1. Call to Order | Pledge of Allegiance
2. Approval of Agenda
3. Consent Agenda
   a) Approval of the Meeting Minutes of the Regular Meeting of May 25, 2021
   b) Approval of Claims for June 8, 2021
4. Public Comment
5. Old Business
   a) General Manager Appointment Process Update
   b) Broadband Program Development Update
6. New Business
   a) Approve Interlocal Agreement with Okanogan County PUD and Transfer of BPA Energy Efficiency Incentive Funding
   b) Rejection of Bids: Refinery Substation Equipment Purchase
   c) Approve Resolution No. 793 – Waiver of Competitive Bidding Requirements for Substation Equipment Purchase
7. General Manager Report
8. Commissioner Reports
9. Public Comment
10. Adjourn

**Until further notice:** Whatcom PUD’s Offices are closed to public access. Due to the **Updated Open Public Meetings Act General Guidance Regarding the COVID-19 Event**, the PUD Meeting Room is not open to the public. All Commissioners will participate via teleconference on the Zoom platform.

The public meeting can be accessed by internet:  [https://us02web.zoom.us/j/86396064849](https://us02web.zoom.us/j/86396064849)

Or by telephone: Dial 1 (253) 215 8782 or 1 (346) 248 7799
Webinar ID: 863 9606 4849

**Next Commission Meetings**
June 22 & July 13, 2021 | 8:00 a.m. | Regular Meetings

*Access information will be announced - the public may join the meeting by teleconference.*

Contact: Ann Grimm, Commission Clerk at (360) 384-4288 x 27 • [www.pudwhatcom.org](http://www.pudwhatcom.org)
MINUTES OF THE REGULAR MEETING OF THE COMMISSION
May 25, 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; 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
Debbie Ahl, Citizen
TJ Lee, Phillips 66
Jack Wellman, Puget Sound Energy
Rick Maricle, Citizen
Scott Wallace, Citizen
Dave Olson, Citizen
Carryn Vande Griend, Puget Sound Energy

2. **Approval of Agenda**
**ACTION:** Commissioner Murphy motioned to APPROVE THE AGENDA FOR MAY 25, 2021. Commissioner Grant second the motion. Motion passed unanimously.

3. **Approval of Consent Agenda**

Claims of May 25, 2021:

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<td>Ferndale Ace Hardware</td>
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4. Old Business
   a-1) Approve Consulting Services Agreement with Leeward Strategies
   The Commission has authorized the development of a contract with Jim Darling’s firm, Leeward Strategies, to assist the Commission in defining its near- and longer-term priorities in the review of the District’s current strategic plan. This was viewed as necessary to inform the Commission as to the attributes it is looking for in a new General Manager. Part of the task assigned to Leeward Strategies will be to prepare a draft Job Description for review and approval by the Commission.

   Jim Darling of Leeward Strategies presented a brief background, his work on the strategic planning effort with the PUD (since 2015) and his scope of work for to revisit parts of the Strategic Plan 2025, and the upcoming recruitment process for a new General Manager. Highlights included:

   **Strategic Assessment**
   **Why Now.** The PUD is entering into a significant transition period and the current priorities (goals and strategies) should be reviewed, and then reaffirmed or revised accordingly. Alignment is the gateway to attracting the next great General Manager.

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Schedule  Pre-Recruitment Phase: Strategic Assessment
May 25 ........................Project Initiation and Background Research
Week of June 7..............Initial Interviews with Commission and Key Staff
Week of June 21............Final Interviews
July 5........................Presentation for Special Meeting on July 6

Recruitment Phase  – Via Recruitment Firm

General Manager Selection by Commission

Strategic Assessment Deliverables
Task #1: Recommendations regarding strategic priorities
a) Reaffirm or make suggested revisions to priorities (Goals and Strategies);
b) Identify new priorities: preliminary evaluation of the capacity to pursue those priorities;
c) For new, identified priorities, recommend course to pursue further.

Task #2: Support the search firm as requested.

Principles and Fundamentals: Definitions
- **Mission** describes **WHY** the PUD exists, its unique role in the community it serves…
- **Goals** are **destinations** the PUD wants to reach, **WHAT** it is going to do
- **Strategies** chart the routes to the Goal, defines **HOW** the PUD will reach its goals.

In the past, the PUD has used *New Initiatives* to highlight efforts and projects within the goals and strategies structure.

Current Goals: Strategic Plan 2025
Goals need to be defined and measurable, and are usually in two categories:
**External Facing** – What the PUD is going to go do in the community, such as customers, water supply, community, the environment, etc.
**Internal Facing** – Keeping the “house in order”

The PUD has a good balance. Most organizations have more external facings than internal. Newer organizations have many internal facing goals.

**PUD GOALS**
Goal 1. Effectively manage the PUD’s core water and energy services **EXTERNAL FACING**

Goal 2. Support energy efficiency and energy savings programs and the exploration of alternative energy sources **EXTERNAL FACING**

Goal 3. Support water resource management to sustain water supply, increase water use efficiency, improve water conservation, and enhance source protection. **EXTERNAL FACING**

Goal 4. Provide technical services to local communities **EXTERNAL FACING**

Goal 5. Maintain a long-term financial management program to support the services the PUD provides **INTERNAL FACING**

Goal 6. Maintain strong management support and operational proficiency **INTERNAL FACING**
The first set of interviews will be set up the week of June 7. It will be an invigorating process and Darling appreciates the Commissioners’ participation in the process.
Grant inquired what the typical process is to involve key customers and the public. Darling recalled a strategic planning effort at the Port of Longview, which took over a year to connect the public with the port. Although it was an extreme case, public involvement varies. Our timeframe is short with the work to be accomplished by the end of July and there are not many opportunities for the process to be out in the public; however, if new issues or non-alignment on goals or strategies are discovered, he can find a way to work through these, following the work done on the current initial goals. Grant suggested a public comment period at the beginning of the July 6 Special Meeting, and not at the end because meetings are long and people cannot stay for the entirety. Deshmane agreed on incorporating public comment at the beginning and end of the meeting. Sitkin reminded Commissioners that it is a high-level review of the goals of Strategic Plan 2025, not to revisit the whole plan – this can come later.

Jilk suggested that the Commission consider the special meeting on July 6 with an initial discussion with where things are at, and then at regular meeting on July 13, a public comment period could be offered in the beginning and at the end of the meeting as well. The outcome is to review the high priorities and goals in the plan. The call for the Special Meeting is forthcoming.

**ACTION:** Commissioner Grant motioned to APPROVE THE CONSULTING SERVICES AGREEMENT WITH LEEWARD STRATEGIES AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE SAME. Commissioner Murphy second the motion. Motion passed unanimously.

**a-2) Approve Consulting Services Agreement with The Greg Prothman Company**
The Commission has authorized the development of a contract with Prothman to assist the Commission in recruitment of candidates for the District’s General Manager position. The contract is pending the finalization of Exhibit A by Prothman, and approval of the same by the District. Exhibit A is to consist of verbatim extracts of the original Prothman proposal related to the Scope of Services, Schedule, Compensation, and Diversity Initiative. These excerpts are to exclude material in the Prothman proposal that was not relevant to a contract.

**ACTION:** Commissioner Grant motioned to APPROVE CONSULTING SERVICES AGREEMENT WITH PROTHMAN, SUBJECT TO THE GENERAL MANAGER’S FINAL APPROVAL OF THE AGREEMENT AND EXHIBIT A THERETO AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE SAME. Commissioner Murphy second the motion. Motion passed unanimously.

**b) Broadband Program Development Update**
Jilk provided an update:

- Broadband Analyst position – there is an amendment to the position under Resolution 792 under New Business and still looking to fill the position.
- Port of Bellingham/PUD first draft of an Interlocal Agreement and discussions with staff regarding initial responses and will continue to work with the Port to advance with final approval in June.
- NoaNet – the PUD is trying to develop a more focused approach on using NoaNet’s services to do a countywide mapping, modeling and speed test project.
- City of Bellingham – Through their broadband committee, they are seeking proposals from firms doing the same work.
- Lummi Nation – Working on the same approach, the PUD is trying to reach them regarding mapping/service/access idea for the reservation. Collective/collaborative approach to do the same kind of work throughout the county.
- Debbie Ahl/Mount Baker Foundation – Possible funding to support a collective amount of work with NoaNet, City of Bellingham and others.

Jilk will provide an update at the June 8 meeting. Grant thanked Jilk for his work on the Interlocal Agreement.
Deshmane said things taking a lot of time; he is disappointed that it is taking so long to find a suitable candidate for the Broadband position. The support services are affected in terms of hiring, and in the process of figuring out what the PUD should do, we are not making progress in terms of the needs of the community. He is frustrated where things are at but does not have a solution either. He said the need for understanding the lay of the land as it relates to who is served/underserved or not served at all, and he wants to see the PUD get this done. Murphy shares the same frustration but understands and appreciates Steve’s work; it is a difficult situation. What is the next step for the PUD? To move forward with the Port or the City of Bellingham? It sounds as though the smaller cities are searching on their own for services.

Jilk replied it is a challenge that he is facing as well as the PUD, there are many efforts from individual organizations such as the Port, Bellingham, Blaine, Sumas, and Lummi Nation are involved in their own efforts. There is no collective leadership across the county on the broadband issue. If the PUD wants to create the leadership position and a collaborative effort, is the PUD willing to do this and what does it mean to the other communities advancing their own projects and the PUD’s leadership? How can the PUD advance a collaborative approach without being the leader and ignoring these other agencies’ attempts?

Grant said the PUD is short-staffed with a lack of resources it is difficult to move forward with the broadband position when we do not have a position focusing on it. Hiring is difficult right now in many industries. How can the Commissioners help? She suggested posting job openings in different places or hiring a recruitment firm to fill the position.

Deshmane discussed leadership in broadband. Two years ago, the Port took the lead and the PUD was the consultant. Two years ago Bellingham was not involved either. The City recently formed their advisory committee and the County is not engaged at all. The PUD is going through the process of engagement and identifying leadership. It is still evolving with the other agencies.

5. **a) Approve Interlocal Agreement with Jefferson County PUD and Transfer of BPA Energy Efficiency Incentive Budget**

Walters said the PUD has received three formal requests for transfers of BPA EEI Budgets – we are near the end of the two-year rate period and agencies who have run out of funds are seeking funds to complete their respective programs.

Background: Public Utility District No.1 of Jefferson County (“Jefferson PUD”) has exhausted its BPA EEI budget for BPA’s current two-year rate period FY 2020-21. Jefferson PUD has requested that the District transfer $100,000 of the District’s remaining EEI budget for the current BPA rate period to Jefferson PUD. The District’s existing Interlocal Agreement with Jefferson PUD, which has previously enabled the transfer of BPA EEI budget has expired. In order to proceed with a new transfer of EEI Budget to Jefferson PUD, a new Interlocal Agreement must be executed between the District and Jefferson PUD.

If the transfer is approved, the District will still have sufficient remaining BPA EEI Program Budget to cover any potential District sponsored energy efficiency projects for the remainder of BPA’s 2020-21 rate period, which ends September 30, 2021. The District will then receive another budget allocation for BPA’s following rate period, which begins October 1, 2021.

If approved, Exhibit A and the budget transfer described therein will have no direct fiscal impact on the District’s 2021 Annual Budget.

Murphy stated his feelings again on these budget transfers – he has to believe that there is a way to keep the budget within our community (cities of Blaine and Sumas’ projects). It is still not reaching the
community in the way Murphy would like. He wants to challenge the PUD to utilize the funds to serve Whatcom County (electric charging stations, etc.) and not out-of-county. Grant agreed and spoke with the Sumas mayor and council member from Blaine regarding their projects. She is reaching out to other elected officials to make them aware of the funding for conservation projects. She would like to see other creative ways to keep the EEI budget funds in Whatcom County. Deshmane concurred.

Walters added that we target our own electric system and electric customer’s facilities for efficiency projects and then reach out to Blaine and Sumas. Once these are exhausted, we reach out to the other smaller PUDs. The bigger PUDs have their own resources. The priority for the PUD is to keep the budget in Whatcom County and to assist our customers.

**ACTION:** Commissioner Grant motioned to APPROVE INTERLOCAL AGREEMENT WITH JEFFERSON COUNTY PUD AND THE TRANSFER OF $100,000 OF THE DISTRICT’S BPA EEI PROGRAM BUDGET AND AUTHORIZE THE DISTRICT’S GENERAL MANAGER TO SIGN THE AGREEMENT IMPLEMENTING THE TRANSFER. Commissioner Murphy second the motion. Motion passed unanimously.

b) Approve Interlocal Agreement with Grays Harbor County PUD and the Transfer of BPA Energy Efficiency Incentive Budget

This item is similar to the request as noted above, with the exception it is from Grays Harbor County PUD. No additional comments made.

**ACTION:** Commissioner Grant motioned to APPROVE INTERLOCAL AGREEMENT WITH GRAYS HARBOR COUNTY PUD AND THE TRANSFER OF $100,000 OF THE DISTRICT’S BPA EEI PROGRAM BUDGET AND AUTHORIZE THE DISTRICT’S GENERAL MANAGER TO SIGN THE AGREEMENT IMPLEMENTING THE TRANSFER. Commissioner Murphy second the motion. Motion passed unanimously.

c) Approve 2022 Budget Development Schedule

The Finance Director is requesting Commission approval of the schedule for the development of the 2022 District Operating and Capital Budget and suggested dates for customer meetings, the public hearing and final approval of the rates and charges for water and electric service for 2022. The proposed schedule allows time for the following:

- Work Sessions by the Commission before adopting the final budget and rates;
- Meetings with the different customer groups we have;
- Public Hearing and a Commission Meeting/Work Session that allows for public/customer input to the Commission for the 2022 Budget and rate setting process.

Proposed Schedule:
August 10......................Commission receives First Half 2021 Financial Report
September 14 ...............Commission Work Session to discuss Budget Parameters
October 26......................Draft 2022 Budget presented to Commission
November 1 – 3..............Grandview and Cherry Point Customer Meetings
November 23.................Public Hearing on Draft 2022 Budget
December 14.................2022 Budget and 2022 Rates/Charges Approved

**ACTION:** Commissioner Murphy motioned to APPROVE THE SCHEDULE FOR THE DEVELOPMENT OF THE 2022 DISTRICT OPERATING AND CAPITAL BUDGET. Commissioner Grant second the motion. Motion passed unanimously.
d) Approve Resolution No. 792 – Amend the Policy for Employee Compensation for Administrative Employees

This is a recommendation for the Commission to adopt a resolution amending the District’s Policy for Employee Compensation for Administrative Employees (Exhibit A). This policy provides guidelines for establishing a methodology for updating and setting salary ranges for all non-bargaining unit employee positions, establishing employee positions and job descriptions for all positions, and information on additional benefits and compensation as offered by the District.

Resolution No. 792 will update the following section of the Policy for Employee Compensation for Administrative Employees to amend the Broadband Services Analyst position’s title and salary range. The job description of the Broadband Services Analyst will remain the same. Because of the education/skills upgrade requirement of the position, Jilk proposes to amend the position title and salary range for the position: Revised title of Broadband Program Manager and establish the salary range at $90,000 to $110,000. The proposed and current salary range is Exhibit “B” in Resolution No. 792. Jilk noted there is a lot of competition not only for the broadband position, but also for the Project Manager and Electric Utility Analyst positions and lack of qualified applicants, and significant salary increases for positions that require certified/technical/training/education and experience. In the upcoming 2022 Budget, we will need to look at increasing some of the salaries to attract qualified candidates.

Grant said in her discussions, there is an increasing need to hire people and then train them. Most people do not feel qualified for some positions perhaps add training or an internship program to help employees grow into the roll could be offered as part of the position. Murphy agrees with the title change to program manager, salary range and training. He wants to know what it will take to hire someone. Jilk replied that salary ranges are not the challenge, but the problem is we do not have staff capacity or time to create an internship and/or training program. It is an item to consider however staffing at this time is very limited across the PUD. For example, Chelan PUD has 19 job openings. He doesn’t think money is the issue. When the position requires certain qualifications like a civil or electrical engineer, CPA, etc., these candidates are hired elsewhere by companies like Amazon who are willing to pay twice the salary amounts. The PUD will look at all options. Jilk hopes that working with Jim Darling on strategies and direction will clearing define what the PUD is looking to attract.

Murphy said we can’t wait another two years to provide training for the Broadband Program Manager. He suggested hiring a consultant or firm to do the initial work. Deshmame agreed. Perhaps the PUD can find a consultant to provide some services and assist with the recruitment process.

Sitkin offered the suggestion of a sort of broadband consortium between several local agencies, which could have a broader county focus. Jilk would like to discuss this with NoaNet and our electrical consultants as Grant suggested. Do we utilize this expertise and review services from agencies in the shorter term, or look at how a consortium can come together and receive help from consultants and other participants. Grant added there are several learning opportunities such as webinars on broadband, the recent WPUDA Telecom Workshop, etc. that a new hire could take advantage.

**ACTION:** Commissioner Murphy motioned to ADOPT RESOLUTION NO. 792 – A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PUBLIC UTILITY DISTRICT NO. 1 OF WHATCOM COUNTY (“DISTRICT”) AMENDING THE POLICY FOR EMPLOYEE COMPENSATION FOR ADMINISTRATIVE EMPLOYEES FOR THE PURPOSES OF AMENDING THE POSITION TITLE AND SALARY RANGE FOR THE BROADBAND PROGRAM MANAGER POSITION. Commissioner Grant second the motion. Motion passed unanimously.
e) **Approve Work Order No. 16 – RH2**

The District executed a new Standard Agreement for Professional Engineering Services with RH2 (Agreement) on October 20, 2020. Under a prior Agreement, RH2 completed Phase 1- Engineering Design Alternatives for upgrading the District’s Industrial Water System point of delivery facility for service to the BP Refinery. RH2’s scope of services under Phase 1 was completed under Work Order No.4, which was executed November 24, 2015 and work completed in 2016.

Based on the engineering study and technical report completed by RH2 under Work Order No. 4 and in consultation with BP staff, District staff selected a design alternative for upgrading D Station. This alternative was modified to accommodate a potential future, micro-turbine installation for generating electrical power. The Work Order No. 16 and RH2’s detailed Scope of Services document describe the major tasks to be undertaken and the deliverables to be produced by RH2. The Scope of Services represents Phase 2 of the engineering work for the D Station reliability upgrades.

District staff recommends that the Commission approve this Work Order No. 16. BP Refinery’s management team in consultation with District staff has indicated that BP supports this work to be performed. The District will coordinate with BP operations staff regarding the timeline for the project’s implementation.

The approved 2021 Annual Budget includes a CIP budget line item (RW-M-7) budget for work associated with D Station improvements. As a result, there is no budget impact of approval of Work Order No.16.

**ACTION:** Commissioner Grant motioned to APPROVE WORK ORDER NO. 16 BETWEEN THE DISTRICT AND RH2 ENGINEERING INC. (RH2) FOR A TOTAL COST NOT TO EXCEED AMOUNT OF $85,064 AND AUTHORIZE THE DISTRICT’S GENERAL MANAGER TO SIGN AND EXECUTE THE WORK ORDER. Commissioner Murphy second the motion. Motion passed unanimously.

6. **General Manager’s Report**

   Regarding the Governor’s Order for reopening agencies for public meetings, he has asked Legal Counsel to provide guidance for the PUD. If we open for public meetings in July, we have to be prepared to provide for in-person and overflow attendance as well as online. An update will be prior to June 30.

7. **Commissioner Reports**

   **Murphy:** No report.

   **Grant:**

   - Attended the Northwest Public Power Association’s virtual annual meeting.
   - Mentioned federal funding is out there for broadband projects.
   - Challenge for broadband is the supply of fiber – there is up to a yearlong waitlist.

   **Deshmane:**

   - Attended Whatcom County Council of Governments meeting.
   - Meet with Rhys Roth of Sustainable Infrastructure on identifying community needs for infrastructure and opportunities for production in energy (possibly for Cherry Point) – the concept of working together is important.
   - Also attended WPUDA Telecom Workshop, the definitions of shovel-ready are up in the air.
   - Local Fiber Loops – There is a project on the Y Road designated as “shovel ready” to be served by WAVE or PogoZone with a neighborhood fiber cable. The backbone is from WAVE or an optical line of sight, or towers, with the help of the Mt. Baker Foundation. Jilk responded he
talked with PogoZone and asked for areas in Whatcom County where the PUD could offer partnerships and identify wireless projects.

8. Public Comment
   No comments made.

9. Adjourn
   There being no further business for the meeting, Commissioner Deshmane adjourned the regular meeting at 9:51 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/
Memo

To: Commissioners Deshmane, Grant, and Murphy
From: Brian Walters – Assistant General Manager
Date: June 8, 2021
Re: Approve Interlocal Agreement with Okanogan County PUD and the Transfer of $200,000 in BPA EEI Budget Listed in Exhibit A to the Agreement

Requested Action – APPROVE INTERLOCAL AGREEMENT WITH OKANOGAN COUNTY PUD AND THE TRANSFER OF $200,000 OF THE DISTRICT’S BPA EEI PROGRAM BUDGET AND AUTHORIZE THE GENERAL MANAGER TO SIGN THE AGREEMENT IMPLEMENTING THE TRANSFER.

Background – Public Utility District No.1 of Okanogan County (“Okanogan PUD”) has exhausted its BPA EEI budget for BPA’s current two-year rate period FY 2020-21. Okanogan PUD has requested that the District transfer $200,000 of the District’s remaining EEI budget for the current BPA rate period to Okanogan PUD. The District currently does not have an Interlocal Agreement with Okanogan PUD. In order to proceed with a new transfer of EEI Budget to them, a new Interlocal Agreement must be executed between the District and Okanogan PUD.

The transfer of BPA EEI budget from one party to the other is memorialized in Exhibit A to the Agreement. Future transfers agreed to by the parties (either to or from Okanogan PUD) will be accomplished by Amendments to Exhibit A, as long as the Interlocal Agreement remains in effect.

If the transfer is approved, the District will still have sufficient remaining BPA EEI Program Budget to cover any potential District sponsored energy efficiency projects for the remainder of BPA’s 2020-21 rate period, which ends September 30, 2021. The District will then receive another budget allocation for BPA’s following rate period, which begins October 1, 2021.

Fiscal Impact – If approved, Exhibit A and the budget transfer described therein will have no direct fiscal impact on the District’s 2021 Annual Budget.

Recommended Action – APPROVE INTERLOCAL AGREEMENT WITH OKANOGAN COUNTY PUD AND THE TRANSFER OF $200,000 OF THE DISTRICT’S BPA EEI PROGRAM BUDGET AND AUTHORIZE THE GENERAL MANAGER TO SIGN THE AGREEMENT IMPLEMENTING THE TRANSFER.
May 20, 2021

Public Utility District No. 1 of Whatcom County
Board of Commissioners of Whatcom County PUD
1705 Trigg Rd
Ferndale, WA 98248

To the elected Board of Commissioners of Whatcom County PUD:

The Okanogan PUD is requesting a bi-lateral transfer of $200,000.00. As you may know Okanogan County endured one of the largest wildfires last season. The wildfire burned through 27 miles of distribution line, 189 poles, 18 miles of transmission line with 175 poles and 20,000 feet of fiber. The PUD is now replacing and updating infrastructure. We will replace the old wood poles with steel poles. We would like to use energy efficiency funds to help pay for updating the old transformers. This is going to help us build a more reliable and resilient infrastructure.

In addition to that, we are supporting incentives in the residential, commercial, agricultural and industrial sector. Mid-Valley Hospital earned $48,425.44 and Tonasket School District earned $34,133.22 in energy efficiency incentive funds during this rate period. We will also be paying out an incentive to Blue Bird fruit warehouse in Tonasket. This project has been a long time coming, so am happy that they have completed it and are now benefiting. We have a contract with Community Action, as well. They utilize energy efficiency funds to help low-income.

I very much appreciate your consideration in a bi-lateral transfer. It would be most helpful to the Okanogan PUD.

Best regards,

Kim Johnson
Energy Services Coordinator
INTERLOCAL AGREEMENT
BETWEEN
PUBLIC UTILITY DISTRICT NO.1 OF WHATCOM COUNTY
AND
PUBLIC UTILITY DISTRICT NO.1 OF OKANOGAN COUNTY
FOR SHARING OF
ELECTRIC SYSTEM RELATED SERVICES

THIS INTERLOCAL AGREEMENT (the “Agreement”) is made this______ day of May 2021, between Public Utility District No. 1 of Whatcom County, a Washington municipal corporation (hereinafter “Whatcom PUD”), and Public Utility District No.1 of Okanogan County, a Washington municipal corporation (hereinafter “Okanogan PUD”). Whatcom PUD and Okanogan PUD are jointly referred to herein as (the “Parties”) and individually as (“Party”).

WHEREAS, Whatcom PUD and Okanogan PUD are authorized to engage in the provision of electric energy supply and services to wholesale and retail customers; and

WHEREAS, Whatcom PUD and Okanogan PUD are authorized to construct and operate facilities necessary to generate, transmit, and/or distribute electric energy within their respective service areas; and

WHEREAS, the Parties have a common interest in sharing resources, when feasible, for the cost-effective delivery of electric energy related services to their respective customers; and

WHEREAS, the Parties are both power supply and transmission customers of the Bonneville Power Administration; and

WHEREAS, it is in the public interest for the Parties as public entities to work in a cooperative manner; and

WHEREAS, the Parties desire to enter into this Agreement under the terms and conditions of Chapter 39.34 RCW (entitled the Interlocal Cooperation Act);

NOW, THEREFORE, in consideration of the mutual covenants contained herein, Whatcom PUD and Okanogan PUD agree as follows:

1.0 PURPOSE.

The purpose of this Agreement is to establish procedures whereby the Parties can combine, share, and use their respective skills and assets, thereby expediting their respective receipt and delivery of electric energy and related services to customers within their respective service areas. The cooperative efforts enabled by this Agreement are intended to reduce the cost of electric system planning, construction, and operation over what would otherwise be achieved if the Parties acted independently. Further, this Agreement enables a sharing of benefits available to each Party as a wholesale customer of the Bonneville Power Administration (“BPA”).
2.0 DECISIONS.

All decisions under this Agreement shall be by consensus of the Parties, subject to the financial, technical, and legal limitations of both Parties. In the event that the Parties are unable to agree upon a means of undertaking any proposed action pursuant to this Agreement, then either Party shall have the unilateral right to reject such means, without contributing additional time or other resources to the further negotiation thereof.

3.0 GENERAL SCOPE OF SERVICES.

The services to be provided under this Agreement are limited in scope to the transfer from either Party to the other of a portion of either Party’s BPA conservation budget, also referred to as the EEI budget. Such budget is determined by BPA through a rate setting process and allocated among each of BPA’s power supply customers for each two year BPA power rate period. The allocated budget is available to customers to reimburse them for a portion of the cost of qualifying conservation (i.e. energy efficiency) programs and projects customers implement.

3.1 EXHIBIT A – TRANSFERS

Any transfer of BPA conservation funds as agreed to by the Parties shall be as described on Exhibit A, attached hereto and incorporated herein by this reference. Any revision to the transfer amount and/or conditions on such transfers shall be by written amendment to Exhibit A approved by the Board of Commissioners of each Party unless a Party has specifically delegated that authority to its General Manager.

4.0 COMPENSATION FOR SERVICES.

For the scope of services described above, there is no compensation owed by either Party to the other.

5.0 TERM.

This Agreement shall commence as of the date entered in the above first paragraph of this Agreement and shall continue until day 31 of the month of December 2023 unless either Party terminates this agreement by providing written notice to the other Party, not less than 30 days prior to the date such party desires the termination of the Agreement to become effective. Either Party may require that the terms and conditions of this Agreement be re-negotiated by providing written notice to the other Party, not less than 30 days prior to the date such party desires the modification to the Agreement to become effective. A notice of re-negotiation shall not be a notice of termination; however, nothing prevents a party from delivering both a notice of re-negotiation and a notice of termination.

If the Agreement is terminated, in accordance with the provisions of this section 5, then the Parties agree to negotiate in good faith to unwind the obligations entered into under this Agreement. If the Parties cannot agree to a resolution of the obligations entered into within ninety days of the termination date of this Agreement, then the Parties agree to submit to binding arbitration, as set forth in Section 9.7 below.

6.0 CONTACT PERSONS.

The following persons, referred to as Contact Person(s), are responsible for the administration of this Agreement for each Party and have the authority to execute Task Orders on behalf of their Party under this Agreement:
For Whatcom PUD: General Manager
For Okanogan PUD: General Manager

or such other persons as may be specified from time to time in writing by either Party.

7.0 RELATIONSHIPS OF THE PARTIES, RELEASE AND INDEMNIFICATION.

The Parties agree that they are each independent public entities operating pursuant to the terms and conditions of this Agreement. No agent, employee, or representative of a Party to this Agreement shall be deemed to be an agent, employee, or representative of any other party for any purpose. To the extent permitted by law, each Party remains solely and entirely responsible for the acts of its respective staff performing services for the other Party under this Agreement.

7.1 Release by Okanogan PUD. To the extent permitted by law, Okanogan PUD hereby releases Whatcom PUD, its successors and assigns, Directors, Commissioners, officers, employees, agents, and representatives from any and all claims, losses, injuries, harm, liabilities, damages, costs, charges and expenses including all reasonable and necessary attorney’s fees incurred in connection with Whatcom PUD and its employees’ performance under this Agreement.

7.2 Release by Whatcom PUD. To the extent permitted by law, Whatcom PUD hereby releases Okanogan PUD, its successors and assigns, Directors, Commissioners, officers, employees, agents, and representatives from any and all claims, losses, injuries, harm, liabilities, damages, costs, charges and expenses including all reasonable and necessary attorney’s fees incurred in connection with Okanogan PUD and its employees’ performance under this Agreement.

7.3 Indemnification. Each Party, as an indemnitor, agrees to protect, defend, hold harmless, and indemnify each other Party from and against all third party claims, suits, and actions arising from the intentional or negligent acts or omissions of such indemnitor, its agents, or employees in the performance of this Agreement.

8.0 EXTENT OF AGREEMENT AND MODIFICATIONS.

This Agreement, together with the Exhibits and Addenda as may be added upon approval of both Parties, contains all of the terms and conditions agreed upon by the Parties. The Parties agree that there are no understandings, oral or otherwise, modifying or adding to this Agreement. No amendments, changes, or modification of this Agreement shall be valid or binding upon either Party unless such amendment, change, or modification be in writing and executed by both Parties.

9.0 MISCELLANEOUS PROVISIONS.

9.1 No waiver. The failure of either Party to insist upon or enforce strict performance by the other Party of any provision of this Agreement or to exercise any right under this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party’s right to assert or rely upon any such provision or right in that or any other instance; rather, the same shall be and remain in full force and effect.

9.2 Applicable Law. This Agreement shall be interpreted, construed, and enforced in accordance with the laws of the State of Washington, except to the extent such laws may be preempted by the laws of the United States of America.
9.3 **Governing Law and Venue:** The Parties agree that any dispute shall be governed by the laws of the State of Washington, and any proceeding in law or in equity shall be brought in Whatcom County, State of Washington, or such other place as both Parties may agree to in writing.

9.4 **Standards.** The Parties and the Parties’ employees and agents will adhere to applicable professional and ethical standards and will perform all work in a manner consistent with generally accepted skill and care and prudent utility practice for the type of work undertaken.

9.5 **Neutral Authorship:** Each of the provisions of this Agreement has been reviewed and negotiated, and represents the combined work product of the Parties. No presumption or other rules of construction, which would interpret the provisions of this Agreement in favor of or against the party preparing the same, shall be applicable in connection with the construction or interpretation of any of the provisions of this Agreement.

9.6 **Entire Agreement.** This Agreement sets forth the entire Agreement and supersedes any and all prior Agreements of the Parties with respect to the subject matters hereof.

9.7 **Arbitration:** The Parties mutually covenant to work cooperatively to timely resolve any dispute that may arise between the Parties concerning this Agreement. However, if the Parties cannot mutually settle a dispute, the dispute or claim shall be submitted to binding arbitration. The Parties agree that the arbitration shall be governed by the rules and procedures outlined in RCW 7.04A et.seq. and the Whatcom County Mandatory Arbitration Rules, and that the Parties will jointly stipulate to an arbitrator. In the event that the Parties are unable to agree to an arbitrator, the Parties agree that the Presiding Judge of Whatcom County Superior Court may appoint the arbitrator. The prevailing Party as determined by the arbitrator shall be entitled to reasonable attorneys’ fees and costs.

9.8 **Notices:** All notices, demands, requests, consents, and approvals which may, or are required to be given to any party or any other party hereunder, shall be in writing and shall be deemed to have been duly given if delivered personally, sent by facsimile, sent by a nationally recognized overnight delivery service, or if deposited in the United States mail and sent by registered or certified mail, return receipt requested, postage paid to:

Public Utility District No.1 of Whatcom County:  
General Manager  
Whatcom PUD  
1705 Trigg Road  
Ferndale, WA 98248

Public Utility District No.1 of Okanogan County:  
General Manager  
Okanogan PUD  
P.O. Box 912  
1331 2nd Ave.N.  
Okanogan, WA 98840
9.9  *Statutory Notice.* Pursuant to RCW 39.34.040, following execution, this Agreement will listed by subject on the web sites respectively of both Whatcom PUD and Okanogan PUD.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives all as of the day and year first above written.

PUBLIC UTILITY DISTRICT NO.1 OF WHATCOM COUNTY

__________________________________________
Stephan Jilk
General Manager

ATTEST:

__________________________________________

PUBLIC UTILITY DISTRICT NO.1 OF OKANOGAN COUNTY

__________________________________________
Steven Taylor
General Manager

APPROVED AS TO FORM:

__________________________________________
Heidi Appel
General Counsel
EXHIBIT A

BPA EEI BUDGET TRANSFERS

This Exhibit A is attached to and by this reference incorporated into the Interlocal Agreement between Public Utility District No.1 of Whatcom County (“Whatcom PUD”) and Public Utility District No.1 of Okanogan County (“Okanogan PUD”) (collectively referred to as the “Parties”).

1.0  Budget Transfer – BPA Rate Period (FY 2020-2021)

Subject to Bonneville Power Administration (“BPA”) approval, Whatcom PUD and Okanogan PUD agree for each Party’s respective BPA two year Rate Period (FY 2020-2021) as follows:

Whatcom PUD and Okanogan PUD agree to request that BPA transfer TWO HUNDRED THOUSAND DOLLARS ($200,000) of BPA’s Energy Efficiency Incentive (EEI) program budget funds for Rate Period (FY 2020-2021), which were previously allocated to Whatcom PUD, to Okanogan PUD. This transfer does not involve any actual monetary payment by Whatcom PUD to Okanogan PUD, nor is Whatcom PUD obligated to make any payment to Okanogan PUD. Rather, it is a joint request to BPA to re-allocate a portion of the BPA EEI program budget funds allocated to Whatcom PUD for BPA Rate Period (FY 2020-2021) to Okanogan PUD.

2.0  Conditions on Transfer

For this specific transfer of BPA EEI program budget from Whatcom PUD to Okanogan PUD, there are no conditions on the transfer with the exception of BPA prior approval.

3.0  Amendments to Exhibit A

Should either Party request any future BPA EEI program budget transfers from the other Party and such Party agrees, then it shall be by amendment to this Exhibit A, pursuant to written agreement of the Parties.
IN WITNESS WHEREOF, the Parties have caused this EXHIBIT A to the AGREEMENT to be executed by their duly authorized representatives all as of the day and year written above.

PUBLIC UTILITY DISTRICT NO.1 OF WHATCOM COUNTY

_________________________          _______________________
Stephan Jilk                        Date
General Manager

ATTEST:

_________________________

PUBLIC UTILITY DISTRICT NO.1 OF OKANOGAN COUNTY

_________________________          05.25.2021
Steven Taylor                        Date
General Manager

ATTEST:

_________________________
Heidi Appel
General Counsel
Memo

To: Commissioners Deshmane, Grant, and Murphy
From: Stephan Jilk – General Manager
Date: June 8, 2021
Re: Reject As Non-Responsive All Bids Submitted for the Supply and Delivery of Electrical Substation Equipment Consisting of Two Transformers for the Refinery Substation (CIP-E27)


**Background** – The District owns and operates the Refinery Substation serving the Phillips 66 Refinery. Refinery staff expect the need for increased electrical load in the near future and in order to accommodate the increase in electrical load the substation serving the refinery will require improvements to increase the capacity to handle future electric demand.

District staff, with support of its electrical engineering consultants and refinery staff have discussed conceptual design, scope and potential costs of substation improvements. Some of the major equipment required has a very long lead time from placement of the order to delivery of the equipment. The timeline may be longer than 52 weeks. Final substation site design is dependent on the major electrical equipment being selected in order to complete the final project specifications. Therefore, purchase of the equipment must precede completion of the final site design, as the specifications of the equipment selected will drive the design.

The main power transformers are one of the major pieces of equipment with a very long lead-time. The 2021 Capital Improvements Budget included the preliminary design and engineering of the Refinery Substation Improvements (CIP-E27). During the 2021 to early 2022 period, engineering, permitting and final design will be substantially completed. Construction of the improvements is anticipated to be completed during the fourth quarter of 2022.

On April 27, 2021, the Commission approved the rejection of all bids submitted for the PUD’s purchase of new transformers for the Refinery substation under a previous bid solicitation. This memo and the requested action covers a re-bid or second bid solicitation for the transformer purchase.
On May 27, 2021, the District received and publicly read aloud seven (7) bids submitted for this project. The Engineer’s Estimate for the total purchase of both transformers is $2,800,000.00, not including tax. District purchasing guidelines restrict the District from awarding bids which are 15% or greater above Engineer’s Estimate. All of the bids are at Engineer’s Estimate or less.

All seven (7) bids included conditions and/or exceptions to the PUD specifications and as a result all seven (7) bids are considered non-responsive.

In addition two (2) of the seven bids did not include a bid bond, neither PTI nor Virginia Transformer provided a bid bond at bid opening (noted with *).

The Transformer Bids are as follows:

<table>
<thead>
<tr>
<th>Qualified Bidder</th>
<th>Bid Total Not Including Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Virginia Transformer*</td>
<td>$1,644,326.00*</td>
</tr>
<tr>
<td>Anixter</td>
<td>$1,893,862.00</td>
</tr>
<tr>
<td>VECA</td>
<td>$2,807,178.80</td>
</tr>
<tr>
<td>PTI*</td>
<td>$2,360,000.00*</td>
</tr>
<tr>
<td>SPX</td>
<td>$2,056,896.00</td>
</tr>
<tr>
<td>Mills Electric</td>
<td>$2,101,500.00</td>
</tr>
<tr>
<td>WEG</td>
<td>$2,118,815.00</td>
</tr>
<tr>
<td>Engineer’s Estimate</td>
<td>$2,800,000.00</td>
</tr>
</tbody>
</table>

Based on the review of all bids, staff recommends the rejection of all bids submitted as non-responsive. Staff will evaluate in consultation with the District’s electrical engineering consultant the standard contract exceptions proposed by the bidders, the equipment and delivery specifications and modify as deemed necessary. It is the intent of staff to move quickly in modifying the bid package and re-advertising the request for bids for the two transformers required as part of the Refinery substation project.

**Fiscal Impact** – This Project is funded for 2021, as part of the approved Capital Improvement Projects (CIP E-27) Budget.

Memo

To:      Commissioners Deshmane, Grant, and Murphy

From:    Stephan Jilk – General Manager

Date:    June 8, 2021

Re:      Approve Resolution No. 793 – Waive Competitive Bid Requirements for Purchase of Transformers

Requested Action – APPROVE RESOLUTION NO. 793 TO WAIVE COMPETITIVE BID REQUIREMENTS FOR THE PURCHASE OF TRANSFORMERS FOR REFINERY SUBSTATION.

Background – The District owns and operates the Refinery Substation serving the Phillips 66 Refinery. Refinery staff expect the need for increased electrical load in the near future and in order to accommodate the increase in electrical load the substation serving the refinery will require improvements to increase the capacity to handle future electric demand.

The main power transformers are one of the major pieces of equipment with a very long lead-time. The 2021 Capital Improvements Budget included the preliminary design and engineering of the Refinery Substation Improvements (CIP-E27). During the 2021 to early 2022 period, engineering, permitting and final design will be substantially completed. Construction of the improvements is anticipated to be completed during the fourth quarter of 2022.

On March 7, 2021, the District issued a call for bids for two transformers and received nine bids and on April 27, 2021, the Commission declared the bids non-responsive. The District issued a second call for bids on May 9, 2021, and received seven bids. Each of these bids took various exceptions to the specifications and/or contract documents or failed to provide required submittals (bid bond), and have been declared by the Commission to be non-responsive to the second invitation for bids.

As such, the District is not permitted to accept a non-responsive bid and despite two invitations, the District has received no bid on which it can award a contract.

RCW 54.040.080 provides that the Commission may procure materials in the open market if it receives no bid. The fact that the District has received no responsive bid is equivalent to receiving no bid. RCW 54.040.3070(6) provides the Commission can waive competitive bidding requirements per RCW 39.04.280 if an exception contained within RCW 39.04.280 applies to the purchase.
**Fiscal Impact** – There is no fiscal impact. This Project is funded for 2021, as part of the approved Capital Improvement Projects (CIP E-27) Budget.

**Recommended Action** – APPROVE RESOLUTION NO. 793 TO WAIVE COMPETITIVE BID REQUIREMENTS FOR THE PURCHASE OF TRANSFORMERS FOR REFINERY SUBSTATION.
RESOLUTION NO. 793

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF
PUBLIC UTILITY DISTRICT NO. 1 OF WHATCOM COUNTY
WAIVING COMPETITIVE BID REQUIREMENTS FOR THE PURCHASE OF TRANSFORMERS

WHEREAS, Whatcom County Public Utility District No. 1 (the “District”) issued a call for bids for two transformers (“Transformers”) on March 7, 2021, and received nine bids, all of which were declared by the Commission to be nonresponsive;

WHEREAS, the District issued a second call for bids on May 9, 2021, and received seven bids. Each of the bids received take various exceptions to the specifications and/or contract documents or fail to provide required submittals (e.g., bid bond) and, thus, have been declared by the Commission to be non-responsive to the invitation for bids;

WHEREAS, despite conducting two separate invitations to bid, the District has not received any responsive bids to either invitation;

WHEREAS, the District is not permitted to accept a non-responsive bid and thus, despite two invitations, has received no bid on which it can award a contract;

WHEREAS, RCW 54.040.080 provides that the Commission may procure materials in the open market if it receives no bid. The fact that the District has received no responsive bid is equivalent to receiving no bid;

WHEREAS, RCW 54.04.070(6) provides that the Commission can waive competitive bidding requirements per RCW 39.04.280 if an exemption contained within RCW 39.04.280 applies to the purchase; and

WHEREAS, the lack of any responsive bids to the District’s two invitations to bid constitutes a special market condition under RCW 39.04.280(1)(b) which permits the Commission to waive competitive bid requirements.

THEREFORE, IT IS HEREBY RESOLVED by the Commission of Whatcom County Public Utility District No. 1 that the competitive bidding requirements of RCW 54.04.070 are hereby waived for the purchase of the Transformer because the Commission has received no bid on which it can award a contract and because of the special market conditions described above.

ADOPTED by the Board of Commissioners of Whatcom County Public Utility District No. 1 of at a regular meeting thereof held this 8th day of June 2021.

Public Utility District No. 1 of Whatcom County

________________________________________
Atul Deshmane, President/Commissioner

________________________________________
Michael Murphy, Vice President/Commissioner

________________________________________
Christine Grant, Secretary/Commissioner