

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

July 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 Zoom teleconference included Commissioner Mike Murphy, Commissioner Jeff McClure, Commissioner Atul Deshmane, Legal Counsel Jon Sitkin and Legal Counsel Richard Davis. Staff attending via teleconference: Steve Jilk, General Manager, Brian Walters, Assistant General Manager; Ann Grimm, Administrative Assistant; Duane Holden, Director of Utility Operations; Annette Smith, Director of Finance; Rebecca Schlotterback, Manager of Contracts and Regulatory Compliance; Alec Strand, Project Manager; Jon Littlefield, Electric System Supervisor; 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
Max and Carole Perry, Citizens
Caryn Vander Griend, PSE

2. Approval of Agenda

No changes made.

ACTION: Commissioner Murphy motioned to APPROVE THE JULY 28, 2020 AGENDA.

Commissioner Deshmane second the motion. Motion passed unanimously.

3. 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 fifteen (15) minutes. The Commission President indicated that no action was anticipated be taken after the adjournment of the Executive Session.

Commissioner McClure adjourned the Commission into Executive Session at 8:03 a.m.

- The Commission held Executive Session on a separate Zoom webinar platform meeting open public meeting requirements and RCW 42.30.110(1)(i)
- At 8:20, the Commission requested an additional twenty (20) minutes for the Executive Session.

4. Executive Session Adjourn

There being no further business for the Executive Session, the Commission reconvened to the regular meeting at 8:27 a.m. and rejoined the Regular Commission Meeting webinar platform.

5. Consent Agenda

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

VENDOR NAME	AMOUNT
BONNEVILLE POWER ADMINISTRATION	715,766.00
BROWN & KY SAR, INC.	20,092.75
CHMELIK SITKIN & DAVIS	5,374.57
COMCAST	184.92
DESHMANE, ATUL	545.10
EDGE ANALYTICAL LABORATORIES	1,672.00
FERNDALE ACE HARDWARE	38.05
FERNDALE LUBE	69.40
FERNDALE TRUE VALUE HARDWARE	182.58
GATEWAY CONTROLS	128.03
INTERNAL REVENUE SERVICE	15,595.51
IVOXY CONSULTING LLC	408.48
KCDA PURCHASING COOPERATIVE	67.87
MURPHY, MICHAEL J	21.90
NW PUBLIC POWER ASSOCIATION	4,770.00
PARAMOUNT SUPPLY COMPANY	29.05
PAYLOCITY	131.88
PAYROLL	168,030.16

PLATT ELECTRIC SUPPLY CO	2,570.27
PUBLIC UTILITY RISK MANAGEMENT SERV	16,456.85
PUD #1 OF WHATCOM COUNTY	345.52
PUGET SOUND ENERGY, INC	128.81
WA FEDERAL VISA CARD MEMBER SERVICES	2,929.97
WA ST DEPT OF LABOR & INDUST	47.50
WA ST DEPT OF REVENUE	86,725.64
WALTERS, DENNIS BRIAN	36.94
WESTERN CONFERENCE OF TEAMSTERS	8,062.50
WESTERN REFINERY SERVICES	5,131.90
WHATCOM FARMERS CO-OP	17.25
ZEE MEDICAL SERVICE	415.46
GRAND TOTAL	\$1,055,976.86

ACTION: Commissioner Deshmane motioned to APPROVE THE MINUTES OF JULY 14, 2020 AND CLAIMS OF JULY 28, 2020. Commissioner Murphy second the motion. Motion passed unanimously.

6. Old Business

a. Review of Broadband, Fiber and Energy Special Meeting of July 21, 2020

Jilk thought the Special Meeting/work shop went well. This time set aside this morning is an opportunity for the Commissioners to express their thoughts as well as begin preparations for the 2021 budget setting priorities.

McClure said it was time well spent and he was impressed with the variety of speakers, content and viewpoints. It was very useful to hear from the folks in Skagit on their fiber endeavor. Regarding energy, there are a lot of great ideas in the pursuit of reducing carbon footprint, however since we are limited, perhaps the PUD can play the role of facilitator and be a catalyst to bring industries like BP Solar and the hydrogen project to Cherry Point; and how to structure staff resources in relation to the projects and ideas brought forth. McClure appreciates all the work staff did in preparing the work sessions. The Zoom platform worked well to bring everyone together to share his or her ideas.

Deshmane said the two things that matter to him are “where we came from and where we are going”. He agrees with McClure’s statement about the Skagit Net model. Backbone fiber is Deshmane’s focus and what he wants to support the next step of fiber infrastructure. On the energy section, the background was informational, but he did not get a sense of where to go next. He would like to do another detailed/planning session on energy, substation infrastructure, how to help advance digesters, and come up with solutions on the energy front.

Murphy agrees that the meeting was successful and much needed. Under broadband, back when the PUD decided to move forward (with broadband), the PUD had a vision of what was going to be needed and it (InfiNet) did not get the support that it should have. The timing now is good and there is a lot of support today; he is excited to move forward. He warned that the PUD should be careful though, as the presenters indicated, it was not an easy feat. Murphy wants to be able to use the fiber to support the school districts. There was a lot of good discussion on energy and opens up what to do in the future. He agreed another planning meeting is necessary.

Jilk will begin to develop ideas on the next steps in terms of energy opportunities and Legal Counsel is already working with Port staff on what steps the PUD can take with the Port on its broadband/fiber efforts. Jilk expects to hear back and have more information on the level of risk, more defined concepts and other various options to further the discussion at the August 11 meeting.

Walters added that there are unlimited possibilities on what direction to go, regarding energy, on the power supply side that will force decisions on power supply management. Walters would like to have the consultant, The Energy Authority, present more information to the Commission at an upcoming meeting.

b. 2021 Budget Projects and Priorities

This is an opportunity for the Commission to continue the discussion and prioritize the potential projects for inclusion in the 2021 budget. This list was initially developed by the Commission and will help staff develop a more focused approach on budget development. Due to time constraints today, Commissioners noted their top-priority items for 2021 budget cycle. Lower priority items will be discussed at an upcoming meeting.

Project	Priority (High, Medium, Low)
Adjudication	
BP Refinery Solar Project	
BPA Infrastructure Purchase	
Broadband	

Cherry Point Development
Climate Change
Communication
 with Community
 with Other Governments
 with Staff
Community Solar Project
Fiber
Grant Projects (loss of funding)
Hydrogen Project
Infrastructure Upkeep
 New Water
Private Well Owners
Public Power
Renewable Natural Gas (RNG)
Transition Planning
Vulnerability Assessment
Watershed Management
Watershed Planning

Murphy: Water will always be his highest priority – quality and quantity, and many of his concerns focus around the users – Group A and Group B systems and private well owners. Communication covers three big areas. McClure would like to group the subjects together and Murphy agreed that anything to do with water (climate change, watershed management, watershed planning, new water, being good stewards, etc.).

Deshmane: Agrees that water is very important and the PUD has put many resources into the subject. What are the new things where the PUD has not put resources? Some of these include community solar, fiber/broadband and private well owners are important. The long-term budget priority should be on creating the fiber backbone infrastructure.

McClure shares the same that water rights and water planning is our absolute priority, with this, we have created great partnerships and leadership in the county. Fiber is an important opportunity to be ready to pursue and dedicating the resources/planning that needs to be done in the coming year is an important priority. The discussion on energy, as McClure mentioned, he sees the PUD as a catalyst in some of these developments that are already occurring, and it is obvious that we cannot do it all; or should not do it all. Dedicated staff time to determine what role to play in reducing the carbon footprint with a goal towards climate change initiatives. There are four active initiatives that can be linked together: BP Refinery Solar Project could be linked with community solar, Puget Sound Energy and the City of Bellingham. The hydrogen project would have a dramatic impact and more analysis is needed on what the PUD's role might be; also renewable natural gas discussions to support the agriculture industry in our community. Perhaps a few of these projects will not come to fruition in the near future, but we need to either dedicate staff time or create a new position that would allow the PUD to do some meaningful analysis.

Transition planning needs to be a real priority for the end of this year and into next year, there may be more impacts on staffing. The general manager has extended his term until the end of 2021. McClure would like to start the discussion as early as the next meeting, to create a position with a substantial amount of overlap with the general manager for a seamless transition.

McClure asked Jilk what will be the best way to move forward for prioritizing the budget projects. Jilk will consolidate/group the list as well as consider comments made today. Whatever the priority list turns out to be, items to keep in mind such as what does the staffing look like, project costs, and other resources to be provided by the PUD to reach the project goals. This will enable staff to have a much more focused approach on budget development. Staff transitioning does not just involve the general manager; there are a couple of other staff members close to retirement. Jilk will provide a general list of considerations to the Commission and then discuss in late August or early September on how the projects will fit into the budget.

c. Approve Resolution No. 774 - Policy regarding Commission Meetings during Phase 2 and/or Phase Three Safe Restart, and Open Public Meeting Limitations

Governor Inslee's Proclamation 20-28 suspended the Open Public Meetings Act (OPMA) to prohibit in-person attendance/gatherings at open public meetings and most recently was extended until August 1, 2020.

Legal Counsel Sitkin presented different scenarios for the Commission to consider for their open public meetings with regard to the COVID-19 pandemic. A draft Commission Meeting Policy in the event that the in-person meeting requirements are *not extended*, and Whatcom County remains under either Phase 2 or Phase 3 of the Governor's Safe Restart Order was presented for discussion. A second draft policy was prepared on July 14 to formalize established procedures. Today, Resolution

No. 774 is presented for Commission approval.

Commissioner McClure noted one typo on the policy under Section b, (i) “In the event that his maximum...” should be “this”.

ACTION: Commissioner Deshmane motioned to APPROVE RESOLUTION NO. 774 ADOPTING PUBLIC UTILITY DISTRICT NO. 1 OF WHATCOM COUNTY BOARD OF COMMISSIONERS’ OPEN PUBLIC MEETINGS POLICY DURING PHASE 2 AND PHASE 3 OF WASHINGTON’S SAFE START PHASED REOPENING AS CORRECTED. Commissioner Murphy second the motion. Motion passed unanimously.

7. New Business

a. Approve Change Order No. 1 for Circuit Switch Gear Purchase

The District has a Contract for purchasing electric equipment, two 115kV Circuit Switchers with Southern States (“Supplier”). The electrical equipment purchase is associated with the new Ferndale Pump Substation project (CIP E-22).

The electrical equipment purchase was approved by the Commission on April 28, 2020, following the bid opening on April 16, 202 in which Southern States was recognized as the lowest responsive bidder. The Southern States bid, as well as the other bids, did not include services from their factory representative during start up for commissioning the equipment. Commissioning was not specifically identified in the bid specifications.

This Change Order No. 1 is for on-site commissioning services from one of Southern States’ factory representatives. The additional cost for these services, when added to the original bid amount, still results in Southern States being the lowest responsive bidder. The bid results from the equipment purchase are shown below with the additional cost of Change Order No. 1 added to Southern States bid.

Engineer’s Estimate **\$150,000.00**

Contractor	Bid Total No Tax	C.O. No. 1	Total No Tax
McKay Evergreen Inc (non-responsive bid)	\$77,280.00		
Southern States	\$115,400.00	+ \$10,480.00	= \$125,880.00
Anixter Inc.	\$139,480.00		

The new total for Southern States is still under the Engineers Estimate. The dollar amount of Change Order No. 1 is greater than 5% of the original approved bid amount. The Commission, pursuant to the District’s purchasing guidelines, must approve this 9% increase.

Fiscal Impact: Approval of Change Order No. 1 for the equipment purchase from Southern States has no financial impact on the District’s approved 2020 budget.

ACTION: Commissioner Murphy motioned to APPROVE CHANGE ORDER NO. 1 TO EQUIPMENT PURCHASE CONTRACT WITH SOUTHERN STATES FOR EQUIPMENT COMMISSIONING SERVICES FOR A COST NOT TO EXCEED BUDGET OF \$10,480.00 AND AUTHORIZE THE DISTRICT’S GENERAL MANAGER TO EXECUTE THE CHANGE ORDER. Commissioner Deshmane second the motion. Motion passed unanimously.

b. Approve Work Order No. 13 with Brown and Kysar, Inc.

The District is currently in the major equipment procurement and permitting phase for the new Ferndale substation at the Water Treatment Plant No. 1 location. While developing plans for getting the construction phase of the project out to bid, District staff and BKI’s engineering group discussed the need for the District to develop a set of standard substation construction specifications.

The District does have standard specifications for transmission structures including engineered standard drawings and bill of materials. For most previous projects, the District has utilized the most current *WSDOT Standard Specification*, as is common practice among many public agencies.

Currently, the District does not have its own Standard Specification for construction of electrical substations. Further, there is no universally accepted common set of Standards for the electric utility industry. Given the District will soon be engaged in another substation project with the possibility of yet another in the future, Walters believes it to be prudent and financially beneficial to develop a set of Standard Specifications that include substation construction specifications.

District staff and BKI have assembled recent substation project information, as-built information, and operational standards to develop a scope of services for the creation of a District comprehensive substation construction specification (SCS). The SCS will be used in all future substation work, as needed. The SCS may require review and periodic updating depending on current industry standards.

The scope of services and work tasks that BKI will perform in assisting District staff in the development of the SCS will be developed three categories of work tasks related to the development of each specification section in the SCS in the table below:

Task	Description	Labor Hours*	Total Amount
TASK A	District provided specification requiring minimal review	80	\$9,403
TASK B	District provided specification requiring thorough review	60	\$7,052
TASK C	Specifications proposed by Engineer (BKI)	126	\$14,810
C1	Quality Control and Documents Editing	87	\$10,225
	<i>Subtotal</i>	<u>353</u>	<u>\$41,490</u>
C2	Internal Work Scope Management and Administration	N/A	\$2,610
	TOTAL BUDGET		\$44,100

* For labor hours listed, the average labor rate is \$117.54/hr.

Approval of Work Order No.13 with BKI has no financial impact on the District’s approved 2020 budget. BKI’s work expense is covered under the general engineering services budget category.

ACTION: Commissioner Murphy motioned to APPROVE WORK ORDER NO. 13 WITH BROWN AND KYSAR, INC. FOR ENGINEERING SERVICES FOR A COST NOT TO EXCEED BUDGET OF \$44,100 AND AUTHORIZE THE DISTRICT’S GENERAL MANAGER TO EXECUTE THE WORK ORDER. Commissioner Deshmane second the motion. Motion passed unanimously.

8. General Manager Report

No report.

9. Commissioners Report

Commissioner Deshmane:

Continues discussions with Energy Northwest and will be able to provide an update soon, regarding services they provide. Will attend the ENW board meeting this week.

Commissioner Murphy:

Looks forward to life getting back to normal.

Commissioner McClure:

August 11 Agenda – Begin initial discussion on transition planning and revisit the logo/branding discussion. Please provide any feedback by August 7 to Jilk and Grimm, and will revisit things with the designer and discuss at the August 11th meeting.

10. Public Comment

Christine Grant indicated she would like to make a verbal comment.

Jilk read a comment received via email on July 22, 2020, from Kari Revelstoke:

Hi, I'd really like to see county-wide fiber internet services available. It would be a game changer for our county, especially if the service was available from the county instead of from major companies like Comcast and century link. We've have bad experiences with both of those companies and don't like the idea of them allowing better access to sites that they profit from. Thanks much!

Christine Grant: *I agree that the fiber backbones are important--but the real value of fiber is when we can get it to homes and businesses. My understanding is the Port does not have jurisdiction to provide fiber to the premises (FTTP)--but the PUD does have the ability to make FTTP infrastructure investments. This is a critical way that the Port and the PUD are different. Could the Commissioners discuss their thoughts on investments in backbones versus FTTP?*

Grant also asked "*Climate Change*" is listed as a potential project for the 2021 budget. What does that mean?

Her third comment: *If want to give me talking ability [today] I can ask these myself. Climate change is a pretty broad issue.*

Commissioner Murphy asked for clarification on broadband and “dark fiber” and that the PUD cannot provide the “last mile” right up to an individual’s home. Jilk said the PUD can hang the fiber to the home but cannot provide retail internet services. Deshmane said neither the Port nor PUD has retail authority. He does not disregard the importance of fiber to the premise (FTTP) but maybe going too far for where the PUD is today. Murphy said it is a concern to him to take it the last mile and then have the provider

(service to the house) upcharge to the end user if the PUD provides fiber at a low rate. The end-user should receive the benefit.

Grant added: *Several PUDs are doing fiber to the house and I wasn't talking about retail authority.* She provided a link to a service map. Jilk will take a look at the information.

At this point, Commissioner McClure excused himself to leave the meeting early. He asked Murphy to preside over the rest of the meeting, if Grant would like to make verbal comments, and then call for adjournment.

Grant added: *It is fine, I made my points, thank you all.*

11. Adjourn

ACTION: There being no further business for the meeting, Commissioner Murphy motioned to ADJOURN THE REGULAR MEETING AT 9:45 A.M. Commissioner Deshmane second the motion. Motion passed unanimously.

Jeffrey McClure, President

Michael Murphy, Vice President

Atul Deshmane, Secretary

APPROVED – AUGUST 11, 2020
