

**MINUTES OF REGULAR
MEETING OF THE COMMISSION**

April 13, 2021

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 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; Alec Strand, Project Manager; Jon Littlefield, Electric System Supervisor; and, Traci Irvine Accountant I.

Public attending via teleconference:

Carryn Vande Griend, Puget Sound Energy
Dave Olson, Citizen
Debbie Ahl, Mt. Baker Foundation
Josh Edwards
Lauren Turner, Phillips 66
Linda Fels, Citizen
Jack Wellman, Puget Sound Energy
Rick Maricle, Citizen
Tom Anderson, Citizen
Claire Ward, NoaNet

2. Approval of Agenda

NoaNet's presentation this morning is scheduled at 9:00 AM. Jilk suggested the Commission proceed through the agenda until such time, then revisit any earlier skipped items. Commissioner Deshmane asked to add a public comment section at the beginning of the meeting in order to allow some citizens to speak because they are may not be able to attend the entire meeting.

ACTION: Commissioner Grant motioned to APPROVE THE AGENDA OF APRIL 13, 2021 AS AMENDED. Commissioner Murphy second the motion. Motion passed unanimously.

Note: The additional Public Comment period opened and no remarks were made.

3. Approval of Consent Agenda

Commissioner Grant's section of the March 23 Minutes Commissioners' Report was accidentally included in the same paragraph as Commissioner Murphy's report. The Minutes will be corrected to reflect the separation.

ACTION: Commissioner Murphy motioned to APPROVE THE CONSENT AGENDA OF APRIL 13, 2021: THE MINUTES OF THE REGULAR MEETING OF MARCH 23, 2021 AS AMENDED; AND, THE CLAIMS OF APRIL 13, 2021. Commissioner Grant second the motion. Motion passed unanimously.

Claims of April 13, 2021:

VENDOR NAME	AMOUNT
AIR COMPRESSOR SERVICE	5,745.72
CARLSON STEEL WORKS, INC	30.22
CENTRAL WELDING SUPPLY	81.75
CHMELIK SITKIN & DAVIS	24,025.75
CORNERSTONE MANAGEMENT, INC.	2,418.00
CULLIGAN NORTHWEST	107.16
DAY WIRELESS SYSTEMS	1,302.00
FERNDALE ACE HARDWARE	50.15
GENEVA CONSULTING	2,636.00
HEALTH PROMOTIONS NORTHWEST	90.00
INDUSTRIAL SUPPLY, INC	21.98
IVOXY CONSULTING LLC	5,783.05
K ENGINEERS, INC.	1,425.00
MASSMUTUAL RETIREMENT SVCS LLC	11,999.99
NORTHWEST CASCADE, INC.	118.50
NORTHWEST FIBER DBA ZIPLY FIBER	1,395.81

NORTHWEST MOWING & GARDENING	540.26
NP INFORMATION SYSTEMS (3-D CORP)	252.18
PAYLOCITY	17.48
PLATT ELECTRIC SUPPLY CO	1,269.59
PORTAL WAY FARM & GARDEN	186.72
PUBLIC UTILITY RISK MANAGEMENT SERVICES	42,246.74
PUD #1 OF WHATCOM COUNTY	553.93
PUGET SOUND ENERGY, INC	7,942.50
REGENCE BLUE SHIELD	41,002.80
REISNER DISTRIBUTION, INC	582.05
RICOH USA	197.63
SSC - SANITARY SERVICE COMPANY	513.28
TEAMSTER LOCAL #231	532.00
THE ENERGY AUTHORITY, INC.	8,240.00
UNITED WAY OF WHATCOM COUNTY	495.00
UTILITIES UNDERGROUND LOCATION	39.99
VALVOLINE	77.58
VERIZON WIRELESS	1,873.51
WA ST DEPT TRANSP-NW REGION	705.04
WASHINGTON DENTAL SERVICE	2,657.10
WASHINGTON TEAMSTERS WELFARE	12,029.15
WHATCOM JANITORIAL	1,250.00
WILSON ENGINEERING, LLC	1,111.25
GRAND TOTAL	\$181,546.86

4. Old Business

c) General Manager Appointment Process Update

The Commissioners tasked Jilk at the last meeting to contact individuals or recruitment firms for potential opportunities to assist Commission and staff to develop a profile for the General Manager's position. Jilk contacted search firms and individuals to discuss a process. The time that a search firm would spend on developing the profile could be blended into the "full" recruitment process. Jilk asked for examples of separating the process into two phases: (1) development of the profile and (2) complete recruitment process.

One of the firms has responded with information, another is forthcoming.

Based upon information gathered from colleagues and other PUDs/agencies/entities searching for a General Manager, Jilk has requested the firms to provide examples of searches completed in the region.

Jilk recommended the Commission to consider hiring a search firm for the process. Based upon his discussions, Jilk also wants separate from the process. The Commission would work with the recruitment firm and Sitkin would manage the process.

Murphy said the information provided from the first firm is very favorable and been involved in Whatcom County searches. Is this a recommendation to hire them? Jilk suggested reaching out to a second firm that focuses on utility positions. Murphy agreed about Sitkin managing the process and that staff provide resources.

Grant reached out to find out more about recruitment firms and suggested one which specializes in water and electric utilities. It is possible to hire a GM without specific utility experience, however, finding a candidate that is ready to "jump" into the position may be difficult to find. There is a tremendous amount of demand for new leaders in the utility industry due to many reaching retirement.

Murphy is concerned about the timeframe. Jilk will plan a recommendation for one recruitment firm at the first meeting in May. Sitkin suggested the Commission review its *strategic goals* as it relates to the hiring decision--it defines the attributes for a General Manager.

Grant asked about procurement. Sitkin responded that there are District policies and if the Commission wants to do interviews with the search firms, Sitkin can arrange that they meet individually with each Commissioner, or alternatively, a special meeting may be held so the Commissioners can meet together and the public can watch. Commissioners decided on the special meeting approach. Sitkin will work with Jilk to set the schedule.

5. a) Clerk Note: NoaNet presentation was moved after General Manager's Report.

b) Select District Voting Representative to Northwest Public Power Association (NWPPA)

Background: The PUD is a member of Northwest Public Power Association. Each year the Association holds an Annual Business Meeting and this year's date is May 12, 2021. In order to participate in any action that delegates will vote on each member needs to appoint its "voting delegate". Commissioner Deshmane has requested the Commission take this action so the PUD Delegate can vote, as we have received notice that there will be action requested on policies and the election of NWPPA Board members. Commissioner Grant was nominated to be the representative.

ACTION: Commissioner Deshmane motioned to SELECT COMMISSIONER GRANT AS THE DISTRICT’S VOTING REPRESENTATIVE TO NORTHWEST PUBLIC POWER ASSOCIATION. Commissioner Murphy second the motion. Motion passed unanimously.

c) Approve Resolution No. 791 – Cancellation of Warrant

Irvine reported that the District issued a request for a Warrant on the basis of an invoice received from Pacific Underwriters and now needs to be cancelled. Following the Commission’s authorization of the issuance of the Warrant No. 1123285, dated March 16, 2021, a duplicate invoice was included on the Warrant. The District has requested that the County cancel Warrant No. 1123285 in the amount of \$399.26. A new warrant will not be issued. The invoice was paid via the revolving checking account.

ACTION: Commissioner Grant motioned to APPROVE RESOLUTION NO. 791 AUTHORIZING CANCELLATION OF DUPLICATE WARRANT. Commissioner Murphy second the motion. Motion passed unanimously.

6. General Manager’s Report

Legislative Update:

HB 1336 creates and expands authority for public entities, including public utility districts, ports, second-class cities, towns, and counties, to provide retail telecommunication services. Second-class cities and towns do not have explicit authority to provide retail telecommunication services. HB 1336 expands authority to these jurisdictions to support all communities who are unserved and underserved. Now more than ever, our cities and constituents understand just how vital is access to broadband. HB 1336 was confirmed by the House of Representatives now awaits approval from the Senate.

SB5383 is the Senate’s version of HB1336, authorizing a public utility district/port to provide retail telecommunications services in unserved areas under certain conditions. The bill has passed in the House and is back in the Senate awaiting for confirmation.

HB1189 would authorize tax increment financing (TIF) for local governments such as ports and public utility districts. TIF is an economic development tool that captures a property’s appreciated value by using its increased property taxes, generated by the increase in assessed value, to finance infrastructure improvements that benefit a designated area. Local jurisdictions that have implemented TIF report improved public infrastructure, increased economic activity, and local job growth. HB 1189 passed through the Senate last week and is just a few steps away from becoming law. The bill now needs to return to the House one more time for concurrence before it can head to the Governor’s desk for signature.

Update on Cherry Point Infrastructure

Staff will provide an update on April 27 regarding potential projects at Cherry Point that will require water, potable water and energy supply, including a discussion with the County for EDI funding support on the projects.

5. a) NoaNet

The District reached out to NoaNet and the services they may be able to provide to Whatcom PUD in development of broadband services in Whatcom County. NoaNet is a non-profit municipal corporation serving Washington State. Whatcom PUD was a member of NoaNet at one time but terminated the relationship. Claire Ward of NoaNet provided a presentation to the Commission. Highlights included:

NoaNet Members:

Energy Northwest	Clallam PUD
Franklin PUD	Pacific PUD
Jefferson PUD	Pend Oreille PUD
Benton PUD	Mason 3 PUD
Kitsap PUD	Okanogan PUD

Services:

Wholesale Telecom/OTT services	Network Engineering
Outside Plant/Construction/Management	Network Operations/Monitoring
Business Development	Broadband Planning

NoaNet’s Mission Statement

Leverage relationships and resources to develop and operate a world class open access information platform and network that enhances people’s lives and business opportunities in the State of Washington and facilitates member utility operations

NoaNet’s Vision

- To support the needs of Federal, State and Local Governments to bring ubiquitous access to quality services

- Bring access to anchor institutions: Schools, Hospitals, Libraries and Businesses
- Investment in the economic vitality of all communities in Washington through fiscally-sound build-out planning
- Increase competition to encourage best value in rural broadband market

Membership not required to access NoaNet’s services

NoaNet’s Community Broadband Solutions Program

1. Define problem and research objectives
Set goals and begin market analysis
2. Develop research plan
Plan how to collect data
3. Collect information
Implement survey/launch outreach/champions
4. Analyze information
Does the community have a need for broadband infrastructure investment? Does this warrant further public investigation and/or investment? Who are potential partners?
5. Present findings and make decisions
*If there is not enough need or interest, the system stops here.
Minimal investment, responsive to community – great data for leadership, 100% data-backed and community driven, aggregate data collected can be given to Internet Service Providers to see if they want to come in and make private investment.*

Or If the decision has been made to move forward with collecting more data to understand what a buildout could look like, go back to collect more information:
Designing the network build and build-out; determine how much the deployment would cost to understand how it fits into the business case; possibly select a pilot project Zone.

NoaNet’s OSP team will design the builds and can be programmed into the survey system to find the “magic number” of pre-committed sign-ups needed to make business case work; and, it will be up to the community residents and businesses located within the “Zone” to meet that threshold for the business case to work.

6. Making Decisions
Define the business case: What is an acceptable and feasible business case for the governing body to take on? Staffing, contractors, vision, Network Operator Model all need to be clearly explored; and, 100% data-driven, leadership has a clear explanation for actions taken.

Figuring out how to pay for this because broadband infrastructure is not cheap and there are funding options available in Washington and many federal programs on the horizon.

What happens next? NoaNet will:

- Managing ISP relationships – they have been working with ISPs across the state for 20 years; will help define the SLAs – net neutrality and protecting end user information.
- Infrastructure Planning - Outside plant system planning, network design and implementation, PON and P2P Ethernet, and Construction management.
- Network Operations Center – Maintenance, monitoring and a call center, open 24/7/365.
- Project Management – Portal support, Champion engagement, community education, marketing and public relations.

Commissioners thanked Ward for the presentation. The District is in the process of hiring a broadband services analyst and has included funding in the budget for researching broadband opportunities in Whatcom County. Jilk suggested that staff come back with a recommendation at the first meeting in May for options of working with NoaNet or other resources.

6. Get to Know You

Manager of Automation and Technology Paul Siegmund celebrates 20 years at the PUD this year and shared a bit of his background and PUD stories, and how some things really have changed over the years.

7. Commissioner Reports

Grant:

- Attended a *Starlink* presentation held by the Nooksack Tribe. The *Starlink* demonstration on internet access was attended by various community leaders who were invited to learn more about this type of technology and locals who are working on it. Grant believes fiber is the most important infrastructure.
- Met with Port Commissioner Ken Bell – they discussed broadband and both are representatives on the County EDI Board. It’s important that we communicate with the Port, not duplicate efforts, and perhaps an idea to co-locate the PUD’s broadband position and share an office with the Port’s Gina Stark to act as a united front. The Port could remain focused on backbone, and the PUD on the “last mile of fiber” segment.

- EDI Board meets on May 13 – She has some ideas on Cherry Point and clean energy.
- Spoke with WPUDA’s George Caan and Liz Lovelett regarding the HB 1336 vote (passed by the House). Grant wants to be certain we are tracking the bills and grants that are available.
- How the PUD communicates with the public: Grant does not want the idea presented by the WWU students on a social media strategy/plan to disappear from the radar. She feels this is a high priority item for the PUD.

Murphy:

- Regarding the *Starlink* presentation, Murphy inquired what role will the PUD take regarding broadband in the county. It seems like there are many agencies seeking different methods of reliable internet service. Grant replied it is a tricky issue – the tribe was able to receive a certain number *Starlink* kits. She thinks efforts like Starlink will make the PUD’s work harder and the community won’t be as invested, especially in rural settings.
- Murphy agreed – he just doesn’t know what role the PUD will play. Deshmane suggested a follow up discussion at a future commission meeting or another special meeting on the “last mile” vs. backbone fiber, and who does what.

Discussion on the work the Port and what they have already accomplished is important; the PUD should take advantage of the Port as a public partner on the project. It is important to recognize the data already gathered, not duplicating efforts, and the work accomplished to date should be integrated with future work. A lot has changed since the Port began their effort over a year and a half ago. Now might be a good time to discuss more with the Port and contact NoaNet. Grant suggested the PUD clarify its commitment to work with the Port and what role to play.

- CEO of Energy Northwest – Murphy reported that Chief Executive Officer Brad Sawatzke announced his intention to retire from the agency at the end of June, the executive board will appoint a committee to facilitate the selection of Sawatzke’s successor. Sawatzke leaves before his position will be filled.
- TRi Energy partnership with Grant PUD will build the first advanced nuclear reactor to be completed in 2027. The \$22 million, 80 MgW plant will be built at Hanford.

Deshmane:

- Attended April meeting for City of Bellingham Broadband Advisory Group (BBAG). The group is working on defining the broadband concepts of affordability, accessibility, and availability, etc. Deshmane has been asked to present at the May meeting. The RFP is about to be issued for a consultant to help evaluate and answer questions on items such as level of service. At the end of the year, the group plans to inform the City Council on what the city’s role should be on the expansion of the fiber network.
- Renewables Project: The PUD and Port have been working together on a potential solar energy project at Cherry Point; a vendor visit discussed the generation of hydro; there is a source to make energy, but nowhere to send it or how it can be used.
- Watershed Management Board – Latest meeting cancelled; looking forward to see what adjudication conversations will bring after the Legislature session ends on April 25. (The State Budget will be approved; some support for local efforts and other adjudications.)
- Maia Bellon was hired by the County Executive’s Office to assist with topics regarding Nooksack River adjudication. Jilk will contact Bellon to make sure all Commissioners are notified.

Grant asked about Deshmane’s interpretation of his role and the role of the PUD on the BBAG.

Deshmane responded that fiber optic infrastructure is an undertaking for everyone. Citizens campaigned for the City to think about broadband issues for citizens that don’t have a voice on the subject. The deliverables at the end of the year for the BBAG is that “everyone is all in it together to provide level of service the community wants”. The level has not been defined yet. His presentation will be about working together, Nielsen’s law of internet bandwidth, data growth, etc. His goal is for all the agencies to work together.

Grant said one of the challenges of the formation of the group, is it has now established a long process to evaluate a problem before taking any further action. The group is in a process with a timeline that is almost deliberately slow, yet this problem should have been solved years ago. As the PUD, how do we involve ourselves in a way where we can focus more on solutions than process? Deshmane replied he doesn’t have ideas on how the city participates at this particular point. The PUD is a non-voting member. He provides information to the voting committee. This fall will be the time to craft policy recommendations to the County Council that will be implementable.

8. Public Comment

Rick Maricle said after the NoaNet presentation he was reminded of Yogi Berra’s comment “It’s Deja vu all over again.” The PUD’s broadband project years past did not go as planned. The plan failed not because the PUD couldn’t provide broadband, but they couldn’t deliver it for a price. Commissioner Murphy touched on this earlier – the citizens that don’t have broadband available, basically don’t have it because it is very expensive and rural citizens may not be able to afford it. Running a backbone used to

operate cell towers in rural areas could use the internet at high speed 5G service? Look at all the options available – even technology as backbone fiber onto power lines. The affordability piece of the puzzle will be the most difficult to solve.

Tom Anderson (former PUD General Manager) attended the meeting today because he was approached by local citizens inquiring about the PUD’s broadband history some 15 years ago. His recommendation to the fellow citizens is that they attend a meeting. Anderson said the PUD still suffers from a lack of public involvement. He stressed how important it is for the PUD (staff and commission) to push for more engagement with the community.

Anderson commented on the primary issue between NoaNet and the PUD. When NoaNet originally formed, among them there were three members, Whatcom PUD included, who were not able to get service from NoaNet because Bonneville Power Administration did not have fiber in the respective areas at the time. NoaNet’s service was dependent upon the existing Bonneville Power Administration lines. It became a political problem because it didn’t make sense for the existing NoaNet members to subsidize building lines in order for the others to receive service. As such, the three entities were offered an opt-out; in the end, it came down to lack of service for Whatcom. He thinks NoaNet is doing a good job and for the PUD to hang in there.

9. Adjourn

There being no further business for the meeting, Commissioner Deshmane adjourned the regular meeting at 10:33 a.m.

Atul Deshmane, President

Michael Murphy, Vice President

Christine Grant, Secretary

Commission Clerk Note: Video recordings of the Whatcom PUD Commission Meetings are available online at the following link on the PUD’s Website: <https://www.pudwhatcom.org/the-commission/2021-agendas-packets-meeting-minutes-recordings/>

APPROVED: APRIL 27, 2021
