

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

April 28, 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 via teleconference included Commissioner Mike Murphy, Commissioner Jeff McClure, Commissioner Atul Deshmane, Legal Counsel Jon Sitkin, and Legal Counsel Tom Mortimer. Staff attending via teleconference: Steve Jilk, General Manager, Brian Walters, Assistant General Manager; Ann Grimm, Administrative Assistant; Duane Holden, Director of Utility Operations; Rebecca Schlotterback, Manager of Contracts and Regulatory Compliance; Annette Smith, Director of Finance; Aaron Peterson, IT/SCADA Technician; Mike Macomber, IT/SCADA Technician; and Traci Irvine, Accountant I.

Public attending via teleconference:

Rich Maricle, Citizen
Lauren Turner, Phillips 66
Joe Beaulaurier, My Ferndale News

2. Approval of Agenda

No changes made.

ACTION: Commissioner Deshmane motioned to APPROVE THE APRIL 28, 2020 AGENDA. Commissioner Murphy second the motion. Motion passed unanimously.

3. Consent Agenda

- a. **Approval of the Meeting Minutes of April 14, 2020 as presented;**
- b. **Approval of the Claims of April 28, 2020:**

VENDOR NAME	AMOUNT
BAKER SEPTIC TANK PUMPING	160.00
BONNEVILLE POWER ADMINISTRATION	809,657.00
BROWN & KYSAR, INC.	87,317.74
CDW	1,261.94
CHMELIK SITKIN & DAVIS	6,820.00
COMCAST	184.92
EDGE ANALYTICAL LABORATORIES	20.00
FERGUSON ENTERPRISES, INC	21.81
FERNDALE ACE HARDWARE	172.95
GATEWAY CONTROLS	1,302.00
HARDWARE SALES, INC	151.65
INTERNAL REVENUE SERVICE	15,793.74
IVOXY CONSULTING LLC	4,082.14
LYNDEN TRIBUNE	65.00
NORTHWEST CASCADE, INC.	112.50
PACIFIC SURVEY & ENGINEERING	1,482.50
PARAMOUNT SUPPLY COMPANY	880.95
PAYLOCITY	134.33
PAYROLL	167,414.99
PLATT ELECTRIC SUPPLY CO	25.67
PORTAL WAY FARM & GARDEN	133.68
PUGET SOUND ENERGY, INC	224.03
SOFTWIRED	1,000.00
SOUND WATER SERVICES	4,200.00
STERICYCLE ENVIRONMENTAL SOL.	82.50
ULINE, INC.	552.67
WA FEDERAL	4,594.26
WA ST DEPT OF REVENUE	78,110.46
WESTERN CONF OF TEAMSTERS	8,668.75
GRAND TOTAL	\$ 1,194,628.18

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

4. Old Business

None.

5. New Business

a) Award of Bid: 115kV Substation Electrical Equipment

The Ferndale Substation serving Water Treatment Plant No. 1 was built in the 1960s and owned by Puget Sound Energy. In 2011, the District purchased the substation from PSE. The substation has not been upgraded since construction and has the original single transformer.

Testing of electrical gear in the substation during 2016 revealed that the secondary voltage (2400V) side is in very poor condition and should be replaced. During 2017, District staff with support of engineering consultants discussed conceptual design, location and potential costs of a new substation. The 2018 Capital Improvements Budget included the preliminary design and engineering of the new Ferndale Substation (CIP-E22). During the 2018-2019 period, engineering, permitting and final design have been substantially completed.

Final substation site design is dependent on the major electrical equipment to be selected in accordance with project specifications. These electrical components of the substation, two 115kV Circuit Switchers, have long lead times. The time between issuance of a purchase order to delivery of the equipment to the job site may be 12 to 24 weeks. Therefore, purchase of the equipment must proceed prior to the completion of the final site design, as the specifications of the equipment selected will drive the design.

Due to the circumstances described above, District staff elected to proceed with two separate bid processes, one for the equipment purchase and a second for the construction of the substation.

On April 16, 2020, the District received and publicly read aloud three (3) bids submitted for this project. The Engineer's Estimate for the total purchase of equipment, is \$150,000.00, not including tax.

The bid from McKaig Evergreen Inc. did not include acknowledgment of Addendum No. 1. McKaig Evergreen Inc. bid does not meet the specifications and staff determined the McKaig Evergreen Inc. bid to be non-responsive. The three bids are as follows:

Switchgear Bid	Bid Total No Tax
McKaig Evergreen Inc.	\$77,280.00
Southern States	\$115,400.00
Anixter Inc.	\$139,480.00
<i>Engineer's Estimate</i>	<i>\$150,000.00</i>

Since the McKaig Evergreen Inc. bid was deemed to be non-responsive, staff recommends awarding the Switchgear Bid to Southern States. The total bid price for the equipment is below the Engineer's Estimate (tax not included).

This Project is funded for 2020, as part of the approved Capital Improvement Projects (CIP E-22) Budget. There is no fiscal impact.

Further, during the COVID-19 pandemic event, and in accordance with Governor Inslee's Open Public Meetings Act Proclamation 20-28, "...public agencies are further prohibited from taking "action," as defined in RCW 42.30.020, unless those matters are necessary and routine matters..." As such, approval of this project is:

Essential – The substation is in need of immediate upgrade to maintain safety and comply with applicable regulatory requirements. Due to the long lead-time to obtain purchased equipment, procurement of the substation equipment is essential and necessary for maintaining the District's critical infrastructure and the project should not be delayed further.

Routine – This is a routine approval in that the purchase of equipment would be approved by the Commission as part of the regular course of action. The substation upgrade is part of the Capital Improvement Project previously approved by the Commission.

ACTION: Commissioner Deshmane motioned to AWARD EQUIPMENT PURCHASE TO SOUTHERN STATES FOR THE CIRCUIT SWITCHERS FOR THE FERNDAL SUBSTATION PROJECT (CIP-E22) IN THE AMOUNT OF \$115,400.00 NOT INCLUDING TAX AND AUTHORIZE THE DISTRICT'S GENERAL MANAGER TO EXECUTE THE PURCHASE. Commissioner Murphy second the motion. Motion passed unanimously.

b) Approve Resolution No. 733 – Use of Electronic Signatures

Background: The Uniform Electronic Transactions Act (UETA) authorizes governmental agencies, including the District, to determine whether they will accept, rely, process, or otherwise use electronic records and signatures. Using electronic records and electronic signatures can benefit Public Utility District No. 1 of Whatcom County (District) by decreasing District reliance on paper transactions and physical documents, thereby saving time, reducing the costs associated with the conduct of District business.

Further, during the COVID-19 pandemic it has become necessary and essential to establish a process for individuals with signature authority to sign documents remotely without necessitating execution of documents in person.

This Resolution sets forth the District policy determination to use electronic records and electronic signatures as authorized by the UETA, and authorizes the District General Manager to establish such policies in conformance with RCW 19.360.

No District Commissioner is required to allow the use of electronic signatures, but may elect to do so under this policy.

There is no fiscal impact, however; it is anticipated that this measure will result in cost savings to the District. Commissioner McClure commented that this is a good policy to implement. Commissioner Murphy would like to add that the resolution should be revisited at the end of June 2020. As such, the Resolution was amended with the expiration date of June 30, 2020.

ACTION: Commissioner Murphy motioned to APPROVE RESOLUTION AUTHORIZING USE AND ACCEPTANCE OF ELECTRONIC RECORDS AND SIGNATURES, TO EXPIRE ON JUNE 30, 2020. Commissioner Deshmane second the motion. Motion passed unanimously.

6. General Manager Report

COVID-19 Update

Jilk reported that staff has updated the ‘COVID-19 Schedule’ through the end of May, as we are awaiting the guidelines from Governor Inslee on May 4. Water and Electric Operations at the District remains in check, and staff is doing a great job with social distancing efforts, including working remotely. The District continues no interruption of any District services while keeping employees safe. Meter reads are due at the end of the month and Jilk will have a better idea if any of the industries, especially on the Grandview Water System, have shut down or are using less water due to the pandemic. No notifications of big shutdowns have been received; however, staff will be monitoring usage and the budget for any impacts.

Alcoa/Intalco Shutdown Impact

The news that Alcoa/Intalco will be shuttering and closing the plant at the end of June was discussed. The loss of approximately 700 jobs will be detrimental to the county. Murphy inquired if there are other projects that the District can support. Staff will be looking at the impact on the 2020 budget (end of June to year-end) that the shutdown will have on the District.

Jilk added that staff has prioritized the Capital Improvement Projects list and discussed different “what if” scenarios, such as Phillips66 and/or BP Cherry Point refineries begin to lower their amounts of water consumption. Discussions should take place with the refineries as to any forecasted reduction in their output products.

WPUDA Update

Some PUDs are beginning to put their start-up plans in place for when the Governor lifts the stay at home order.

7. Commissioners Report

Commissioner Murphy said he would have never thought something like this pandemic would happen and how he appreciates having reliable fiber service to be able to communicate and work remotely; however, not everyone in Whatcom County has access. He would like to have the District put a higher priority on fiber in the county, whether this means greater support on the Port’s broadband effort or securing grants for funding, etc.

McClure added that he also wants to take a broader look at broadband infrastructure. The issue of needs for student learning has impacted the need for broadband service in the county.

Deshmane said it will be challenging, however; there is *SkagitNet* to use as a model (not the retail part), but to create the fiber backbone. McClure suggested entering into a stronger relationship with the Port to discuss options and pitfalls, along with lessons learned from Skagit.

Jilk suggested discussing more about the project with *SkagitNet*/Skagit County at the second Commission Meeting in May.

Commissioner McClure commented that the Alcoa/Intalco closure will have a huge impact and ripple effect in Whatcom County. He would like to discuss strategic planning efforts to possibly acquire BPA assets such as the substation and distribution lines, as time is of the essence. Assistant General Manager Brian Walters has discussed this scenario with BPA Transmission staff and reinforced the District's strong interest in BPA's 230kV lines and substation at Intalco and BPA was receptive to discussing the idea; however, a three-way discussion will be needed. ALCOA/BPA/PUD all need to be part of the discussion.

This is a direct relation to the District's Strategic Plan, regarding strategies for economic development/infrastructure support for Cherry Point industrial area – whether it be renewables or other types of development, these kinds of facilities are key to the effort. Murphy and Deshmane were in agreement with McClure about discussing purchasing the facilities.

McClure would like to have staff determine the value of the BPA facilities at Intalco, including all energy transmission/distribution points at Cherry Point and present a report on the potential cost and strategic opportunities/benefit.

8. Executive Session

Commission President Jeff 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 one hour (60) 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 8:55 a.m.

- The Commission held Executive Session on a separate Zoom Room platform for privacy and security matters meeting open public meeting requirements.
- At 10:00 a.m., the Commission President extended the Executive Session for another thirty (30) minutes. Below is a screenshot of the notice of extension on the regular Commission Meeting webinar platform:



- At 10:30 a.m., the Commission President extended the Executive Session for an additional fifteen (15) minutes.

Executive Session Adjourn

There being no further business for the Executive Session, the Commission reconvened to the regular meeting at 10:42 a.m. and rejoined the regular Commission Meeting webinar platform.

9. Adjourn

There being no further business for the regular meeting, the Commission adjourned the regular meeting at 10:45 a.m.

Jeffrey McClure, President

Michael Murphy, Vice President

Atul Deshmane, Secretary

APPROVED
May 12, 2020