

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

June 22, 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:

Dave Olson, Citizen	Gina Stark, Port of Bellingham
Scott Wallace, Mt. Baker Foundation	Jack Wellman, Puget Sound Energy
Lauren Turner, Phillips 66	Claire Ward, NoaNet
Debbie, Ahl, Mount Baker Foundation	Carryn Vande Griend, Puget Sound Energy
360-823-3040 Call in	
816-519-2370 Call in	

2. Approval of Agenda

No Changes.

3. Approval of Consent Agenda

Commissioner Grant had a correction for the Minutes, page 5, FTC should be FCC (Federal Communications Commission) and 253 was changed to 25/3 Mbps (download and upload speed).

ACTION: Commissioner Murphy motioned to APPROVE THE CONSENT AGENDA OF JUNE 22, 2021: THE MINUTES OF THE REGULAR MEETING OF JUNE 8, 2021, AS AMENDED, AND THE CLAIMS OF JUNE 22, 2021. Commissioner Grant second the motion. Motion passed unanimously.

Claims of June 22, 2021:

VENDOR NAME	AMOUNT
APPLIED INDUSTRIAL TECHNOLOGIES, INC	133.51
BAY CITY SUPPLY	377.02
BONNEVILLE POWER ADMINISTRATION	925,287.00
BRIDGEVIEW AUTO PARTS	25.73
BRIM TRACTOR COMPANY	238.64
BROWN & KY SAR, INC.	43,720.00
CELTIC CLEANER, INC.	625.00
CESCO NEW CONCEPT CHEMICAL PROD.	78.54
COMCAST	184.92
CULLIGAN NORTHWEST	94.62
DLT SOLUTIONS, LLC	1,337.32
EDGE ANALYTICAL LABORATORIES	20.00
FASTENAL	4.51
GENEVA CONSULTING	2,444.25
HACKER, RONALD G	101.40
INTERNAL REVENUE SERVICE	16,589.48
K ENGINEERS, INC.	1,555.00
LISTEN AUDIOLOGY SERVICES, INC	580.00
NESS CRANE SERVICE, INC	1,212.01
PARAMOUNT SUPPLY COMPANY	3,465.81
PAYLOCITY	166.27
PAYROLL	178,828.78

PUBLIC UTILITY RISK MANAGEMENT SERV.	250.00
PUD #1 OF WHATCOM COUNTY	266.96
PUGET SOUND ENERGY, INC	692.01
STEEL RIVER PIPING & FABRICATION	10,144.75
TUPPER MACK WELLS PLLC	8,650.00
TYLER TECHNOLOGIES-INCODE	1,370.71
WA FEDERAL VISA CARD MEMBER SERVICES	9,222.00
WA ST DEPT OF REVENUE	81,043.40
WESTERN CONFERENCE OF TEAMSTERS	8,859.50
WILSON ENGINEERING, LLC	2,923.50
GRAND TOTAL	\$1,300,492.64

4. Public Comment No. 1

No comments made.

5. Old Business

a) General Manager Appointment Process Update

Jim Darling has begun follow up discussions with the Commissioners and everything is moving along. Darling has also met with key staff members. Deshmane asked which staff. Jilk replied five staff members were interviewed. Commissioner Grant asked if Darling would be talking to key stakeholders or customers. Sitkin indicated no, but he can ask Darling to reach out to those suggested by the Commission if time allows.

b) Broadband Program Development Update

Jilk said Commissioner Grant and Deshmane have had meetings with the Port of Bellingham and County Executive respectively. Jilk asked for reports.

Grant:

- Port Commissioner Sheppard proposed a *steering committee on broadband* with an elected representative from the PUD and Port Commission. Jilk, Rob Fix, Gina Stark, Don Goldberg and Grant met at the Port offices. Items discussed:
 - How to not get in each other's way
 - How to make sure the Port/PUD are not fighting over grant funding (no current conflict) but sorting out what roles each will play;
 - Council Member Rudd Brown's comments on last mile infrastructure;
 - Work of Mt. Baker Foundation and funding;
 - Key outcome: There is a lot of work to do to sort out last mile infrastructure, and seeking collaboration and working together is most important;
 - Port is concerned about NoaNet proposal is not helping them (demand aggregation work already done). Grant has not seen any of this work yet, including the maps and other data. Strong emphasis that these need to be widely shared and the two public agencies are not duplicating efforts;
 - Gina Stark needs more support. Addressing the digital divide is everyone's responsibilities. The idea of a central broadband office and how the efforts on broadband be consolidated to avoid re-work and miscommunications;
 - Spoke with Debbie Ahl (Mt. Baker Foundation);
 - In completing the last mile, it would make more sense to concentrate the broadband effort into one place, to avoid new permitting, etc., and to share resources. She does not think they are ready to sign the NoaNet proposal.

Jilk added his discussion on the *steering committee* to move the collaboration forward and the Interlocal Agreement will go to the Port Commission at their first meeting in July. This is a sign of commitment to the public that the Port and PUD are working together and moving forward.

Murphy thanked Grant for meeting with Port representatives, and he appreciates all the work staff is doing. He is frustrated with the Port as the PUD has been talking about broadband for over 20 years, and can't get an Interlocal Agreement approved. Discussing the last mile when there isn't any fiber hung doesn't make sense. There are other things, like water and Cherry Point issues, which are ongoing and more important.

Deshmane met with Executive Sidhu. He expressed that he doesn't have enough data – a map that shows the level of service and demand in order to determine served, un-served, under-served, or economically (affordably) served. Deshmane doesn't know if this data exists, but it would be helpful information to be mapped. Perhaps some components of the data exist. His thoughts: The backbone network should be open access and go to all municipalities, clusters and densities. That is what the Port largely agreed to do two years ago. Since then, the Port has learned more about private sector industry and is leveraging this.

The critical criteria is that it is open access. Affordable data services with the speeds required is what is needed.

Grant responded to Murphy's comments about feeling frustrated, she too, experiences it. However, directing it at the Port is not reasonable. The PUD has had 21 years to provide broadband authority, the Port, just two. The Port has done a significant amount of work on a program; the PUD has not. She feels a better process for working together in Whatcom County is needed in order to communicate effectively and not waste resources. She felt optimistic after the meeting, and suggested to be flexible with where things might go. The Port has many internet service providers who are interested in leasing fiber from them.

Murphy replied his frustration is that the PUD had a vision to provide internet/broadband in the county. The PUD sought many public and private partners in the process, yet it was challenged, and the PUD walked away with a lot of debt. In today's times, he has people calling him to find out what the PUD can do. He receives phone calls from parents that have to take their children to a school parking lot, in order to use internet, and be successful in the future. It doesn't have to be like that. Murphy appreciated the other Commissioners viewpoints to help him better understand the challenges.

Grant said how the agencies work together along with the funding from Mt. Baker Foundation, is key. Getting the data into a format that can be readily shared is needed. There is still a lot of work to do on moving forward, grant applications, and bringing on a consultant to support via contract. A joint consortium of public agencies should be able to hire a broadband program manager to be aligned with what the Port is doing and would have more resources. The NoaNet proposal she reviewed was not completely responsive to what is happening right now in our community.

Murphy added that other PUDs who have had broadband/fiber access for quite a while, is true, however, a reminder that we are unique, and unlike most PUDs, we don't have thousands of customers. It will take a community effort to make it possible. Deshmane added that this is a long effort, to set clear direction for the PUD staff and other elected and local governments to work together, and important to acknowledge this. He supports using NoaNet's services and proposes to proceed, perhaps at an hourly rate.

Grant had a brief conversation with Debbie Ahl (Mt. Baker Foundation/MBF) and will discuss further with her regarding the outcome of the meeting with the Port, and ways to keep moving forward – one of many challenges is the lack of resources. She would like to collaborate with MBF and the Port, and to review NoaNet's proposal.

The City's Broadband Advisory Group indicated that Internet Service Providers are reluctant to provide service information; and in turn are preventing competition. The PUD needs to be careful not to start from scratch again – the Port has a map completed in Arc GIS software. Grant hopes that NoaNet can help expand with this. In regards to a mapping exercise, Deshmane does not want to miss the opportunity to receive mapping data from other agencies.

Next steps: Grant will talk with Ahl, check in with Stark regarding the NoaNet proposal and map. At the proper time, she would like to bring NoaNet into the conversation to support the Port and PUD in moving forward. Grant said trying to get NoaNet under contract to support the PUD in the mapping and demand aggregation work, as a community, is how we can all work together in an organized fashion. Deshmane supports the idea of a *SkagitNet LLC* collaboration in Whatcom County or the potential of a centralized broadband office. Jilk added that in consideration Commissioner Murphy's staff issues, there are opportunities in terms of a centralized office and staff to support Stark and extra resources without adding staff or creating a higher demand on PUD staff. The framework of an Interlocal Agreement and Steering Committee will provide oversight and constant communication of broadband for the entire county – not just the Port or the PUD. It would be a managing entity to bring the agencies together. Jilk believes it would be a good opportunity to move forward.

Murphy added he appreciates everything the PUD can do to make this move forward.

6. a) Approval of Whatcom Assistance Program: Small Grants Agreement with Nooksack Salmon Enhancement Association

On September 22, 2020, the Commission approved a grant agreement between the District and Washington State Department of Fish and Wildlife (WDFW) to develop a WRIA 1 *Coordinated and Integrated Outreach Education Program*. The grant funding is \$200,000 and the agreement term is October 15, 2020 to December 15, 2022. The District is managing the grant on behalf of the WRIA 1 Watershed Management Board (WMB).

Tasks of the WRIA 1 Coordinated and Integrated Outreach and Education Program include:

- Communication Strategy: Develop and implement a coordinated and integrated outreach and communication strategy that addresses Whatcom ecosystem recovery plan elements, including water supply, water quality, floodplains, Chinook, and streamflow. Information and events that are outcomes of an integrated and coordinated outreach and communication strategy will improve the

community's understanding of key topics and issues in WRIA 1 and practices that influence the status and condition of local ecosystem components. In addition, the integrated outreach and communication strategy will be designed to help communicate progress and status of other local near term actions to increase community awareness of actions underway.

- Support the Whatcom Watershed Information: In addition to developing a communication strategy that addresses plan elements, approaches to implementing actions will include leveraging existing outreach efforts, collaborating with and supporting Whatcom Watershed Information Network (WWIN) Speakers Series, Whatcom Water Week and Steering Committee.
- Whatcom Assistance Program: The Whatcom Assistance Program is based on a small grants program piloted in FFY 2014-2015 using Whatcom LIO Coordination Grant funds. The program was very successful but did not continue because LIO Coordination Grant funds could no longer be used for that purpose. The purpose of the program was to provide individuals, non-profits, committees, and other entities access to small grants (e.g. up to \$10,000) to implement on the ground activities or actions that provided outreach or engagement of different audiences on key topics.

On February 26, 2021, the District sent out a Request for Applications (RFA) for the Whatcom Assistance Program Small Grants (Program). There is a total of \$55,000 available to award for the Program and applicants can request up to \$10,000 for their project. A total of eight applications were received on the due date of March 19, 2021, and were reviewed by eight reviewers, which included various staff who work for members of the Watershed Management Board and some are members of the WWIN Steering Committee. A scoring criterion was used and based on the outcome two applicants were approved for funding: Nooksack Salmon Enhancement Association (NSEA) and Nooksack Indian Tribe (NIT). There is another round of Request for Applications that went out on April 30 and six applications received on May 28, 2021, are currently under review. There is \$35,000 in total funding available for the second round of applications.

District staff with assistance from District legal counsel, developed the Whatcom Assistance Program Small Grant Agreement. Both NSEA and the NIT have reviewed the agreement. The NSEA agreement ready for approval. The NIT staff is seeking final approval from the Tribal Council on July 6, 2021 and District staff will ask for approval of the NIT agreement at the July 13, 2021 Commission meeting.

The District will pass funds from the WDFW grant to the NSEA. The funds will be disbursed quarterly, based on approval by WDFW and the District of quarterly reports and invoices provided by NSEA. There is no fiscal impact to the District.

ACTION: Commissioner Grant motioned to APPROVE THE WHATCOM ASSISTANCE PROGRAM SMALL GRANT AGREEMENT WITH THE NOOKSACK SALMON ENHANCEMENT ASSOCIATION IN THE AMOUNT NOT TO EXCEED \$10,000.00 AND AUTHORIZE GENERAL MANAGER TO SIGN THE AGREEMENT. Commissioner Murphy second the motion. Motion unanimously passed.

b) Award of Bid: Pump Station No. 1 Substation Project (CIP-E22)

The District purchased the Ferndale Substation serving Water Treatment Plant No. 1 in 2011. The substation, previously owned by Puget Sound Energy, and constructed when Plant No. 1 was built in the 1960's, has not been upgraded since and has the original single transformer. Testing of electrical gear in the substation in 2016 revealed that the secondary voltage (2400V) side is in very poor condition and should be replaced. The 2018 Capital Improvements Budget included the preliminary design and engineering of a new Ferndale Pump Station No.1 Substation (CIP-E22). During the 2019 - 2021, period, engineering, permitting and final design were substantially completed.

Final substation site design was dependent on the major electrical equipment selection in accordance with project specifications. These electrical components of the substation, two transformers and switchgear, had very long lead times and were purchased. This bid is for the construction of the electric substation and includes the installation of the major equipment, which the District has already purchased. On June 15, 2021, Strand said the District received and publicly read aloud three (3) bids submitted for this project:

Bidder	Bid Total (no tax)	Bid Total (including 8.7% tax)
IMCO	\$3,898,900.00	\$4,238,104.30
Potelco	\$3,670,067.00	\$3,989,362.83
Great Southwestern	\$3,774,563.31	\$4,102,950.31

Engineer's Estimate \$3,800,000 (tax not included)

The bid from Great Southwestern Construction included many conditions and did not meet the specifications, due to Great Southwestern Construction's stated conditions regarding the bid. The District determines that the bid from Great Southwestern Construction's is non-responsive.

Staff recommends awarding the bid to Potelco, which submitted the lowest-priced responsive bid. Potelco's bid price is also below the Engineer's Estimate of \$3,800,000 (tax not included).

This Project is funded for 2021, as part of the approved Capital Improvement Projects (CIP E-22) Budget. There is no fiscal impact. Jilk added the revenue from water rates funds the substation infrastructure.

ACTION: Commissioner Murphy motioned to AWARD BID TO POTELCO FOR THE PUMP STATION NO. 1 SUBSTATION PROJECT (CIP-E22) AND AUTHORIZE THE DISTRICT'S GENERAL MANAGER TO EXECUTE THE CONTRACT. Commissioner Grant second the motion. Motion passed unanimously.

c) Farming for Life Exhibit Sponsorship

In 2020, the Northwest Washington Fair (NWWF) reached out to the District to discuss the idea of integrating the "water element" into a new exhibit at the fairgrounds, since the District has been recognized as a strong source of support of agriculture and water supply. A key element of agriculture production, farming as a land use, and the relationship of farming to our ecological systems is the availability and the use of water.

On December 15, 2020, the Commission approved funding to support the development a "Farming for Life" exhibit, in a newly constructed building at NWWF. The exhibit is planned to be the "platform" of how agriculture is so important to our local and regional culture, the economy, and will reflect our connection to food production and the relationship of food production to all.

The Commission committed funding to the exhibit over a three-year period: \$50,000 in 2021, \$25,000 in 2022, and \$25,000 in 2023. In approving this funding support, the Commission stated, that "providing funding as a sponsor to help develop and to maintain and expand the use of the exhibit in telling the story of water and agriculture is one way to support this work. The District sees this as another opportunity to educate the county and regional communities on the value of food production and the value of water resource management."

Since then, Jilk has been working with NWWF and the exhibit developer to help integrate the "water element" in agriculture production and the theme of "the river runs through it" reflecting the connection and relationship of how water is the key to our economy, our culture, and our environment. Commissioners received the latest draft of a memo from NWWF and the exhibit developer on how they will begin to "weave" the concept of "the river runs through it". As this concept is developing, we will work alongside NWWF in continuing to strengthen the "water element" into the exhibit.

If this concept of the *Integration of Water* into the exhibit meets the Commission's approval, Jilk will develop the agreement between the District and NWWF to the Commission for consideration on July 13. The District's 2021 budget includes up to \$50,000 for sponsorship this year.

Grant commented that the exhibit should acknowledge challenges or conflicts facing water, such as local efforts to clean up Portage Bay and climate change. The management of manure is also a challenge, and farmers now have to develop sustainable management methods. Water quality and water quantity will be included into salmon recovery and streamflow restoration/quality in the exhibit. Murphy said he hopes the exhibit will tell the story of overcoming challenges.

Jilk added even though in terms of the expected total cost of developing the exhibit for the first time, then ongoing, maintenance, upgrading and expanding into the community – as some sort of a traveling exhibit – he envisions this as the beginning of a much stronger relationship with Ag/agriculture/the Fair and agriculture education in our community. To continue to help build the relationship between Ag and the District will enable us to be more active on education/outreach in the community through WSU Extension, the Northwest Washington Fair and others. Jilk will present an update as development of the exhibit continues.

ACTION: Commissioner Murphy motioned APPROVE THE CONCEPT OF INTEGRATION OF WATER AS THE KEY ELEMENT OF THE FARMING FOR LIFE EXHIBIT AND DIRECT THE GENERAL MANAGER TO DEVELOP A FORMAL AGREEMENT WITH NORTHWEST WASHINGTON FAIR AND THE DISTRICT ON FINANCIAL SPONSORSHIP SUPPORT. Commissioner Grant second the motion. Motion passed unanimously.

6. General Manager's Report

No Report.

Update on OPMA/Reopening Public Agencies

Jilk is hoping the July 13, 2021 Commissioner meeting will be the first meeting to be open to the public meetings. Legal Counsel recalled the 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.

Because not all the rules have been established regards to in-public/in-person meetings, Sitkin suggests that the General Manager have the authority in consultation with Legal Counsel to change or update the reopening policy. Jilk's concern is the challenge of managing the meeting space as the District has a limited amount of seating in its meeting room and no overflow (enclosed) area. There are many variables regarding the Governor's June 30 announcement.

7. Commissioner Reports

Grant:

- Met with Jim Darling and is looking forward to the July 6 Special Meeting;
- Attended the Q2 Phillips66 community meeting and met their new technical manager;
- Social Media Strategy Meeting– Met with Steve Jilk and Ann Grimm to discuss the strategy for the District's social media plan from WWU students, the rebranding effort and a new/updated website. This will be a topic on an upcoming meeting in August;
- Met with Port officials regarding broadband;
- Discussion with Council Member Rudd Brown on last mile fiber infrastructure;
- In touch with *Center for Sustainable Infrastructure*, regarding a "template" for a planning program recently accomplished for Quincy, WA, similar to what could be considered for Cherry Point.
- Meeting today with County Executive Sidhu and Jilk to discuss Cherry Point and different approaches to planning, and will report at next meeting.

Murphy:

- Attended a number of meetings, some of which Grant attended.
- Energy Northwest's Reactor Columbia was refueled and is back online. There were no problems or issues.

Deshmane:

- Attended Watershed Management Team meeting;
- Attended Watershed Management Board meeting, hatchery strategy on improving/restoring habitat discussed, recognizing need for long-term planning and ongoing work to integrate these hatchery efforts;
 - Chinook salmon harvest for Tribes are critical;
 - Adjudication efforts are underway;
- Attended City of Bellingham Broadband Advisory Group Meeting;
- Met with Jim Darling;
- Phone calls with Nicholas Garcia (WPUDA) regarding grid reliability, issues around transmission, scheduling, etc. He plans to keep attending WPUDA's Energy Committee meetings even though Grant is the designated representative. Commissioners are also interested in having Garcia attend a District commission meeting. Jilk suggested a work session on energy within the next month to discuss where we are at, relating to a number of issues on the energy side. Walters will contact Garcia as a potential attendee for that meeting.

Grant commented regarding the agenda for the July 6 Special Meeting and if there is more Commissioners need to do to be prepared. Sitkin will meet with Darling to discuss the meeting plan. The outcome is to be a review of the Strategic Plan on what needs to be changed, and the process of hiring/job description of a new General Manager. It is not a full-on rework of the Strategic Plan 2025. Darling will be facilitating on July 6. Deshmane has addition input for Darling on the meeting and will contact him beforehand. An agenda will be provided prior to the meeting. The next step after July 6 would be outlining the new GM job description and Jilk hopes that some direction will be given to staff regarding to the 2022 draft budget, and an upcoming work session/discussion on what energy issues the District is facing.

8. Public Comment No. 2

No comments made.

9. Adjourn

There being no further business for the meeting, Commissioner Deshmane adjourned the regular meeting at 10:41 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: JULY 13, 2021
