

**MINUTES OF THE SPECIAL
MEETING OF THE COMMISSION**

January 19, 2021

1. Call to Order | Pledge of Allegiance

The special meeting of the Board of Commissioners of Public Utility District No. 1 of Whatcom County was called to order at 8:04 a.m. by Commissioner Atul Deshmane. 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 Christine Grant, Commissioner Atul Deshmane, and Legal Counsel Jon Sitkin. Staff attending via teleconference: Steve Jilk, General Manager, Ann Grimm, Executive Assistant; Rebecca Schlotterback, Manager of Contracts and Regulatory Compliance; Annette Smith, Director of Finance; Brian Walters, Assistant General Manager; Duane Holden, Director of Utility Operations; Paul Siegmund, Manager of Automation and Technology; Aaron Peterson, IT/SCADA Technician; Mike Macomber, IT/SCADA Technician; and Jon Littlefield, Electric System Supervisor.

Public attending via teleconference:

Jon Humphries, Citizen
Jamie Douglas, Citizen
Lauren Turner, Phillips 66
Steve Spitzer, Citizen

2. Commissioners Work Session to Discuss Broadband/Telecommunications

Commissioner Deshmane suggested each Commissioner list what they would like to discuss on the subject.

Deshmane:

Speed Testing
Dig Once Policy
Open Access
Buried vs. Aerial Construction of Fiber
Leasing from Customers (co-operators/competitors)
Developing a PUD Business Model
Implementation Issues: Multi-mode vs Single-mode
Number of bandwidths and strands for distribution
Net Neutral Control Agreements
Dark vs Lit Fiber Leasing
Insurance and other Administrative Issues

Grant:

Update with Conversation with Mayor Fleetwood (Broadband Advisory Group)
Grants and other competitive sources of funding/how to prepare to maximize funding to community
Mason PUD #3 *Fiberhood* model, last mile fiber, business model and consulting firm that Mason used
Using EDI Funds
Piloting Last Mile Fiber to Cherry Point/Blaine/Sumas
How the Commission can help with the telecom

Murphy:

PUD's past vision of countywide broadband "if you build, they will come" but there was no support or desire for a need.
PUD today – Do we have the community support – yes or no? If yes, what is next step? Will City of Bellingham support us, and to tap into their system so we do not reinvent the wheel?

Deshmane suggested the following agenda for today based on input: (1) Convey recent meeting/discussions with Mayor and Council Member Lilliquist regarding City's Broadband Advisory Group (BAG), (2) Current status of the PUD; (3) Lessons learned; and (4) what other organizations are doing and how we can look to them as a model.

Commissioner Grant reported on her informal discussion with the Mayor. He sees a strong value having the PUD be involved in the Broadband Advisory Group (BAG) but as the City's Resolution, as written, does *not allow elected officials to be voting members* of the BAG; Fleetwood thinks there is a possibility that may change. Grant advised him that a more formal request was forthcoming from the PUD Commission and Fleetwood indicated he would like to figure out how to work together.

Deshmane asked how important it is for the PUD to be a voting member now: After learning today of what the Resolution says (i.e. non-elected official); what does the Commission want to do next after passing the [PUD] resolution at the last meeting? The message conveyed to the City (for PUD Commissioner to be appointed as voting member) and if City refuses, then what?

Deshmane considers being involved with the Port would be less complicated. The City isn't the center of the effort; more likely the PUD/Port are at the center of the effort, and the City is collaborating with what is happening. Grant thinks the Broadband Advisory Group was formed to create a direction for the City, and to make broadband more accessible and affordable. If the PUD can help, being a voting member isn't of utmost importance, helping to solve the problems with the PUD's ideas would be the greatest effort.

Murphy said because of the PUD's past, and then the City purchased the PUD's fiber infrastructure, that this gives the City the advantage. Jilk said buying the fiber infrastructure gave the City the opportunity to move in, operate, take advantage of the infrastructure, and to use the fiber for their internal systems. Walters explained the history: The PUD owned the fiber ring and the City began using extensions off the ring to reach out to schools, WWU, and other agencies.

Deshmane met with City Council Member Lilliquist on Sunday. In regards to the PUD's participation and voting situation; Lilliquist believes the City Council is open to making adjustments, including having the PUD as a more active role, perhaps as far as co-leading it. At this point, the City continues to be open about the PUD's involvement. Grant is concerned about co-facilitating a large group. It seems like a tremendous amount of work, a third party would be needed to help facilitate – process is not product – yes, she wants us to be involved; however, be mindful that we are a small staff without a full time person for telecom onboard yet.

Deshmane brought up the discussion of the PUD's motion proposed at the last meeting. Murphy supports the motion/resolution, would like to see Grant and Deshmane on the City's Broadband Committee and asked who the other voting members are. Grant has the list but does not know extensively on the backgrounds of the community members chosen, or the Ex-Officio members. Deshmane said the Ex-Officio members list is not confirmed particularly for including a lobbyist on the list. Deshmane feels the list of voting members is a competent group of people. Murphy then asked if Commission wanted to change the motion/resolution.

Legal Counsel Sitkin commented that technically what was said was not a resolution; it was a motion giving direction to staff for talking points, for Commissioner Grant when she met with the Mayor. The motion still stands in the direction as approved, however it is not a formal resolution. The memo discussed has not been sent to the Mayor's office. Gathering comments from the discussion at the last meeting, and the respective meetings with the Mayor and Lilliquist, Jilk asked what does the Commission see as the PUD's efforts on the City's Advisory Board, what the PUD wants to accomplish – in the motion made: to participate in the discussion as it might benefit the PUD's own direction in working with the Port; or do you want to try to sway the decisions that are made by the City? What does the Commission want to accomplish as a voting member or not?

Deshmane would prefer that the PUD remain involved with the Committee and not require voting membership to participate, but be able to have a voice. Murphy inquired about the original motion.

The Commission Clerk read the motion made at the previous meeting:

The motion was made to: (1) MAKE THE REQUEST TO THE COUNCIL THAT THE PUD COMMISSION HAVE A VOTING MEMBER FROM THE COMMISSION TO THE BELLINGHAM BROADBAND ADVISORY COMMITTEE; (2) THAT COMMISSIONER DESHMANE BE THE DESIGNATED PUD REPRESENTATIVE; AND, (3) STAFF PREPARE A LETTER TO THE MAYOR AND COUNCIL EXPRESSING RATIONALES FOR THIS REQUEST, FOCUSING ON THE COUNTYWIDE ISSUE, TO BE SIGNED BY COMMISSION PRESIDENT.

Murphy agreed with what was read. Having one of the Commissioners at the table is very important; the PUD would be representing the Whatcom County, not just the PUD. All of the players need to be involved. Deshmane agreed. The PUD would ask the City to add one more voting member to the board.

There were no other meetings/discussions to report.

PUD History on Broadband

Murphy explained the original vision. Walters added that BPA was stringing fiber along their corridor and offered Washington PUDs strands of fiber. The initial vision was to extend fiber throughout the county in a planned/staged manner and to establish a coalition of public agencies to guide/possible co-funders/co-decision makers as a public effort to build out fiber in the county spurred by BPA making fiber available.

Deshmane said he thought the single biggest factor why it failed was not understanding the utilization of the infrastructure would be. Walters said the PUD's vision of the build out of publically owned fiber in the county and in an attempt to form a coalition of public agencies, because of the difficulty of forming coalitions is not an easy task; the PUD abandoned that effort, and struck out on their own. That was one of the biggest lessons learned to Walters. The PUD shifted focus to acquire Avista Communications assets and build out the network solo. The opposition/competition began to copy the PUD's model and private telecom providers tried to thwart the PUDs efforts.

Revisiting the idea of *why* the PUD abandoned the idea of a countywide, *public open access* network (in the past) is what Jilk thinks the PUD needs to look at. Building coalition is one thing, and the idea that was developed then was a good one, but with no revenue base to support it, and without having the public “vision” coalition (agencies such as schools, libraries, etc.) not being on board with the project, was the downfall. Cost sharing was lost and the PUD had to work on a private revenue model/number of connections to cover costs. These were never realized. At that time, there was too much competition, state legislators and private oppositions, among others, tried to keep the PUDs from competing with the private sector.

With the history and lessons-learned now told, Murphy asked what the other Commissioners think now about the PUD’s direction? Maybe the City of Bellingham isn’t part of the solution and perhaps direction with the Port is better. Grant suggests to take a look at other PUD models.

She has been looking at the fiber model from Mason PUD. COS Systems is worldwide firm and utilizes a special tool used in rural communities to decide where fiber should be placed first and providing last mile fiber”. Larger telecoms don’t want to provide fiber in low density areas. The plan made through Mason PUD is to feasibly create a business model to roll out the fiber. Chelan PUD began with serving their industrial customers. She is hopeful the PUD can do something similar at Cherry Point, utilizing the PUD’s own power poles and existing relationships with our Cherry Point industries.

Deshmane has discussed with Stark from the Port, the idea to create a financial model and demand map for the county, recognizing underserved areas. And to take this data to the telecom companies’ and seek their build out plans. Then decide where public infrastructure should be placed and enter into a coalition. Murphy thought it is a good starting point and helps the PUD to focus on where the real need is. Grant agreed as well. In terms of finding the funding for the study, the Port has discussed EDI funds. A study is absolutely needed and it is important to hire a firm that has worked with other PUDs before.

Grant noted the cities of Blaine and Sumas are their own electric municipalities, with poles and wires and there is strong political support for broadband access due to the economic downturn/border closure. Pole attachment costs and complexity might be lower in those areas.

Jilk commented on the thoughts about mapping and talking to ISPs. Stark has been talking with the private telecom companies and putting the question out to them regarding underserved areas and when they will provide service. The bottom line is the private entities won’t commit to low density (number of customers) areas until they can see return on their investment. The Port or PUD should decide to build the fiber or not.

Deshmane said public and private collaborations can be difficult. A successful coalition of a fiber project is the Port of Skagit/Skagit PUD partnership that created SkagitNet LLC to operate the fiber system. There needs to be a process to address the ongoing disconnections between private and public entities. Having a predictable approach of where the private sector will be – for example, issuing RFQ prior to building the fiber line for ISPs, and, at that time they can choose to participate or not. Deshmane believes there is no way forward in Whatcom County without public-private cooperation.

Murphy wants to explore all the possibilities for funding such as EDI, and other grants and loans that the PUD can utilize. Jilk replied that some grant money for public agencies is scheduled in federal and state budgets this year. He explained that we have added funding in the 2021 budget for a broadband manager position. The Commission might consider to make the commitment for the next three years to develop a position to plan a build-out/development model in coordination with the Port, and also locate sources of grant funding, looking at pilot project areas, to put the pieces together. This will take time but it commits the commission to determine let’s take a look at broadband in the county. In terms of the mapping model, the PUD needs to develop a strong reason why we are in the game and what are we will to do, especially partnering with Port. Are we going to truly partner, or lead, or just be there for the Port?

There is also funding set aside for a feasibility study. Deshmane suggested that the \$75,000 should be used to create the map and the new employee’s job should be to figure out the plan to serve the region, working with the private sector to accomplish it. Jilk said looking down the road, does that take us to the point of having the PUD’s own development model for Whatcom County fiber? Or the Port’s own feasibility study to determine underserved areas and where the system should be built. Or take the funding to update the Port’s study and then determine the build out.

If there is a public commitment by the PUD to take this approach, it sends the word out to ISPs that the PUD is in the game now. Murphy suggested revisiting the Strategic Plan – and where to put money and direction or things won’t happen. There are many important other items (of everyday business); perhaps revisit the load on staff, etc. Deshmane thinks the Strategic Plan is fine as is and does address the goals of broadband.

Grant thinks moving quickly on a telecom position makes sense; someone with technical understanding, and who has built a community broadband system; with the ability of grant writing. There are many foundations involved in solving the digital divide with grant opportunities.

Murphy is concerned most about lack of internet service, etc. for teachers and education services online. He doesn't know the answer but would like to move quickly to develop a plan. Grant is all for planning. She noted Mason PUD 3's fiber program. Maybe start with a small pilot project. Jilk has been on the Lynden School Board for several years now and completely understands the impact on teachers and students. Everything discussed this morning is making education and our broadband support for education in the county is a number one priority. Stark has been in contact with districts in the county that are underserved. Perhaps take that list and build off of it for a pilot project in east and other areas of the county.

Deshmane offered time for the Commissioners to further discuss their talking points.

Grant said the last item she wanted to share was that in November, she read that there are many non-binding referendum ballot initiatives related to broadband. Some communities simply asked survey-type questions on affordable access and the like. She would like to see tools like community input or an advisory ballot to assist the PUD.

Sitkin discussed the advisory ballot process. For a countywide election, could cost up to \$100,000. The PUD's election costs for Commissioner countywide, with no primary at a general election, would be about half. In order to keep costs low, it would need to wait until 2022. The PUD's last election total cost, primary and general, was \$140,000.

At this point, Deshmane turned to his list: Dig-Once Policy and Speed Testing. He asked to have Jon Humphries comment on these topics. Jilk indicated doing so violated the terms of the Special Meeting agenda as set forth not to allow public comment. Deshmane declined to have Humphries comment.

Speed Testing: Deshmane has used a general speed-test tool used to determine better connectivity and claims they are not accurate. Boundaries of the underserved areas will not be discovered by this type of speed test. He suggests using better technology, especially when performing the mapping. Walters commented on FCC standards for adequately served is 25mg download and 3mb upload, which is extremely low. The Legislature's goal for determining this is 150mg down and up loads, which demonstrates a big gap between what these agencies considered as "adequate".

Grant added the more we can understand the problems, the better off we'll be. The need for bandwidth is doubling every year, most homes will want higher speeds. Murphy agreed with the idea of multiple sources of speed testing. Deshmane will follow up to Jilk with more information.

Dig-Once Policy: As a countywide way to implement policy, and as an investment for properly built conduit. Would be very beneficial, but costly to implement.

Jilk said this has been a challenge to the PUD related to water, for example installing conduit while replacing water piping. The opportunity to add conduit while a trench is dug for another project would be efficient and cost-saving. Sitkin explained that it is much more difficult to organize and implement countywide policy than if a municipality such as the City of Bellingham. He and Jilk suggested working with County, Council of Governments, and possibly a future Small Cities to expand the discussion.

What's next

- Priority of staff time
- Job description for telecom manager
- Discuss proposal with the Port for the Feasibility Study
- Regarding request for EDI funds for the study, does the PUD want to be involved with the Port? Grant will follow up with Jilk on meeting with the Port
- Staff has been working on the telecom manager job description, to finalize and return to Commission for approval and the timeline
- Plan with Port for approaching EDI funding for infrastructure to Glacier – Jilk also suggests further discussion about hiring of the telecom staff manager and community services group, water resources, and economic development/infrastructure at Cherry Point
- Murphy is concerned about hiring a new staff member, there is always a cost attached to it. He would like to revisit the Strategic Plan and budget related items. It seems like we need to organize the load, there are many critical things the PUD is working on in the county – using caution
- Deshmane suggested that Murphy and Jilk work on incorporating this into agenda and how the Board should address the issues in an upcoming meeting.
 - Jilk suggested taking a look at the last Strategic Plan and review the community services group concept, along with the 2021 Budget and how we move forward with hiring and decision making for the first meeting in February.

No further comments were made. Public comments via email are welcome, contact the General Manager.

3. Adjourn

There being no further business for the special meeting, Commissioner Deshmane adjourned the special meeting at 11:58 a.m.

Atul Deshmane, President

Michael Murphy, Vice President

Christine Grant, Secretary

APPROVED AS AMENDED: FEBRUARY 9, 2021