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PUBLIC UTILITY DISTRICT No. 1 *of Whatcom County*

Agenda for the Regular Meeting of March 10, 2020 8:00 a.m. at the PUD Office

1. Call to Order | Pledge of Allegiance
2. Approval of Agenda
3. Consent Agenda
 - a) Approval of Meeting Minutes of the Regular Meeting of February 25, 2020
 - b) Approval of Claims for March 10, 2020
4. Old Business
5. New Business
 - a) Approve Work Order No. 12 with Brown and Kysar, Inc.
6. General Manager Report
7. Commissioner Reports
8. Public Comment
9. Adjourn

Next Commission Meetings

March 17, 2020 at 8:30 a.m.: Special Meeting at Squalicum Boathouse, Bellingham

March 24, 2020 at 8:00 a.m.: Regular Meeting at PUD Office

All meetings begin at 8:00 a.m. at PUD Administration Office

1705 Trigg Road, Ferndale, WA unless other location announced.

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Mission Statement

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.

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**MINUTES OF THE REGULAR
MEETING OF THE COMMISSION**

February 25, 2020

1. Call to Order | Pledge of Allegiance

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 and Pledge of Allegiance recited. Said meeting was open to the public and notice thereof had been given as required by law. Those present included Commissioner Mike Murphy, Commissioner Atul Deshmane, Legal Counsel Jon Sitkin and Legal Counsel Tom Mortimer. Staff: Steve Jilk, General Manager; Brian Walters, Assistant General Manager; Ann Grimm, Administrative Assistant; Annette Smith, Director of Finance; Duane Holden, Director of Utility Operations; Rebecca Schlotterback, Manager – Contracts and Regulatory Affairs; Alec Strand, Project Manager; Mike Macomber, IT/SCADA Technician; Aaron Peterson, IT/SCADA Technician; Jon Littlefield, Electric System Supervisor, Devin Crabtree, Chief Water Operator; and Traci Irvine, Accountant I.

Public attending: Dave Olson, Citizen
Carole Perry, Citizen
Max Perry, Citizen
Lauren Turner, Phillips 66
Robin Dexter, Environmental Working Group

2. Approval of Agenda

Commissioner Murphy suggested that the Public Comment period be moved near the end of the agenda, just prior to Executive Session, this way, the public can have an opportunity to make comments after PUD business has occurred. Commissioner Deshmane is concerned that people will leave the meeting early and not have an opportunity to comment if the Public Comment period changes. Deshmane then decided he was in agreement with Murphy.

ACTION: Commissioner Murphy motioned MOVE THE PUBLIC COMMENT PERIOD PRIOR TO AGENDA ITEM 9/EXECUTIVE SESSION. Commissioner Deshmane second the motion. Motion passed unanimously.

3. Consent Agenda

- a. **Approval of the Meeting Minutes of February 11, 2020 as presented; and,**
- b. **Approval of the Claims of February 25, 2020:**

VENDOR NAME	AMOUNT
BONNEVILLE POWER ADMINISTRATION	852,521.00
BROWN & KYSAR, INC.	16,274.00
CENTRAL WELDING SUPPLY	81.75
CLEARING UP: NEWSDATA SERVICE	1,510.93
COMCAST	194.92
CULLIGAN NORTHWEST	137.44
EDGE ANALYTICAL LABORATORIES	20.00
ESRI	1,627.50
FERNDALE ACE HARDWARE	350.37

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FERNDALE TRUE VALUE HARDWARE	21.72
HARDWARE SALES, INC	3,650.48
INDUSTRIAL SUPPLY, INC	184.01
INTERNAL REVENUE SERVICE	15,428.94
LEN HONCOOP GRAVEL, INC.	4,200.00
MALLORY SAFETY & SUPPLY LLC	121.92
NORTH COAST ELECTRIC COMPANY	6,494.08
NORTHWEST CASCADE, INC.	112.50
PACIFIC SURVEY & ENGINEERING	255.00
PAYLOCITY	348.08
PAYROLL	163,317.96
PITNEY BOWES GLOBAL FINANCIAL SERVICES	87.60
PLATT ELECTRIC SUPPLY CO	1,497.98
POTELCO, INC	355.00
PUD #1 OF WHATCOM COUNTY	1,571.00
PUGET SOUND ENERGY, INC	236.00
WA FEDERAL VISA CARD MEMBER SERVICES	8,226.05
WA ST DEPT OF REV PRIVLGE	247,938.01
WA ST DEPT OF REVENUE	78,231.06
WASHINGTON ALARM, INC.	120.44
WESTERN CONFERENCE OF TEAMSTERS	7,915.63
WHATCOM COUNTY TREASURER	639.99
GRAND TOTAL	\$1,413,671.36

ACTION: Commissioner Murphy motioned to APPROVE THE CONSENT AGENDA. Commissioner Deshmane second the motion. Motion passed unanimously.

4. Old Business

Revised Expense/Per Diem Reimbursement Form

At the District's recent audit by the State Auditor's office, the following was noted in their Exit Recommendations:

Commissioner Compensation

In addition to salary, District Commissioners receive per diem compensation for each day or portion of a day spent in attendance at official meetings, meetings held or work done for District business. The District does not have policies in place regarding commissioner compensation especially one that would outline permissible business purposes for meetings commissioners attend outside of board meetings. In addition, a detailed business purpose is not consistently included in commissioner compensation documentation.

Staff recommended that the District adopt formal policies regarding commissioner compensation, ensuring a universal understanding of permissible business purposes for meetings. Resolution 768, establishing the Policy of Governance and Management, was passed January 28, 2020 to address the need for a policy for commissioner compensation. It was also recommended in the audit Exit Recommendations that there is clear documentation of the business purpose for each meeting.

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The revised expense reimbursement form now includes a section for *Business Purpose* to be included with the reimbursement request.

There is no fiscal impact to the District.

ACTION: NO ACTION NECESSARY, FOR INFORMATION ONLY.

5. New Business

a. **Approve Rebuild of High Head Pump No. 4 at Water Plant No. 1**

Background: As part of the 2020 CIP budget, staff included the rebuild of a high head motor and pump for the Water Plant No. 1 facility. High head pump No. 4 has failed and is in need of a rebuild or replacement. Water Operations staff uses this pump and motor combination paired with the existing VFD from Plant 1. Rebuilding this pump will restore the pumping flexibility, reliability, and capacity.

Holden said the cost estimate for the pump includes parts and labor. The equipment to be rebuilt is covered by a previous Sole Source Resolution (No. 637) approved by the Commission, which enables consistency of materials and parts for the pumps. This rebuild is the least expensive option; another option presented was to separately purchase replacement parts was estimated at over \$300,000. If approved, the rebuild of the pump assembly will be complete and ready to install this coming fall.

Purchase of the pump rebuild will have no impact on the District's 2020 budget. The project is included as (CIP RW-M-10) and the cost estimate is less than the budget amount.

ACTION: Commissioner Deshmane motioned to APPROVE GRUNDFOS CBS, INC. TO REBUILD WATER PLANT NO. 1 HIGH HEAD PUMP NO. 4 ASSEMBLY (CIP RW-M-10) AND AUTHORIZE THE DISTRICT'S GENERAL MANAGER TO PROCEED WITH THE PURCHASE OF THE REBUILD FOR THE PRICE OF \$150,919.00, NOT INCLUDING SALES TAX. Commissioner Murphy second the motion. Motion passed unanimously.

b. **Approve Professional Consulting Services Agreement with Performance Information Technologies for SCADA Support Services**

The District previously executed a Professional Consulting Services Agreement ("PSA") with Performance Information Technologies ("Performance IT") on November 10, 2015. The PSA expired on its own terms December 31, 2018. Staff continues to need technical services support on an ongoing basis for the development and deployment of the utility-wide SCADA system and would like to contract again with Performance IT to continue this work and provide needed technical services to support further development and deployment of Whatcom PUD's utility SCADA system.

Major work tasks will include, but not be limited to:

- Assessment of the current state of the District's SCADA software, including but not limited to: compliance with best practices, efficient configuration of software components and system architecture, and implementation of virtualization technologies.
- Assistance in creating a roadmap for future implementations, expansions, and upgrades to avoid common pitfalls associated with the use of the software and to get maximum value out of the software.
- Assistance in troubleshooting on-going issues as requested by staff.
- Other work tasks as needed from time to time, as requested by staff.

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Specific SCADA related tasks for Performance IT will be identified from time to time by PUD staff. From this, a Scope of Work (SOW) will be developed and an associated cost not-to-exceed budget for the work by consultation of both parties. The SOW and cost for the work will be negotiated and identified in a Work Order.

All Work Orders executed under the Agreement must be approved in writing and approved in advance of the work to be performed, by the Commission and/or General Manager.

If approved, the term of the new PSA would extend through December 31, 2022 and there is no fiscal impact to the District. As the current 2020 budget includes sufficient funds to cover this work.

ACTION: Commissioner Deshmane motioned to APPROVE A PROFESSIONAL CONSULTING SERVICES AGREEMENT WITH PERFORMANCE INFORMATION TECHNOLOGIES FOR SCADA SUPPORT SERVICES, AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE AGREEMENT. Commissioner Murphy second the motion. Motion passed unanimously.

c. **Approve Amendment No. 4 to Bender Park Communications Tower Agreement with New Cingular Wireless PCS, LLC**

The District entered into the Bender Park Communications Tower Agreement (“Agreement”) with New Cingular Wireless PCS, LLC (“Tenant”, also “Cingular”) on January 27, 2004. Under the Agreement, Cingular, a subsidiary of AT&T Mobility Corporation, obtained the right to lease a portion of real property controlled by the District and to install equipment on a communications tower owned and operated by the District. In exchange, Cingular as the Tenant is obligated to comply with certain specified contractual obligations, including monthly lease payments, which escalate over the term of the Agreement.

This Agreement has been amended three times by the parties. The third amendment extended the term of the Agreement from January 27, 2019 through December 31, 2019 and Amendment No. 4 further extends the term of the Agreement through July 31, 2020.

The District’s communications tower and associated equipment are located on property owned by the City of Ferndale (“City”). The District and City previously entered into an Interlocal Agreement and Easement, which has enabled the District to utilize the City’s property, and, construct and operate a communications tower on the site. The two legal documents are set to expire July 31, 2020. The District and City have been in discussions for over a year regarding revisions to the documents. Among the revisions discussed have been the extension of the term for the Interlocal and Easement up to an additional twenty years and an increase in the property area to be covered by the Easement. Also under discussion is the merging of the separate Easement document into the Interlocal Agreement.

Renewing the District’s agreements with the City for use of the Bender Park property are essential to the continuance of the District’s Agreement with Cingular, the Tenant. Until such time, the District can conclude negotiations and execute new agreements with the City, the District cannot commit to any longer term, new or revised Agreement with Cingular.

The sole purpose of Amendment No. 4 is to secure additional time for Cingular to continue utilizing the property and tower covered by the Bender Park Agreement with the expectation that the District can conclude negotiations and execute a new or revised Interlocal Agreement and Easement with the City by July 31, 2020.

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District staff recommends approval and execution of Amendment 4. There is no fiscal impact to the District.

ACTION: Commissioner Murphy motioned to APPROVE AMENDMENT NO. 4 TO BENDER PARK COMMUNICATIONS TOWER AGREEMENT WITH NEW CINGULAR WIRELESS PCS, LLC AND AUTHORIZE THE DISTRICT'S GENERAL MANAGER TO EXECUTE THE AMENDMENT. Commissioner Deshmane second the motion. Motion passed unanimously.

d. **Call for Special Commission Meeting on March 17, 2020**

This is a request to call for a Special Commission Meeting to be held on Tuesday, March 17, 2020. The purpose of the meeting will to hold a work session to discuss the District's Strategic Plan 2025 specifics:

Foundational 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.

New Initiatives

-Innovative Energy Technology

Identify new technologies and strategies focused on local energy conservation and energy development such as solar energy production, renewable natural gas from digesters.

Action: (1) Advance an analysis of a community solar project.

(2) Review the feasibility of a renewable natural gas project.

-Advancing Dark Fiber/Broadband Infrastructure

Work with the Port of Bellingham on a feasibility study to advance broadband infrastructure to unserved and underserved areas of Whatcom County.

Action: Determine future roles and responsibilities of the PUD in this infrastructure development.

(1) Act in an advisory role in support of the Port's broadband initiative.

(2) Work with the Port to determine "best fit role" for the PUD in building and/or operating elements of the dark fiber system.

Representatives from the Port of Bellingham, Skagit Net, Regenis, and others will be invited to participate and update Commissioners on respective projects. It was decided that the Special Meeting would be held at the Squalicum Boathouse, located at 2600 Harbor Loop in Bellingham, from 8:30 a.m. to 2:00 p.m. An agenda and other information is forthcoming.

ACTION: Commissioner Murphy motioned to CALL FOR A SPECIAL COMMISSION MEETING TO BE HELD ON TUESDAY, MARCH 17, 2020, FROM 8:30 A.M. TO 2:00 P.M. AT SQUALICUM BOATHOUSE IN BELLINGHAM, WASHINGTON. Commissioner Deshmane second the motion. Motion passed unanimously.

6. General Manager Report

Water Supply Plan

The District was selected as administrator of a grant for the Water Supply Plan, and the working group has drafted a Request for Proposals for a consultant firm to complete certain work tasks identified in the grant. The RFP will be published on March 1, and staff expects to return to the Commission with a request to approve a contract with a selected consultant in about three weeks after that. Once approved, the first phase of the grant work will be to consolidate and analyze current data on water supply in the

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county. There is no fiscal impact to the District. All costs incurred will be reimbursed under the terms of the grant.

Wall Street Journal Articles

Jilk distributed copies of two articles published recently in the WSJ:

- (1) *What's Next for the Energy Grid* – regarding decentralized grids as homeowners, businesses and other traditional utility customers are taking on a new role as energy producers through small-scale solar arrays, wind turbines and other new affordable technologies;
- (2) *Carbon Capture Wins Fans among Oil Giants* – regarding companies such as Exxon and Chevron are joining a broader push to make carbon capture technology cheaper and more efficient.

Also distributed was a copy of a speech given by Bernard Looney, the new CEO of British Petroleum. It discusses reimagining energy and reinventing BP given the changes and challenges in the oil industry.

7. Commissioners Report

McClure reported that he and Jilk have met with Brad Radar about the new “Farming for Life” interpretive exhibit, which will highlight the importance of year-round agriculture in the county, in a new building at the Northwest Washington Fair Grounds. The group is raising funds to build the exhibit and Commissioner McClure would like to find a way for the PUD to support the effort, and acknowledge the District’s support in water supply and the agricultural community. A presentation by the group is planned for the March 24 Commission meeting.

Murphy said he would like to have the Whatcom Conservation District be invited to present. They work with farmers to become better stewards and as such, bacteria levels (from animals) are on the decline.

Deshmane said the farming community has made big progress. Farmers are aware of coliform and the need to determine the source. Deshmane is working behind the scenes on the cancelled Phillips 66/REG/Green Apple and said the County Executive supports the project.

8. Public Comment

Robin Dexter commented that the Port of Bellingham has two public comment periods on their agenda at every meeting. He agrees with moving the comment period near the end of the agenda. He would also like to receive copies of information/handouts that are distributed at the Commission meetings. Dexter also said that now is the time to begin planning the 2021 budget and staff time, especially on the subject of public power.

Carole Perry said the last Commission meeting was a good example of encouraging the public to speak. Several other agencies are also allowing more time for public comments. She thanked the Commission for their consideration.

9. Executive Session

Commission President McClure requested an Executive Session pursuant to RCW 42.30.110(1) (i) to discuss potential litigation.

The estimated time for the Executive Session was forty-five (45) minutes. The Commission President indicated that no action was anticipated to occur after the adjournment of the Executive Session. After a five-minute recess, Commissioner McClure adjourned the Commission into Executive Session at 9:15 a.m.

- At 10:05 a.m., the President announced an additional thirty (30) minutes for Executive Session.
- At 10:35 a.m., the President announced an additional five (5) minutes for Executive Session.
- The Commission was in Executive Session for 85 minutes. No action was taken after the close of Executive Session.

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Executive Session Adjourn

There being no further business for the Executive Session, the Commission reconvened to the regular meeting at 10:40 a.m.

10. Adjourn

There being no further business for the regular meeting, the Commission adjourned the regular meeting at 10:41 a.m.

Jeffrey McClure, President

Michael Murphy, Vice President

Atul Deshmane, Secretary