

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

June 9, 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 8:03 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, and Legal Counsel Jon Sitkin. 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; Jon Littlefield, Electric System Supervisor; and Traci Irvine, Accountant I.

Public attending via teleconference:

Dave Olson, Citizen
Lauren Turner, Phillips 66
Christine Grant, Citizen
Rick Maricle, Citizen
Max Perry, Citizen

2. Approval of Agenda

No changes made.

ACTION: Commissioner Murphy motioned to APPROVE THE JUNE 9, 2020 AGENDA. Commissioner Deshmane second the motion. Motion passed unanimously.

3. Consent Agenda

- a. **Approval of the Meeting Minutes of May 26, 2020 as presented;**
- b. **Approval of the Claims of June 9, 2020:**

| VENDOR NAME | AMOUNT |
|-------------------------------------|---------------|
| 3-D CORPORATION (NP INFO SYSTEMS) | 252.18 |
| AIR COMPRESSOR SERVICE | 1,142.70 |
| ALL SEASON SPRAYING | 1,536.36 |
| BAKER SEPTIC TANK PUMPING | 109.03 |
| BAY CITY SUPPLY | 1,140.18 |
| BELLINGHAM HERALD | 180.00 |
| CARL'S MOWER & SAW, INC | 55.94 |
| CARLSON STEEL WORKS, INC | 141.14 |
| CENTRAL WELDING SUPPLY | 40.95 |
| CESCO NEW CONCEPT CHEMICAL PRODUCTS | 117.81 |
| CHMELIK SITKIN & DAVIS | 12,335.00 |
| CORNERSTONE MANAGEMENT, INC. | 4,050.00 |
| FASTENAL | 24.58 |
| FERNDALE ACE HARDWARE | 66.06 |
| GATEWAY CONTROLS | 597.84 |
| GENERAL PACIFIC, INC. | 48.83 |
| GENEVA CONSULTING | 675.25 |
| HARDWARE SALES, INC | 185.87 |
| HD FOWLER CO, INC | 94.15 |
| HEALTH PROMOTIONS NORTHWEST | 90.00 |
| HOMEWARD DESIGNS, LLC | 444.00 |
| KCDA PURCHASING COOPERATIVE | 59.16 |
| LITHTEX NW LLC | 233.28 |
| MASSMUTUAL RETIREMENT SVCS LLC | 11,199.99 |
| MORTIMER, TOM | 5,637.50 |
| NORTHWEST CASCADE, INC. | 112.50 |

| | |
|--|---------------------|
| NORTHWEST MOWING & GARDENING | 514.54 |
| PITNEY BOWES GLOBAL FINANCIAL SERVICES LLC | 149.65 |
| PLATT ELECTRIC SUPPLY CO | 446.84 |
| PUD #1 OF WHATCOM COUNTY | 276.00 |
| PUGET SOUND ENERGY, INC | 5,460.51 |
| REGENCE BLUE SHIELD | 38,901.73 |
| REISNER DISTRIBUTION, INC | 655.96 |
| RICOH USA | 217.86 |
| SMITH MECHANICAL | 290.79 |
| SSC - SANITARY SERVICE COMPANY | 509.29 |
| TEAMSTER LOCAL #231 | 508.00 |
| UNITED WAY OF WHATCOM COUNTY | 420.00 |
| UTILITIES UNDERGROUND LOCATION | 25.80 |
| VERIZON WIRELESS | 1,855.57 |
| WASHINGTON DENTAL SERVICE | 2,768.10 |
| WASHINGTON TEAMSTERS WELFARE | 11,875.15 |
| WATERHOUSE ENVIRONMENTAL SERVICES CORP | 17,868.60 |
| WHATCOM JANITORIAL | 1,250.00 |
| WILSON ENGINEERING, LLC | 14,786.25 |
| ZIPLY FIBER (FORMERLY FRONTIER COMMUNICATIONS) | 1,470.44 |
| GRAND TOTAL | \$140,821.38 |

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. Approve 2021 Budget Development Schedule

This year, the Finance Director is requesting Commission approval of the schedule for the development of the 2021 District Operating and Capital Budget and suggested dates for customer meetings, the public hearing and final approval of the rates and charges for water and electric service for 2021. The proposed schedule allows time for:

- Work Sessions by the Commission before adopting the final budget and rates;
- Meetings with the different customer groups we have;
- A Public Hearing and a Commission Meeting/Work Session that allows for public/customer input to the Commission for the 2021 Budget and rate setting process.

Proposed schedule:

| | |
|----------------------------|--|
| August 11, 2020 | Commission receives First Half Financial Report |
| September 8, 2020 | Commission Work Session to discuss Budget Parameters |
| October 27, 2020 | Draft 2021 Budget presented to Commission |
| November 2 – 5, 2020 | Grandview and Cherry Point Customer Meetings |
| November 24, 2020 | Public Hearing on Draft 2021 Budget |
| December 8, 2020..... | 2021 Budget and 2021 Rates/Charges Approved |

Jilk asked for input from the Commissioners on their goals and priorities facing the PUD as soon as June 23. Items such as watershed management planning, adjudication, broadband/fiber, renewables, and Cherry Point economic development were among the list. He realizes it is short notice, however, the input and ideas of interest are important for staff to get started on budget development.

A special meeting in July to learn more about fiber/broadband and energy is in the planning process. Staff is working on the agenda and identifying resources for the event.

Commissioner Murphy commented on the requested action, which states "...and approval of the rates and charges for water and electric service for 2021." Murphy questioned if the action should only indicate "approval of the development of the schedule" since the Commission is not actually approving rates and charges at this time. As such, request for action was revised:

ACTION: Commissioner Murphy motioned to APPROVE THE SCHEDULE FOR THE DEVELOPMENT OF THE 2021 DISTRICT OPERATING AND CAPITAL BUDGET. Commissioner Deshmane second the motion.

6. General Manager Report

Nooksack River Basin WRIA1 Rule Amendment - ESSB 6091 Requirements

The State Department of Ecology (DOE) has completed its final Rule Amendment for the Nooksack Basin (WRIA 1) as required by the Washington State legislature pursuant to the legislature’s adoption of ESSB 6091.

The full amendment – detailed documentation and all comments received by DOE during the amendment development process – are on the DOE website and available for reading in full. Jilk has read the entire document and today’s report is an *informational* overview of the ruling.

At the next WRIA 1 Watershed Management Board meeting on June 24, the DOE staff which lead the DOE work on the amendment has been asked to attend and present the full report/amendment (via electronic meeting methods). Jilk suggested all Commissioners attend via call-in as well for a detailed explanation of the process and the decisions made by DOE to draft and finalize the amendment.

Highlights of the today’s overview:

The Nooksack River Basin WRIA 1 was established under WAC 173 in 1986 and amended in 1988. In 2016, the Hirst Decision in the Washington Supreme court was concluded. The state legislature adopted ESSB 6091 and it was codified as Chapter 90.94 RCW in response to the Supreme Courts Hirst case decision.

WAC 173-501-010 INSTREAM RESOURCES PROTECTION PROGRAM—
NOOKSACK WATER RESOURCE INVENTORY AREA (WRIA 1)

Nooksack Streamflow Rule Timeline



Chapter 90.94 RCW – Streamflow Restoration

- Clarifies how counties issue building permits for rural homes intending to use a groundwater permit-exempt well for their domestic water source.
- Allows new permit-exempt domestic wells to have an impact on closed water bodies and water bodies with minimum in stream flows.
 - Requires 15 different WRIAs to project consumptive use by new domestic permit-exempt wells over the next 20 years, and identify projects and actions to offset those impacts in order to achieve a net ecological benefit (NEB) for the WRIA.
 - Project the consumptive use of new exempt wells over the next 20 years.
 - Identify projects that will provide offset water to that consumptive use.
 - Identify projects that will also provide NEB in the WRIA.

February 2019 was the deadline established for Ecology to approve /adopt a locally developed and approved Watershed Plan Update for the WRIA1 for Ecology to consider for Rule Amendment. The local update was not completed by the deadline, so Ecology announced the commencement of the rulemaking: *To Amend Chapter 173-501 (the Nooksack Instream Flow Rule) to meet the requirements of ESSB 6091 (RCW 90.94.20) and set the rule amendment by August of 2020.*

The Limited Rule Amendment will update and add water management regulations in WRIA1 by:

1. Adding regulations to establish limits for new domestic permit-exempt groundwater withdrawal.
2. Change current regulations to increase flexibility for projects that RETIME flows in WRIA 1.
3. Make minor technical corrections.

The Department of Ecology based their decisions on, and implementation of the Amendment with many supporting documents:

1. Setting consumptive use estimate for NEW domestic permit-exempt wells in WRIA1 for the 20-year planning horizon (2018 – 2038).
2. Projects and actions to offset potential impacts instream flows associated with NEW domestic permit-exempt domestic water use (2018 – 2038).
3. Adaptive management provisions in implementation.
4. An evaluation of Net Ecological Benefits (NEB).
5. Description of the analysis of integrating consumptive water use into the Amendment.
6. How the rule Amendment supports the offset projects listed and proposed.

More specifically in the Amendment:

1. **Identifies the projected number of residential buildings (homes) to be built in the WRIA, divided up by 9 different sub-basins as follows:**

| Sub-Basin | Number of New Homes |
|----------------|---------------------|
| Coastal North | 594 |
| Coastal West | 209 |
| Lower Nooksack | 561 |
| Coastal South | 241 |
| Lake Whatcom | 145 |
| Sumas | 162 |
| North Fork | 126 |
| Middle Fork | 9 |
| South Fork | 22 |
| TOTAL | 2,150 |

2. **A new “consumptive” quantity was determined for indoor and outdoor use:**

500 gallons per day for indoor consumption and enough to irrigate 1/12 acre outdoor. The documentation shows how those numbers were determined.

The resulting amounts of water needed to “offset” the new exempt wells, number of new wells using the consumption quantities listed for each new well in each sub-basin is as follows:

| Sub-Basin | Acre Feet |
|----------------|--|
| Coastal North | 111.48 |
| Coastal West | 55.90 |
| Lower Nooksack | 100.77 |
| Coastal South | 43.11 |
| Lake Whatcom | 24.73 |
| Sumas | 27.11 |
| North Fork | 21.09 |
| Middle Fork | 1.51 |
| South Fork | 3.68 |
| TOTAL | 389.36 (rounded to 390) |

3. **Identifies projects that will, if completed, provide up to 3,767 acre feet of offset.** By sub-basin, these projects offset quantities, in acre feet:

| Sub-Basin | Project Offset | Offset Needed | Difference |
|---|----------------|---------------|------------|
| Coastal North | 819 | 111 | 708 |
| Coastal South | 0 | 43 | -43 |
| Coastal West | 139 | 56 | 83 |
| Lake Whatcom | 0 | 25 | -25 |
| Middle Fork | 11 | 2 | 9 |
| North Fork | 200 | 21 | 79 |
| South Fork | 1464 | 4 | 1460 |
| Sumas | 0 | 27 | -27 |
| AMOUNT OF WATER OFFSET PROVIDE OVER THE AMOUNT NEEDED BY WRIA: 3,377 acre feet | | | |

Projects Identified for Completion

The projects identified as proposed in the local version of the plan updated and listed in the DOE amendment range from:

- Forestry Management Projects
- Storage Projects
- Inter-basin Transfer Projects
- Conservation Projects
 - ✓ Some of the projects are actually in progress and some are waiting for funding and initial design consideration.
 - ✓ Language in the Amendment speaks to the Department of Ecology supporting these projects for implementation.

PUD Projects Identified

- California Creek
- Terrell Creek
 - ✓ Another project idea advanced onto the list of projects by the PUD, but not specifically identified as one proposed by the PUD, is the use of *non-used gravel pits* for storage and streamflow augmentation/RETIMING of flows.

What the Rule Amendment Does Not Do

1. Does not impact any existing exempt-wells and those drilled before February, 2019.
2. Does not require monitoring of existing nor new exempt wells.
3. Does not change the status of stream flows in the mainstem or tributaries as set in 1986 and amended in 1988.
4. Does not change the status of mainstem reaches or tributaries in terms of being open, year round, partially closed or closed seasonally for new water right permits.

The rule essentially sets new limits on consumptive amounts for new wells for indoor and outdoor use, and identifies projects to meet offset needs and provide net ecological benefits.

Jilk encouraged the Commissioners to attend the Watershed Management Board virtual meeting on June 24. The amendment also provides funding opportunities for projects to implement the new rules, estimated at \$20 million per year over the next 15 years.

7. Commissioners Report

Commissioner Murphy:

Is looking forward to Whatcom County reaching Phase 2 of the COVID-19 safe start so we can meet in-person again. Jilk replied the Governor's extension of the OPMA guidelines ending 'public physical access' to public meetings ends on June 17, unless extended; although Commissioners can still meet and public can join as well, the PUD must provide a public space for the public to be able to listen to the meeting. Sitkin said the recent extension of the OPMA guidelines ended the stipulation that agenda items be only necessary and/or routine.

Staff will be working revising in-person Commission Meeting options based on the OPMA, including following Whatcom County Health Department and CDC guidelines on social distancing measures.

Commissioner Deshmane:

Spoke with Douglas PUD General Manager Gary Ivory, regarding their hydrogen program. They also discussed how Douglas PUD is running their Commission Meetings. They are planning to have Commissioners come into the office and the public participates via WebEx. He thinks this would work for Whatcom to allow us to get public input during the Commission Meetings. Deshmane suggested additional methods to allow for public comment such as publishing a list of Commission decisions where the public can/would be able to weigh-in on decisions.

Sitkin has participated in Zoom technology with other entities and said its *hand-raising* feature is adequate and can be well managed.

Deshmane would like to apply for a broadband planning grant in the amount of \$50,000 for a market-demand study in Whatcom County.

On May 27, Deshmane participated as a panelist for the Pathways to Public Power: A Community Conversation on PUDs. This event was sponsored by the Climate Reality Project Bellingham. Deshmane commented that it felt like the sequel to the Dennis Kucinich event but a more "mature conversation". He said the question is: What do we want to accomplish in order to reduce the carbon footprint? Does it require municipalization? The solution needs to be studied because there is a

general call for public power. Commissioner McClure received very short notice about the event and said we (as Commissioners) need to keep each better informed. He appreciated the information.

Commissioner McClure:

On upcoming Commission Meetings:

- June 23 High-level description of the budget priorities review;
Call for a Special Meeting on July 21;
Review agenda for this work session (postponed from March) on broadband and energy.
- July 13 Corporate Identity/Logo – McClure, Jilk and Ann Grimm have been working with a local graphic designer on creating a new look for the PUD. Heidi Dikeman will present.
Agenda for the July 21 Special Meeting to be formalized.
- July 21 Special Meeting – Details to be announced.
- July 28 Regular Meeting
- August 4 Special Meeting – Commission work session on water.

Coronavirus Aid, Relief, and Economic Security (CARES) Act

Whatcom County and its seven incorporated cities have received \$16.3 million as part of a congressional relief package to help Americans struggling with economic hardship in the face of the Coronavirus pandemic.

Commissioner McClure spoke with County Councilmember Rudd Browne regarding the funding that must be used by October 31. The desire is to use some of the money for school-age children’s access to the internet for the short-term. Would the PUD be able to assist via WIFI or cellphone hot spots with a focus on connecting school districts and possibly providing devices such as tablets? There are many questions and details to be worked out to allocate to meet the needs of students.

Commissioner Murphy said in his discussions around the county, schools, fire/police/public safety seem to all be internet connected; however there is no access at home to study. If a laptop or tablet for every student and provide connectivity to use by the end of summer would be a great accomplishment. Deshmane commented that the time constraints for devices and connectivity – is short.

McClure commented on the information gap and who has internet service providers, what is the appropriate role for the PUD? A high-level analysis of what PUD roles will be is needed. Jilk has had discussions with the Port of Bellingham on different levels/options for the PUD involvement or ownership, with decision points along the way. The Port is seeking additional grants for funding. Deshmane suggested a special meeting and invite the Port Commission president or Port staff to discuss.

McClure also had a telephone conversation with BP Cherry Point representatives including Pam Brady to discuss their large scale solar project that is being pursued. McClure indicated they are open to partnerships and this is just the beginning conversations, including the value of PUD owning BPA facilities.

8. Adjourn

There being no further business for the meeting, Commissioner Deshmane motioned to ADJOURN THE REGULAR MEETING AT 10:02 A.M. Commissioner Murphy second the motion. Motion passed unanimously.

Jeffrey McClure, President

Michael Murphy, Vice President

Atul Deshmane, Secretary

APPROVED – JUNE 23, 2020