

**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
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

ACTION: Commissioner Murphy motioned to APPROVE THE CONSENT AGENDA OF MAY 25, 2021: THE MINUTES OF THE REGULAR MEETING OF MAY 11, 2021, AND THE CLAIMS OF MAY 25, 2021. Commissioner Grant second the motion. Motion passed unanimously.

Claims of May 25, 2021:

VENDOR NAME	AMOUNT
BECKWITH & KUFFEL INC.	744.47
BIRCH EQUIPMENT COMPANY	1,406.70
BONNEVILLE POWER ADMINISTRATION	832,911.00
BRIDGEVIEW AUTO PARTS	8.36
BROWN & KYSAR, INC.	10,532.00
COMCAST	184.92
CONNER, ERIC	125.25
CULLIGAN NORTHWEST	116.19
EDGE ANALYTICAL LABORATORIES	20.00
FERNDALE ACE HARDWARE	29.54
FERNDALE CITY OF	199.76
GATEWAY CONTROLS	3,238.17
GENERAL PACIFIC, INC.	86,954.07
GUARDIAN SECURITY SYSTEMS, INC	211.58
HARDWARE SALES, INC	36.19
HD FOWLER CO, INC	178.84
INTERNAL REVENUE SERVICE	15,840.69
KAMAN FLUID POWER LLC	43.47
ON-SITE TESTING	128.00
PACIFIC SURVEY & ENGINEERING	5,175.61
PACIFIC UNDERWRITERS CORP INC	500.00
PAYLOCITY	166.27
PAYROLL	170,701.86
PITNEY BOWES RESERVE ACCOUNT	500.00

PLATT ELECTRIC SUPPLY CO	8.01
PORTAL WAY FARM & GARDEN	577.10
PUD #1 OF WHATCOM COUNTY	104.68
PUGET SOUND ENERGY, INC	212.86
STAR RENTALS	2,007.28
TUPPER MACK WELLS PLLC	2,405.00
US BANK	303,114.63
WA FEDERAL VISA CARD MEMBER SERVICES	1,778.78
WA ST DEPT OF REVENUE	77,075.07
WASHINGTON ALARM, INC.	126.46
WATERHOUSE ENVIRONMENTAL SERVICES CORP	19,042.56
WESTERN CONFERENCE OF TEAMSTERS	8,560.50
GRAND TOTAL	\$1,544,965.87

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.

Schedule Pre-Recruitment Phase: Strategic Assessment

- May 25Project 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 14Commission 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. Deshmane 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 WPUA 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.
- Attended Washington Public Utility Districts Association (WPUA) Telecom Workshop.
- 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 WPUA 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/>

APPROVED: JUNE 8, 2021
