

**MINUTES OF REGULAR
MEETING OF THE COMMISSION**

May 11, 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 8:01 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; Devin Crabtree, Chief Water Operator; and, Traci Irvine Accountant I.

Public attending via teleconference:

Dave Olson, Citizen
Debbie Ahl, Citizen
Lauren Turner, Phillips 66
Jack Wellman, Puget Sound Energy
Rick Maricle, Citizen
Scott Wallace, Citizen
Josh Edwards, Citizen
Carryn Vande Griend, Puget Sound Energy

2. Approval of Agenda

No changes made.

3. Approval of Consent Agenda

ACTION: Commissioner Murphy motioned to APPROVE THE CONSENT AGENDA OF MAY 11, 2021; THE MINUTES OF THE REGULAR MEETING OF APRIL 27, 2021, AND THE CLAIMS OF MAY 11, 2021. Commissioner Grant second the motion. Motion passed unanimously.

Claims of May 11, 2021:

VENDOR NAME	AMOUNT
ASPECT CONSULTING LLC	3,376.46
BELLINGHAM HERALD	521.00
CENTRAL WELDING SUPPLY	81.75
CORNERSTONE MANAGEMENT, INC.	1,755.00
FERNDALE ACE HARDWARE	16.50
GENEVA CONSULTING	3,780.25
GOODWIN, CHRISTOPHER	300.00
GRANICH ENGINEERED PRODUCTS, INC.	1,489.09
GRUNDFOS CBS/PACO PUMPS	164,048.95
GUARDIAN SECURITY SYSTEMS, INC	84.63
HEALTH PROMOTIONS NORTHWEST	90.00
K ENGINEERS, INC.	675.00
KNOWBE4, INC.	827.31
MASSMUTUAL RETIREMENT SVCS LLC	11,999.99
NORTHWEST CASCADE, INC.	118.50
NORTHWEST FIBER DBA ZIPLY FIBER	1,400.65
NORTHWEST MOWING & GARDENING	540.26
NP INFORMATION SYSTEMS (3-D CORP)	252.18
P&P EXCAVATING, LLC	62,893.85
PLATT ELECTRIC SUPPLY CO	10,560.09
PUD #1 OF WHATCOM COUNTY	500.00
PUGET SOUND ENERGY, INC	6,057.64
RDS - RECYCLING & DISPOSAL SERVICE	12.98
REGENCE BLUE SHIELD	41,002.80
REISNER DISTRIBUTION, INC	1,877.39
RICOH USA	149.78
SHRED-IT USA	44.70
SSC - SANITARY SERVICE COMPANY	513.28
STEEL RIVER PIPING & FABRICATION	19,103.88
TEAMSTER LOCAL #231	532.00

TYLER TECHNOLOGIES-INCODE	1,708.56
UNITED WAY OF WHATCOM COUNTY	495.00
UTILITIES UNDERGROUND LOCATION	19.35
VERIZON WIRELESS	2,553.49
WA ST DEPT TRANSP-NW REGION	793.86
WASHINGTON DENTAL SERVICE	2,779.10
WASHINGTON TEAMSTERS WELFARE	12,029.15
WATERHOUSE ENVIRONMENTAL SERVICES	18,982.08
WHATCOM FARMERS CO-OP	58.35
WHATCOM JANITORIAL	1,250.00
WONDERWARE PACWEST	19,361.83
GRAND TOTAL	\$394,636.68

4. Old Business

a) General Manager Appointment Process Update

Sitkin presented a summary of options for the Commission to consider regarding the recruitment of a new General Manager. The first task of an informational meet and greet discussion opportunity with Prothman were provided to each Commissioner.

The next task is the development of a description of the skills and related requirements for the General Manager's (GM) position. This will involve a revisit of the existing Strategic Plan to conduct a high-level prioritization and/or refinement of the existing strategic initiatives to inform what skills and experience the Commission seeks in a new GM, as well as inform the 2021 budget process for the 2022 budget. The two possible alternative actions are as follows:

Alternative 1: Retain an individual to assist the Commission in a revisit of the existing Strategic Plan as noted above, then develop a job description and anticipated salary range. One such candidate to assist is Jim Darling, Leeward Strategies. Mr. Darling participated in the original Strategic Plan effort and subsequent updates. Darling could provide the facilitation of the strategic initiative refinement and potentially Sitkin's office or George Caan of WPUDA could assist to develop a job description and/or salary range.

Alternative 2: Retain the Prothman Company based upon their scope of work.

The Commission discussed they would prefer to work with Darling to revisit strategic initiatives and coordinate with Prothman for the recruitment effort.

ACTION Item No. 1: Commissioner Grant motioned to DIRECT DISTRICT LEGAL COUNSEL TO DEVELOP A CONTRACT BASED UPON ALTERNATIVE NO. 1 (LEEWARD STRATEGIES) AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE CONTRACT. Commissioner Murphy second the motion. Motion passed unanimously.

ACTION Item No. 2: Commissioner Murphy motioned to DIRECT LEGAL COUNSEL TO DEVELOP A CONTRACT BASED UPON ALTERNATIVE NO. 2 (PROTHMAN COMPANY) AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE CONTRACT. Commissioner Grant second the motion. Motion passed unanimously.

b) Broadband Program Development Update

NoaNet: Jilk is working with NoaNet to deliver an amendment to their proposal to provide certain broadband services to reflect how they would help the PUD interact with the Port – what can the PUD bring to the table and support the Port. Jilk will plan to bring this to the May 25 meeting.

Job Opening: The Broadband Services Analyst position remains open and we are in discussion with a few applicants. Based on the experience and credentials from one candidate, Jilk feels this person could help build a good business model and support the PUD in its efforts.

Port of Bellingham: Grant and Jilk recently met with Gina Stark and Don Goldberg from the Port of Bellingham. The purpose was to take stock of where things are at with the broadband effort - from the past few years to where things are going in the future. She feels a commitment to the Port/PUD and public involvement in broadband/fiber infrastructure improves broadband services.

There will be grants available and working together could maximize resources. Many grants will require match funding. The Port is moving ahead with the backbone and middle-mile segments. They have no interest in providing retail broadband or building the "last mile". If public funds are used, the fiber should be available to everyone. The Governor has yet to sign the two PUD retail-authority broadband bills (HB1336 or SHB5383).

In regards to back-end services, how will infrastructure be maintained after it is built? The PUD already knows how to maintain fiber because of its own SCADA network. How to include operations and

maintenance costs, are still undetermined yet. Grant feels that as a partnership, the Port/PUD can be competitive for the grant funds that will become available. Grant hopes for a relationship that will provide the most benefits for the community.

The next step will be for Jilk to work with Sitkin and Stark to develop a draft Interlocal Agreement and to develop a timeline on when the parties will decide who does what.

City of Bellingham Broadband Advisory Group: At last week's meeting, Deshmane presented information from the PUD's Special Meeting last July on "broadband lessons learned" and to explore where things go from here – to begin a process to develop broadband policy and strategy. The Port's plan was to build fiber backbone from Bellingham to Glacier with a dedicated public line. They have now decided to use WAVE from Bellingham to Deming, and then build the line from Deming to Glacier. As a result, there will most likely be ongoing exploration with existing internet service providers. When all the agencies (public and private sector) work together, public infrastructure can be improved for telecommunications.

Murphy supports broadband all across Whatcom County, but is the Port interested in going to one area only? What about other underserved areas, especially ones with families and school-aged children who really need broadband? He wants to be successful in the PUD's achievement of the goal but is not hearing "how" it will be accomplished and what the plan is. Deshmane said construction of the backbone is most important and then how to identify going beyond the backbone. Deshmane doesn't know how to accomplish it either. He suggested a study to map out and identify underserved areas. Grant said the Port has already mapped out approximately eight segments and are constantly updating their models. If the Port isn't asking for help with construction, what can the PUD bring to the table? The line from Deming to Glacier is not engineered yet, nor are the other segments according to Deshmane. Jilk added that NoaNet can provide engineering and design services. If the Port wants to contract with NoaNet (or similar entity), the PUD could contract with NoaNet to provide other services such as looking at last mile and operations and maintenance. These should be done together and is a benefit in terms of a partnership with the Port.

The Commission needs to set a concrete vision on what role the PUD should be playing in the development of a countywide network: Take a look at what the Port is doing and what Commissioners feel the Port is *not* doing would help the PUD reach its goals. Outside resources and additional staff that both the PUD and Port require could be determined based on certain needs. Grant hopes for retail authority if/when the Governor signs the bills and believes it would give the PUD more access to federal funds. More analysis is needed. She feels retail authority would help the community the most and doesn't want to lose sight of this.

Murphy is in favor of contracting with NoaNet. Grant wants to revisit NoaNet services after the Broadband Services Analyst position is determined – a lot of the work can be done in-house and build relationships within the community. Murphy is concerned about hiring the analyst in terms of the cost of hiring and benefits, and longevity of the position given the PUD doesn't have a solid plan. Deshmane suggested giving it more time to consider on how the pieces will all fit together. Sitkin added that the cities of Blaine and Everson have received requests for franchise from ISPs to build facilities in their respective jurisdictions, although a franchise request to actual build out can take several years. The effect of the new legislation is that the private service providers are beginning to come to understand the dynamics of the market.

Jilk suggested if the PUD is successful at hiring the analyst, this staff member would have the capability and time capacity to provide considerations and resources to formulate and recommend decisions to work with the Port, NoaNet, ISPs and others. Jilk said the timing of the discussion with Jim Darling and focus on priorities/initiatives of the Strategic Plan, moving ahead with the hiring process of a new General Manager, and Broadband Analyst will help us move forward, hopefully within the next 60 days. An update will be provided at the May 25 meeting.

5. a) Approve Change Order No. 1 – Mills Electric

Background: The purpose of the project is to install a new air compressor serving the Plant No. 1 intake facility. In winter months when weather conditions generate cold temperatures and wind creates frazil ice, the small ice particles can severely impact water treatment operations and crew must rent a unit which is placed outside and subject to harsh conditions. The new air compressor will be installed inside a building at Plant No.1 to eliminate this problem.

Strand explained this is a change in Scope: Capital improvement project CIP RW-28, awarded in October 2020, was to purchase a new air compressor; however, the use of equipment standardization measures for this bid was not implemented. As such, the contractor submitted a Rogers Machinery brand air compressor. PUD Operations staff are most familiar with Gardner Denver brand air compressors. The Plant No. 2 Intake facility has Gardner Denver air compressors performing the same function that the new Plant No. 1 air compressor will serve for this project. PUD Staff and the engineer have requested that the contractor submit on the Gardner Denver Model EAY99J Electra Saver 400 compressor provided in the bid documents under PUD equipment standardization.

The difference in cost for Change Order No. 1 is the result of a credit for removing the Rogers Machinery Compressor and additional costs for the Gardner Denver model as well as piping modifications serving cooling water to the compressor. The adjusted total cost of the Contractor's original bid and Change Order No. 1 is below the Engineer's Estimate:

Mill's Bid total (no tax)	\$640,495.00
<u>Change Order No. 1 (no tax)</u>	<u>\$132,204.05</u>
New Total	\$772,699.05
 <i>Engineer's Estimate (no tax)</i>	 \$805,000.00

Staff recommends approving Change Order No. 1 for the Air Compressor for Water Treatment Plant No.1 Intake Facility Project Bid to Mills Electric. The project is funded in the 2021 Capital Improvement Projects Budget. There is no fiscal impact.

ACTION: Commissioner Murphy motioned to APPROVE CHANGE ORDER NO. 1 TO MILL'S ELECTRIC FOR THE AIR COMPRESSOR AT WATER TREATMENT PLANT NO. 1 INTAKE FACILITY PROJECT AND AUTHORIZE THE DISTRICT'S GENERAL MANAGER TO EXECUTE THE CHANGE ORDER.

6. General Manager's Report

Broadband/Telecom Workshop

Being presented by WPUDA is scheduled for next week. Deshmane and Grant are planning to attend.

Legislative Update

SHB1016 was passed and signed by the Governor. It will now recognize June 19 (Juneteenth) as a holiday for state employees. A survey from WPUDA inquired whether PUD's will recognize the holiday. Jilk will bring it back for Commission consideration after input is received.

Farming for Life

Jilk is meeting with the designer for the new exhibit at Northwest Washington Fair Grounds. He will have more information in an upcoming meeting regarding the PUD's participation. A contract/agreement will need to be approved prior to the PUD's first contribution, due in July.

7. Commissioner Reports

Grant:

- Spoke with Maia Bellon to discuss water rights adjudication and the next steps.
- Spoke with Jim Darling regarding revisiting the District's strategic planning efforts.
- Spoke with Sonja Prothman regarding the General Manager recruitment process.
- Met with Theresa Taylor regarding Lummi Nation economic development and broadband efforts.
- Spoke with Rhys Roth from the Center for Sustainable Infrastructure in regards to the April 27 Commission meeting discussion about economic development possibilities at Cherry Point.

Murphy:

- Also spoke with Maia Bellon.
- Having several conversations in the community about broadband opportunities.
- Has discussed the threat of a potential drought with farmers in Whatcom/Skagit counties region. Jilk said that our farmers depend on surface water use for irrigation, created from snowpack and snowmelt. The Governor's Water Supply Group is predicting (April – September) near normal to above normal streamflow for most of the state where rivers are dominated by snowmelt. The below normal streamflows are appearing where streamflows are more influenced by rainfall. Farmers depending on water from the Nooksack main stem with non-permanent water rights are concerned.

Deshmane:

- Attended Watershed Improvement Districts meetings – investigating possibilities for piped-in water for irrigation and identifying other methods such as water storage.
- Attended the City of Bellingham Broadband Advisory Group meeting as noted earlier and their openness to the private sector internet service providers. The countywide mapping exercise would allow all to benefit/collaborate on the public/private project.

8. Public Comment

No comments made.

9. **Executive Session:** Executive Session requested pursuant to RCW 42.30.110(1) (i) to discuss potential litigation and the General Manager’s performance evaluation (RCW 42.30.110(g)). The estimated time for Executive Session was 45 minutes. The Commission President indicated that no action was anticipated be taken after the adjournment of the Executive Session. After a short recess, the Commission adjourned to Executive Session at 10:20 a.m. The Commission held Executive Session on a separate Zoom webinar platform under Open Public Meeting Act requirements.

- At 11:30 a.m. Executive Session was extended for an additional thirty (30) minutes.
- At 11:58 a.m. Executive Session was extended for an additional fifteen (15) minutes.

Executive Session Adjourn:

There being no further business for Executive Session, the Commission rejoined the Regular Commission Meeting webinar platform at 12:18 p.m.

10. Adjourn

There being no further business for the meeting, Commissioner Deshmane adjourned the regular meeting at 12:19 p.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: MAY 25, 2021