23.33 hours per month

Compensation Policy Update

The "Separation of Employment" section of the Compensation Policy was updated to include Death Benefits: "If the employee dies, the employment is terminated immediately. Upon such termination, the employee's spouse (or designated beneficiary) will receive his/her final paycheck, plus all accrued but unused vacation/floating holiday leave and sick leave (as noted in items 1 and 2) at the employee's final salary rate.

There is no fiscal impact to the District. All actions taken by the General Manager to implement the Compensation Program will be within the 2018 budget as approved by the Commission.

ACTION: Commissioner Murphy motioned to ADOPT RESOLUTION NO. 734 – A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PUBLIC UTILITY DISTRICT NO. 1 OF WHATCOM COUNTY ("DISTRICT") AMENDING THE EMPLOYEE COMPENSATION POLICY TO UPDATE ANNUAL SALARY RANGES, VACATION BENEFITS AND SEPARATION TERMS FOR NON-BARGAINING UNIT EMPLOYEES. Commissioner Kenner second the motion. Motion passed unanimously.

◆ **Approve Resolution No. 735 – Delegating Administrative Powers and Duties of the General Manager and Designees**

Background – The master policy directive of the Commission of the Public Utility District No. 1 of Whatcom County was originally adopted as Resolution No. 559 on November 27, 2007, for the purpose of establishing the delegated administrative powers and duties of the General Manager and designees. This policy states that it will be reviewed and affirmed annually each succeeding year following its adoption. The current Delegation of Authority policy will expire on December 31, 2017. This is a recommendation to amend the Delegation of Authority to remain in effect until December 31, 2019, unless it is extended prior to that date.

Legal Counsel Sitkin indicated this amendment includes an update to Exhibit A – Authorized Purchasing Limits, adding the position of Assistant General Manager (\$10,000 limit) and increasing the purchasing limit of the Director of Finance to \$7,500. No other changes have been made. Commissioner Murphy asked how the purchasing limits work if an employee wants to purchase an item that exceeds their individual set limit – for example – if the IT Department needs to purchase a new server. The Manager of Automation and Technology's limit is \$2,500. If the manager needs to purchase an item more expensive than their purchasing limit – then the next level supervisor, Director of Utility Operations' limit is \$7,500 and they can be authorized to make the purchase – all the way up to the General Manager's whose limit is set at \$25,000. Guidelines and processes according to the District's Purchasing Policy are followed depending on the type of purchase. Anything over \$25,000 must be approved by the Commission. The individual purchase limits are scaled to function in a chain-of-command method. Jilk added that in the ten plus years he has been at the District, the State Auditors have not had an issue with these purchasing limits and the Delegation of Authority, which is reviewed every two years.

There is no fiscal impact to the District.

ACTION: Commissioner Murphy motioned to APPROVE RESOLUTION NO. 735 FOR THE DISTRICT'S DELEGATING ADMINISTRATIVE POWERS AND DUTIES OF THE GENERAL MANAGER AND DESIGNEES, REPEALING ALL PRIOR RESOLUTIONS DEALING WITH THE SAME SUBJECT MATTER. Commissioner Kenner second the motion. Motion passed unanimously.

◆ **Approve Commission Meeting Schedule for 2018**

Background: To provide the general meeting schedule for Commission, District staff and public for year 2018, and to review potential meeting date changes, the Commission meeting schedule is presented for consideration.

During the year, meeting schedules may be revised to respond to individual needs and other industry training and meeting schedules as well as national holidays. Regular review and confirmation of District meetings provides good opportunities for Commission and public interaction and communication and opportunities for managing Commission action.

The proposed 2018 Commission Meeting Schedule follows the regular meeting schedule of the second (2nd) and fourth (4th) Tuesdays and allows for consideration of any federal holidays. This calendar also includes Washington Public Utility Districts Association (WPUDA) meetings, Washington Water Utilities Council (WWUC) meetings, County election information, and other important dates. Note that the date for the last meeting of 2018, December 25, was moved to December 18, 2018. No other changes were made.

ACTION: Commissioner Murphy motioned to APPROVE THE COMMISSION MEETING SCHEDULE FOR 2018. Commissioner Kenner second the motion. Motion passed unanimously.

◆ **Elect Commission Officers and Select District Representatives to Agencies for 2018**

Each year the Commission elects officers for the Commission for the upcoming calendar year, and acts to approve Commission and staff representatives to agencies where the District is a member of. The Commission takes action on the election of officers without recommendation from staff.

District Representatives:

The Commission select District Representatives to the following agencies (to have representatives designated by the Commission to speak on behalf of the District as appropriate):

Washington Public Utility Districts Association (WPUA)
Northwest Economic Council (NWEC)
Whatcom County Economic Development Investment (EDI) Board:
Public Utility Risk Management Services (PURMS)
Watershed Resource Inventory Area 1 (WRIA 1)
Energy Northwest

Due to the absence of Commissioner McClure at today's meeting, the vote for District representatives to the respective agencies has been tabled until the second regular meeting in January, 2018.

ACTION: No action taken on District Representatives. Tabled for January 23, 2018 meeting.

Commission Officers

Commissioners selected the following as Officers for 2018:

President: Jeff McClure Vice President: Mike Murphy Secretary: Paul Kenner

ACTION ITEM No. 1: Commissioner Kenner motioned TO NOMINATE MCCLURE AS PRESIDENT. Commissioner Murphy second the motion. Motion passed unanimously.

ACTION ITEM No. 2: Commissioner Kenner motioned TO NOMINATE MURPHY AS VICE PRESIDENT. Commissioner Murphy second the motion. Motion passed unanimously.

ACTION ITEM No. 3: Commissioner Murphy motioned TO NOMINATE KENNER AS SECRETARY. Commissioner Kenner second the motion. Motion passed unanimously.

◆ **Manager's Report**

No report.

Water Supply Symposium

Commissioner Murphy thanked Schlotterback for the job well done that she and others accomplished in coordinating the sold out event on December 13. Murphy said he was surprised by the comments that Eric Hirst made in which Murphy thought the case represented all water concerns, including irrigation for farming/livestock. Sitkin explained in brief that in the Hirst case, the State Supreme Court ruled that the County failed to comply with the Growth Management Act (GMA) requirements to protect water resources. The ruling required the County to make an independent decision about legal water availability.

In 2011, a compliance review of Whatcom County's comprehensive plan and zoning code under the Growth Management Act (GMA) was performed and Hirst and others raised concern about new county code in which the County follows the Department of Ecology's "Nooksack Rule" which assumes there is an adequate supply to provide water for a permit-exempt well unless Ecology has expressly closed that area to permit-exempt appropriations. This results in the County's granting building permits for houses and subdivisions to be supplied by a permit-exempt well.

The County argued that the Western Washington Growth Management Hearings Board's (Board) conclusions were based on an erroneous interpretation of the law and asked the court to hold that the County's Comprehensive Plan protects the quality and availability of water as required by the GMA. The State Supreme Court's ruling held that the County's comprehensive plan does not satisfy the GMA requirement to protect water availability and that its remaining arguments are unavailing. This reversed the Court of Appeals in part and remand to the Growth Hearings Board for further proceedings.

Sitkin added that the Washington State Supreme Court said that water is not legally available if a new well would impact a protected river or stream, or an existing senior water right. And, if a county determines that water is not legally available for a new use, the county would not be able to approve the building permit — even if you have already drilled a well.

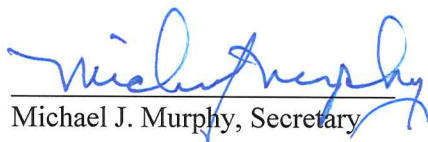
Robin Dexter commented that the unpermitted use of water could have a big effect on farm income and it (Hirst case) wasn't meant to disable water for agricultural use. Jilk added that work was initiated in 2009 by the District and other organizations for the proposed Lower Nooksack Strategy (LNS) and water supply plan which ties water supply to land use. This work being done hit a snag with the County Council as some opposed the District spearheading the work. In 2015, work on the water supply plan with other agencies picked up again with the focus of identifying a long-term, sustainable water supply plan tied to land use. Jilk also is planning a water workshop in early 2018 for the Commissioners.

◆ **Adjourn**

There being no further business for the regular meeting, Commissioner Kenner wished everyone a Merry Christmas and a Happy New Year. The Commission adjourned the regular meeting at 8:33 a.m.



Paul D. Kenner, President



Michael J. Murphy, Secretary

Jeffrey L. McClure, Commissioner