

MINUTES OF THE MEETING OF THE COMMISSION

March 27, 2018

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 Jeff McClure. Said meeting was open to the public and notice thereof had been given as required by law. Those present included Commissioner Paul Kenner, Commissioner Mike Murphy and Legal Counsel Jon Sitkin. Staff: Steve Jilk, General Manager; Ann Grimm, Administrative Assistant; Brian Walters, Assistant General Manager; Annette Smith, Director of Finance; Jon Littlefield, Electric System Supervisor; Rebecca Schlotterback, Manager of Contracts and Compliance; Duane Holden; Director of Utility Operations; Paul Siegmund, Manager of Automation and Technology; Alec Strand, Project Manager; Aaron Peterson, IT/SCADA Technician; Mike Macomber, IT/SCADA Technician; and Traci Irvine, Accountant I.

Public attending: Dave Olson, Cornerstone Management
Carole Perry, Citizen
Max Perry, Citizen
Robin Dexter, Environmental Working Group

◆ **Public Comment**

Carole Perry said they have attended various Whatcom County Council and Planning Commission meetings over the years in regards to the County Comprehensive Plan and more recently, the moratoriums and ordinances in place over the Cherry Point Industrial Area. People that represent the businesses and large companies at Cherry Point were there to show support for the employees and businesses. She wondered why the PUD has not attended these meetings to show support for the PUD’s customers. Commissioner McClure said General Manager Jilk would respond to her question later during the Manager’s Report. Responding to a topic from the last Commission Meeting on Senate Bill 6091 (Hirst fix), Max Perry said he agreed with the PUD’s Legal Counsel, that the Hirst bill was not about water. “We have plenty of water,” Perry said.

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

The Commissioners were presented with the Minutes of the Meeting of February 27, 2018, Minutes of the Meeting of March 13, 2018 and the following Claims of March 27, 2018:

VENDOR NAME	AMOUNT
AMAZON BUSINESS	43.39
BROOKS MANUFACTURING CO	6,032.60
CARLSON STEEL WORKS, INC	326.10
CHMELIK SITKIN & DAVIS	3,292.08
COMCAST	91.12
CONNER, ERIC	31.16
EDGE ANALYTICAL LABORATORIES	20.00
ELECTRIC POWER SYSTEMS - EPS	4,346.00
FERGUSON ENTERPRISES, INC	336.41
FERNDALE ACE HARDWARE	10.85
HARDWARE SALES, INC	471.64
HD FOWLER CO, INC	1,324.58
INTERNAL REVENUE SERVICE	13,901.05
LOOMIS, CHRIS	38.21
MURPHY, MICHAEL J	41.47
NORTH COAST ELECTRIC COMPANY	1,549.52
NORTHWEST CASCADE, INC.	112.50
P&P EXCAVATING, LLC	6,200.00
PACIFIC NORTHWEST UTILITIES	1,000.00
PAYLOCITY	78.62
PAYROLL	150,957.35
PLATT ELECTRIC SUPPLY CO	592.23
PUGET SOUND ENERGY, INC	272.42
RICOH USA	406.54
TOYOTA OF BELLINGHAM	70.38
ULINE, INC.	402.83
WA FEDERAL VISA CARD MEMBER SERVICES	4,306.65
WA ST DEPT OF REVENUE	76,016.63
WESTERN CONFERENCE OF TEAMSTERS	5,951.25
GRAND TOTAL	\$278,223.58

ACTION: Commissioner Kenner motioned to APPROVE THE MINUTES OF THE MEETING HELD FEBRUARY 27, 2018, MINUTES OF THE MEETING HELD MARCH 13, 2018 AND THE CLAIMS OF MARCH 27, 2018. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Approval of Agreement for Professional Engineering Services with Brown and Kysar, Inc.**

Background: The District issued a public notice on January 14, 2018, that Statement of Qualifications (SOQs) would be accepted from firms qualified to perform electrical engineering and associated consulting services. Firms meeting the basic qualifications requirements would be included on the District's 2018 Consultant Roster. From time to time, the District will require electrical engineering and associated consulting services for Capital Improvement Projects, ongoing projects, and other maintenance activities as necessary.

Based on review of the SOQ's submitted by the deadline, District staff approved three electrical engineering firms as meeting the minimum qualifications and placed them on the 2018 Roster. One of the three companies is Brown and Kysar, Inc. (BKI). Subsequent to the Roster listing, District staff conducted an interview meeting with BKI to obtain a more in depth understanding of the firm's skills and experience with electric utility clients and how they match up with the District's electrical engineering and consulting needs. Walters said one of their specialties includes stand-by generation, which is something the District is considering in the future.

As a result of the Statement of Qualifications and interview, staff is recommending that the District enter into an Agreement with Brown and Kysar, Inc. If approved by the Commission and after the Agreement is executed, staff will develop in consultation with BKI one or more work orders with specific scopes of services and associated budgets to be approved by the General Manager or Commission pursuant to District Policy.

Approval of the Agreement with BKI has no financial impact on the District's approved 2018 Annual Budget, as the Agreement itself has no associated budget. Each work order developed and approved will have its own budget specified.

ACTION: Commissioner Murphy motioned to APPROVE STANDARD AGREEMENT FOR PROFESSIONAL ENGINEERING SERVICES ("AGREEMENT") WITH BROWN & KYSAR ("BKI") AND AUTHORIZE THE DISTRICT'S GENERAL MANAGER TO EXECUTE THE AGREEMENT. Commissioner Kenner second the motion. Motion passed unanimously.

◆ **Approval of Work Order No. 3 for Eagle Eye Aerial Services**

Background: The District executed a Professional Services Agreement ("PSA") with Eagle Eye Aerial Solutions ("Consultant") in September of 2016. The PSA describes a general scope of services to include drone assisted aerial surveys of the District's electric and water system infrastructure. The aerial surveys would assist the District in gathering visual data, which is difficult and expensive to obtain through other means. The visual data recorded in electronic form would help District staff determine maintenance needs and plan for capital improvements related to the District's electric and water utilities' facilities.

Walters said that based on the successful completion and cost effectiveness of the services scope under Work Order No. 2, District staff in coordination with Eagle Eye Aerial has developed a Scope of Services under Work Order No. 3 that includes inspection of the majority of the District's electric transmission structures and associated equipment. If the inspection services were accomplished with staff and a bucket truck for access, the cost estimate would be much higher.

Commissioner Kenner asked if there were other firms that provided the same service. Walters replied that there is one company out of Canada. He added there is a lot of permitting involved and is quite a process to gain federal clearance for observing structures, especially near Bellingham International Airport and Bonneville Power Administration lines.

The findings from the structure inspections will be used in planning for preventative and maintenance activities, and determining capital improvements to be implemented in 2019. A detailed scope of work and estimate for the scope of services was provided ahead of time to the Commission.

There is no fiscal impact associated with execution of Work Order No. 3. The District's current 2018 CIP Budget, under line item E-6, includes sufficient budget to cover the scope of services anticipated under the work order.

ACTION: Commissioner Murphy motioned to APPROVE WORK ORDER NO. 3 WITH EAGLE EYE AERIAL SOLUTIONS FOR AERIAL SERVICES RELATED TO DRONE ASSISTED INSPECTIONS OF DISTRICT 115 KV LINE STRUCTURES AND CONDUCTORS FOR A COST NOT TO EXCEED \$39,250 AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE WORK ORDER DOCUMENT. Commissioner Kenner second the motion. Motion passed unanimously.

◆ **Department of Health Two Year Grant Pilot Program Update – Dave Olson**

Background: On January 26, 2016 the Commission approved the request from the Washington State Department of Health (DOH) to enter into Grant Agreement N218730 to conduct a two year pilot project that will have the Whatcom PUD engage with *Group A* water systems to identify *Group A* systems needs and develop a sustainable support/training program for these systems to sustain their operations and manage their systems. The vision of this grant program is to provide support to water systems so the systems can provide safe, reliable supply of quality drinking water that is sustainable and affordable. The amount of grant is \$200,000 and term is through December 31, 2018.

Working together with the State Department of Health Office of Drinking Water, the PUD has provided a local outreach and technical assistance program to improve the technical, managerial and financial (TMF) capacity of drinking water utilities in Whatcom County. The assistance includes items such as system inspections, training and other assistance at a local level, focusing on building personal relationships in a non-threatening, non-takeover approach.

Dave Olson, Cornerstone Management, Inc. has been providing the technical support for the grant work.

Pilot Program Scope of Work:

- ✓ Task No. 1: Assess water system capacity need and develop technical assistance strategy
- ✓ Task No. 2: Offer Capacity Technical Assistance. Conduct workshops and/or attempt to meet with all *Group A* Water Systems (less than 1,000 connections)
- ✓ Task No. 3: Submit a report on the pilot Water System Capacity Development Technical Assistance Program: Methodology, Data, Conclusion and Recommendations (2018)
- ✓ Task No. 4: Present Pilot results and experiences along with DOH to the Washington PUD Association and Whatcom County Executive (2019)

We are now over the half-way point in the grant process. Today's presentation from Olson delivered an update on the types of technical assistance provided to date:

Boots on the Ground Resource – The grant has brought together local expertise with local relationships in Whatcom County's *Group A* water world. By keeping the *Group A* purveyors informed on the bigger picture through a local technical support program, these systems will have a place to go for assistance and resources, and they understand the PUD is available to help them address water quality and water quantity issues and sustain their operations.

A series of workshops has been offered for small drinking water system facilities. The latest, fourth workshop, focused on system mapping and GPS with Google Earth. Olson provided an onscreen demonstration on how relatively easy it is to use free Google tools to map small water systems' meters, valves, hydrants, blow-offs, wells and water mains, etc. Utilizing Google Earth, Olson then applied an overlay of the County's Coordinated Water System Plan and Capacity Maps to display a higher level of detail, helping to illustrating the relationships of and between water systems, where there is potential for consolidation and/or the use of interties, and it creates a visual of how water systems can interact together to make sustainable, informed decisions.

The mapping of the water systems can be done on a volunteer basis but the bigger picture is a *system management approach* to assist with long-term planning (information sharing such as a repository community database) in support of the County's Coordinated Water System Plan. Unfortunately, the resources to do this just aren't there. Olson estimates about 40 *Group A* Systems have been supported by this technical assistance program.

The PUD has assisted with other grants received from the Washington State Department of Health. With these grants, as one example, the PUD was able to assist three north county water associations, Meadowbrook, Northwood and Northwood Park, to consolidate their systems and construct short pipelines, under Badger Road to intertie these systems. The funding for the construction of the two pipelines had to be used by a Public Agency and the pipes constructed had to be owned by the Public Agency receiving the funds. These and other grants processed through the PUD have now totaled close to \$1 million dollars – state money that otherwise would not have been available and utilized locally. Derek Pell at the DOH Office of Drinking Water, who has been the lead on the grants, as well as John Kounts from WPUA, have been charging the way in helping existing utilities maintain/retain and sustain water systems in the future. This two year program was recently highlighted by State DOH as a great example of DOH and local PUD's partnering to assist water systems.

The next step in the grant process will be to develop a framework for delivery of a report on the outcomes of the pilot Water System Capacity Development Technical Assistance Program which will include methodology, data, conclusion and recommendations to be ready later this year. Presentations will be given to the State Department of Health, County Executive Louws, as well as at the Washington Public Utility Districts Association's annual water workshop in fall of 2019.

The Commissioners thanked Olson for the update and information.

ACTION: No action taken or requested. For information only.

◆ **Manager's Report**

Public Comment Response

In response to Carole Perry's comment at the beginning of the meeting, Jilk stated that the PUD monitors the issues around land use at Cherry Point; however, we do not advocate on behalf of the property owners. There has been discussion with the three largest employers at Cherry Point but the PUD has not been asked to speak on behalf of [their] land use issues. Water and energy supply and how they would be impacted by decisions made by the County are of forefront concern for the PUD and PUD staff discuss issues with Cherry Point property owners and PUD customers regularly.

WPUDA Water Committee Meeting

Jilk will be attending the WPUDA Committee Meeting on Thursday in Olympia. A handout of the agenda and recent meeting minutes was distributed. Among items to be discussed will be federal issues, legislative reports, a briefing on the new Hirst/Foster law, and roundtable discussion on the implementation of ESSB 6091 and how the PUDs are/will be engaged in working with local watersheds on the new law. Also, Department of Ecology Water Resources Program Manager Mary Verner will present an update on program policies, legislation and recent court decisions affecting municipal and rural water supply.

Streamflow Restoration Act (ESSB 6091)

Jilk provided two documents from the Department of Ecology regarding ESSB 6091 – Streamflow Restoration Initial Policy Interpretation and how to calculate "water consumption". While these guidance documents reflect the DOE's current interpretations of key provisions, it is not a comprehensive analysis of the new law but rather an explanation of certain provisions. DOE is still reviewing and analyzing the law and answers provided in the document are subject to future revision.

The WRIAs with instream flow rules adopted by DOE that do not explicitly regulate permit-exempt ground water withdrawals (Nooksack and Nisqually) must have streamflow restoration or watershed management plans set in place/completed by February 2019. One of the highlights of this bill is that if a WRIA wants to develop its own set of criteria that meets the DOE plan, there are guidelines available to follow for the process. Jilk distributed a flowchart depicting WRIA 1's process to update its Watershed Management Plan. At a minimum, the watershed plan must include actions to offset potential impacts to instream flows associated with permit-exempted domestic water use. Prior to adoption of the updated watershed plan, the DOE must determine that the actions identified in the watershed plan, after accounting for new projected uses of water over the next subsequent 20 years, will result in a *net ecological benefit* to the instream resources within the WRIA.

WPUDA Attorneys Conference

Sitkin will be attending this meeting in early June. Topics include bitcoin service, transportation and an update on cyber security.

◆ **Executive Session**

Commission President Jeff McClure requested an Executive Session pursuant to RCW 42.30.110(i) to allow the Commission to discuss potential litigation with legal counsel.

Commissioner McClure adjourned the Commission into Executive Session at 9:35 a.m. The estimated time for the Executive Session was thirty minutes. The Commission President indicated that action is anticipated to occur after the adjournment of the Executive Session.

The Commission was in Executive Session for 40 minutes.

Executive Session Adjourn

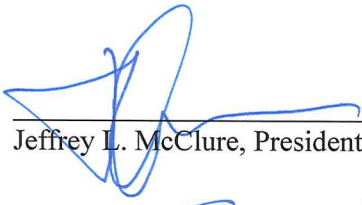
There being no further business for the Executive Session, the Commission reconvened to the regular meeting at 10:15 a.m.

◆ **Reconvene to Regular Meeting**

Commissioner Kenner motioned to approve to support the Washington Public Utility Districts Association's amicus curiae ("friend of the court") brief in the Crown West water-rights case and join other PUD's in the funding of the amicus up to an amount of \$2,000.00 per PUD. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Adjourn**

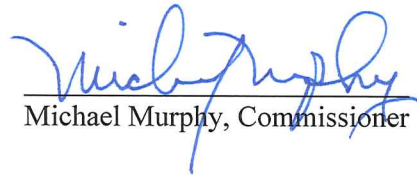
There being no further business for the regular meeting, the Commission adjourned the regular meeting at 10:19 a.m.



Jeffrey L. McClure, President



Paul D. Kenner, Secretary



Michael Murphy, Commissioner