

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

June 23, 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 Zoom 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; Paul Siegmund, Manager of Automation and Technology; Aaron Peterson, IT/SCADA Technician; Mike Macomber, IT/SCADA Technician; and Traci Irvine, Accountant I.

Public attending via teleconference:

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

2. Approval of Agenda

No changes made.

ACTION: Commissioner Deshmane motioned to APPROVE THE JUNE 23, 2020 AGENDA. Commissioner Murphy second the motion. Motion passed unanimously.

3. Consent Agenda

- a. **Approval of the Meeting Minutes of June 9, 2020 as presented;**
- b. **Approval of the Claims of June 23, 2020:**

VENDOR NAME	AMOUNT
ALL SEASON SPRAYING	2,532.39
APPLIED INDUSTRIAL TECHNOLOGIES, INC	65.45
BONNEVILLE POWER ADMINISTRATION	750,808.00
BRIDGEVIEW AUTO PARTS	341.07
BRIM TRACTOR COMPANY	105.04
BROWN & KYSAR, INC.	30,459.25
CENTRAL WELDING SUPPLY	81.75
COMCAST	184.92
CULLIGAN NORTHWEST	86.78
EDGE ANALYTICAL LABORATORIES	20.00
ELECTRIC POWER SYSTEMS - EPS	5,337.00
FASTENAL	37.86
FERNDALE ACE HARDWARE	45.62
FERNDALE LUBE	104.19
INTERNAL REVENUE SERVICE	15,409.71
MORTIMER, TOM	5,775.00
PACIFIC SURVEY & ENGINEERING	595.00
PAYLOCITY	131.88
PAYROLL	163,539.54
PLATT ELECTRIC SUPPLY CO	144.73
PORTAL WAY FARM & GARDEN	21.73
PUD #1 OF WHATCOM COUNTY	24.25
PUGET SOUND ENERGY, INC	1,107.14
RAGAN COMMUNICATIONS	26.95
RH2 ENGINEERING, INC	5,862.38
ULINE, INC.	1,308.87

WA FEDERAL VISA CARD MEMBER SERV	3,218.75
WA ST DEPT OF REVENUE	74,786.93
WESTERN CONFERENCE OF TEAMSTERS	8,206.25
WESTSIDE LUMBER	82.76
WHATCOM FARMERS CO-OP	48.45
GRAND TOTAL	\$1,070,499.64

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

4. Old Business

a. 2021 Budget Priorities

At the last Commission meeting, the 2021 Budget Development Schedule was approved and at that time, Jilk asked for input from the Commission on their goals and priorities facing the PUD to be discussed at today's meeting. Based on the June 9 discussion, staff prepared a list of projects with priority ranking. Today's discussion provided additional projects and clarification on some, that the Commission would like see included in the 2021 budget. Priority ranking will be discussed at the July 28 Commission Meeting. The initial list includes:

- Adjudication of Nooksack basin water rights
- BP Cherry Point Solar Project
- Bonneville Power Administration Infrastructure at Cherry Point
- Broadband/Fiber
- Cherry Point Economic Development
- Hydrogen Project
- Public Power
- Watershed Management

Commissioner Deshmane wants to include:

- Renewable Natural Gas (RNG)
- New water (i.e. clean water from Cold Stream project)
- Community Solar Power
- Wind Power
- Broadband and Fiber should be separate items
 - Market assessment on broadband
 - Fiber, the physical infrastructure – assessing how the PUD can support the broadband development effort
- Communication/Public Outreach

Commissioner Murphy:

- Emphasis on communications with public and staff; would like to see more information from staff on completing projects
- Solar panels at PUD facilities
- REGENIS type project and anaerobic digesters (on dairy farms) are a big plus.
- Water issues: At this point it is unknown what projects will be cut from the State budgets due to the pandemic and if projects the PUD is working on (via grant funding) will be affected.
- Murphy would like to help the private well owners and continue assisting Group A water systems.
- Broadband/Fiber: The need is there especially to educate the young people; continue working with the Port, however, more studies are needed.

Commissioner McClure's project list has some that will take more than a year to accomplish:

Near-Term Actions:

- Infrastructure Investments – strengthen the day-to-day operations
- Watershed Management Board – tasks coming up are important; PUD roles; and pending adjudication
- Broadband – looking forward to the July workshop; the PUD's relationship with the Port in the short-term and long-term
- Transition Planning – High-level retirements are forthcoming, need to plan transitions and implement in first quarter 2021
- Energy/Renewable Natural Gas Opportunities – Being active in the discussion with the City of Bellingham's Climate Action Plan; and a significant player in a large scale hydrogen production project plans for Cherry Point; and BP's large scale solar project at Chery Point.
- Climate Change – What role can the PUD play in:
 - Water resource management
 - Discussion about retiming stream flow projects

- Creation of water storage – which requires staff time, capital expenditures but may be very worthwhile.
- Climate impact on PUD – PUD vulnerabilities

Legal Counsel Sitkin added that it is reasonable to think that the current pandemic can reoccur and affect society all over again; it should be considered in the priorities.

Jilk state that this provides enough information to identify the right resources, via either staff or consultants. Staff will put together the full list and McClure would like the Commissioners to prioritize, and then sort through the projects. At the July 28 regular meeting, the project list will be revisited and discussed.

5. New Business

a. **Approve Professional Engineering Services Agreement with Murraysmith, Inc.**

In February 2020, the District publicly advertised a Request for Qualifications (“RFQ”) from engineering firms qualified to provide services to the District. The engineering and associated consulting services required will be for the District’s water systems. Based on the Statement of Qualifications (“SOQ”) received from responding firms, District staff selected firms that met all the requirements listed in the District’s RFQ and in March 2020, established a roster of these qualified firms.

In May, District staff interviewed Murraysmith, one of the qualified firms on the roster regarding upcoming work. Based on the interview and roster qualifications process, District staff would like to enter into an agreement with Murraysmith of Everett, WA. Staff recommends executing a Standard Agreement for Professional Engineering Services (“Agreement”) with Murraysmith. The term of the Agreement would be through December 31, 2025. Under the provisions of the Agreement, the District reserves the option to extend the initial term for up to two additional one-year periods.

The Agreement has no associated budget. Work to be assigned to Murraysmith and the associated cost for the services to be performed will be via work orders approved by the District’s General Manager or Commission pursuant to District Policy. Once a work order is approved, it will be attached to and incorporated into the Agreement as “Exhibit A”. Each new work order approved thereafter will be an amendment to Exhibit A and the underlying Agreement. Work orders implemented under the Agreement will involve consulting services and engineering associated with one or more capital projects identified in the District’s recently completed update to the comprehensive capital improvements plan for the industrial water system.

There is no fiscal impact to the District to enter into this Agreement.

ACTION: Commissioner Murphy motioned to APPROVE STANDARD AGREEMENT FOR PROFESSIONAL ENGINEERING SERVICES WITH MURRAYSMITH AND AUTHORIZE DISTRICT’S GENERAL MANAGER TO EXECUTE THE AGREEMENT. Commissioner Deshmane second the motion.

b. **Approve Work Order No. 1 with Murraysmith, Inc.**

As noted above, the Commissioners have approved the Professional Engineering Services Agreement with Murraysmith, Inc. (Murraysmith) to assist staff in the Capital Improvement Projects prioritization effort.

District staff in collaboration with Murraysmith developed the Scope of Services (also known as “Work Scope”) encompassed in Work Order No. 1. In general, Murraysmith will provide the District with a review of previous projects and studies completed for the District’s industrial water system and its current operational status. Further, Murraysmith will assist the District in prioritizing capital improvement projects to implement over the next twenty years with a focus on the near term six-year horizon.

Staff recommends approving Work Order No. 1 with Murraysmith conditioned on the Commission’s prior approval of the Standard Engineering Services Agreement and there is no fiscal impact with the approval of Work Order No. 1 with Murraysmith on the District’s approved 2020 budget as engineering services for this purpose are already budgeted.

ACTION: Commissioner Deshmane motioned to APPROVE WORK ORDER NO. 1 WITH MURRAYSMITH, INC. FOR ENGINEERING SERVICES FOR A REVISED COST NOT TO EXCEED BUDGET OF \$29,214 AND AUTHORIZE THE DISTRICT’S GENERAL MANAGER TO EXECUTE WORK ORDER. Commissioner Murphy second the motion. Motion passed unanimously.

c. Award of Bid: 115kV Transmission Line Pole Replacement Project

The District has received condition reports from its Electrical Engineering Consultants, Electric Power Systems (EPS), on the condition of the 115kV electric transmission facilities, poles, conductors, insulators, etc., as well as the fiber communication lines. EPS has prioritized the maintenance needs and provided recommendations to District staff regarding which poles should be replaced first.

This project was developed from the consideration of the recommendations from EPS. The project is identified as CIP E-6, 115kV Transmission Line Improvements in the amount of \$400,000.00. The District identified eleven (11) H Frame Structures (33 poles) supporting our transmission lines that require total replacement. The Contractor will provide all required labor, select materials and hardware to complete the work.

On June 16, 2020, the District received and publicly read aloud four (4) bids submitted for this project. The Engineer’s Estimate for the project is \$340,000.00, not including tax. Totals below include tax. The Par Electric bid lists the incorrect dollar amount for the applicable tax and their base bid is the highest of the four bids submitted. As such, the incorrect tax is non-material compared to the lower based bids from the other three other bids that were submitted. Bids received that are 15% above the engineer’s estimate are also deemed unresponsive. The results are as follows:

Engineer’s Estimate: \$340,000.00 (not including tax)

Contractor	Bid Total Including Tax		
Michels Power	\$298,751.34		
Titan Electric Inc.	\$317,869.34		
Potelco Inc.	\$309,176.18		
	Bid Total	Incorrect Tax Provided	Total Including Tax Provided
Par Electric	\$588,023.64	\$15,561.01	\$603,584.65

This project is funded for 2020, as part of the approved Capital Improvement Projects (CIP E-6) Budget. There is no other fiscal impact.

ACTION: Commissioner Murphy motioned to AWARD The Line Pole Project TO MICHELS POWER FOR 2020 -115KV TRANSMISSION POLE REPLACEMENT, WITH A COST NOT TO EXCEED TWO HUNDRED NINETY EIGHT THOUSAND SEVEN HUNDRED FIFTY ONE DOLLARS AND THIRTY FOUR CENTS (\$298,751.34) (INCLUDING TAXES) AND AUTHORIZE THE DISTRICT’S GENERAL MANAGER TO SIGN THE CONTRACT. Commissioner Deshmane second the motion. Motion passed unanimously.

d. Review of Policy regarding Commission Meetings during Phase 2 and/or Phase Three Safe Restart, and Open Public Meeting Limitations

Legal Counsel Sitkin presented different scenarios for the Commission to consider for their open public meetings with regard to the COVID-19 pandemic and a draft Commission Meeting Policy in the event that the in-person meeting requirements are *not extended*, but Whatcom County remains under either Phase 2 or Phase 3 of the Governor’s Safe Restart Order.

How does the Commission intend to proceed if the extension of the Governor’s Proclamation 20-28 suspension of the Open Public Meetings Act (OPMA) is not approved and in-person attendance is required to be allowed again – and Whatcom County remains in Phase 2, with limitations on gatherings?

- Will the Commission continue the virtual-only meetings during Phase 2, regardless of whether the OPMA remains suspended?
- Will the Commission limit the in-person attendance to five individuals, which includes staff and commissioners?

What will the plan be for Phase 3?

- Given the uncertainties in the coming months, does the Commission prefer to delegate to the General Manager, the authority to determine how to conduct a Commission meeting under these circumstances during Phase 2 and 3 of the Washington State Restart?

If the Commission does not delegate this authority to the General Manager, and instead adopts a policy directive, then in order to allow time for staff to prepare for a Commission meeting, it is recommended that the policy take effect ten (10) days after the County moves to a new Restart Phase and/or the OPMA suspension expires.

Proclamation 20-28 is in effect until July 1. Sitkin expects that the hold will be in place over July 4 holiday weekend. Commissioner McClure commented he would like to keep the meetings virtual until the Governor approves reopening but with an abundance of caution. Deshmane agreed. Murphy is eager to meet in the same room again, and appreciates Sitkin’s input. It was agreed that the District will continue virtual meetings during Phase 2 and Sitkin will revise the Commission Meeting Policy as such and present at the next meeting.

ACTION: No action taken. Information only.

e. Projects Update

Director of Utility Operations, Duane Holden presented an update to the Commissioners on all the projects District staff has been working on over the last several months. These included:

- Last of the old flocculators (water treatment plant) are replaced, changing out from a 16-blade flocculator down to a 3-blade (propeller-style) unit.
- New basin hatch covers installed at Plant 1
- Old steel ladder is replaced with a new stainless steel version with grip-steps
- Old air piping at D-Station is no longer used, and has been removed by our crew
- D-Station has a new SCADA fiber connection

Additional Completed Projects:

- Weld Shop – Cleaned up, fresh paint, prepped for the Compressor Project
- Plant 1 – High-Head Pump Room and Water Manifold has been painted
- Grandview Water System flushed
- Plant 1 – New, redundant SCADA-operated chemical injection system
- Plant 1 Sump Pump replaced
- Plant 2 – Failed Floc Motor and Variable Frequency Drive motor replaced
- Phillips66/Ferndale Generating Plant Meter Vault – Fiber connected for the SCADA system
- Plant 1 – SCADA up and running
- All SCADA computers replaced
- IT department has set District staff up for remote work options and keeps us going during the COVID-19 pandemic

Projects in the Works:

- Bid Award: 2020 Transmission Line Pole Replacement Project
- Plant 1 Compressor Project – out to bid
- Plant 1 High-Head Pump #4 VFD in design process
- Plant 1 Server Room back-up generator project in progress
- Ferndale Pump Substation design in progress
- Point Whitehorn Meter Relocation Project design in progress

ACTION: No action requested. For information only.

f. Call for Special Meeting

Jilk presented a draft agenda for the Special Meeting on broadband and energy planned for Tuesday, July 21, 2020.

DRAFT AGENDA – JULY 21, 2020

Time	Speaker	Topic
8:30 to 9:00 am		Coffee and Sign-in
<i>BROADBAND</i>	<i>MORNING KICK-OFF SESSION</i>	
9:00 to Noon *time is flexible*	Steve Jilk, PUD	Overview of broadband in Whatcom County and the roles other PUDs serve around the State
	Don Goldberg, Port of Bellingham Gina Stark, Port of Bellingham	Description of Port’s efforts to-date to extend fiber backbone
	Representative, Port of Skagit Representative, Skagit PUD	Discuss partnership created between Port/PUD in Skagit County
	Rudd Browne, Whatcom County Council	Short-term internet connectivity project to serve school children
	Port of Bellingham/PUD	Discussion of role for the PUD to play in working with the Port
<i>BREAK</i>	<i>BREAK</i>	<i>BREAK</i>
<i>ENERGY</i>	<i>AFTERNOON SESSION</i>	
1:00 to 4:00 p.m. *time is flexible*	Brian Walters, PUD	Overview of PUD infrastructure and authority to provide energy services in Whatcom County

	Renee LaCroix, City of Bellingham Seth Vidana, City of Bellingham	Presentation on the City's Climate Action Plan and review process by City Council
	Carryn Vander Griend, Puget Sound Energy Brooke Davis, Puget Sound Energy	PSE initiatives to de-carbonize and create more sustainable energy opportunities
	Ed Nebier	Hydrogen Project at Cherry Point
	Pam Brady, BP North America	BP's climate action initiative and the potential for large-scale solar at Cherry Point
	Joel Swisher, Institute for Energy Studies, WWU	Options for PUD in current landscape
4:00 to 4:30 p.m.		Closing and debrief

It was discussed to add REGENIS to the agenda to discuss the Coldstream Dairy project and opportunities with Whatcom County dairies. The presenters will provide their point of views and then participate in a high-level discussion, and provide dialogue between the Commissioners.

Murphy said it looks like a packed agenda and will there be enough time for all to present. He would like to obtain copies of the presentations ahead of time. McClure suggested that that at the end of each session, to identify the path forward; however, it might not reach conclusiveness. Deshmane suggested a two-day event.

The agenda will be firmed up including speaker names by the next Commission meeting on July 14.

ACTION: Commissioner Deshmane motioned to CALL A SPECIAL MEETING ON JULY 21, 2020 BEGINNING AT 8:30 A.M. Commissioner Murphy second the motion. Motion passed unanimously.

6. General Manager Report

No report.

7. Commissioners Report

Commissioner Deshmane:

Having a conversation this afternoon with Jason Herbert with Energy Northwest on renewables, including nuclear energy potential.

Commissioner McClure:

Remains in contact with Councilmember Browne in regards to the short-term broadband initiative under the CARES Act.

8. Public Comment

Max Perry inquired on the status of the California Creek project. Jilk responded that it is still pending. The PUD sent a letter to the Department of Ecology to address concerns with the contract. A phone discussion is planned for this afternoon. Jilk added that adjudication could impact the whole issue on the PUD's mainstream water rights. To move water into California Creek could put our mainstream water rights at risk.

Carole Perry responded to Deshmane and Murphy regarding their comments on communication – in this meeting format [virtual] it is difficult. The Perrys are aware of water issues and the PUD's role; she commented on how the PUD has been so successful with the non-government water systems and the need of those people struggling to keep their water needs met, with the assistance from Dave Olson and the state Department of Health, and chosen over the PUDs by the State DOH for the pilot project, even though this is a rather small PUD. The Commission's acknowledgement that there is another segment of stakeholders in the county – the private well owners – that need support. The Perrys are members of that caucus and would like the PUD to consider it too. It will be difficult to tell in the coming months with county and state budgets, looking at all the needs, including as Holden said, keeping up with the PUD's infrastructure is also a very important necessity.

9. 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 ten (10) minutes. The Commission President indicated that no action would be taken after the adjournment of the Executive Session.

Commissioner McClure adjourned the Commission into Executive Session at 10:30 a.m.

- The Commission held Executive Session on a separate Zoom webinar platform for privacy and security matters meeting open public meeting requirements.

- At 10:43 a.m., the Commission President extended the Executive Session for another ten (10) minutes.
- At 10:57, the Commission President extended the Executive Session for another ten (10) minutes.

Executive Session Adjourn

There being no further business for the Executive Session, the Commission reconvened to the regular meeting at 11:00 a.m. and rejoined the Regular Commission Meeting webinar platform.

10. Adjourn

ACTION: There being no further business for the meeting, Commissioner Deshmane motioned to ADJOURN THE REGULAR MEETING AT 11:03 A.M. Commissioner Murphy second the motion. Motion passed unanimously.

Jeffrey McClure, President

Michael Murphy, Vice President

Atul Deshmane, Secretary

APPROVED JULY 14, 2020