

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

June 8, 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; Jon Littlefield, Electric System Supervisor; Paul Siegmund, Manager of Automation and Technology; Aaron Peterson, IT/SCADA Technician; Mike Macomber, IT/SCADA Technician; and, Traci Irvine Accountant I.

Public attending via teleconference:

Rick Maricle, Citizen
Dave Olson, Citizen
David Palmer, Citizen
Gina Stark, Port of Bellingham
Scott Wallace, Citizen
Jake Wellman, Puget Sound Energy
Lauren Turner, Phillips 66
Claire Ward, NoaNet
Debbie, Ahl, Mount Baker Foundation
Zanna Ahern, Citizen

2. Approval of Agenda

An additional public comment period has been added at the beginning of the meeting. Grant said it is difficult for people to stay for our long meetings, so she suggested adding it. The second public comment section is near the end of the agenda.

ACTION: Commissioner Deshmane motioned to ADD AN ADDITIONAL PUBLIC COMMENT PERIOD NEAR THE BEGINNING OF THE MEETING, AND TO APPROVE THE AMENDED AGENDA FOR JUNE 8, 2021. Commissioner Murphy second the motion. Motion passed unanimously.

3. Approval of Consent Agenda

ACTION: Commissioner Murphy motioned to APPROVE THE CONSENT AGENDA OF JUNE 8, 2021: THE MINUTES OF THE REGULAR MEETING OF MAY 25, 2021, AND THE CLAIMS OF JUNE 8, 2021. Commissioner Grant second the motion. Motion passed unanimously.

Claims of June 8, 2021:

VENDOR NAME	AMOUNT
BELLINGHAM HERALD	939.25
BRIM TRACTOR COMPANY	946.65
CENTRAL WELDING SUPPLY	81.75
CHMELIK SITKIN & DAVIS	5,492.28
CLEAN EARTH INC.	82.50
CORNERSTONE MANAGEMENT, INC.	2,184.00
EVERGREEN RURAL WATER OF WA	350.00
FEDERAL EXPRESS	54.05
GATEWAY CONTROLS	49,270.98
HARDWARE SALES, INC	35.20
HEALTH PROMOTIONS NORTHWEST	90.00
INDUSTRIAL SUPPLY, INC	137.21
JOHN DEERE FINANCIAL	45.94
KCDA PURCHASING COOPERATIVE	147.14
MASSMUTUAL RETIREMENT SVCS LLC	11,999.99
MILLS ELECTRIC	42,361.62
MORTIMER, TOM	1,579.64
NORTHWEST CASCADE, INC.	118.50
NORTHWEST FIBER DBA ZIPLY FIBER	1,399.65
NORTHWEST MOWING & GARDENING	540.26
NP INFORMATION SYSTEMS (3-D CORP)	252.18
P&P EXCAVATING, LLC	10,489.55

PARAMOUNT SUPPLY COMPANY	22.83
PITNEY BOWES SERVICES LLC	150.90
PLATT ELECTRIC SUPPLY CO	101.53
PUD #1 OF WHATCOM COUNTY	7,573.13
PUGET SOUND ENERGY, INC	6,109.89
REGENCE BLUE SHIELD	41,002.80
REISNER DISTRIBUTION, INC	772.10
RICOH USA	196.92
SHRED-IT USA	44.66
SSC - SANITARY SERVICE COMPANY	513.28
TEAMSTER LOCAL #231	533.00
TIGER CONSTRUCTION	42,755.85
UNITED WAY OF WHATCOM COUNTY	495.00
UTILITIES UNDERGROUND LOCATION	23.22
VERIZON WIRELESS	1,885.21
WA ST DEPT TRANSP-NW REGION	733.13
WASHINGTON DENTAL SERVICE	2,779.10
WASHINGTON TEAMSTERS WELFARE	12,029.15
WHATCOM FARMERS CO-OP	75.01
WHATCOM JANITORIAL	1,250.00
GRAND TOTAL	\$247,645.05

4. Public Comment No. 1

Rick Maricle inquired if it is possible for Zoom meeting platform attendees to be able to “see” or find out who the other attendees are. The District’s IT Department will check to see if this is an available feature in the Zoom webinar platform. Attendees that choose to sign in (it is not mandatory) are noted in the District’s Meeting Minutes.

5. Old Business

a) General Manager Appointment Process Update

Sitkin now has everyone under contract and Jim Darling is beginning discussion/interviews with staff and Commissioners for information gatherings. Commissioner Grant would like to get the July 6 Special Meeting on the calendar so community members can block the time out if they want to attend. Sitkin will work with Jim Darling to make sure everything will be set.

Commissioner Deshmane called for a Special Meeting on July 6, 2021 at 9 AM to review the goals of the Strategic Plan 2025 and the General Manager’s Job Description. Details will be forthcoming. Attendance in person is a possibility depending on the Governor’s update for re-opening Washington on June 30. This was discussed later in today’s meeting.

b) Broadband Program Development Update

Jilk provided an update:

- Continued discussion with Port of Bellingham staff on the Interlocal Agreement – waiting to find out a response by the end of the week.
- Has had discussions with Debbie Ahl of Mount Baker Foundation regarding internet service in under- and unserved areas. Ms. Ahl provided information regarding the Foundation and possible source of private funding for broadband/fiber. Highlights included:

Founded three years ago, the Mount Baker Foundation (MBF) focuses on three areas for their work, and is organized under three board committees (Mount Baker Kidney Center Legacy Committee, Children and Families Committee, and Equity and Health Determinants Committee). It is responsible for engaging, researching, and understanding issues and potential solutions. Funding comes from the **Mount Baker Kidney Center Legacy**, which provided high quality outpatient dialysis services to Whatcom County for almost 40 years.

- *Connect Whatcom!* is a proposal for affordable internet service as a basic need. The Port of Bellingham and the PUD are in the process of creating an Interlocal Agreement for specific broadband/fiber services in Whatcom County. As a path forward, of collaboration, Ahl offered the following:
 - **Step 1: Confirm Shared Understandings**
 - Affordable internet service is a basic need in 2021 and beyond.
Broadband: Minimum of 100 MBPS symmetrical
Affordable: Service plans at \$50/month or less
 - Fiber optic cable is critical infrastructure
 - Interim solutions (e.g. fixed wireless) may offer LM solutions
 - Commercial Internet Service Providers – right to compete but may not have addressed underserved markets

- Combination of public infrastructure and private solutions can benefit such communities.
- **Step 2: Plan and Strategy**
 - Aggregate existing data for comprehensive map of internet speed/load capacity for Whatcom County (Port study, Port's GPS map, MBF data, City of Bellingham fiber map)
 - Supplement this data/map with NoaNet process, possibly local contractors
 - Overlay the Port of Bellingham's map and timeline for rural broadband construction
 - Identify markets that will not be served on a timely basis – identify interim solutions that can also serve as the last mile when public infrastructure is built.
- **Step 3: Engagement and Funding**
 - Create “template” Local Utility District option for neighborhoods
 - Research/identify/apply for Federal, State and Local Funding – focused staff
 - Implement Consistent, Transparent Communication Strategy:
 - Community citizen groups and TAG NW
 - Business
 - Local governments
 - Internet Service Providers
- **Step 4: Implementation**
 - Build infrastructure as funds permit
 - Implement localized/interim/last mile solutions for areas not served on a timely basis by the Port-developed fiber
 - Provide public plan option where ISP's do not offer affordable plans.
- **Roles**
 1. **All** – Collaborate on strategy, final mapping, identifications of solutions
 2. **Port of Bellingham** – Builder/contractor of fiber optic infrastructure
 3. **PUD** – Last mile (e.g. support/financing of LUDs; possible retail solutions)
 4. **NoaNet** – Aggregate data/map, provide project management, identify network design, communications strategy, focused funding efforts
 5. **Mt. Baker Foundation** – Private funds to support initial NoaNet work (mapping, strategy, perhaps focused effort on federal/state funding)
- **Next Steps:**
 1. **Start** – PUD/Port Task Force meeting (weekly to start)
 2. **Sign** – Interlocal Agreement
 3. **In Person Meeting** – Vision and Tasks
 4. **Finalize and Sign** – NoaNet Agreement with specific deliverables
 5. **Launch NoaNet Work Plan**

Commissioner Grant thanked Ms. Ahl for the information and bringing it to the table for discussion. Grant agrees that this is a real path forward. Murphy had a lengthy discussion with Ahl earlier; he is impressed with the MBF and their support of broadband. He would prefer to move quickly and have NoaNet begin working with the PUD. He is not aware of what the Port Commission or their staff is thinking. As private sector organizations show their interest, it makes Murphy want to move ahead. Deshmane is in agreement with both Commissioners.

Murphy would like to begin working with MBF and NoaNet, and there is funding in the District's 2021 budget to start the process. Ahl added the collaboration between the Port and PUD is important. She encouraged the Commissioners to pass a motion to support the work of the Port's recommended task force, to meet with the Port and get the program started.

Grant added that in regards to the proposed task force, a PUD Commissioner and staff member should attend. However, that is only two people and not the entire Board. Grant suggested the meeting be facilitated in a productive manner and not to delay any further. Being on the same page as Port Commissioners is currently lacking. Deshmane agreed to request a meeting with the Port Commissioners and said Michael Sheppard from the Port is seeking the same. Claire Ward of NoaNet could be available to help facilitate the meeting/discussion.

Jilk suggested Commissioners pass a motion indicating support of the MBF concept. The next step would be for PUD staff meet with NoaNet to detail how the work would be completed based upon MBF's proposal. Thirdly, a follow up discussion with the Port on the Interlocal Agreement, and joint meeting with both Commissions.

The PUD has received two proposals (NoaNet and MBF) and was going to look at a small pilot program. NoaNet's proposal was higher than the funding set aside in the PUD's 2021 budget for broadband. The PUD needs to determine who would hold the NoaNet contract (PUD or NoaNet). Ahl would like the PUD Commission to propose a motion for action, and she would continue her discussions with the Port and NoaNet to see what can happen.

Murphy suggested the MBF work with the PUD, and the PUD take the lead. Sitkin said it all depends on who the parties are and the nature of the agreement (i.e. contract/ownership, etc.). Ahl prefers it to be a PUD/Port collaboration with funding support from MBF.

Jilk said if MBF offers funding based on the Scope of Work (SOW) and the Port/PUD task force can act as a steering committee to work with NoaNet, develop a *final* SOW, the committee can implement the work. MBF funding would be contingent upon the Port/PUD working collaboratively. Firm commitment from both parties is needed to formalize the partnership and willingness to lead. The PUD has not been able to accomplish this in the last few years.

ACTION No. 1: Commissioner Grant motioned to DIRECT THE GENERAL MANAGER TO WORK WITH CLAIRE WARD/NOANET AND DEBBIE AHL/MOUNT BAKER FOUNDATION TO DEVELOP A SCOPE OF WORK AND BUDGET FOR A JOINT BROADBAND PROGRAM DEVELOPMENT IN WHATCOM COUNTY WITH THE PORT OF BELLINGHAM AND THE PUD. Commissioner Murphy second the motion. Motion passed unanimously.

ACTION No. 2 Commissioner Grant motioned to DIRECT THE GENERAL MANAGER TO WORK WITH THE PORT OF BELLINGHAM TO FINALIZE THE INTERLOCAL AGREEMENT AND FINALIZE TASK FORCE ROLES. Commissioner Murphy second the motion. Motion passed unanimously.

Other Broadband Updates:

Whatcom County Collaboration: Deshmane was invited by Executive Sidhu to meet regularly for updates on broadband progress. Deshmane will report on his meetings to the General Manager by email and in the Commissioner Reports section in the Meeting Minutes. Grant added she has also talked with Sidhu about the County's support. Deshmane hopes for County Council support and there will be more engagement on fiber. The County has the least amount of fiber physical infrastructure. Their focus is roadwork. The implementation of the "Dig Once" policy for the County is very important. He is attempting to address this. Deshmane commented wireless has a much higher carbon intensity and energy foot print than fiber. Collaboration is key. Grant asked Deshmane to work with the County Council to educate them on the *Dig Once Policy*. Jilk added that comments about the *Dig Once Policy* are underrated by most – it's more than building trenches and doing roadwork – the County has a responsibility to look at wireless services in terms of broadband, but in public safety, communication, education and with/for other public agencies, especially in east county areas.

Deshmane added that NoaNet is a Northwest *open access* network, which provides a level of service where *all* can participate. Open access creates competition and opportunity for the private sector, which is the real benefit of economic development opportunities.

Port of Bellingham Collaboration

Deshmane would like to plan a public meeting with both Commissions; however, he does not want to hold up on the process waiting to scheduling one. It was suggested that the PUD have a primary contact for the Port, and that Grant take that role of liaison.

Definition of High Speed

Grant participated in the monthly meeting of Fiber/broadband Association with elected officials around the county – representing 28 states. This month's topic was about the Treasury Department's guidelines around American Rescue Plan, a new acting director at the FTC, this is a call to action, to local leaders to communicate with federal representatives about what organizations are trying to accomplish and how different changes can help. The FTC's definition of high speed is 25/3 is laughable and how underserved is defined. A letter sent to the FTC by several members of the group asked to change the high-speed definition to 100 symmetrical. A letter to our elected officials about this change was also suggested.

Sitkin said it is a good topic for the Community Group (County/Port/PUD) to develop community standards. Elected officials are most effective when they are setting policy; adopting a community standard to support the policy by the county, cities and others would go a long way in guidance where the effort would be most effective.

City of Bellingham Broadband Advisory Group

The last meeting discussed quality, reliability, durability and load testing. Demands for data are going up. Their work on definitions may be helpful to the Port, PUD and County.

Recess: Commissioner Grant requested a five-minute recess at 10:02 a.m. The meeting reconvened at 10:10 a.m.

6. a) Approve Interlocal Agreement with Okanagan County PUD and Transfer of BPA Energy Efficiency Incentive Budget

Walters said the PUD has received another formal request for transfer 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 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. During last year’s wildfires, Okanogan PUD suffered significant damage to its transmission lines and other electric facilities. This transfer will help providing necessary infrastructure for Okanogan PUD to rebuild.

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.

Grant suggested that Commissioners should get involved to collaborate with other agencies and agencies should strategically plan an energy efficiency program in order to utilize the EEI budget funding. In the past, the PUD has collaborated with the cities of Blaine and Sumas, in a joint operating agreement, for example, the sharing of electrical maintenance, operations and sharing of staff.

Jilk added the majority of the power purchases is from Phillips66. It would be appropriate for the Commission to send a letter thanking Phillips for their support of sharing EEI credits both locally and regionally.

ACTION: Commissioner Grant motioned to APPROVE INTERLOCAL AGREEMENT WITH OKANOGAN COUNTY PUD AND THE TRANSFER OF \$200,000 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) Rejection of Bids: Refinery Substation Equipment Purchase

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 were considered non-responsive. In addition two (2) of the seven (7) 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:

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

Based on the review of bids, staff recommended the rejection of all bids submitted as non-responsive.

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.

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.

ACTION: Commissioner Murphy motioned to REJECT AS NON-RESPONSIVE ALL BIDS SUBMITTED FOR THE SUPPLY AND DELIVERY OF ELECTRICAL SUBSTATION EQUIPMENT CONSISTING OF TWO TRANSFORMERS FOR THE DISTRICT'S REFINERY SUBSTATION PROJECT (CIP-E27). Commissioner Grant second the motion. Motion passed unanimously. .

c) Approve Resolution No. 793 – Waiver of Competitive Bidding Requirement for Substation Equipment Purchase

Note: This item correlates with agenda item 6b – Rejection of Bids.

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.

The District has specific purchasing guidelines in the procurement of the equipment and will utilize BKI (electrical engineering services) to assist in the selection.

There is no fiscal impact to the District. This Project is funded for 2021, as part of the approved Capital Improvement Projects (CIP E-27) Budget.

ACTION: Commissioner Grant motioned to APPROVE RESOLUTION NO. 793 TO WAIVE COMPETITIVE BID REQUIREMENTS FOR THE PURCHASE OF TRANSFORMERS FOR REFINERY SUBSTATION. Commissioner Murphy second the motion. Motion passed unanimously.

6. General Manager's Report

Years of Service Awards

Each year, the PUD celebrates its employees' accomplishments with an awards event in late January. Due to the pandemic, the PUD did not have a formal event this year. The District recognized two employees with their awards – a commemorative plaque and gift certificate:

Mike Macomber – 10 Years of Service - IT/SCADA Technician

Jon Littlefield – 10 Years of Service – Electric System Supervisor

Update on OPMA/Reopening Public Agencies

Legal Counsel provided an update on guidance/information regarding the Governor's Order for reopening agencies on June 30, for in-person, public meetings. In short summary:

1. Areas must be provided for non-vaccinated individuals who can socially distance.
2. An overflow area must be provided such that all seeking to attend may attend even if not vaccinated. This means that there must be sufficient area for social distancing for the non-vaccinated attendees.
3. Virtual attendance must still be provided as an option.
4. Vaccinated individuals may attend in person as well in separate areas, distanced from non-vaccinated individuals. Vaccinated individuals do not need to wear masks or socially distance from each other.

The management of meeting space is the question as the District has a limited amount in its meeting room and no overflow (enclosed) area. The General Manager will have the authority to change or update the reopening policy.

7. Commissioner Reports

Murphy:

- Is relieved that the PUD is beginning to move forward on broadband issues – not only for schoolchildren, but also for under- or not-served areas. Even local farmers have discussed broadband issues with Murphy.
- Energy Northwest will be finished with refueling in July, priced \$635 million of electric revenue refunding bonds a portion of it will go to Bonneville Power Administration.
 - Interim CEO in place; Interviews for new CEO will begin in mid-July.

Grant:

- Attended Whatcom County Economic Development Investment Board meeting. There were three proposals submitted for grants. One proposal, from the Port of Bellingham, will receive \$2 million in grant funds (pending approval from County Council) to match the Community Economic Revitalization Board (CERB) program's requirements. We need to do the work to solidify the PUD's broadband roles.
- The public official's fiber/broadband group she participates in has been very helpful. Grant will continue to reach out to WPUA Executive Director George Caan about the American Rescue Plan, and what federal rule changes would benefit the District. Many members of Congress support more public involvement in broadband, and we need to communicate with them on the importance.
- General Manager Hiring Process – Has been researching and learning more about the executive search and hiring process. She is keeping a list of key contacts to reach out to during the recruitment phase.
- Will be attending the Q2 Phillips66 meeting in person.

Deshmane:

- Attended City of Bellingham's Broadband Advisory Group meeting.
- Attended the Clean/Affordable Energy Conference – the content focused on social equality relating to utility services, with a big emphasis on investor-owned utilities.
- Will also plan to attend the Q2 Phillips66 meeting via Zoom platform.
- Will be attending the Watershed Improvement Districts meetings next week.

8. Public Comment

No comments made.

9. Adjourn

There being no further business for the meeting, Commissioner Deshmane adjourned the regular meeting at 11:04 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: June 22, 2021
