

**PUBLIC UTILITY DISTRICT NO. 1 OF WHATCOM COUNTY  
STRATEGIC PLAN | 2025**





## WHY PLAN?

The development of a multi-year strategic plan affords the PUD an opportunity to reflect on its progress; assess changing conditions in the community it serves; and plot a new course forward. The Strategic Plan is a valuable tool in guiding the PUD, but conditions and circumstances change, and the PUD must remain nimble in its response while at the same time maintaining the course for its customers that have long-term reliance on the delivery of its services. This tension between flexibility and stability will require constant attention by the staff and Commission. Therein lies the future success of the PUD.

The Strategic Plan provides the essential alignment within the Commission and is the foundation used to develop and adopt the PUD's annual operating and capital budgets.

The PUD is governed by three elected Commissioners, one from each of the three districts representing all of Whatcom County. In turn, the Commission, acting as a body of the whole, appoints a General Manager to manage the day-to-day operations of the District; approves policies; and adopts annual operating and capital budgets.

The PUD relies on earned revenues and third-party sources of funding, including state and federal grants. While it does have the ability to levy a countywide property tax it has elected not to, relying on operational income. The PUD has the ability to issue tax-exempt bond financing to finance major capital projects.



## MESSAGE FROM THE COMMISSION

Fellow Community Members,

Public Utility District No. 1 of Whatcom County was created over 80 years ago to serve greater Whatcom by providing water, electrical and, now, telecommunication infrastructure to serve a growing and robust local economy. Since the beginning, the PUD has taken its stewardship of limited resources and protection of our natural environment to heart in all its decision making and investment priorities.

Today, the challenges are even more daunting as our economy has become more complex; protecting water resources is even more critical, and our major employer-customers face growing pressure to stay competitive.

As we developed this 2025 Strategic Plan, our Commission and staff began to consider the dynamic conditions facing our community and the effective role the PUD should, and could assume, in the immediate and near-term future.

To that end, we took a step back and evaluated our successes to date, our strengths and how we could more effectively support the community. The 2025 Strategic Plan reaffirms our core mission and goals in serving the community and, as importantly, captures seven newly defined initiatives that will energize our work in service to the community.

On behalf of the PUD Commission, I'm excited about the opportunities that lay ahead and ask that you join us in these important endeavors. We would also like to express our great appreciation to the staff and the community members that assisted us in this effort.

Sincerely,

**Jeffrey L. McClure**  
*Commission President*

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## PLAN DEVELOPMENT

The 2025 Strategic Plan was formulated through a series of Commission-Staff workshops open to the public. It builds on previous efforts of the District's first plan, adopted in 2015 and a subsequent update in 2017, but includes a 'step back' to reconsider the agency's approach to a variety of challenges and opportunities throughout the community.

The result of this effort is the 2025 Strategic Plan, which was adopted by the Commission on December 18, 2018.





## THE PUD: YESTERDAY AND TODAY

State statute RCW 54 authorized the establishment of public utility districts in 1931 to “conserve the water and power resources of the State of Washington.” Today there are 28 operating public utility districts with 23 providing electricity, 19 providing water or water and wastewater services, and 13 offering wholesale broadband telecommunications.

PUD No. 1 of Whatcom County was created in 1937 and started serving County industries with power in the 1950’s. With the development of the Cherry Point industrial area the PUD began providing water to an aluminum smelter in the 1960’s.

The PUD currently has legal authority to supply water, wholesale telecommunication, as well as electricity anywhere in Whatcom County with the exception of electricity in the cities of Blaine and Sumas because they were existing municipal electric utilities. The PUD could also build and operate sewerage systems, but it would require another vote of the people of Whatcom County.

### Today

Today, the PUD, in addition to the services it provides to Cherry Point, maintains an active role in several regional water supply and water quality planning efforts and supports habitat recovery programs such as the Nooksack Salmon Enhancement Association.

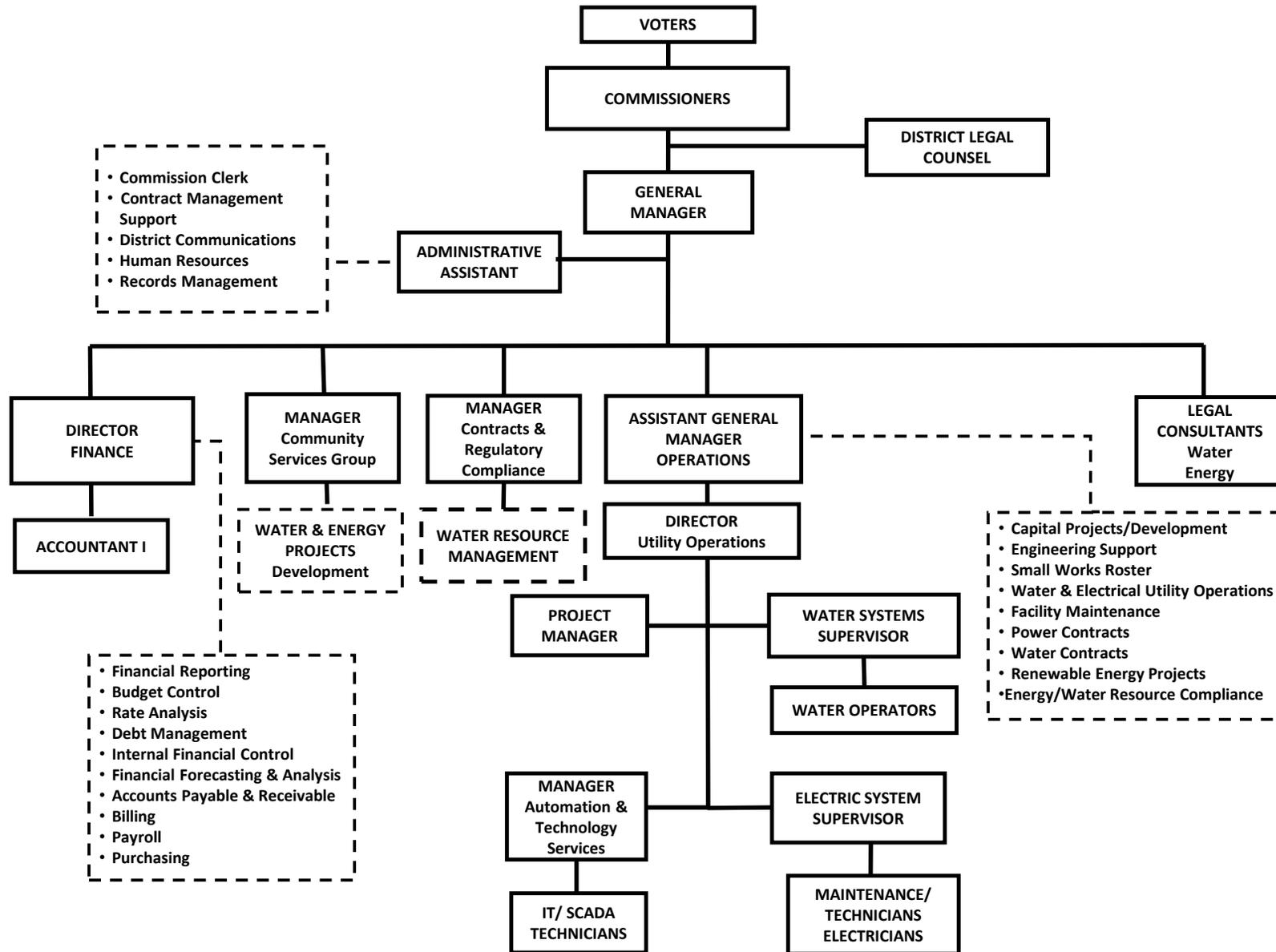
The PUD’s General Manager oversees day-to-day operations of the entire PUD. Division directors oversee individual PUD operations. There are currently 21 people employed at the PUD.

### PUD No. 1

- Holds water rights to divert up to 53 million gallons per day from the Nooksack River. The PUD operates one water system comprising two river diversions, two water treatment plants, and 20 miles of large diameter pipeline providing industrial-grade water to industries and irrigation customers, as well as wholesale service to other water associations.
- Operates a second water system providing potable and fire protection water for a large industrial park (Grandview/Northgate/I-5 Industrial Center). The water source for this system is groundwater and surface water.
- Treats and distributes 5 billion gallons of water a year and is the largest water processor in Whatcom County with an average current use of 14 million gallons per day. The PUD currently sells more water than any other public utility district in the state.
- Currently has one retail electric service customer that annually consumes approximately 25 average megawatts of electricity, and the PUD uses two average megawatts to operate its water system.
- Currently owns 15 miles of high-voltage electric transmission and distribution lines and three electric substations.
- Currently has a power purchase agreement with Bonneville Power Administration (BPA) to purchase all the energy currently needed to serve the PUD’s electric customers and its water operations.
- Has electric transmission agreements with BPA and Puget Sound Energy in which some of the electric energy purchased from BPA is transmitted to the PUD’s electric system for the PUD’s use.



# THE ORGANIZATION



# MISSION

*Mission describes why the PUD exists, its unique role in the community it serves.*

Public Utility District No. 1 of Whatcom County is a steward of water and energy resources providing locally controlled utility services and resource protection for the benefit of the residents, businesses, and agricultural community of greater Whatcom.





## UNIQUE ROLES

As a countywide agency representing all of Whatcom County's residents, the PUD is in a unique position to take a leadership role in navigating complex issues including:

- Access to clean and affordable water supply.
- Resources to develop and support dependable and sustainable jobs.

In doing so the PUD must remain true to the delivery of its core services:

**A Steward of Water and Energy Resources.** The PUD supports the protection and efficient use of natural resources in Whatcom County.

**Provider of Core Utility Services.** Since its formation, the PUD has maintained its commitments to providing water and energy to the area's major industrial employers.

**Provider of Technical Resources.** The PUD supports its own operations and other public utility (water, energy) providers in the community with technical, educational, and operational resources.



## VALUES

**Cultural Values:** Those values that define the PUD's expectation of the agency, its Commission, and staff in undertaking the PUD's work.

- **Honesty and Integrity.** Operate and manage the affairs of the PUD in an open and transparent atmosphere.
- **Creativity.** Promote divergent thinking and perspectives to realize innovative and creative solutions.
- **Courage.** Act strategically upon convictions in the face of skepticism.
- **Mutual Respect.** Carefully considers all views, even in disagreement, from both within and outside of the organization.
- **Unity.** Understand that in working together, more can be accomplished for the community than operating unilaterally.

**Outcome Values:** Those values that guide how the PUD assesses its success in achieving its goals and realizing its mission.

- **Stewardship.** The PUD understands the fragile nature of the area's water resource and the need for sustainably managing it to serve generations to come, and in doing so, be protective of the natural environment.
- **Conservation.** Energy and water are vital resources and the PUD supports the conservation of energy and water, and the development of alternative energy solutions that are less impactful on the environment.
- **Core Services.** The PUD places a priority on providing its industrial client base with core utility services in support of their contribution to the community.
- **Human Capital.** The staff at the PUD is one of its most valuable assets, and the agency is dedicated to attracting, retaining, and supporting the right individuals.
- **Vision.** The PUD manages its facilities and programs with the long view in mind, being cost effective and safe for the public, its employees and the environment.



## FOUNDATIONAL GOALS

To realize its foundational goals, the PUD has formulated special initiatives and planned strategies. These initiatives and strategies put into action the PUD's mission and reflect its values. The PUD's management and technical staff will work closely with the Commission to develop the action steps to energize the initiatives and planned strategies. The PUD is engaged in learning about the long-term challenges of climate change and its true impacts. The PUD will explore realistic solutions of impacts as it works on the six foundational goals.

### **Goal 1. Effectively manage the core water and energy services delivery to the District's industrial customers.**

STRATEGY 1.1 Continue to develop joint strategies with other key stakeholders with interests in water rights to support the PUD's industrial client base.

STRATEGY 1.2 Ensure the reliable delivery of power to the PUD's existing industrial client base.

STRATEGY 1.3 Pursue and achieve operating cost efficiencies.

### **Goal 2. Support energy efficiency and energy savings programs and the exploration of alternative energy sources.**

STRATEGY 2.1 Promote energy conservation projects with measurable outcomes that result in energy use efficiency for industrial, municipal and agricultural users.

STRATEGY 2.2 Seek opportunities to commercialize new energy technologies development.

### **Goal 3. Support water resource management to sustain water supply, increase water use efficiency, improve water conservation, and enhance source protection.**

STRATEGY 3.1 Continue to participate as a stakeholder in the resolution of the water rights and associated watershed planning needs facing the county.

STRATEGY 3.2 Provide leadership in the development of a regional water supply plan.

### **Goal 4. Provide technical services.**

STRATEGY 4.1 Through the new 2019 initiatives, provide expanded technical and water resources support directly to the local agriculture industry.

STRATEGY 4.2 Within the new 2019 initiatives, continue to supply new and expanding technical support services to the local water supply community with a focus on water associations.

### **Goal 5. Maintain a long-term financial management program to support the services the PUD provides.**

STRATEGY 5.1 Implement rate structures that reflect the "true" costs of preserving needed resources, including new initiatives and the PUD's work on water rights.

STRATEGY 5.2 Update and maintain policies and operating procedures to support the financial needs of the PUD.

STRATEGY 5.3 Identify and secure additional funding sources to support the PUD's development of the PUD new initiatives including fees for service, grants, and interlocal agreements.

### **Goal 6. Maintain strong management support and operational proficiency.**

STRATEGY 6.1 Develop a staffing plan to reflect the commitment of resources for the PUD's new initiative priorities as well as supporting operational needs. This includes, within the 2019 initiatives, the assessment and, if needed, creation of dedicated staff to advance new initiatives and programs.

STRATEGY 6.2 Re-brand the PUD in 2019 and undertake an aggressive public outreach program to communicate the agency's priorities and strategic approaches in support of existing and new initiatives.



## NEW INITIATIVES 2019

### Technical Support to Water Associations

Allocate sufficient funds in the FY 2019 and 2020 budgets to continue technical support for county water associations while assessing commitments from the State of Washington to continue to fund the efforts with grant monies.

### Transformative Capital Projects

By the end of the first quarter in 2019, develop a list of potential transformative capital projects to advance the sustainability of the community's water resources for further consideration. Allocate sufficient funds in the 2019 budget for external project development assistance. Develop a long-term strategy to initiate transformative capital projects in the PUD's long-term financial forecast.

### Agricultural Sector Support

In the first quarter of 2019, review projects and programs targeted at the agricultural sector to assess the feasibility of new and expanded opportunities, while maintaining current efforts and support the sustainability of agriculture, focusing on water supply and renewable energy. Consider the creation of an agriculture advisory committee with a distinct focus of sponsoring a number of sector workshops to assess the need and direction of future efforts.

In the end, by mid-2019, identify the highest need and most promising prospective projects and technologies, along with potential funding sources.

### Job-Based Land Development at Cherry Point

In the first half of 2019, working with the Port of Bellingham and private developers, explore the role the PUD may play in the development of job-based property at the Cherry Point industrial area. It is likely that role will be limited to providing infrastructure. Allocate sufficient resources in the FY 2019 budget to explore this opportunity.

### Innovative Energy Technology

Explore the logistics and opportunities of creating an "energy symposium" in the first quarter of 2019 and request Commission consideration of advancing the concept to identify new technologies and strategies focused on local energy conservation and energy development. The intent of the symposium is to create a community dialogue on energy-related issues that may or may not involve the active participation of the PUD.

Commit adequate funds in the FY 2019 budget to advance the symposium further. It is anticipated that the symposium would take place by the fall of 2019.

### Technical Support to Watershed Planning

The PUD will maintain its supportive role as a stakeholder in the region's watershed planning efforts, however it will explore the feasibility of undertaking the development of a Water Supply Plan under PUD leadership. The PUD will develop a scope of work, budget estimate, and availability of funding for developing a countywide Water Supply Plan and assess whether to proceed by the end of the first quarter of 2019.

### Creation of a Community Resource Group

To energize the pursuit of these special initiatives in 2019, the PUD will consider the creation of a special staff unit (the Community Resource Group). That assessment will be based on the analysis and recommendation of the General Manager in the first quarter of 2019. The analysis will coordinate staffing specifics with the operational needs of the PUD and a leadership succession plan so that operations are supported and maintained while creating the special staff unit. Adequate resources will be allocated in the FY 2019 budget to undertake the analysis.

### Advancing Dark Fiber/Broadband Infrastructure

Working with the Port of Bellingham to advance analysis of need for development of broadband services in the county to determine future role of the PUD in infrastructure (fiber) development.



## NEW OPPORTUNITIES

In the past the PUD has had a clear approach to considering new and unforeseen opportunities that may arise. With the start of the new initiatives program the PUD will have adequate and dedicated resources to at least evaluate new opportunities that arise. However there still are fundamental questions to consider as new opportunities or requests to the PUD present themselves:

- Is it consistent with the PUD's mission, goals, and values?
- Are there joint ventures or grant partnership possibilities that would mitigate the PUD's required investment?
- What, if any, planned PUD investments or planned strategies will be delayed or eliminated because of this opportunity and what are the short-term and long-term consequences of that displacement decision? Is that acceptable?
- Will the local community support the outcomes of the effort?
- Does the project significantly advance an existing governmental or community plan or policy?
- Is any other entity, private or public, better positioned to undertake this opportunity, and are they able to do so?
- What should the PUD's role be in the initiative (e.g. support, investment, operations, partner)?





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[www.pudwhatcom.org](http://www.pudwhatcom.org)