PUBLIC UTILITY DISTRICT No. 1
of Whatcom County

Agenda for the
Regular Commission Meeting
September 14, 2021
8:00 a.m.
via Zoom/Teleconference

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 August 10, 2021
   b) Approval of the Meeting Minutes of the Regular Meeting of August 24, 2021
   c) Approval of Claims for September 14, 2021
4. Public Comment
5. Old Business
   a) General Manager Appointment Process Update
   b) Broadband Program Update
6. New Business
   a) Adopt Resolution No. 799 – Comprehensive Water Service Plan Update 2021
   b) Adopt Resolution No. 800 – Cross-Connection Control Policy
   c) Award of Bid: Waterline Crossing Under Grandview Road
   d) Approve Professional Services Agreement with RH2 – Regional Water Supply Plan Phase 2
   e) Approve Work Order No. 17 with RH2 – Regional Water Supply Plan Phase 2
   f) Approve Resolution No. 796 – Special Market Conditions (Purchasing Used Equipment)
   g) Work Session: 2022 Budget
7. General Manager Report
   - California Creek Grant
8. Commissioner Reports
9. Public Comment
10. Executive Session: Potential Litigation RCW 42.30.110(1)(i)
    (Separate Executive Session Zoom Platform invite from Legal Counsel)
11. Adjourn

Until further notice: In-person attendance is not available at this time.
All Commissioners will participate by teleconference or via the Zoom platform.

The public meeting can be accessed by internet:  https://us02web.zoom.us/j/83305443207
Or by telephone: Dial 1 (253) 215 8782 or 1 (346) 248 7799
Webinar ID: 833 0544 3207

Next Commission Meetings: Sept. 28 and October 12, 2021 Regular Meetings | 8:00 a.m.
Access information will be announced - the public may join the meeting by teleconference or Zoom platform.
Contact: Ann Grimm, Commission Clerk at (360) 384-4288 x 27 • www.pudwhatcom.org
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 and Peter Ruffato. Staff attending via Zoom 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; Alec Strand, Project Manager; Paul Siegmund, Manager of Automation and Technology; Aaron Peterson, IT/SCADA Technician; Mike Macomber, IT/SCADA Technician; Traci Irvine Accountant I; Devin Crabtree, Chief Water Operator.

   **Public attending via teleconference/Zoom:**
   - Rick Maricle, Citizen
   - Kris Keillor, Citizen
   - Dave Olson, Water Systems, Inc.
   - Curt Schoenfelder, Wilson Engineering
   - Jack Wellman, Puget Sound Energy
   - Carryn Vande Griend, Puget Sound Energy
   - Lauren Turner, Phillips 66
   - David Schmidt, Phillips 66

2. **Approval of Agenda**

   Jilk requested that Item No. 6e – Resolution No. 796 for Special Market Conditions be removed for further discussion by staff and Legal Counsel.

   **ACTION:** Commissioner Murphy motioned APPROVE THE AGENDA AS AMENDED. Commissioner Grant second the motion. Motion passed Commissioner Grant and Commissioner Deshmane voting aye.

3. **Approval of Consent Agenda**

   No changes.

   **ACTION:** Commissioner Murphy MOTIONED TO APPROVE THE CONSENT AGENDA: THE MINUTES OF THE MEETING MINUTES OF JULY 27 2021; 2021; AND THE CLAIMS OF AUGUST 10, 2021. Commissioner Grant second the motion. Motion passed unanimously.

Claims of August 10, 2021:

<table>
<thead>
<tr>
<th>VENDOR NAME</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALL SEASON SPRAYING</td>
<td>7,325.79</td>
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<tr>
<td>APPLIED INDUSTRIAL TECHNOLOGIES, INC</td>
<td>100.43</td>
</tr>
<tr>
<td>BELLINGHAM HERALD</td>
<td>1,023.50</td>
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<tr>
<td>CESCO NEW CONCEPT CHEMICAL PRODUCTS</td>
<td>117.81</td>
</tr>
<tr>
<td>CORNERSTONE MANAGEMENT, INC.</td>
<td>2,613.00</td>
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<td>EDGE ANALYTICAL LABORATORIES</td>
<td>816.00</td>
</tr>
<tr>
<td>FASTENAL</td>
<td>55.48</td>
</tr>
<tr>
<td>FERNDALE ACE HARDWARE</td>
<td>2.17</td>
</tr>
<tr>
<td>Company Name</td>
<td>Amount</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>GUARDIAN SECURITY SYSTEMS, INC</td>
<td>84.71</td>
</tr>
<tr>
<td>HACH COMPANY</td>
<td>6,924.37</td>
</tr>
<tr>
<td>HARDWARE SALES, INC</td>
<td>291.03</td>
</tr>
<tr>
<td>HD FOWLER CO, INC</td>
<td>583.19</td>
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<tr>
<td>HEALTH PROMOTIONS NORTHWEST</td>
<td>90.00</td>
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<tr>
<td>KCDA PURCHASING COOPERATIVE</td>
<td>111.06</td>
</tr>
<tr>
<td>LEEWARD STRATEGIES LLC</td>
<td>5,947.50</td>
</tr>
<tr>
<td>MASSMUTUAL RETIREMENT SVCS LLC</td>
<td>11,999.99</td>
</tr>
<tr>
<td>MILLS ELECTRIC</td>
<td>262,344.24</td>
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<tr>
<td>MORTIMER, TOM</td>
<td>798.00</td>
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<tr>
<td>NESS CRANE SERVICE, INC</td>
<td>2,108.00</td>
</tr>
<tr>
<td>NORTHWEST CASCADE, INC</td>
<td>118.50</td>
</tr>
<tr>
<td>NORTHWEST FIBER DBA ZIPLY FIBER</td>
<td>1,382.42</td>
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<tr>
<td>NORTHWEST MOWING &amp; GARDENING</td>
<td>540.76</td>
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<tr>
<td>NP INFORMATION SYSTEMS (3-D CORP)</td>
<td>252.42</td>
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<td>P&amp;P EXCAVATING, LLC</td>
<td>12,201.58</td>
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<td>PARAMOUNT SUPPLY COMPANY</td>
<td>850.93</td>
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<td>PLATT ELECTRIC SUPPLY CO</td>
<td>995.26</td>
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<td>POTELCO, INC</td>
<td>395,142.52</td>
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<td>PUD #1 OF WHATCOM COUNTY</td>
<td>20.43</td>
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<td>PUGET SOUND ENERGY, INC</td>
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<td>REGENECE BLUE SHIELD</td>
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<td>REISNER DISTRIBUTION, INC</td>
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<td>RICOH USA</td>
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<td>SHRED-IT USA</td>
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<td>SMITH MECHANICAL</td>
<td>479.37</td>
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<td>SSC - SANITARY SERVICE COMPANY</td>
<td>533.80</td>
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<tr>
<td>STEEL RIVER PIPING &amp; FABRICATION</td>
<td>9,830.09</td>
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<td>TEAMSTER LOCAL #231</td>
<td>533.00</td>
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<td>UNITED WAY OF WHATCOM COUNTY</td>
<td>495.00</td>
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<td>UTILITIES UNDERGROUND LOCATION</td>
<td>21.93</td>
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<tr>
<td>VERIZON WIRELESS</td>
<td>2,035.55</td>
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<td>WA ST DEPT OF HEALTH</td>
<td>424.00</td>
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<td>WA ST DEPT TRANSP-NW REGION</td>
<td>339.24</td>
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<tr>
<td>WASHINGTON ALARM, INC.</td>
<td>557.96</td>
</tr>
<tr>
<td>WASHINGTON DENTAL SERVICE</td>
<td>2,779.10</td>
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<tr>
<td>WASHINGTON TEAMSTERS WELFARE</td>
<td>12,029.15</td>
</tr>
<tr>
<td>WATERHOUSE ENVIRONMENTAL SERVICES</td>
<td>8,455.97</td>
</tr>
<tr>
<td>WHATCOM JANITORIAL</td>
<td>1,250.00</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td>$804,627.96</td>
</tr>
</tbody>
</table>
4. Public Comment No. 1
Rick Maricle noted that on the District’s website under “News” the link for the agenda packet did not work. Grimm noted she would fix the link.

Kris Keillor relayed to the Commission the importance of a proactive broadband approach for our community. A countywide fiber map will be extremely important for pulling all the stakeholders, public and private, together. Whatcom County is behind Skagit and other counties the need for modern communication infrastructure should be recognized and duly pursued.

Rick Maricle thanked Grimm for reading the above public comment. Maricle noted that on the Zoom platform, only the host and panelists can see the Q & A in Zoom, the public cannot “see” it.

5. Old Business
5a) Strategic Planning Update on Initiatives
5b) General Manager Appointment Process Update
Sitkin provided the updated initiatives is part of the Prothman deliverables to potential candidates. Final approval on the General Manager Profile is pending and Commissioners will review the final compensation package. After considerate discussion, Commissioners agreed to the following:
- Add to the Job Description that there is an annual performance/salary review based on performance
- Change deadline for submission September 27
- Initiatives and Job Description placed on District website
- Job Profile placed on District website

**ACTION:** Commissioner Grant motioned to APPROVE THE JOB DESCRIPTION PREPARED BY PROTHMAN AND JIM DARING WITH THE FOLLOWING EDITS: ADD ANNUAL PERFORMANCE AND SALARY REVIEW, CHANGE DEADLINE FOR SUBMISSION TO SEPTEMBER 27, 2021, AND INITIATIVES, JOB DESCRIPTION, AND JOB PROFILE, AND LINKS TO THE INFORMATION BE PLACED ON THE DISTRICT’S WEBSITE. Commissioner Murphy second the motion. Motion passed unanimously.

5c) Approval of Resolution No. 797 – Amendment to Res. No. 768/Section 7: Commissioner Per Diem Compensation Policy
Background: In Section 7 of the Policy, concerning payment of per diem, the common, external groups (WPUDA, Energy NW, etc.) are on a pre-approved list of eligible per diem meetings. There are procedures for other meetings to be approved. In this context, and pursuant to RCW 54.12.080, it is the Commission which determines what meetings are “for the benefit of the District” and thus what meetings/activities are for the performance of the Commission duties or are for the benefit of the District.

The goal of the revisions to the Policy is to allow the Commission to approve those meetings/activities that are eligible for per diem in advance and prior to such meetings/activities occurring. Resolution No. 797 outlines a cap of the annual per diem allowances, the meetings and events listed in Exhibit A sections 7.1.1-7.17 are for the benefit of the District and attendance by a Commissioner at these meetings or events are for a District purpose and/or are necessary for the performance of the Commissioner’s official duties, and it establishes policy and procedures for per diem review and approval.

**ACTION:** Commissioner Grant motioned approve Resolution No. 797 – Approval of Amendment to Resolution No. 768 Section 7, until the August 10, 2021 meeting. Commissioner Murphy second the motion. Motion passed unanimously.

6. New Business
6a) PUD Water System Plan Update
Dave Olson and Curt Schoenfelder of Wilson Engineering provided the next step in the update for
approval of the District’s potable water supply plan. This plan represents the potable/drinking water system for the Grandview/I-5/Northgate Business Center area, which is approved by the State Department of Health and Whatcom County. Highlights included:

Requirements
- The PUD is authorized to provide water service on a county-wide basis pursuant to RCW Chapter 54. The PUD’s authority to plan, maintain, and operate waterworks systems to meet the needs of both private and public users throughout the County is provide in RCW 54.16.030
- The PUD’s designated “overall service area boundary” as all of Whatcom County west of the Mt. Baker-Snoqualmie National Forest, excluding the Nooksack Tribal Reservation and Trust Lands, the Lummi Tribal Reservation and Trust Lands, and the City of Bellingham.
- The Coordinated Water System Plan (CWSP), updated in 2016, is a plan for public water systems within the Critical Water Supply Service Area (CWSSA) established by the Whatcom County Council in 1993 under the Coordination Act of 1977.
- Public Water Systems within a CWSSA are required to prepare a Water System Plan (WSP)
- Municipal water suppliers (as defined in RCW 90.03.015) are required by DOH to prepare water system plans in accordance with WAC 246-290-100.
- Water System Plans must be updated and submitted to the Washington State Department of Health (DOH) at least every ten years in accordance with WAC 246-290-100.
- The WSP must designate a retail service area where the utility currently provides or plans to provide direct retail service connections to customers.
- The designation of a retail service area carries with it certain rights and duties:
  - A municipal water supplier has the first right of refusal to provide water service within its retail service areas.
  - A municipal water supplier has a duty to provide retail water service (duty to serve) to new service connections within its retail service under certain conditions.

Critical Water Supply Service Area (CWSSA)

![Map of Critical Water Supply Service Area (CWSSA)](image)

PUD Drinking Water Retail Service Area
Grandview/Northgate Retail Service Area:

Plan Components: Part 1 / 2 (WAC 246.290.100)

- Chapter 1 Description of System
- Chapter 2 Basic Planning Data
  - Review water production & use – update parameters
  - Growth, forecasted
- Chapter 3 System Analysis
  - Review system capacity
  - Identify improvements needed (Ch 8)
- Chapter 4 Water Use Efficiency Program and Water Resource Analysis
  - WUE Goals
  - Monitoring Supply
- Chapter 5 Source Water Protection
  - Wellhead Protection Program (WHP areas and susceptibility Assessment)

Plan Components Part 2 / 2 (WAC 246.290.100)

- Chapter 6 Operations and Maintenance Program
  - Water Quality Monitoring Plan
  - Cross Connection Control Program
- Chapter 7 Development Standards
  - Develop Extension Agreements, Specifications and Details
- Chapter 8 Capital Improvement Program
  - Chapter 3 capacity deficiencies, aging infrastructure
- Chapter 9 Financial Program
- Chapter 10 Supporting Documents

What’s Ahead

- Capital Improvements Program: Grandview – Northgate Service Area
  - No major capital improvements were identified for current 10 year planning period
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DRAFT: Revised

- Capital improvements will be required for 10 – 30 year planning period depending on growth
- Potable water supply strategic planning: Chery Point Service Area

Next Steps:
August 10  Water Supply Plan (WSP) Informational Meeting
Announcement of Water Use Efficiency (WUE) Public Forum
Public Comment Deadline August 20, 2021

August 24  Public Forum on Water Use Efficiency Goals and Performance Measures
Adopt WUE Goals and Performance Measures
Adopt Cross-Connection Control Policy

September 24  Adopt Comprehensive Drinking Water System Plan

Fall 2021  Submit WSP to WA Dept. of Health for Approval
Submit WSP to WA Dept. of Ecology for Review and Comment
Submit WSP to Whatcom County for Consistency Review
Address Comments from Agencies
Adopt final WSP
Submit WSP to Whatcom County for inclusion in the Coordinated Water System Plan

The Commissioners thanked Olson and Schoenfelder for the presentation and update.

ACTION: No action taken. Information only.

6b) First Half 2021 Financial Report
Finance Director Annette Smith presented an update on the 2021 Capital and Operating Budget to Actual figures for January – June 2021.

2021 Operating Revenue: January – June

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Current YTD</th>
<th>Prior</th>
<th>Variance</th>
<th>%</th>
<th>½ Budget</th>
<th>Variance</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Water Sales</td>
<td>4,439,038</td>
<td>4,596,965</td>
<td>(157,927)</td>
<td>-3.4</td>
<td>4,510,196</td>
<td>(71,158)</td>
<td>-1.6</td>
</tr>
<tr>
<td>Grandview Water Sales</td>
<td>124,490</td>
<td>123,204</td>
<td>1,286</td>
<td>1.4</td>
<td>128,785</td>
<td>(3,795)</td>
<td>-2.9</td>
</tr>
<tr>
<td>Electric-Pass Thru</td>
<td>4,770,819</td>
<td>4,786,827</td>
<td>(16,007)</td>
<td>-0.3</td>
<td>4,844,408</td>
<td>(73,589)</td>
<td>-1.5</td>
</tr>
<tr>
<td>Electric Gen. Serv.</td>
<td>1,101,978</td>
<td>1,070,550</td>
<td>31,428</td>
<td>2.9</td>
<td>1,101,978</td>
<td>-</td>
<td>0.0</td>
</tr>
<tr>
<td>Assessment Income</td>
<td>139,067</td>
<td>118,133</td>
<td>20,933</td>
<td>17.7</td>
<td>62,087</td>
<td>76,989</td>
<td>124.0</td>
</tr>
<tr>
<td>Interest Income</td>
<td>81,084</td>
<td>133,680</td>
<td>(52,596)</td>
<td>-39.3</td>
<td>131,465</td>
<td>(50,381)</td>
<td>-38.3</td>
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<tr>
<td>Misc. Income</td>
<td>76,345</td>
<td>19,627</td>
<td>56,718</td>
<td>289</td>
<td>213,520</td>
<td>(137,175)</td>
<td>-64.2</td>
</tr>
<tr>
<td>TOTAL REVENUE</td>
<td>$10,733,321</td>
<td>10,848,985</td>
<td>(115,665)</td>
<td>-1.1%</td>
<td>10,992,429</td>
<td>(259,108)</td>
<td>-2.4%</td>
</tr>
</tbody>
</table>

Revenue
Current compared to last year at this time – we are right on track with last year but compared to budget, we are under – highlighted below:

Industrial Water Sales – Reductions are due to the curtailment of Alcoa starting in July 2020, and other pandemic slowdowns.

Assessment Income - (Grandview LUD water line extension) is showing a variance due to most assessments are paid during the first half of the year or some are paid off early.

miscellaneous Income – The bulk of miscellaneous income comes from grants and out of the ordinary projects. Although the timing between receipts of income and spending can vary, the bulk of this
variance is due to grants and projects that have not occurred yet. The amount and number of grants the District participates in fluctuates from year to year.

Water Use

<table>
<thead>
<tr>
<th>Water YTD (g)</th>
<th>2021</th>
<th>2020</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Water</td>
<td>1,859,827,989</td>
<td>2,180,067,639</td>
<td>85.3%</td>
</tr>
<tr>
<td>Grandview Water</td>
<td>4,469,004</td>
<td>4,282,332</td>
<td>104.4%</td>
</tr>
<tr>
<td>Irrigation</td>
<td>11,288,384</td>
<td>9,307,349</td>
<td>121.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,857,585,377</strong></td>
<td><strong>2,193,657,320</strong></td>
<td><strong>85.5%</strong></td>
</tr>
</tbody>
</table>

**Industrial Water YTD (g)**

<table>
<thead>
<tr>
<th>Company</th>
<th>2021</th>
<th>2020</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcoa</td>
<td>4,008,536</td>
<td>180,957,580</td>
<td>2%</td>
</tr>
<tr>
<td>BP</td>
<td>1,090,203,905</td>
<td>1,236,415,875</td>
<td>88%</td>
</tr>
<tr>
<td>Petrogas</td>
<td>3,358,982</td>
<td>3,557,795</td>
<td>94%</td>
</tr>
<tr>
<td>Phillips66</td>
<td>593,275,744</td>
<td>613,123,464</td>
<td>97%</td>
</tr>
<tr>
<td>Praxair</td>
<td>5,293,596</td>
<td>4,182,500</td>
<td>127%</td>
</tr>
<tr>
<td>PSE Ferndale</td>
<td>162,980,368</td>
<td>141,267,533</td>
<td>115%</td>
</tr>
<tr>
<td>Small Customers</td>
<td>706,858</td>
<td>552,982</td>
<td>128%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,859,827,989</strong></td>
<td><strong>2,180,067,639</strong></td>
<td><strong>85%</strong></td>
</tr>
</tbody>
</table>

**2021 Operating Expenses: January – June**

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Current YTD</th>
<th>Prior YTD</th>
<th>Variance</th>
<th>%</th>
<th>½ Budget</th>
<th>Variance</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased Power</td>
<td>4,715,993</td>
<td>4,774,964</td>
<td>(56,971)</td>
<td>-1.2</td>
<td>4,854,894</td>
<td>(138,900)</td>
<td>-2.9</td>
</tr>
<tr>
<td>Purchased Water</td>
<td>2,146</td>
<td>7,104</td>
<td>(4,958)</td>
<td>-69.8</td>
<td>2,024</td>
<td>122</td>
<td>6.0</td>
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<tr>
<td>Water Purification</td>
<td>118,374</td>
<td>164,154</td>
<td>(45,780)</td>
<td>-27.9</td>
<td>133,852</td>
<td>(15,477)</td>
<td>-11.6</td>
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<tr>
<td>Taxes/Process/Delivery</td>
<td>288,103</td>
<td>289,070</td>
<td>(967)</td>
<td>-0.3</td>
<td>281,126</td>
<td>6,977</td>
<td>2.5</td>
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<tr>
<td>General O &amp; M</td>
<td>988,155</td>
<td>827,291</td>
<td>170,863</td>
<td>20.7</td>
<td>1,265,040</td>
<td>266,885</td>
<td>-21.1</td>
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<td>General Administration</td>
<td>134,965</td>
<td>1,258,285</td>
<td>82,681</td>
<td>6.6</td>
<td>1,507,377</td>
<td>(166,411)</td>
<td>-11.0</td>
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<tr>
<td>Plan &amp; Develop, Grants</td>
<td>85,873</td>
<td>75,727</td>
<td>10,147</td>
<td>13.4</td>
<td>350,000</td>
<td>(264,127)</td>
<td>-75.5</td>
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<tr>
<td>Utility Tax Expense</td>
<td>290,610</td>
<td>310,201</td>
<td>(19,590)</td>
<td>-6.3</td>
<td>322,986</td>
<td>(32,375)</td>
<td>-10.0</td>
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<tr>
<td>Interest Expense</td>
<td>340,369</td>
<td>502,595</td>
<td>(162,227)</td>
<td>-32.3</td>
<td>340,369</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>8,180,588</strong></td>
<td><strong>8,209,391</strong></td>
<td>(28,802)</td>
<td>-0.4</td>
<td><strong>9,057,665</strong></td>
<td><strong>(877,076)</strong></td>
<td><strong>-9.7%</strong></td>
</tr>
</tbody>
</table>

Expenses are right on track from last year and under budget - highlighted below:

*Water Purification* – This varies year to year depending on river conditions and chemical purchase needs. The river conditions were “cleaner” this spring than last year. However, with the heat and
glacial melting happening, the next three months will require more intense management and use of chemicals.

*General O & M* – Slightly above last year and the operations staff is back to normal schedules due to the pandemic and are playing catch up on projects that were delayed. We have just begun the extraordinary maintenance projects which usually take place in late summer/early fall.

### Plan and Development, Grants

This grants represents the expense side of Miscellaneous Revenue: The highlighted line items are grant related. The other items are related to Business Planning and Development projects.

<table>
<thead>
<tr>
<th>Plan &amp; Develop, Grants</th>
<th>2021</th>
<th>2020</th>
<th>½ Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjudication/Water Rights</td>
<td>$22,357</td>
<td>$50,000</td>
<td></td>
</tr>
<tr>
<td>Community Ed. /Communications</td>
<td>$40,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DOH Water Serv. Project</td>
<td>$5,219</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSP Education/Outreach</td>
<td>$11,037</td>
<td>$50,000</td>
<td></td>
</tr>
<tr>
<td>Habitat Restoration</td>
<td>$20,000</td>
<td>$10,000</td>
<td></td>
</tr>
<tr>
<td>Mitigation Supply Project DOE</td>
<td></td>
<td>$100,000</td>
<td></td>
</tr>
<tr>
<td>Regenis</td>
<td>$751</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Contracts</td>
<td>$21,846</td>
<td>$5,000</td>
<td></td>
</tr>
<tr>
<td>Water Supply Management</td>
<td>$13,260</td>
<td>$67,911</td>
<td>$25,000</td>
</tr>
<tr>
<td>Water Supply Plan (WDFW)</td>
<td>$13,557</td>
<td>$50,000</td>
<td></td>
</tr>
<tr>
<td>Water System Service</td>
<td>$5,663</td>
<td>$20,000</td>
<td></td>
</tr>
</tbody>
</table>

**Total:**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>½ Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>$85,873</td>
<td>$75,727</td>
<td>$350,000</td>
<td></td>
</tr>
</tbody>
</table>

### 2021 CAPITAL SPENDING: January – June

<table>
<thead>
<tr>
<th>Project #</th>
<th>Name</th>
<th>Budget</th>
<th>January – June</th>
<th>EST July – Dec.</th>
<th>Projected Year End</th>
<th>Over (Under)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IS12</td>
<td>SCADA</td>
<td>$100,000</td>
<td>$42,569</td>
<td>$50,000</td>
<td>$92,596</td>
<td>$(7,404)</td>
</tr>
<tr>
<td>IS15</td>
<td>Communications Backbone</td>
<td>400,000</td>
<td>283,200</td>
<td>21,638</td>
<td>401,638</td>
<td>1,638</td>
</tr>
<tr>
<td>IS17</td>
<td>Multi-Use Storage</td>
<td>175,000</td>
<td>-</td>
<td>-</td>
<td>(175,000)</td>
<td></td>
</tr>
<tr>
<td>Smaller Projects</td>
<td>87,000</td>
<td>8,218</td>
<td>50,000</td>
<td>58,218</td>
<td>(105,221)</td>
<td></td>
</tr>
</tbody>
</table>

**INTERNAL SERVICES PROJECTS**

**WATER PROJECTS**

| RW28 | Plant 1 Remodel | 770,000 | 283,200 | 470,000 | 753,320 | (16,680) |
| RW35 | Intake VFD | 450,000 | 2,183 | 450,000 | 452,183 | 2,183 |
| RW38 | Water Treatment Plant 1 | 802,479 | 2,104 | 652,479 | 654,583 | (147,896) |
| Smaller Projects | 163,439 | 8,218 | 50,000 | 58,218 | (105,221) | |
### ELECTRIC PROJECTS

<table>
<thead>
<tr>
<th>Project</th>
<th>New Limit</th>
<th>Prior Limit</th>
<th>$000</th>
<th>$500</th>
<th>$500</th>
<th>$505,900</th>
<th>$5,900</th>
</tr>
</thead>
<tbody>
<tr>
<td>E6 Pole Replacements</td>
<td>500,000</td>
<td>5,900</td>
<td>500,000</td>
<td>505,900</td>
<td>5,900</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E22 Ferndale Substation</td>
<td>3,297,714</td>
<td>263,610</td>
<td>3,100,000</td>
<td>3,363,610</td>
<td>65,896</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E27 Refinery Substation</td>
<td>1,500,000</td>
<td>166,366</td>
<td>1,320,000</td>
<td>1,486,336</td>
<td>(13,664)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Smaller Projects</td>
<td>120,000</td>
<td>10,100</td>
<td>110,000</td>
<td>120,100</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL CWIP:</strong></td>
<td><strong>$8,365,632</strong></td>
<td><strong>$806,005</strong></td>
<td><strong>$7,109,479</strong></td>
<td><strong>$7,915,484</strong></td>
<td><strong>$(450,148)</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### EXTRAORDINARY MAINT. PROJECTS

<table>
<thead>
<tr>
<th>Project</th>
<th>New Limit</th>
<th>Prior Limit</th>
<th>$000</th>
<th>$100,000</th>
<th>$100,000</th>
<th>$100,000</th>
<th>$100,000</th>
<th>$100,000</th>
<th>$100,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>RWM2 Clean Mud Basins</td>
<td>155,000</td>
<td>645</td>
<td>155,000</td>
<td>155,645</td>
<td>645</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RWM6 Douglas Rd Vault</td>
<td>152,000</td>
<td>500</td>
<td>150,000</td>
<td>151,167</td>
<td>1,167</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RWM7 D Station Upgrades</td>
<td>150,000</td>
<td>1,167</td>
<td>150,000</td>
<td>166,866</td>
<td>(141,500)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RWM10 Hi Head Pump Rebuild</td>
<td>250,000</td>
<td>166,866</td>
<td>-</td>
<td>166,866</td>
<td>(83,134)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Smaller Projects</td>
<td>80,000</td>
<td>77,764</td>
<td>-</td>
<td>77,764</td>
<td>(2,236)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL EXTRAORDINARY MAINT:</strong></td>
<td><strong>$787,000</strong></td>
<td><strong>$246,942</strong></td>
<td><strong>$315,000</strong></td>
<td><strong>$561,942</strong></td>
<td><strong>$(225,058)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### TOTAL COSTS

<table>
<thead>
<tr>
<th></th>
<th>NEW LIMIT</th>
<th>PRIOR LIMIT</th>
<th>$000</th>
<th>$1,052,947</th>
<th>$7,424,479</th>
<th>$8,477,426</th>
<th>$675,206</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL CWIP:</strong></td>
<td><strong>$9,152,632</strong></td>
<td><strong>$1,052,947</strong></td>
<td><strong>$7,424,479</strong></td>
<td><strong>$8,477,426</strong></td>
<td><strong>$(675,206)</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Highlighted CWIP Projects**

*Multi Use Storage Building* – This has been in the budget for several years for a simple building however the engineering and design costs have been prohibitive. The building will become part of the new campus plan for the Plant 1 rebuild (RW38).

*Water Treatment Plant 1* – Rebuild and reconfiguration, work on the design is underway.

*Douglas Road Vault* has been divided in to small sections and will focus on replacing the programmable logic control unit and uninterruptible power supply this year.

There were no further questions. The Commissioners thanked Smith for the update.

**ACTION:** No action taken, information only.

### 6c) Amend Exhibit A to Resolution No. 767 – Delegation of Authority

The master policy directive of the Commission of the Public Utility District No. 1 of Whatcom County was originally adopted as Resolution No. 559 on November 27, 2007, for the purpose of establishing the delegated administrative powers and duties of the General Manager and designees. This policy states that it will be reviewed and affirmed annually each succeeding year following its adoption. The current Delegation of Authority policy will expire on December 31, 2021.

This is a request to amend Exhibit A – Authorized Purchasing Limits, to increase the amount of the following position:

<table>
<thead>
<tr>
<th>Title</th>
<th>New Limit</th>
<th>Prior Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assistant General Manager</td>
<td>$25,000</td>
<td>$10,000</td>
</tr>
</tbody>
</table>

No other changes have been made. There is no fiscal impact to the District.

**ACTION:** Commissioner Grant motioned to APPROVE AMENDMENT OF “EXHIBIT A” UNDER RESOLUTION NO. 767 FOR THE DISTRICT’S DELEGATING ADMINISTRATIVE POWERS AND DUTIES OF THE GENERAL MANAGER AND DESIGNEES, REPEALING ALL PRIOR RESOLUTIONS DEALING WITH THE SAME SUBJECT MATTER. Commissioner Murphy second the motion.
**DRAFT: Revised**

6d) Approve Update to District’s Purchasing Policy – Purchasing Limits
This is item is in tandem with the above agenda item, to update the Purchasing Policy to reflect the amended purchasing limits of the Assistant General Manager from $10,000 to $25,000.

**ACTION:** Commissioner Murphy motioned to **APPROVE THE UPDATE TO THE DISTRICT’S PURCHASING POLICY.** Commissioner Grant second the motion. Motion passed unanimously.

6f) Approve Interlocal Agreement with the City of Blaine and Transfer of BPA EEI Budget
The current Interlocal Agreement with the City of Blaine has expired. In order to support Blaine’s new request, a new agreement must commence. The City of Blaine, with BPA’s support, has requested the District requested the transfer of $8,000 of the District’s remaining EEI budget for the current BPA rate period to Blaine. Under the policy and procedures guiding the implementation of the EEI program, a participating utility can roll-over up to $50,000 of its EEI budget balance into the next BPA rate period. If a utility has an EEI budget balance at the end of the then current rate period, then the utility has two options. One option is to notice BPA that it wants to roll-over the balance. The second option is to return the remaining balance. These funds are then un-available for use elsewhere. Blaine has asked to rollover the remaining balance into the next rate period. There is no fiscal impact to the District.

**ACTION:** Commissioner Murphy motioned to **APPROVE INTERLOCAL AGREEMENT WITH THE CITY OF BLAINE AND THE TRANSFER OF $8,000 OF THE DISTRICT’S BPA EEI PROGRAM BUDGET AND AUTHORIZE THE DISTRICT’S GENERAL MANAGER TO SIGN THE AGREEMENT IMPLEMENTING THE TRANSFER.** Commissioner Grant second the motion. Motion passed unanimously.

6g) Approve District’s Medical/Dental Plan Renewal (Sept. 2021 – Aug. 2022) for Non-Bargaining Unit Employees and Commissioners
This request is to approve the medical benefits for the non-union employees. The union employees are covered under a separate Teamsters Health Plan in which the District pays for.

We have received quotes this year from Regence, Premera, and Washington Dental Service. If we choose the renewal, it would be an overall 6.71% increase in premiums. Three plans offered were lower in cost for renewal, but did not include vision riders. To include a vision rider, the cost of the premium would be higher than the original renewal with Regence. The Regence plan is age-banded and that is how the rates are based. The District is so small to be considered under a group rate.

Last year, the increase from Regence was 8.7% and a slight from Washington (Delta) Dental.

Fiscal Impact: The District anticipated a 5% increase for medical and 2% increase for dental premiums budgeted for the remaining four months of 2021. Because the actual increase is slightly higher than the amount budgeted for, the District will experience a small overall budget change of $16,188, due to the change in premiums for the last four months of 2021. The District’s policy currently covers 14 employees, 3 Commissioners, 15 spouses and 25 children under this plan. Any changes in the age or number of employees/dependents covered by these plans, during the plan year, September 1, 2021 to August 31, 2022, will impact the premium because that is how the premium is based. A budget amendment is not necessary. Other expenses are lower than the budget.

**ACTION:** Commissioner Grant motioned to **APPROVE THE RENEWAL OF THE DISTRICT’S MEDICAL/VISION/RX AND DENTAL INSURANCE PLANS FOR NON-UNION EMPLOYEES AND COMMISSIONERS: REGENCE BLUE SHIELD EMPLOYEE CHOICE PLATINUM 250 PLAN and THE DELTA DENTAL SERVICE PREMIER ENHANCED PLAN, EFFECTIVE SEPTEMBER 1, 2020 AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF THE DISTRICT.**
Commissioner Murphy second the motion. Motion passed unanimously.

7. General Manager’s Report
Due to a recent, small increase in the City of Ferndale’s sales tax, a change order for the Ferndale substation rebuild project was approved to reflect the increase to correctly pay the contractor.

Staff at the District has had three discussions with a firm that is looking at the re-startup of the Intalco plant. More information will be forthcoming.

Industrial Gas Production – A Canadian firm has expressed interest in building a new industrial gas production facility at Cherry Point.

Water Legal Counsel Tom Mortimer is retiring on August 15. His work has been transferred to Tupper|Mack|Wells and Jilk would like to commend Mortimer on all his work performed for the District over the past several years.

Commissioner Reports

Murphy: Has had many people approach him for help with some private well owners who are experiencing their wells running dry. People are bringing in additional water and Murphy was told that people were having their wells recharged by bringing water at a cost of $300 per week to some having to loads delivered at a cost of $600.00 per week. Murphy requested that the PUD provide a potable water system located at Plant 1 or at our Grandview water system for those who fall under the drought, or emergency dry well situations. Murphy hopes the PUD can might be able to come to the aid of these folks. On another note, Murphy’s longtime friend and counterpart from Grant PUD, Commissioner Walker passed away from lung cancer.

Grant: Attended the Broadband Steering Committee Meeting (Port) and is pleased that NoaNet will be supporting the PUD’s process. She also had lunch with Commissioner Lester from Kitsap County PUD to learn more about broadband from fellow PUDs. She’s been reading recent climate update models and is deeply concerned. There is tremendous urgency when it comes to mitigation.

Deshmane: Will be attending in person, the WPUDA September meetings in Ellensburg. An update on areas of broadband – the City’s Broadband Advisory Group included draft definitions for several aspects that the City Council would like to have working definitions on, such as equity. Deshmane will send the draft definitions to Jilk to forward to the other Commissioners. A report of the work on the City’s Broadband Advisory Committee was presented at the last city council meeting. He also attended the Port’s regular commission meeting yesterday which included a broadband update – last mile and recognition of the steering team on how to divide responsibilities between both agencies.

Energy Supplemental Supply – Deshmane recognizes that the Tucci energy project price may be too high and he is researching an alternative source. The pricing of renewables is going up.

Water Issues – Deshmane was contacted by a citizen near the Fleming Platte Water Association who is experiencing difficulties and running out of water. Dave Olson concurs that water is lacking and there is no easy solution. There is now a long waiting period for well drilling services. Olson will contact the citizen to see if any assistance can be provided.

8. Public Comment No. 2
No comments made.

9. Adjourn
DRAFT: Revised

There being no further business for the meeting, Commissioner Deshmane adjourned the regular meeting at 12:32 p.m.

_________________________________________________
Atul Deshmane, President

Michael Murphy, Vice President   Christine Grant, Secretary

Commission Clerk Note: Video recordings of the Whatcom PUD Commission Meetings are available online at the following link on the PUD’s Website: https://www.pudwhatcom.org/the-commission/2021-agendas-packets-meeting-minutes-recordings/
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 Zoom 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 Operations; Alec Strand, Project Manager; Paul Siegmund, Manager of Automation and Technology; Aaron Peterson, IT/SCADA Technician; Mike Macomber, IT/SCADA Technician; Jon Littlefield, Electric Systems Supervisor; and Devin Crabtree, Chief Water Operator.

2. **Approval of Agenda**
   Jilk requested that Broadband Update be added to Old Business.
   
   **ACTION:** Commissioner Grant motioned APPROVE THE AGENDA AS AMENDED. Commissioner Murphy second the motion. Motion passed unanimously.

3. **Approval of Consent Agenda**
   Murphy requested to include more information that he mentioned during the Commissioner’s report at the last meeting. Due to other technical difficulties at the time, it was suggested to table the Meeting Minutes of August 10, 2021 and include the correction at the September 14 regular meeting.
   
   **ACTION:** Commissioner Grant MOTIONED TO APPROVE THE CLAIMS OF AUGUST 24, 2021 AND TABLE APPROVAL OF THE AUGUST 10, 2021 MEETING MINUTES UNTIL SEPTEMBER 14, 2021. Commissioner Murphy second the motion. Motion passed unanimously.

Claims of August 24, 2021:

<table>
<thead>
<tr>
<th>VENDOR NAME</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARBITRAGE GROUP INC.</td>
<td>1,000.00</td>
</tr>
<tr>
<td>BEST TOOLS, INC</td>
<td>74.57</td>
</tr>
<tr>
<td>BONNEVILLE POWER ADMINISTRATION</td>
<td>774,748.00</td>
</tr>
<tr>
<td>BRIM TRACTOR COMPANY</td>
<td>273.45</td>
</tr>
<tr>
<td>CHMELIK SITKIN &amp; DAVIS</td>
<td>14,469.87</td>
</tr>
<tr>
<td>COMCAST</td>
<td>184.94</td>
</tr>
<tr>
<td>COMCAST - NWRC</td>
<td>25.52</td>
</tr>
<tr>
<td>CULLIGAN NORTHWEST</td>
<td>135.51</td>
</tr>
</tbody>
</table>
4. Public Comment No. 1  
No comments made.

5. Old Business  
5b) Broadband Program Update (due to technical connection issues, agenda item moved up)  
Jilk introduced and welcomed Chris Walker from NoaNet. Walker will be assisting the District as a member of the Port/PUD’s Broadband Steering Committee Staff to support the PUD as a consultant and project manager for the broadband program effort.

5a) General Manager Appointment Process Update  
Sitkin reported that the General Manager Job Description/Profile as begun its advertisement run with Prothman and on several other recruitment platforms including the District’s website. The ad run just started last week and it is too early in the timeframe to tell what the response has been. The first round of selections for interviews is September 27.
6. New Business  
6a) PUD Drinking Water System Plan Update: Water Use Efficiency Goals and Performance Measures and Public Forum

Dave Olson (Water Systems, Inc.) and Curt Schoenfelder (Wilson Engineering) provided the next step in the update for approval of the District’s potable water supply plan. This plan represents the potable/drinking water system for the Grandview/I-5/Northgate Business Center area, which is approved by the State Department of Health and Whatcom County. Highlights included:

**Municipal Water Law/Water Use Efficiency**

Washington State Legislature passed the 2003 Municipal Water Law (MWL) to reform the state's water laws, accomplished two things:

- Added flexibility in the use of municipal water rights to serve growing communities by eliminating some of the risk of losing those municipal rights to the state.
- In exchange for this water right flexibility, the law requires municipalities to use water efficiently.

- The Municipal Water Law (RCW 90.03.015(3)) states that Water Use Efficiency (WUE) requirements apply to all water systems defined as municipal water suppliers (MWS).
- A Municipal Water Supplier is “an entity that supplies water for municipal water supply purposes.” (RCW 90.03.015) The PUD is authorized to provide water service on a countywide basis pursuant to RCW Chapter 54. The PUD’s authority to plan, maintain, and operate waterworks systems to meet the needs of both private and public users throughout the County is provide in RCW 54.16.030

Municipal water suppliers are required by State Department of Health to prepare water system plans in accordance with WAC 246-290-100 and updated at least every ten years.

- **As part of your planning document you must develop and implement a WUE program** (WAC 246-290-800(2) and 246-290-810(2)).
- **WUE Goals and Performance Measures must be established by the elected governing board or the governing body of the water system** (WAC 246-290-830(1)) through a public process (WAC 246-290-830(4)(a) at least every 6 years.  
- Two Key Components:
  - Supply Side – Between Source and Customer Meters  
  - Demand Side – Consumed by the Customers

**Supply Side – Between Source and Customer Meters – Non Revenue**

- Unauthorized Use (fire hydrants or service connections - none)
- Distribution System Flushing (accounted for with flushing meter)
- **Distribution Leakage:** Trending downwards as Table 2-4 illustrates:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Production (gallons)</th>
<th>Total Metered Consumption (gallons)</th>
<th>Additional Other Authorized Consumption (gallons)</th>
<th>Distribution System Leakage (gallons)</th>
<th>Percent Distribution System Leakage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>5,121,418</td>
<td>4,758,726</td>
<td>0</td>
<td>362,692</td>
<td>7.1%</td>
</tr>
<tr>
<td>2015</td>
<td>5,027,108</td>
<td>4,811,885</td>
<td>0</td>
<td>215,223</td>
<td>4.3%</td>
</tr>
<tr>
<td>2016</td>
<td>5,328,730</td>
<td>4,859,305</td>
<td>0</td>
<td>469,425</td>
<td>8.8%</td>
</tr>
<tr>
<td>2017</td>
<td>5,012,046</td>
<td>4,669,359</td>
<td>0</td>
<td>342,687</td>
<td>6.8%</td>
</tr>
<tr>
<td>2018</td>
<td>6,179,785</td>
<td>5,987,502</td>
<td>0</td>
<td>192,283</td>
<td>3.1%</td>
</tr>
<tr>
<td>2019</td>
<td>6,110,824</td>
<td>5,936,103</td>
<td>0</td>
<td>174,721</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

2017-2019 3-year Average: 4.3%
Demand Side – Consumed by the customers through meters

- Plumbing fixture efficiency
- Leaks on customer side of meter
- Seasonal demand (process/commercial/outdoor use) [see table below]

Schlotterback added that in the annual report submitted for 2020, Distribution system leakage three-year average (2018/2019 and 2020) was at an all-time low of 1.4%. Jilk commented that in some of the earlier years noted above, he could report on specific leaks with individual customers who have asked for assistance to repair them.

![Graph showing monthly use of gallons over years from 2014 to 2019.]

Chapter 4.8.1 Water Use Efficiency Goals (Recommended)

The PUD conservation objective for the Grandview/Northgate system is to promote water conservation in order to maximize current sources. The goals for the planning period are:

- **Maintain 10% or less distribution system leakage (DSL) rate. (2.9% in 2019)**
- **Reduce seasonal outdoor water use by 2 to 3 percent every 2 years, or a minimum of 1 percent per year.**

* Note: this is somewhat subjective due to unique nonresidential customer base

The following describes the mandatory and supplemental measures the PUD continues to or will implement for the Grandview/Northgate system.

Program Measures:

1) **Source and Service Metering and Meter Calibration:**
   a. **Continue** metering of all customers and sources;
   b. **Develop** program for meter calibration or replacement where calibration is not warranted.

2) **Leak Detection and Water Accounting:**
   a. **Continue** to follow System Leak Detection and Repair Protocol which includes notifying customers of high variance water consumption.

3) **Customer Education:**
   a. **Continue** conservation tips periodically with customer bills.
   b. **Develop** educational out-reach methods or incentives to lower outdoor seasonal use.
Public Process: Grandview/Northgate Customers were notified and could provide comment on the Water Use Efficiency Goals and Measures (WUE) to be submitted by close of business on August 20, 2021. Jilk reported that no comments on the WUE were received.

Next Steps:
September 14 Adopt Cross-Connection Control Policy
   Adopt Comprehensive Drinking Water System Plan

Fall 2021 Submit WSP to WA Dept. of Health for Approval
   Submit WSP to WA Dept. of Ecology for Review and Comment
   Submit WSP to Whatcom County for Consistency Review
   Address Comments from Agencies
   Adopt final WSP
   Submit WSP to Whatcom County for inclusion in the Coordinated Water System Plan

The Commissioners thanked Olson and Schoenfelder for the presentation and update.

ACTION: No action taken. Information only.

6b) Approve Resolution No. 798 – Water Use Efficiency (WUE) Goals
Resolution No. 798 formally adopts the Water Use Efficiency Goals Program as discussed above, and is required for the update to the District’s Drinking Water Water System Plan:

Goals:
1. Maintain 10% or less distribution leakage rate for the next six years beginning January 1, 2022; and,
2. Reduce seasonal outdoor water use by two to three percent every two years or a minimum of one percent per year.

Performance Measures:
• Continue to meter all customers and sources.
• Develop and implement a program and schedule for meter replacement where calibration of meter is not warranted.
• Continue to follow System Leak Detection and Repair Protocol, which includes notifying customers of high variance water consumption.
• Continue water consumption history on customer’s monthly bill.
• Add conservation tips periodically to customer bills.
• Develop educational outreach methods or incentives to lower seasonal use.

Approval of Resolution No. 798 has no fiscal impact to the District.

ACTION: Commissioner Murphy motioned to APPROVE RESOLUTION NO. 798 ADOPTING WATER USE EFFICIENCY GOALS AND PERFORMANCE MEASURES FOR THE DISTRICT’S DRINKING WATER COMPREHENSIVE WATER SYSTEM PLAN. Commissioner Grant second the motion. Motion passed unanimously.

6c) Approve Work Order No. 2 with Murraysmith for Engineering Services
Walters first provided a brief overview of the Planning Studies for Capital Improvement Projects (CIPs) for the Industrial Water System. Previously, Murray Smith and Associates completed the 2010 Water Supply Comprehensive CIP Plan for the District and determined this summary of improvements:
D R A F T

Water Treatment Plant 1 CIPs $30,890,000
Water Treatment Plant 2 CIPs $14,010,000
Distribution CIPs $44,180,000
Surface Storage $29,000,000
Total Cost All CIPs: $118,080,000

One result of the 2010 Plan was a total rebuild of Water Treatment Plant No. 2, including a new campus of buildings and new settling basins. Puget Sound Energy owned the substation which powered the water plant. The District purchased the substation and did several reconfigurations to better serve Water Treatment Plant 2.

Distribution CIPs included installing isolation valves (Douglas and Aldergrove Roads), upgrades to “D” Station and cathodic protection. Other projects included installing a parallel distribution main (Douglas & Aldergrove Roads) and a parallel 36” distribution main from the Intertie to “D” Station, but these have not been completed.

In October 2019, RH2 Engineering completed the Industrial Water Supply System Capital Improvement Plan. The focus of the projects listed is reliability of service. The summary of Capital Improvement Projects and Costs:

Water Treatment Plant 1 CIPs $40,375,000
Water Treatment Plant 2 CIPs $14,010,000
Distribution CIPs $45,900,000
Surface Storage CIPs $22,400,000
Electric System CIPs $2,420,000
Total Cost All CIPS $123,695,000

A Murraysmith 2021 Technical Memorandum: Industrial Water Supply System Project Prioritization included the following: Priority 1: Re-Build of Water Treatment Plant No. 1 (constructed in the 1960s). A three-phased approach is planned:

Phase 1: Raw Water Main Piping from Intake
Cost estimate: $3,300,000

Phase 2: High Head Pumping, Clearwell, Control/Treatment Facilities
Cost estimate: $13,100,000

Phase 3: Sand Traps, Flash Mixers, Flocculation, Sedimentation Basin Facilities
Cost estimate: $20,600,000

Water Treatment Plant 1 still uses the original substation built in the 1960s with one single transformer to power the plant. Work has begun on a new substation, similar to the redesigned substation at Plant 2, as part of the WTP 1 rebuild. As such, Work Order No. 2 covers Murraysmith’s Scope of Services related to design, permitting, bidding, and construction services associated with the re-build of Water Treatment Plant No. 1.

The bidding and construction services portion of the work only applies to Phase I of the Plant No. 1 rebuild. Phase I includes developing the overall facilities campus plan and upgrades to the piping system between the Nooksack River intake facility and the treatment plant on the west side of Ferndale Road. This phase includes work that must be completed prior to the City of Ferndale and Corps of Engineers’ planned project to improve the levee near the intake.
Work Order No. 2 and Murraysmith’s detailed scope of work (SOW) was provided to the Commission for review prior to today’s meeting. Approval of Work Order No. 2 with Murraysmith will have no fiscal impact on the District’s approved 2021 Annual Budget. Any additional funds required will be included in the 2022 budget.

**ACTION:** Commissioner Murphy motioned to APPROVE WORK ORDER NO. 2 WITH MURRAYSMITH FOR ENGINEERING SERVICES FOR A COST NOT TO EXCEED AMOUNT OF $1,844,773 AND AUTHORIZE THE DISTRICT’S GENERAL MANAGER TO EXECUTE THE WORK ORDER. Commissioner Grant second the motion. Motion passed unanimously.

### 6d) Approve Purchase of Metal Clad Switchgear

Based on previous District legal counsel’s opinion, “Special Market” conditions exist which enables the District to waive competitive bid requirements and negotiate a purchase agreement with one or more of the suppliers seeking to supply the metal clad switchgear specified for the District’s Refinery substation upgrade project.

On July 27, 2021, Commissioners approved Resolution 795, which waived the competitive bid requirements for the supply and purchase of the switchgear. The waiver was based on (1) No responsive bids received, therefore “no bids” were received from competitive bid solicitations; and (2) Special market conditions exist prompting bidders to submit conditioned bids enabling exceedance of the bid price. Therefore, no firm bids received.

Switchgear Purchase Negotiations - Following the July 27 Commission meeting, District staff and the District’s Engineer contacted switchgear suppliers for the purpose of negotiating a purchase that meet District criteria with respect to price, equipment specifications, and delivery dates. After discussions with several companies, District staff and Engineer settled on metal clad switchgear to be provided by Powell Electrical Systems Inc. (“Powell”). Powell could meet the District’s requirements and deliver the switchgear within the timeline necessary for the project.

The bid proposal includes one condition related to freight costs. Powell has provided an estimated freight cost that is include in the bid price. However, given current issues associated with the shipping industry and the resulting price volatility, Powell has conditioned the freight cost portion of the company’s overall bid price for supply and delivery of the switchgear. Powell has agreed to cap any escalation of shipping costs to 10% of the cost estimate in Powell’s bid. Freight is estimated at $146,000. Therefore, a 10% cost increase would be $14,600. District staff feel that the potential increase in freight cost can be managed through a change order at the time of shipping. The more important issue for staff is that the delivery dates for the switchgear committed to by Powell meets the District’s critical path timeline.

District staff recommends the purchase of the specified metal clad switchgear to be supplied by Powell. Under the proposal put forth by Powell, the switchgear will be built and delivered for a firm cost not to exceed price of $1,643,947.00 (w/o tax). Should an up to 10% increase in shipping costs be justified by Powell, then up to $14,600 would be added via change order and the resultant cost maximum for the metal clad switchgear would then be up to $1,658,547 (w/o tax). As part of the staff’s recommendation, a final review by legal counsel, District staff, and Engineer will be conducted before the purchase is executed by the General Manager and the Purchase Order is issued.

This equipment purchase is funded under the District’s approved 2021 Budget, as part of the Refinery substation project (CIP E-27). However, payments for the switchgear are phased for different milestones events during the manufacturing and delivery process. Therefore, actual funding for the purchase will span both the 2021 and 2022 budget periods for the District.
ACTION: Commissioner Murphy motioned to APPROVE PURCHASE OF THE SUPPLY AND DELIVERY OF 115KV ELECTRIC SUBSTATION EQUIPMENT METAL CLAD SWITCHGEAR FOR THE REFINERY SUBSTATION TO POWELL ELECTRICAL SYSTEMS INC. FOR A COST NOT TO EXCEED AMOUNT OF $1,643,947 (W/O TAX) AND AUTHORIZE THE DISTRICT’S GENERAL MANAGER TO EXECUTE THE PURCHASE AND ALSO CHANGE ORDER, IF NECESSARY, PENDING FINAL STAFF, ENGINEERING AND LEGAL REVIEW. Commissioner Grant second the motion. Motion passed unanimously.

7. General Manager’s Report
At the next regularly scheduled meeting on September 14, the Commission should plan on the following:
- Executive Session on potential litigation/adjudication
- The first scheduled Commission work session for the draft 2022 budget: With the update to the recent Strategic Plan Initiatives there may be additional direction/items the Commission would like staff to consider in the development of next year’s budget.
- Presentation on the Department of Ecology’s Grant regarding California Creek. Jilk anticipates he will recommend to not accept the grant due to various reasons.

8. Commissioner Reports
Murphy: Has no Per Diem expense requests. Murphy has been working with people with wells who have been experiencing the wells running dry or lack of water. Murphy says there is nowhere for private well owners to turn to for information and assistance. He asked if information could be placed on the PUD’s website to direct people where to go for help. Citizens are struggling on their own and Murphy wonders if there is something the PUD can do. He also is fielding questions about the local broadband effort. Murphy would like more information from Commissioner Grant in order to inform citizens of where things are.

Grant: Will have two Per Diem expense requests for attending the Port/PUD Broadband Steering Committee meetings on August 11 and August 25. There are two key themes: Last mile infrastructure and feasibility in forming a public internet service provider (ISP) option. It is not immediate relief but the group is taking tremendous strides in the program. The Port is working on a joint press release on the priority of the broadband program, including rapid deployment, affordability, and building the fiber infrastructure. A joint Port-PUD meeting with staff presenting the detailed plan for moving forward will be determined for a future date this fall. Grant is also making phone calls to her counterparts and others that may be interested in applying for the General Manager position.

Deshmane: Thinks the joint Port/PUD meeting is a good idea and to include public comment. He attended the Watershed Management Board meeting last week, which provided an update to the salmon recovery program. He and Grant attended a small ceremony/photo opportunity for the Northwest Washington Fair’s newest exhibit: Farming for Life, in which the District participates as a sponsor.

9. Public Comment No. 2
No comments made.

10. Adjourn
There being no further business for the meeting, Commissioner Deshmane adjourned the regular meeting at 10:52 a.m.

Atul Deshmane, President

Christine Grant, Secretary

Michael Murphy, Vice President
Memo

To: Commissioners Deshmane, Grant, and Murphy
From: Stephan Jilk – General Manager
Date: September 14, 2021
Re: Approve Resolution No. 799 – Adopt Comprehensive Drinking Water System Plan Update 2021

Requested Action – APPROVE RESOLUTION NO. 799 ADOPTING THE DISTRICT’S COMPREHENSIVE DRINKING WATER SYSTEM PLAN UPDATE.

Background – The District owns and operates both potable and non-potable water systems. The District’s potable water systems are the focus of the Drinking Water System Plan 2021 Update which includes Group A Grandview-Northgate Industrial Park and Group B Praxair Water System. It is a requirement of the Washington State Department of Health (DOH) for the District to establish a comprehensive drinking water system plan satisfactory to the DOH and consistent with the regulations provided in Chapter 246-290-100 WAC.

The Comprehensive Drinking Water System Plan Update 2021 provides guidance for planning and managing the District’s drinking water system and capital facilities as noted above, and it is the responsibility of the District to provide water that meets Washington State drinking water quality standards, to the customer at the meter. Per the State Environmental Policy Act (SEPA), the District has prepared a SEPA checklist and Determination of Non Significance (DNS) for the Drinking Water System Plan 2021 Update, which was submitted to the State Department of Ecology and other agencies as required. No comments were received by the District on the DNS or SEPA checklist.

Staff recommends approval of Resolution No. 799, which will adopt the Drinking Water System Plan 2021 Update, and upon approval, be submitted to the Washington State Office of Drinking Water, State Department of Health, and Whatcom County Planning and Development Services for comments. Later this fall, all comments received will be addressed, then presented for final adoption by the Commission. Lastly, submittal of the plan to the Whatcom County Council for acceptance and inclusion in the Whatcom County Coordinated Water System Plan is anticipated.

Fiscal Impact – There is no fiscal impact. This Project is funded for 2021, as part of the approved 2021 Water System budget.

Recommended Action – APPROVE RESOLUTION NO. 799 ADOPTING THE DISTRICT’S COMPREHENSIVE DRINKING WATER SYSTEM PLAN UPDATE.
RESOLUTION NO. 799

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF PUBLIC UTILITY DISTRICT NO. 1 OF WHATCOM COUNTY ("DISTRICT") ADOPTING THE COMPREHENSIVE DRINKING WATER SYSTEM PLAN UPDATE 2021

WHEREAS, the Public Utility District No. 1 of Whatcom County ("District") owns and operates both potable and non-potable water systems. The District’s potable water systems are the focus of the Drinking Water System Plan 2021 Update which includes Group A Grandview-Northgate Industrial Park and Group B Praxair Water System; and,

WHEREAS, it is a requirement of the Washington State Department of Health (DOH) for the District to establish a comprehensive drinking water system plan satisfactory to DOH and consistent with the regulations provided in Chapter 246-290-100 WAC; and,

WHEREAS, the Washington State Department of Health (DOH) approved the District’s existing Water System Plan in October, 2004, since then several agency guidance documents, regulatory and case law changes affecting water system plans have occurred including updated drinking water regulations under 246-290 WAC, updated Whatcom County Coordinated Water System Plan, the 2003 Municipal Water Law, implementation of the Water Use Efficiency Rule, updated DOH Water System Design Manual and DOH Water System Planning Guidebook;

WHEREAS, the Comprehensive Drinking Water System Plan Update 2021 ("Plan") provides guidance for planning and managing the Public Utility District No.1 of Whatcom County’s ("District") drinking water system and capital facilities, and it is the responsibility of the District to provide water that meets Washington State drinking water quality standards, to the customer at the meter; and,

WHEREAS, on August 10, 2021, the District SEPA Responsible Official issued the District has prepared a Determination of Non Significance for the Drinking Water System Plan 2021 Update, which has been submitted to the Washington State Department of Ecology, Washington State Department of Fish and Wildlife, Whatcom County Public Works, Whatcom County Planning and Development Services, City of Ferndale Community Development, Lummi Nation Natural Resources Department, the Nooksack Indian Tribe, and Birch Bay Water and Sewer District; and,

WHEREAS, on August 24, 2021, the Board of Commissioners adopted Resolution No. 798, Water Use Efficiency Goals and Performance Measures, and in order to continue to provide for the public health and safety of its customers, the Board of Commissioners of the District shall authorize the 2021 update to the Plan.

NOW, THEREFORE, BE IT RESOLVED that Public Utility District No. 1 of Whatcom County, adopts the Drinking Water Comprehensive System Plan 2021 Update, a copy of which is attached to this resolution as “Exhibit A”.

ADOPTED by the Commission of the Public Utility District No. 1 of Whatcom County at its regular meeting held on the 14th day of September 2021.

Public Utility District No. 1 of Whatcom County

____________________________________
Atul Deshmukh, President/Commissioner

____________________________________
Christine Grant, Secretary/Commissioner

____________________________________
Mike Murphy, Commissioner
Memo

To:       Commissioners Deshmane, Grant, and Murphy
From: Stephan Jilk – General Manager
Date: September 14, 2021
Re: Approve Resolution No. 800 – Cross Connection Control Policy

**Requested Action** – APPROVE RESOLUTION NO. 800 ADOPTING CROSS CONNECTION CONTROL POLICY FOR THE DISTRICT’S DRINKING WATER COMPREHENSIVE WATER SYSTEM PLAN.

**Background** – The District owns and operates the Grandview-Northgate-Interstate 5 Industrial Center drinking water and fire water system. As such, the District (Purveyor) has the responsibility to protect the public water system from contamination due to cross connections. A cross connection may be defined as “any actual or potential physical connection between a potable water line and any pipe, vessel, or machine that contains or has a probability of containing a non-potable gas or liquid, such that it is possible for a non-potable gas or liquid to enter the potable water system by backflow.”

All public water systems are required to develop and implement cross-connection control (CCC) programs. The CCC requirements are contained in Washington Administrative Code (WAC) 246-290-490 of the Group A Drinking Water Regulations. The minimum required elements of a CCC program are:

1. Establishment of legal authority and program policies;
2. Evaluation of premises for cross-connection hazards;
3. Elimination and/or control of cross connections;
4. Provision of qualified personnel;
5. Inspection and testing of backflow preventers;
6. Quality control of testing process;
7. Response to backflow incidents;
8. Public education for consumers;
9. Record keeping for CCC program; and
10. Special requirements for reclaimed water use.

Other CCC program requirements include:

1. Coordination with the Local Administrative Authority (LAA), i.e., the local building or plumbing official regarding CCC activities;
2. Prohibition of the return of used water into the public water system (PWS) distribution system; and
3. Inclusion of a written CCC program in a Water System Plan (WSP) or a Small Water System Management Program (SWSMP).
The District, under the direction of the DOH certified Cross-Control Specialist, has prepared a written cross-connection control program plan to implement the requirements of this resolution. The written program shall be consistent with this resolution and shall comply with the requirements of Chapter 246-290 WAC (Group A Drinking Water Regulations).

Approval of Resolution No. 800 will implement the Cross-Connection Control Policy program as required.

**Fiscal Impact** – There is no fiscal impact. This Project is funded for 2021, as part of the approved 2021 Water System budget.

**Recommended Action** – APPROVE RESOLUTION NO. 800 ADOPTING CROSS CONNECTION CONTROL POLICY FOR THE DISTRICT’S DRINKING WATER COMPREHENSIVE WATER SYSTEM PLAN.
RESOLUTION NO. 800

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF PUBLIC UTILITY DISTRICT NO. 1 OF WHATCOM COUNTY ("DISTRICT") ADOPTING CROSS-CONNECTION CONTROL POLICY

WHEREAS, where applicable in its adopted Drinking Water Supply Plan, it is the responsibility of Public Utility District No. 1 of Whatcom County, (hereinafter referred to as the “District”) to provide water that meets Washington State drinking water quality standards, to the customer at the meter, and

WHEREAS, where applicable in its adopted Drinking Water Supply Plan, it is the District's responsibility to prevent the contamination of the public water system from the source of supply (i.e., to the customer's connection to the service pipe or meter), and

WHEREAS, it is a requirement of the Washington State Department of Health (DOH) for the District to establish a cross connection-control program satisfactory to DOH and consistent with the regulations provided in Chapter 246-290 WAC (the “Cross-Connection Control Program”), and

WHEREAS, cross-connections within the customer's plumbing system pose a potential source for the contamination of the public water supply system;

WHEREAS, in order to continue to provide for the public health and safety of its customers, the Board of Commissioners of the District shall authorize the District’s General Manager to establish and implement the Cross-Connection Control Policy to protect the District-owned water system from the risk of contamination that shall apply to all new and existing customers.

NOW, THEREFORE, BE IT RESOLVED that the District establishes the cross connection control set forth in Exhibit A, attached hereto.

ADOPTED by the Commission of the Public Utility District No. 1 of Whatcom County at its regular meeting held on the 14th day of September 2021.

Public Utility District No. 1 of Whatcom County

Atul Deshmane, President/Commissioner

Christine Grant, Secretary/Commissioner

Mike Murphy, Commissioner
EXHIBIT A
PUBLIC UTILITY DISTRICT NO. 1 OF WHATCOM COUNTY
CROSS CONNECTION CONTROL POLICY
(September 2021)

I. Definitions

Unless otherwise defined, all terms used in this resolution pertaining to cross connection control have the same definitions as those contained in WAC 246-290-010 of the Washington State Drinking Water Regulations.

II. Prevention of Contamination

The customer's plumbing system, starting from the termination of the District’s water service pipe, shall be considered a potential high-health hazard requiring the isolation of the customer's premises by a DOH-approved, customer-installed and maintained reduced-pressure principle backflow assembly (RPBA) or reduced-pressure detector assembly (RPDA). The RPBA or RPDA shall be located at the end of the District’s water service pipe (i.e., immediately downstream of the meter). Water shall only be supplied to the customer through a DOH-approved, customer-installed and maintained RPBA or RPDA.

Notwithstanding the aforesaid, the District, upon an assessment of the risk of contamination posed by the customer's plumbing system and use of water, may allow:

- A single-family or duplex residential customer to connect directly to the water service pipe, i.e., without a DOH-approved double-check valve assembly (DCVA) or RPBA.
- Any customer other than a single-family or duplex residential customer, as a minimum, to be supplied through a DOH-approved, customer-installed and maintained double-check valve assembly (DCVA) or double-check detector assembly (DCDA).
- Any customer, other than a single-family or duplex residential customer to connect directly to the water service pipe (i.e., without a District-approved DCVA or RPBA), PROVIDED THAT the customer installs and maintains backflow preventers, at the point of hazard, that are commensurate with the degree of hazard assessed by the District.

III. Conditions for Providing Service

Water service is provided based on the following terms, conditions, requirements and limitations:

1. The customer shall take all measures necessary to prevent the contamination of the plumbing system within his/her premises and the District’s distribution system that may occur from backflow through a cross connection. These measures shall include the prevention of backflow under any backpressure or backsiphonage condition, including the disruption of the water supply from the District’s system that may occur during routine system maintenance or during emergency conditions, such as a water main break.

2. The customer shall install, operate, and maintain at all times the customers plumbing system in compliance with the current edition of the Uniform Plumbing Code having jurisdiction as it pertains to the prevention of contamination and protection from thermal expansion, due to a closed system that could occur with the present or future installation of backflow preventers on
the customer's service and/or at plumbing fixtures.

3. For cross-connection control or other public health-related surveys, the customer agrees to provide for the District’s employees or agents free access to all parts of the premises during reasonable working hours of the day for routine surveys and at all times during emergencies.

Where agreement for free access for the District’s survey is denied, the District may supply water service provided that premises isolation is provided through a DOH-approved reduced-pressure principle backflow assembly (RPBA).

4. The customer agrees to install all backflow prevention assemblies requested by the District and to maintain those assemblies in good working order. The assemblies shall be of a type, size, and make approved by DOH and acceptable to the District. The assemblies shall be installed in accordance with the recommendations given in the most recently published edition of the Cross Connection Control Manual, Accepted Procedures and Practice, published by the Pacific Northwest Section, American Water Works Association, or latest edition thereof.

5. The customer shall:
   a. Have all assemblies (e.g., RPBA and/or DCVA) that the District relies upon to protect the public water distribution system tested upon installation, annually thereafter and/or more frequently if requested by the District, after repair, and after relocation;
   b. Have all testing done by a District-approved and currently DOH-certified Backflow Assembly Tester (BAT);
   c. Have the RPBA or DCVA tested in accordance with DOH-approved test procedures; and
   d. Submit to the District the results of the test(s) on test report forms acceptable to the District within the time period specified by the District.

6. The customer shall bear all costs for the aforementioned installation, testing, repair, maintenance and replacement of the RPBA, RPDA, DCVA or DCDA installed to protect the District’s distribution system.

7. At the time of application for service, if required by the District, the customer shall submit to the District plumbing plans and/or a cross-connection control survey of the premises conducted by a District-approved and DOH-certified Cross-Connection Control Specialist (CCS). The cross-connection control survey shall assess the cross-connection hazards and list the backflow preventers provided within the premises. The results of the survey shall be submitted prior to the District turning on water service to a new customer. The cost of the survey shall be borne by the customer.

8. For classes of customers other than single-family residential, when required by the District, the customer agrees to periodically submit a cross-connection control re-survey of the premises by a DOH-certified CCS acceptable to the District. The District may require the re-survey to be performed in response to changes in the customer's plumbing or water use, or performed periodically (annually or less frequently) where the District considers the customer's plumbing system to be complex or subject to frequent changes in water use. The cost of the re-survey shall be borne by the customer.

9. Within 30 days of a request by the District, a residential customer shall agree to complete and submit to the District a "Water Use Questionnaire" for the purpose of surveying the health hazard posed by the customer's plumbing system on the District's distribution system. Further, the residential customer agrees to provide within 30 days of a request by the District a cross-
connection control survey of the premises by a DOH-certified CCS acceptable to the District.

10. The customer shall obtain the prior approval from the District for all changes in water use, and alterations and additions to the plumbing system, and shall comply with any additional requirements imposed by the District for cross-connection control.

11. The customer shall immediately notify the District and the local health jurisdiction of any backflow incident occurring within the customer’s premises (i.e., entry of any contaminant/pollutant into the drinking water) and shall cooperate fully with the District to determine the reason for the backflow incident.

12. The customer acknowledges the right of the District to discontinue the water supply within 72 hours of giving notice to the customer, or a lesser period of time if required to protect public health, if the customer fails to cooperate with the District in the survey of premises, in the installation, maintenance, repair, inspection, or testing of backflow prevention assemblies or air gaps required by the District, or in the District’s effort to contain a contaminant or pollutant that is detected in the customer’s system.

Without limiting the generality of the foregoing, in lieu of discontinuing water service, the District may install an RPBA on the service pipe to provide premises isolation, and recover all costs for the installation and subsequent maintenance and repair of the assembly, appurtenances, and enclosure from the customer as fees and charges for water. The failure of the customer to pay these fees and charges may result in termination of water service in accordance with the District’s water billing policies.

13. The District will require premises isolation for a customer that is of the high-hazard type or category requiring "Mandatory Premises Isolation" established by the DOH regulations (Table 9, WAC 246-290-490).

14. Where the District imposes mandatory premises isolation in compliance with DOH regulations, or agrees to the customer's voluntary premises isolation through the installation of a RPBA immediately downstream of the District’s water meter, the customer acknowledges his obligation to comply with the other cross-connection control regulations having jurisdiction (i.e., Uniform Plumbing Code). Although the District’s requirements for installation, testing, and repair of backflow assemblies may be limited to the RPBAs used for premises isolation, the customer shall comply with the other terms herein as a condition of allowing a direct connection to the District’s service pipe.

15. The customer shall indemnify and hold harmless the District for all contamination of the customer's plumbing system or the District’s distribution system that results from an unprotected or inadequately protected cross connection within the customer’s premises. This indemnification shall pertain to all backflow conditions that may arise from the District’s suspension of water supply or reduction of water pressure, recognizing that the air gap separation otherwise required would require the customer to provide adequate facilities to collect, store, and pump water for his/her premises.

16. The customer shall, in the event legal action is required and commenced between the District and the customer to enforce the terms and conditions herein, the substantially prevailing party shall be entitled to reimbursement of all incurred costs and expenses including, but not limited to, reasonable attorney's fees as determined by the Court.
17. The customer acknowledges that the District’s survey of a customer's premises is for the sole purpose of establishing the District’s minimum requirements for the protection of the public water supply system, commensurate with the District’s assessment of the degree of hazard. It shall not be assumed by the customer or any regulatory agency that the District’s survey, requirements for the installation of backflow prevention assemblies, lack of requirements for the installation of backflow prevention assemblies, or other actions by the District’s personnel constitute an approval of the customer's plumbing system or an assurance to the customer of the absence of cross connections therein.

18. The customer acknowledges the right of the District, in keeping with changes to Washington State regulations, industry standards, or the District’s risk management policies, to impose retroactive requirements for additional cross-connection control measures.

The District will record the customer's agreement to the above terms for service on an “Application for Water Service,” “Application for Change of Water Service,” or other such form prepared by the District and signed by the customer.

IV. Implementation of the Cross-Connection Control Policy

The District will employ or otherwise engage the services of a DOH-certified CCS to develop, implement and be in responsible charge of the District’s cross-connection control program.

The District, under the direction of the aforementioned CCS, will prepare a written cross-connection control program plan to implement the requirements of this resolution. The written program shall be consistent with this resolution and shall comply with the requirements of Chapter 246-290 WAC (Group A Drinking Water Regulations).

The District will use the most recently published editions of the following publications as references and technical aids:


The District will incorporate the written program plan into all Drinking Water System Plans and will submit the plan to DOH for approval when requested.

The District, in consultation with the aforementioned CCS, shall have the authority to make reasonable decisions related to cross connections in cases and situations not provided for in the resolution or written program.

If any provision in this resolution, or in the written cross-connection control program is found to be less stringent than or inconsistent with the Drinking Water Regulations (Chapter 246-290 WAC), or
other Washington state statutes or rules, the more stringent state statute, rule, or regulation shall apply.
Memo

To: Commissioners Deshmane, Grant, and Murphy
From: Stephan Jilk
Date: September 14, 2021
Re: Award of Bid: Grandview Road Water Crossing Project

Requested Action – AWARD BID TO TIGER CONSTRUCTION FOR THE GRANDVIEW ROAD WATER CROSSING AND AUTHORIZE THE DISTRICT’S GENERAL MANAGER TO EXECUTE THE CONTRACT.

Background – The District utilized the Local Utility District (LUD) process to expand the Grandview Water System in 2004. During the process, potable water and fire water lines were extended to the I-5 industrial park and other nearby locations. As a part of the expansion, LUD participants had the water lines brought to their property. In 2019, it was discovered that one property owner did not have the water lines extended to his property. The owner requested that waterlines be extended to that property, since he had paid in full all of his LUD assessment.

This project is for the purpose of extending potable and fire water lines under Grandview Road to the owner’s property and will include the installation of valves, meter box & hydrant on his property. This has required obtaining an easement from the property owner, which has been secured -As is current District procedure, spare conduits will be installed along with the water lines.

On September 7, 2021, the District received and publicly read aloud two (2) bids submitted for this project. The Engineer’s Estimate for the project at the time of the bid, was $153,130.00, not including tax. The two bids are listed below:

<table>
<thead>
<tr>
<th>Construction Bids</th>
<th>Bid Total w/o tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tiger Construction</td>
<td>$204,645.00</td>
</tr>
<tr>
<td>Iverson Earth Works LLC</td>
<td>$224,500.00</td>
</tr>
</tbody>
</table>

Both bids are responsive in all respects, except for the bid amounts. Both are greater than 15% in excess of the Engineer’s Estimate. After conferring with the District’s Engineer and Legal Counsel, staff believe it is reasonable to proceed without re-bidding the project. For the record, the District’s
Engineer has submitted a letter outlining the difficulty of estimating project costs in advance due to continually changing materials costs and availability and also labor costs. In the Engineer’s opinion, the bids received were reasonable, given today’s market conditions.

With the above as context, District staff is recommending that the Commission award the Bid to Tiger Construction, which is the lowest priced bid submitted at $204,645.00.

**Fiscal Impact** – The capital project, as bid, is not identified as a separate CIP in the 2021 Budget. However, given available remaining capital budget and the utilization of other discretionary funds, this project will have no negative fiscal impact.

**Recommended Action** – AWARD BID TO TIGER CONSTRUCTION FOR THE GRANDVIEW ROAD WATER CROSSING AND AUTHORIZE THE DISTRICT’S GENERAL MANAGER TO EXECUTE THE CONTRACT.
Memo

To: Commissioners Deshmane, Grant, and Murphy
From: Stephan Jilk
Date: September 8, 2021
Re: Re -Approve Professional Services Agreement with RH2 Engineering, Inc. to support development of Phase 2 of the WRIA 1 Regional Water Supply and Management Plan

Requested Action – TO APPROVE PROFESSIONAL SERVICES AGREEMENT WITH RH2 ENGINEERING, INC, TO SUPPORT DEVELOPMENT OF PHASE 2 OF THE WRIA 1 REGIONAL WATER SUPPLY AND MANAGEMENT PLAN AND AUTHORIZE GENERAL MANAGER TO SIGN THE AGREEMENT.

Background – In early 2019, the District, with the support of Watershed Management Board (WMB) members, submitted a Near Term Action (NTA) to develop a WRIA 1 Regional Water Supply Plan (RWSP) to the Puget Sound Partnership (PSP) for grant funding up to $100,000. The NTA was approved by PSP Habitat Strategic Initiative Leads for funding. The Washington Department of Fish and Wildlife (WDFW) manages the grants for the PSP Habitat Initiative. In January of 2020 the Commission approved the grant with WDFW for the $100,000. In April of 2020, an additional $100,000 was granted by PSP Habitat Strategic Initiative Leads.

The NTA was originally based on a “Phase 1” scope of work for Strategy 3 of the WRIA 1 Watershed Management Board’s 5-Year Work Plan. “Phase 1” was intended to scale the task from a WRIA 1 – wide effort to pilot areas. The additional $100,000 added in April 2020 provided for a “Phase 2” scope of work that will allow for the WRIA 1 wide planning effort.

Because the District is the lead on the NTA, it manages the agreement(s) with any subcontractors. In May 2020 Aspect Consulting was hired to perform the work on Phase 1 of the Regional Water Supply. Phase 1 was completed in April of 2021 and WDFW approved Phase 1 work and deliverables on behalf of the PSP Habitat Initiative. The Regional Water Supply Work Group (RWSP Work Group) selected RH2 to perform the Phase 2 work based on their knowledge of water supply issues in the Nooksack Basin.

Fiscal Impact – No fiscal impact to the District. The District will pass funds from the WDFW grant to subcontractors who will perform the work.

Recommended Action – TO APPROVE PROFESSIONAL SERVICES AGREEMENT WITH RH2 ENGINEERING, INC, TO SUPPORT DEVELOPMENT OF PHASE 2 OF THE WRIA 1 REGIONAL WATER SUPPLY AND MANAGEMENT PLAN AND AUTHORIZE GENERAL MANAGER TO SIGN THE AGREEMENT.
STANDARD AGREEMENT
FOR PROFESSIONAL CONSULTING SERVICES

THIS AGREEMENT ("Agreement") is made and entered into this ___ day of September 2021, by and between the PUBLIC UTILITY DISTRICT NO. 1 of WHATCOM COUNTY, 1705 Trigg Road Ferndale, WA 98248, hereinafter called the "Whatcom PUD," and, RH2 ENGINEERING, INC having an address of 22722 29th Drive SE Ste 210, Bothell, WA 98021 hereinafter called "Consultant," for projects generally described as:

Consulting Services to support the preparation of the Phase 2 Regional (WRIA 1) Water Supply Plan including “Data Consolidation and Synthesis and Identification” and “Instream and Out-of-Stream Water Supply and Water Management Solutions”, and “WRIA 1 Water Supply Report”

WHEREAS, the purpose of the Regional (WRIA 1) Water Supply Plan (RWSP) is to establish a framework to address water supply needs for instream and out-of-stream uses; and

WHEREAS, developing a RWSP is a strategy in the WRIA 1 Watershed Management Board 2018-2023 Implementation Strategy; and

WHEREAS, Whatcom PUD is serving as the administrative lead for the RWSP Strategy; and

WHEREAS, Whatcom PUD wishes to obtain consulting services necessary to provide support for the development of the Phase 1 Regional (WRIA 1) Water Supply Plan; and

WHEREAS, the selection of the consultants, and the Consultant herein, were made after the completion of a process that complied with all provisions of Federal, State, and local laws concerning selection of professional services.

NOW, THEREFORE, for and in consideration of the promises and the mutual covenants set forth herein, the parties agree as follows:

1. **Scope of Services.** The specific assignments for the Consultant will be identified from time to time by Whatcom PUD. The Consultant will prepare and submit to Whatcom PUD a proposed Work Order which shall include the proposed scope of services and fee estimate for the proposed assignment. If acceptable, Whatcom PUD will execute the Work Order for the specific assignment. The scope of Work Order is hereinafter referred to as “Work”. Services of the Consultant shall conform with the standard of care applicable to professionals providing similar such services in the State of Washington. All Work Orders must be approved in writing and approved in advance by the Commission and/or General Manager of Whatcom PUD. The terms and conditions of this Agreement shall apply in all Work Orders approved by the Whatcom PUD, unless a Work Order contains terms and conditions different than those provided herein.

Agreement for Professional Engineering Services   Whatcom PUD/RH 2 Engineering, Inc   2021
Any Work Order and this Agreement shall be interpreted to give full meaning to all provisions. In the event that any provision of this Agreement is in conflict with any provision of an approved Work Order, the more specific shall control, and if a conflict still exists, then the Work Order shall control the specific conflicting provision.

2. **Term.** The term of this Agreement shall commence on execution of this Agreement until all tasks associated with the scope of services herein, as may be amended, have been completed by Consultant or March 15, 2022, whichever is sooner, unless terminated earlier as provided herein.

3. **Termination.** Whatcom PUD reserves the right to terminate this Agreement at any time by sending written notice of termination to the Consultant. The notice shall specify a termination date at least fourteen (14) calendar days after the date the notice is issued. The notice shall be effective upon the earlier of either actual receipt by the Consultant (whether by fax, mail, delivery or other method reasonably calculated to be received by the Consultant in a reasonably prompt manner) or three (3) calendar days after issuance of the notice. Upon the notice date, the Consultant shall immediately commence to end the Work in a reasonable and orderly manner. Unless terminated for the Consultant’s material breach, the Consultant shall be paid or reimbursed for: (a) all hours worked and eligible expenses incurred up to the notice date, less all payments previously made; and (b) those hours worked and eligible expenses incurred after the notice date, but prior to the termination date, that were reasonably necessary to terminate the Work in an orderly manner. The notice shall be sent by the United States Mail to the Consultant’s address provided herein, postage prepaid, certified or registered mail, return receipt requested, or by hand delivery. In addition, the notice may also be sent by any other method reasonably believed to provide the Consultant actual notice in a timely manner, such as fax. Whatcom PUD does not by this Section waive, release or forego any legal remedy for any violation, breach or non-performance of any of the provision of this Agreement. At its sole option, Whatcom PUD may deduct from the final payment due the Consultant (a) any damages, expenses or costs arising out of any such violations, breaches, or non-performance and (b) any other back charges or credits.

4. **Compensation and Payment.** Whatcom PUD shall pay the Consultant only for services actually rendered which are described in each Work Order. Such payment shall be full compensation for Work performed or services rendered, including, but not limited to, all labor, materials, supplies, equipment and incidentals necessary to complete the Work. The Consultant shall obtain the prior written approval of Whatcom PUD for any charges for additional services by the Consultant, the additional services of others retained by the Consultant, or the furnishing of additional supplies, materials or equipment. The Consultant shall not be entitled to compensation for any such additional charges incurred in violation of this paragraph.
4.1 The Consultant shall submit monthly statements, including project budget status and a narrative progress description of services rendered in a form and in such detail as requested by Whatcom PUD. Whatcom PUD shall make prompt monthly payments for work completed on Works to the Whatcom PUD's satisfaction and billed before the first day of the month. Whatcom PUD shall review and consider for approval all bills submitted one week prior to a regularly scheduled meeting of Whatcom PUD Commissioners. After approval of the Consultant’s statement of bill, Whatcom PUD shall forward the approval to the County Treasurer for payment in the normal course of events. In no event shall Whatcom PUD be charged interest on payments due under this Agreement. Whatcom PUD shall not be obligated to pay for services deemed unsatisfactory.

5. **Compliance With Laws.** All Federal, State and local laws applicable in the rendering of the services by the Consultant shall be complied with in all respects by the Consultant, as shall all rules and regulations of Whatcom PUD and any other governmental agency. The Consultant shall register, as required by RCW 23B.15.010, to do business in the State of Washington and provide proof of the same to Whatcom PUD.

6. **Project Management.** Whatcom PUD's designated representative may at any time issue written directions within the general scope of this Agreement. If any such direction causes an increase or decrease in the cost of this Agreement or otherwise affects any other provision of this Agreement, the Consultant shall immediately notify the designated representative in writing and take no further action concerning those written directions until such time as the parties have executed a written change order. No additional work shall be performed or charges incurred unless and until Whatcom PUD approves in writing the change order and the increased cost thereof. Any work done in violation of this paragraph shall be at the sole expense of the Consultant.

7. **Recordation of Documents Affecting Title.** Prior to the execution or recordation of any documents affecting title to any property, the said document shall be reviewed by Whatcom PUD. Whatcom PUD shall be responsible for all costs associated with such review.

8. **Conflict of Interest.** Consultant covenants that it presently has no interest and shall not acquire an interest, directly or indirectly, which would conflict in any manner or degree with its performance under this Agreement. Consultant further covenants that in the performance of this Agreement, no person having such interest shall be employed by it or any of its subcontractors.

9. **Insurance.** Consultant shall procure and maintain during the term of this Agreement the following insurance:

   a. Comprehensive general liability policy covering all claims for personal injury (including death) and/or property damage arising out of Consultant’s services. The
limits of liability shall be not less than One Million Dollars ($1,000,000) for each occurrence and in the aggregate unless Whatcom PUD approves in writing a lesser limit.

b. Automobile Liability Insurance covering all owned and non-owned automobiles or vehicles used by or on behalf of Consultant. The limits of liability shall be not less than One Million Dollars ($1,000,000) for each occurrence and in the aggregate unless Whatcom PUD approves in writing a lesser limit.

c. Workers Compensation Insurance as required by law.

9.1 The insurance policies associated with 9.a and 9.b shall name Whatcom PUD as an additional insured. Consultant shall provide two (2) certificates of insurance and, if requested, copies of any policy to Whatcom PUD. Receipt of such certificate or policy by Whatcom PUD does not constitute approval by Whatcom PUD of the terms of such policy. Furthermore, the policy of insurance required herein shall: (i) be written as a primary policy; (ii) expressly provide that such insurance may not be materially changed, amended or canceled with respect to Whatcom PUD except upon forty-five (45) days prior written notice from the insurance company to Whatcom PUD; (iii) contain an express waiver of any right of subrogation by the insurance company against Whatcom PUD and Whatcom PUD’s elected officials, employees, or agents; (iv) expressly provide that the insurance proceeds of any covered loss will be payable notwithstanding any act or negligence of Consultant which might otherwise result in a forfeiture of said insurance; and (v) in regard to physical property damage coverage, expressly provide that all proceeds shall be paid jointly to Whatcom PUD and Consultant.

9.2 If Consultant fails to procure and maintain the insurance described above, Whatcom PUD shall have the right, but not the obligation, to procure and maintain substitute insurance and to pay the premiums. Consultant shall pay to Whatcom PUD upon demand the full amount paid by Whatcom PUD, or Whatcom PUD may offset such premiums against amounts to be paid to Consultant.

10. **Indemnification.** Consultant shall indemnify and hold Whatcom PUD harmless from and against all costs and losses, and all claims, demands, suits, actions, payments and judgments, arising from personal injury or otherwise, brought or recovered against Whatcom PUD to the extent caused by any negligent act or omission of Consultant, its directors, officers, agents or employees in the performance and execution of the Services hereunder, including any and all expenses, legal or otherwise, incurred by Whatcom PUD or its representatives in the defense of any claim or suit.

11. **Confidentiality.** Any reports, documents, questionnaires, records, information or data given to or prepared or assembled under this Agreement which Whatcom PUD requests to be kept confidential shall not be made available by the Consultant to any individual or organization without prior written approval of Whatcom PUD, except as may be ordered by a court of competent jurisdiction. The provisions of this section shall survive the expiration or
earlier termination of this Agreement. No reports, records, questionnaires, software programs provided by Whatcom PUD or other documents produced in whole or in part by the Consultant under this contract shall be the subject of an application for copyright by or on behalf of the Consultant.

12. **Property of District.** All Plans, Reports, Documents, Photographs, Drawings, and Specifications that are generated by the Consultant for Whatcom PUD under this contract are and shall remain the property of Whatcom PUD whether the Project for which they are made is executed or not. The Consultant assumes no liability for any use of the Drawings and Specifications other than that originally intended for this Project. The Consultant shall retain originals during the performance of the Services and reproducible copies shall be provided as requested by Whatcom PUD. Upon completion of the work, the originals of all Plans, Drawings and Specifications shall be delivered to Whatcom PUD.

13. **Electronic Transmission.** All electronically transmitted output must be compatible with existing District software and will be accompanied by a pdf of report(s). Consultant shall check with Whatcom PUD for software application and system compatibility.

14. **Contamination.** For the purpose of this clause, contamination conditions shall mean the actual or alleged existence, discharge, release or escape of any irritant, pollutant, contaminant, or hazardous substance into or upon the atmosphere, land, groundwater, or surface water of or near the property. Consultant will promptly notify Whatcom PUD of contamination conditions, if identified.

15. **No Employment Relation Created.** Consultant is an independent contractor, who will provide services to Whatcom PUD. The Parties are not “partners” and this Agreement does not create a partnership, joint venture relationship or an employer-employee relationship. The relationship between Whatcom PUD and the Consultant is not and shall not be construed to be an employment relationship under any circumstance, and shall be construed only to be an independent contractor relationship with Whatcom PUD.

16. **Industrial Insurance Act Defense Waiver.** The Consultant expressly waives any claim of defense against Whatcom PUD as may be provided by the Industrial Insurance Act, RCW 51.04.010 et seq. for any claim asserted by any person (or relative or estate thereof) for injury or death sustained during the course of the Contract work.

17. **Subconsultants.** Consultant shall notify Whatcom PUD in writing of all subconsultants hired or utilized by Consultant. At the time of project completion, the Consultant agrees to certify to Whatcom PUD that all subconsultants have been paid in full. Consultant shall be solely responsible for the performance of any subconsultant. All such subconsultants shall possess all licenses and insurance as required by the laws of the State of Washington.
18. **Discrimination.** In connection with the performance of this Agreement, the Consultant shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age, marital status, or being handicapped, a disadvantaged person, or a disabled or Vietnam era veteran. The Consultant shall take affirmative action to ensure that the employees are treated during employment without regard to, their race, color, religion, sex, national origin, age, marital status, or being handicapped, or disadvantaged person, or disabled or Vietnam era veteran.

19. **Understanding of Agreement.** Each party acknowledges that such party has read this Agreement and understands its contents, that such party has had the opportunity to have this Agreement reviewed by an attorney of such party’s choice, and that such party either has consulted with an attorney or voluntarily has chosen not to consult with an attorney before signing this Agreement.

20. **Litigation/Arbitration.** In the event either party herein finds it necessary to bring an action against the other party to enforce any of the terms, covenants or conditions hereof or any instrument executed pursuant to this Agreement by reason of any breach or default hereunder or thereunder, the party prevailing in any such action or proceeding shall be paid all reasonable costs and attorneys’ fees incurred by the other party, and in the event any judgment is secured by such prevailing party all such costs and attorneys’ fees of collection shall be included in any such judgment. In the event of any dispute arising between the parties to this Agreement, any such dispute shall be submitted to binding arbitration as provided herein. The parties shall select an independent and unbiased arbitrator who is not affiliated directly or indirectly with either party within ten (10) days after any party demands arbitration. If the parties fail to select or cannot agree upon an arbitrator within this time, then they shall make application to the Superior Court of Whatcom County, pursuant to RCW 7.04 et seq., for an order appointing an arbitrator. Such application may be made at any time after the ten (10) day period has expired. Upon application to the court for an arbitrator, the Court shall select an arbitrator who shall render his/her decision no later than sixty (60) days after his/her appointment. If the arbitrator requests a hearing prior to rendering his/her decision, such hearing shall be held in Whatcom County, Washington within thirty (30) days of the arbitrator’s appointment. The arbitrator’s decision shall be binding on both parties. Each party shall bear its own expenses associated with the arbitration but shall share equally the costs of the arbitrator. RCW Chapter 7.04 and Rules 5.2 through 5.4 of the Mandatory Arbitration Rules for Superior Court (“MAR”) shall govern the arbitration. In the event of any inconsistencies between the Binding Arbitration Clause, RCW Chapter 7.04, and MAR 5.2 through 5.4, the terms of the Binding Arbitration Clause shall take precedence over RCW Chapter 7.04 and MAR 5.2 through 5.4; and RCW Chapter 7.04 shall take precedence over MAR 5.2 through 5.

21. **Notices.** All notices, demands, requests, consents and approvals which may or are required to be given by any party to 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 mailed or deposited in the United States mail and sent by registered or certified mail, return receipt requested, postage prepaid to:

District: Stephan Jilk, General Manager
Public Utility District No. 1 of Whatcom County
1705 Trigg Road | PO Box 2308
Ferndale, WA 98248

Consultant: Tony Pardi, P.E., President
RH2 Engineering Inc.
22722 29th Drive SE, Suite 210
Bothell, WA 98021

or to such other address as the foregoing parties hereto may from time-to-time designate in writing and deliver in a like manner. All notices shall be deemed complete upon actual receipt or refusal to accept delivery. Facsimile transmission of any signed original document and retransmission of any signed facsimile transmission shall be the same as delivery of an original document.

22. Amendment. No modification, termination or amendment of this Agreement may be made except by written agreement signed by all parties, except as provided herein.

23. Waiver. No failure by any of the foregoing parties to insist upon the strict performance of any covenant, duty, agreement, or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or any other covenant, agreement, term or condition. Any party hereto, by notice and only by notice as provided herein, may, but shall be under no obligation to, waive any of its rights or any conditions to its obligations hereunder, or any duty, obligation or covenant of any other party hereto. No waiver shall affect or alter this Agreement, and each and every covenant, agreement, term and condition of this Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

24. Captions. The captions of this Agreement are for convenience and reference only and in no way define, limit, or describe the scope or intent of this Agreement.

25. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.
26. **Counterparts.** This Agreement may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

27. **Neutral Authorship.** Each of the provisions of this Agreement has been reviewed and negotiated and represents the combined work product of all parties hereto. 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.

28. **Governing Law.** This Agreement and the right of the parties hereto shall be governed by and construed in accordance with the laws of the State of Washington.

29. **Time of Performance.** Time is specifically declared to be of the essence of this Agreement and of all acts required to be done and performed by the parties hereto.

30. **Entire Agreement.** The entire agreement between the parties hereto is contained in this Agreement and the exhibits hereto, and this Agreement supersedes all of their previous understandings and agreements, written and oral, with respect to this transaction. This Agreement may be amended only by written instrument executed by the parties subsequent to the date hereof. The Consultant specifically understands that no District employees other than the project manager or his/her supervisors are authorized to direct the work of the Consultant and/or amend this Agreement.
IN WITNESS WHEREOF, the parties hereto execute this Agreement.

DISTRICT:

PUBLIC UTILITY DISTRICT NO. 1 OF WHATCOM COUNTY

By: ______________________________
Title: General Manager
Date signed: ______________________

CONSULTANT:

____________________________________________

By: ______________________________
Title: ______________________________
Firm's EIN: _________________________
Date signed: ________________________
Memo

To: Commissioners Deshmane, Grant, and Murphy
From: Stephan Jilk
Date: September 14, 2021
Re: Approve Work Order No. 17 with RH 2 Engineering Inc. to Support Development of Phase 2 of the WRIA 1 Regional Water Supply and Management Plan

Requested Action – APPROVE WORK ORDER NO. 17 WITH RH2 ENGINEERING INC. TO SUPPORT DEVELOPMENT OF PHASE 2 OF THE WRIA 1 REGIONAL WATER SUPPLY AND MANAGEMENT PLAN NOT TO EXCEED $93,850.00 AND AUTHORIZE GENERAL MANAGER TO SIGN THE AGREEMENT.

Background - In early 2019, the District, with the support of Watershed Management Board (WMB) members, submitted a Near Term Action (NTA) to develop a WRIA 1 Regional Water Supply Plan (RWSP) to the Puget Sound Partnership (PSP) for grant funding up to $100,000. The NTA was approved by PSP Habitat Strategic Initiative Leads for funding. The Washington Department of Fish and Wildlife (WDFW) manages the grants for the PSP Habitat Initiative. In January of 2020 the Commission approved the grant with WDFW for the $100,000. In April of 2020, an additional $100,000 was granted by PSP Habitat Strategic Initiative Leads.

The NTA was originally based on a “Phase 1” scope of work for Strategy 3 of the WRIA 1 Watershed Management Board’s 5-Year Work Plan. “Phase 1” was intended to scale the task from a WRIA 1 – wide effort to pilot areas. The additional $100,000 added in April 2020 provided for a “Phase 2” scope of work that will allow for the WRIA 1 wide planning effort.

Because the District is the lead on the NTA, it manages the agreement(s) with any subcontractors. In May 2020 Aspect Consulting was hired to perform the work on Phase 1 of the Regional Water Supply. Phase 1 was completed in April of 2021 and WDFW approved Phase 1 work and deliverables on behalf of the PSP Habitat Initiative. The Regional Water Supply Work Group (RWSP Work Group) selected RH2 to perform the Phase 2 work based on their knowledge of water supply issues in the Nooksack Basin.

District Staff and RH2 developed the detailed Work Order which will be in a not to exceed amount of $93,850.00. The work performed by the consultant under the Work Order in Phase 2 will result in a the WRIA 1 Regional Water Supply Plan.
The Regional Water Supply Plan Work Group (RWSP Work Group) chose to do Phase 2 work based on a choice of eighteen surface water delineation subbasins. The RWSP Work Group knows that the grant funding will not support reviewing eighteen subbasins and chose to prioritize six subbasins: The six subbasins are: Lower Mainstem Nooksack, Lynden North, Middle Fork Nooksack, North Fork Nooksack, Ten Mile Creek, and Upper Mainstem Nooksack.

**Fiscal Impact** – No fiscal impact to the District. The District will pass funds from the WDFW grant to sub-contractor who will perform the work.

**Recommended Action** – APPROVE WORK ORDER NO. 17 WITH RH2 ENGINEERING INC. TO SUPPORT DEVELOPMENT OF PHASE 2 OF THE WRIA 1 REGIONAL WATER SUPPLY AND MANAGEMENT PLAN NOT TO EXCEED $93,850.00 AND AUTHORIZE GENERAL MANAGER TO SIGN THE AGREEMENT.
EXHIBIT A

WORK ORDER NO.17

Services for:

PUBLIC UTILITY DISTRICT NO. 1 OF WHATCOM COUNTY

Regional Water Supply Plan Phase 2

Performed by:

RH2 ENGINEERING, INC

This Work Order No.17 is issued pursuant to the Standard Agreement for Professional Engineering Services (“Agreement”) dated September 14, 2021, between Public Utility District No.1 of Whatcom County (“Whatcom PUD”) and RH2 Engineering Inc. (“Consultant”). Work Order No.17 is hereby incorporated into the Agreement by this reference.

Background

Public Utility District No. 1 of Whatcom County (PUD) is managing a grant administered by the Washington Department of Fish and Wildlife (WDFW) titled Regional (WRIA 1) Water Supply and Management Plan. This grant has been divided into two phases. Phase I of the grant was completed by Aspect Consulting (Aspect) in April 2021, and focused on three pilot areas (Drayton Harbor, Bertrand/Schneider, and South Fork Nooksack River subbasins). In that effort, Aspect produced the Phase I Task 2 memo (Task 2 memo) and the Phase I Task 3 memo (Task 3 memo). Phase II of the grant is currently scheduled to be completed by March 15, 2022, and is the subject of this Scope of Work.

The goal is to expand the pilot work to the remainder of the Water Resource Inventory Area (WRIA) 1 watershed. The organization of data and analysis for Phase II will be based on the 18 sub-basins delineated in the 2005 Surface Water Delineation Boundaries map, which is a modification of the 2000 surface water delineations for the WRIA 1 watershed management project. Two of the 18 sub-basins and two watersheds within sub-basins have been completed under Phase 1. The remaining 16 sub-basins, and excluding those watersheds completed under Phase 1, will be sequenced for purposes of completing Phase II RWSP. Sub-basins 1 through 6 and possibly 7-9 will be the first set of sub-basins for Phase II efforts. Modifications to order may occur after consulting with RWSP Work Group.

Sub-basin Order for Phase II RWSP
1. Lower Mainstem Nooksack (exclude Schneider Cr. Watershed completed in Phase 1)
2. Lynden North (exclude Bertrand completed in Phase 1)
3. Middle Fork Nooksack
4. North Fork Nooksack
5. Ten Mile Cr.
6. Upper Mainstem Nooksack
7. Lummi Bay
8. Silver Cr
9. Sumas River
10. Bellingham Bay
11. Birch Bay
12. Lake Whatcom
13. Squalicum Cr.
14. Lummi Peninsula/Portage Island
15. Lummi/Eliza Island
16. Samish Bay

Phase 1 Pilot Areas – Completed
17. South Fork Nooksack (Phase 1 pilot)
18. Drayton Harbor (Phase 1 pilot)
   Bertrand Watershed/Schneider Watershed (Phase 1 pilot)

In support of Phase II, RH2 Engineering, Inc., (RH2) will utilize and rely on the methodologies
developed during Phase I and expand them to the sub-basins with direction provided by the
Regional Water Supply Plan staff work group. No field work or data collection will occur under
Phase II.

The PUD will be responsible for hosting or providing a repository for all data, GIS shapefiles,
and reports produced.

RH2 will rely upon the accuracy and completeness of information, data, and materials generated
or produced by the Phase I consultant, the PUD, and RWSP Work Group in relation to each task
within this Scope of Work. To improve efficiency, editable forms of the information, data, and
materials used to complete Phase I must be provided.

Scope of Services

Task 1 – Project Administrative Services

Objective: Provide project management services to help facilitate project completion.

Approach:

1.1 Monitor RH2’s scope, budget, and schedule of the project. Provide updates and monthly
invoices by the 15th of the month to the PUD, including percent budget remaining by task
aligned with the task work reflected in the invoice.

1.2 Coordinate with the PUD to facilitate the project.

Assumptions:

- It is assumed that Task 1 will be necessary for the duration of the project.

RH2 Deliverables:

- Monthly invoices and schedule updates in electronic format (PDF).
Task 2 – Meetings

**Objective:** Attend meetings with the Regional Water Supply Plan staff work group in order to obtain guidance and to inform the group of findings.

**Approach:**

2.1 Attend up to ten (10) meetings of the Regional Water Supply Plan staff work group. It is assumed that Geneva Consulting will prepare the meeting agendas and/or minutes.

2.2 Participate in up to ten (10) meetings with the PUD or Geneva Consulting.

**Assumptions:**

- *It is assumed that the first staff work group meeting with RH2 will be to confirm sub-basins (Tasks 4-6) and stream flow comparison approach (Task 7).*
- *It is assumed that the staff work group meetings will be half virtual and half in person.*
- *It is assumed that all of the PUD or Geneva Consulting meetings will be virtual.*

**Provided by PUD:**

- Attendance and participation in meetings and coordination with other consultants and the Regional Water Supply Plan staff work group.

**RH2 Deliverables:**

- Attendance and participation in meetings.

Task 3 – Pilot Area Phase I Report

**Objective:** Consolidate information and summarize the Phase I work for the three pilot areas.

**Approach:**

3.1 Review the Task 2 and Task 3 memos (Aspect Consulting, 2021) as informed by RWSP Work Group guidance.

3.2 Prepare draft Pilot Area Phase I Report.

3.3 Prepare document containing reviewer comments and responses to comments.

3.4 Prepare final Pilot Area Phase I Report.

**Assumptions:**

- *Prior to initiating the Phase 1 report input will be provided by the RWSP Work Group.*
- *The draft Pilot Area Phase I Report will be limited to a brief summary of the identified existing work in the Task 2 and Task 3 memos.*
- *Comments and suggested edits to the draft report will be electronic in Track Changes and will be consolidated such that RH2 will not be arbitrating between competing comments.*

**Provided by PUD:**

- MS Word format of the Task 2 and Task 3 memos.
- Electronic copies of references cited in Phase I memos.
• Review and provide consolidated comments on draft Pilot Area Phase I Report.

**RH2 Deliverables:**

- Draft Pilot Area Phase I report (electronic MS Word only).
- Reviewer comments and responses to comments document (electronic MS Word and PDF formats only).
- Final Pilot Area Phase I report (electronic MS Word and PDF formats only).

**Task 4 – Summarize Surface Water Delineations**

**Objective:** Summarize details for sequenced surface water delineations for the Phase II report. Include physical characteristics such as area, elevation, average precipitation, major streams, and rivers. Document current and estimate future land use. Document salmonid species and current and historic/presumed presence and likely areas used by key salmonid species to meet life history needs such as rearing, spawning, or migration.. Document hydrogeology. Document current water right regulatory scheme.

**Approach:**

For each surface water delineation:

4.1 Describe physical characteristics (area, elevation, average precipitation, and major streams and rivers).

4.2 Describe fish type and use of surface waters.

4.3 Describe the hydrogeology.

4.4 Describe surface and ground waters tributary.

4.5 Describe water right regulations such as closed streams and instream flow control points.

4.6 Describe population.

4.7 Describe changes including population and land use.

**Assumptions:**

- *Appropriate sequenced surface water delineations will be confirmed at the first RWSP Work Group/RH2 meeting.*

- *Data sources used will be identified with a brief statement describing data integrity, if known.*

- *Members of the RWSP Work Group that are members of the WRIA 1 Salmon Recovery Staff Team will consult with the Staff Team to identify key species for the surface water delineations.*

- *Surface area and elevation will be calculated in GIS from digital elevation models.*

- *Precipitation will be calculated in GIS using PRISM Climate Group data.*

- *Fish distribution (current and historic/presumed) will be as documented on WDFW’s SalmonScape.*
- Groundwater as documented in the recently completed WRIA 1 groundwater modelling effort, public USGS reports, and other publicly available sources.

- Land use and population data will be as documented by Whatcom County in its Comprehensive Plan, and as extrapolated. If this information has been broken out by surface water delineation, RH2 will use that directly. Otherwise, RH2 will have to extrapolate from the County-wide data.

**RH2 Deliverables:**

- Language for inclusion in final report (Task 10-Regional Water Supply Plan Report) (electronic MS Word and PDF format only).

**Task 5 – Expand Current Out-of-Stream Water Use Calculations from Pilot Areas**

**Objective:** Utilize methodology developed in Phase I Pilot Areas, as detailed in the Task 2 memo, and expand estimates of current total and consumptive water use to the entire region, broken out by surface water delineations.

**Approach:**

For each surface water delineation:

5.1 Calculate self-supplied single domestic residential total and consumptive use consistent with the methods in Task 2 memo, Section 3.1.1.1.

5.2 Calculate municipal and group domestic (Group A and B public water systems) water total and consumptive use consistent with the methods in Task 2 memo, Section 3.1.1.2.

5.3 Calculate commercial and industrial total and consumptive water use consistent with the methods in Task 2 memo, Section 3.1.1.3.

5.4 Calculate crop irrigation total and consumptive water use consistent with the methods in Task 2 memo, Section 3.1.2

5.5 Calculate dairy total and consumptive water use consistent with the methods in Task 2 memo, Section 3.1.3.

5.6 Prepare tables and maps to summarize existing estimated total and consumptive use by surface water delineation.

**Assumptions:**

- Data sources used for development of Phase I methodologies are publicly available and the calculations described in the Task 2 memo can be duplicated, except in cases where RH2, in consultation with the RWSP Work Group, has modified the methodology (Information in Task 2 memo, Section 8, Table 8.1 will be considered.)

**Provided by PUD:**

- All GIS shapefiles, layers, geodatabases, and spreadsheets produced under the Phase I work in native format.

**RH2 Deliverables:**

- Tables, GIS shapefiles, and maps depicting the existing total and consumptive use for each surface water delineation (electronic MS Excel and PDF format only).
Task 6 –  **Expand Projected Out-of-Stream Water Use and Demand Calculations from Pilot Areas**

**Objective:** Utilize methodology developed in Phase I Pilot Areas, as detailed in the Task 2 memo, and expand estimates of future consumptive water use for various uses to the entire region, broken out by surface water delineations.

**Approach:**

For each surface water delineation

6.1 Calculate self-supplied single domestic residential future consumptive use consistent with Task 2 memo, Section 3.2.1.1.

6.2 Calculate municipal and group domestic (Group A and B public water systems) future consumptive water use consistent with Task 2 memo, Section 3.2.1.2.

6.3 Calculate commercial and industrial future consumptive water use consistent with Task 2 memo, Section 3.2.1.3.

6.4 Calculate crop irrigation future consumptive water use consistent with Task 2 memo, Section 3.2.2.

6.5 Calculate dairy future consumptive water use consistent with Task 2 memo, Section 3.2.3.

6.6 Prepare tables and maps to summarize future estimated total and consumptive use by surface water delineation.

**Assumptions:**

- *Data sources used for development of Phase I methodologies are publicly available and the calculations described in the Task 2 memo can be duplicated, except in cases where RH2 has modified the methodology, with Regional Water Supply Plan staff work group approval. (Information in Task 2 memo, Section 8, Table 8.1 will be considered.)*

- *Future climate conditions are incorporated in the Phase I methodologies. Where they are not considered, options for modifying methods will be discussed with the RWSP Work Group and considered.*

**Provided by PUD:**

- All GIS shapefiles, layers, and geodatabases and spreadsheets produced under the Phase I work in native format.

**RH2 Deliverables:**

- Tables, GIS shapefiles, and maps depicting the projected future total and consumptive use for each surface water delineation (electronic MS Excel and PDF format only).

**Task 7 – Minimum Instream Flow Comparison with Existing and Climate Change Conditions**

**Objective:** Compare minimum instream flows identified in Chapter 173-501 Washington Administrative Code (WAC) with historic discharge, calculated future discharge considering climate change (Year 2025, Year 2050, and Year 2070), and calculated future discharge considering climate change and expanded future water use for the entire Nooksack River
watershed, using the methodology in the Task 2 Phase 1 RWPS memo. Summarize current minimum instream flows [IRPP flows] (both location and rate) with Utah State University (USU) ecological flows (both location and rate).

**Approach:**

7.1 Calculate daily minimum instream flow values for the Nooksack River at Ferndale (United States Geological Survey (USGS) Gage 12213100) control station identified in Chapter 173-501 WAC.

7.2 Compute streamflow statistics (10th, 50th, and 90th percentiles) for the gage on a daily basis.

7.3 Prepare hydrograph plots comparing streamflow statistics to minimum instream flows.

7.4 Prepare hydrograph plots comparing future streamflow statistics considering climate change for year 2025, 2050, and 2070 to minimum instream flows.

7.5 Prepare hydrograph plots comparing future streamflow statistics considering future use for 2070 upstream of the gage to minimum instream flows.

7.6 Map the current active streamflow gage locations, minimum instream flow control station locations from Chapter 173-501 WAC, and USU Intensive and Rapid Assessment sites.

7.7 Summarize the differences (location and flow) between the Chapter 173-501 WAC minimum instream flows and the USU ecological flow recommendations across the WRIA.

**Assumptions:**

- Will not recreate undepleted flows.
- In consultation with RWSP Work Group clarify subtasks 7.1-7.6 under Task 7 and the budget.
- Task 7.7 is included as a point for future reference. The application of the extrapolation methodology WRIA-wide is recommended prior to proceeding with this subtask.
- Percent change in runoff will be calculated by comparing climate change simulations to the historic simulation as provided by The Climate Toolbox. The Climate Toolbox has already projected future stream flows for this site, and it will be used directly using the 10 Model Mean.

**Provided by PUD:**

- All applicable spreadsheets produced under the Phase I work in native format.

**RH2 Deliverables:**

- Tables and plots depicting the streamflow statistics for the Nooksack River at Ferndale control station over time and considering future consumptive use (electronic MS Excel and PDF format only).
Task 8 – Water Right Summary

Objective: Estimate and summarize water right rate and volume for different purposes of use in each subbasin.

Approach:

8.1 Obtain water right data from the Washington State Department of Ecology and prior sources to estimate instantaneous rate and annual volume of water rights for various uses (municipal, commercial/industrial, irrigation) as broken out by subbasin.

8.2 Compare the existing and future out-of-stream demands with the water rights in each surface water delineation.

Assumptions:

- Municipal water supply will use the Whatcom County Coordinated Water System Plan (RH2, 2016) as the starting point. Irrigation will use the Quantification of Agricultural Irrigation Water Use and Water Rights (RH2, 2018) as the starting point. Water right actions made since these past summaries will be relied upon to identify the change from prior studies.

- Short-form claims will not be included. Review will include active - permits, certificates, long form claims, and change authorizations.

Provided by PUD:

- All applicable GIS files and spreadsheets produced under the Phase I work in native format.

RH2 Deliverables:

- Tables, GIS shapefiles, and maps depicting the water rights by purpose of use for each surface water delineation (electronic MS Excel and PDF format only).

Task 9 – Water Supply Problem Identification and Potential Solution Identification

Objective: Identify and document water supply problems for both instream and out-of-stream uses. Identify, document, and rank potential solutions.

Approach:

9.1 Identify known water supply problems. Collaborate with the WRIA 1 Management Team and Regional Water Supply Plan staff work group to use staff knowledge and available references to identify known water supply problems.

9.2 Review water supply solutions identified in prior work, as identified in Phase I, to determine if they have potential to help with any of the known water supply problems.

9.3 Identify potential water supply solutions. Collaborate with the WRIA 1 Management Team and Regional Water Supply Plan staff work group to brainstorm additional water supply solutions that should be considered.

9.4 Rank potential water supply solutions consistent with the Project Scoring developed in Phase I.
Provided by PUD:

- All applicable spreadsheets produced under the Phase I work in native format.

RH2 Deliverables:

- Populated Project Summary Descriptions, Out-of-Stream Benefit Scoring, Instream Benefit Scoring, Other Considerations, Political and Economic Scoring, and Numeric Scoring Table spreadsheets (electronic MS Excel and PDF format only).

Task 10 – Regional Water Supply Plan Report

Objective: Prepare the Regional Water Supply Plan based on the findings of the preceding tasks and incorporate policy recommendations.

Approach:

10.1 Prepare outline for Regional Water Supply Plan
10.2 Prepare draft Regional Water Supply Plan.
10.3 Prepare document containing reviewer comments and responses to comments.
10.4 Prepare final draft of comments and responses prior to final plan.
10.5 Prepare final Regional Water Supply Plan.

Assumptions:

- An outline for the Regional Water Supply Plan report will be provided early on and reviewed and approved by RWSP Work Group prior to drafting report.
- Comments and suggested edits to draft plan will be electronic in Track Changes and will be consolidated such that RH2 will not be arbitrating between competing comments.

Provided by PUD:

- Review and provide consolidated comments on draft Regional Water Supply Plan.
- Electronic data repository for all items prepared under each task of this Scope of Work.

RH2 Deliverables:

- Draft Regional Water Supply Plan report (electronic MS Word format only).
- Reviewer comments and responses to comments document (electronic MS Word and PDF format only).
- Final Regional Water Supply Plan report (electronic MS Word and PDF format only).

Cost for Services

The total cost not to exceed for the Scope of Services described above is NINETY THREE THOUSAND EIGHT HUNDRED FIFTY DOLLARS ($93,850) for Work Order No.17. It includes labor, materials, expenses and applicable taxes. Consultant shall not exceed this amount, without prior approval of Whatcom PUD’s General Manager. A breakdown of the total
cost for services is included for review. Exhibit B is the Fee Estimate. Exhibit C is RH2’s 2021 Schedule of Rates.

**Project Schedule**

Once the work order is approved and Whatcom PUD’s General Manager authorizes RH2 to commence work. It is anticipated that with approval of this work order that RH2 will commence its services during September 2021. The schedule for this Work Order No.17 may be modified as agreed to by Whatcom PUD and RH2.

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**SIGNATURE PAGE**

This Work Order No.17 is effective as of the date signed by Whatcom PUD’s General Manager.

PUBLIC UTILITY DISTRICT NO. 1 OF WHATCOM COUNTY  
RH2 ENGINEERING INC

By: _________________________  
Name: Stephan Jilk  
Title: General Manager  
Date: _________________  

By: _________________________  
Name:  
Title:  
Date: _________________
Memo

To: Commissioners Deshmane, Grant and Murphy
From: Stephan Jilk, General Manager
Date: September 14, 2021
Re: Approve Resolution No. 796 – Declaring Special Market Conditions for the Purchase of Used Materials, Equipment or Supplies

**Requested Action:** Approve Resolution No. 796 Declaring Special Market Conditions for the Purchase of Used Materials, Equipment or Supplies.

**Background:** From time to time, the District has had the opportunity to purchase used materials, equipment, or supplies that were sufficient for the District’s needs and within the District’s approved budget. However, on the secondary market, these items tend to sell quickly and these items are difficult, if not impossible, to secure utilizing the District’s standard competitive bidding procurement methods set forth in the District’s Purchasing Policy.

An example of such item in the District’s 2021 CIP Budget is an insulated bucket truck for the District’s electric system. New insulated bucket trucks are very expensive and a used one would meet the electric system staff’s needs. However, the District’s current Purchasing Policy does not accommodate such a purchase.

If approved, competitive bidding requirements will be waived for the purchase from the secondary market for used materials, equipment, or supplies. The purchase is conditioned upon it cannot exceed two hundred thousand dollars ($200,000.00). The Resolution also affords the District’s General Manager with the authority to execute such purchase, as long as it is in the District’s approved budget. Resolution No. 796 also requires the General Manager to inform the Commission of such purchases on a regular basis. District staff recommends approval of Resolution No. 796.

**Fiscal Impact:** Approval of Resolution No. 796 has no fiscal impact. Only budgeted items can be purchased in accordance with the requirements of the Resolution.

**Recommended Action:** Approve Resolution No. 796 Declaring Special Market Conditions for the Purchase of Used Materials, Equipment or Supplies.
RESOLUTION NO. 796
A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE
PUBLIC UTILITY DISTRICT NO. 1 OF WHATCOM COUNTY ("DISTRICT")
DECLARING SPECIAL MARKET CONDITIONS FOR THE PURCHASE OF
USED MATERIALS, EQUIPMENT, AND SUPPLIES

WHEREAS, Public Utility District No. 1 of Whatcom County’s (the “District”) Board of
Commissioners deems at times it is beneficial for the District to purchase used materials,
equipment, and supplies;

WHEREAS, used materials, equipment, and supplies which would meet the District’s
needs occasionally become available on the secondary market;

WHEREAS, used materials, equipment, and supplies on the secondary market generally
sell quickly and are therefore difficult, if not impossible, to secure utilizing the district’s standard
competitive bidding procurement methods set forth in the District’s Purchasing Procedures;

WHEREAS, pursuant to RCW 39.04.280(1)(b), the District’s bidding requirements may
be waived by the Board of Commissioners due to special market conditions;

WHEREAS, the Board of Commissioners has determined that special market conditions
exist with respect to the purchase of used materials, equipment, and supplies from the secondary
market including, but not limited to, the fact that used materials, equipment, and supplies on the
secondary market are difficult, if not impossible, to purchase utilizing the District’s standard
competitive bidding procurement methods set forth in the District’s Purchasing Procedures; and

WHEREAS, pursuant to RCW 39.04.280(2) the Board of Commissioners desires to
establish a policy waiving the bidding requirements of Chapter 39.04 RCW and the Purchasing
Policies for the purchase of a used materials, equipment, and supplies so long as those purchases
are made consistent with this Policy.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners that the
following represents the District’s policy and process for the District’s purchase of used
materials, equipment, and supplies pursuant to RCW 39.04.280(2) due to special market
conditions.

I. PURCHASE OF USED MATERIALS, EQUIPMENT, AND SUPPLIES

A. The District’s competitive bidding requirements are waived for the purchase of
used materials, equipment, and supplies from the secondary market so long as the
purchase price for any such used materials, equipment, and supplies does not exceed Two
Hundred Thousand Dollars ($200,000.00).

B. It shall be the obligation of the General Manager to ensure that purchases of used
materials, equipment, and supplies are initiated only where budgeted funds within a
particular account are authorized for, and are sufficient to cover the cost of such
materials, equipment, and supplies.
C. At least quarterly, the General Manager shall report to the Commission on any used materials, equipment, and supplies which the District is seeking to purchase on the secondary market. The report shall include relevant details about the used materials, equipment, and supplies being sought including, but not limited to, the estimated budget for such purchase. The Commission may, but is not required to, object to the planned purchase, or impose parameters for the purchase including, but not limited to, budgetary, age, condition, or other relevant constraints.

D. At least quarterly, the General Manager shall report to the Commission any used materials, equipment, and supplies which the PUD purchased on the secondary market. The report shall include relevant details about the used materials, equipment, and supplies purchased including, but not limited to, the price of such purchase.

E. This Policy supplements the District’s existing Purchasing Procedures. To the extent a conflict exists between this Policy and the Purchasing Procedures, this Policy controls.

ADOPTED by the Board of Commissioners of Public Utility District No. 1 of Whatcom County at a regular meeting thereof held this 14th day of September, 2021.

Public Utility District No. 1 of Whatcom County

__________________________
Atul Deshmane, President/Commissioner

__________________________
Michael Murphy, Vice President/Commissioner

__________________________
Attest: Christine Grant, Secretary/Commissioner