

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

September 28, 2021

1. Call to Order | Pledge of Allegiance

The regular meeting of the Board of Commissioners of Public Utility District No. 1 of Whatcom County was called to order at 8:00 a.m. by Commissioner Atul Deshmane. Said meeting was open to the public and notice thereof had been given as required by law. Those present via Zoom teleconference included Commissioner Mike Murphy, Commissioner Christine Grant, Commissioner Atul Deshmane, and Legal Counsel Jon Sitkin. Staff attending via 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; and Traci Irvine, Accountant I.

Public attending via teleconference/Zoom:

Dave Olson, Water Systems, Inc.	Caryn Vande Griend, Puget Sound Energy
Lauren Turner, Phillips 66	Rick Maricle, Citizen
Max Perry, Citizen	Philip Morley, Citizen

2. Approval of Agenda

ACTION: Commissioner Murphy motioned to APPROVE THE AGENDA FOR SEPTEMBER 28, 2021. Commissioner Grant second the motion. Motion passed unanimously.

3. Approval of Consent Agenda

Commissioner Grant had a small revision to the Broadband Update that *RDOF bidders must be designated as eligible telecommunication carriers*, not that they have to be *public agencies*.

ACTION: Commissioner Murphy MOTIONED TO APPROVE THE REGULAR MEETING OF SEPTEMBER 14, 2021 MEETING MINUTES AS AMENDED AND THE CLAIMS OF SEPTEMBER 28, 2021. Commissioner Grant second the motion. Motion passed unanimously.

Claims of September 28 2021:

VENDOR NAME	AMOUNT
BONNEVILLE POWER ADMINISTRATION	811,665.00
BROWN & KYSAR, INC.	7,713.44
CENTRAL WELDING SUPPLY	81.83
CHMELIK SITKIN & DAVIS	6,965.51
COMCAST	283.94
CULLIGAN NORTHWEST	121.92
EDGE ANALYTICAL LABORATORIES	26.00
FASTENAL	76.24
FERNDALE ACE HARDWARE	26.03
FERNDALE RECORD JOURNAL	68.00
GATEWAY CONTROLS	2,375.65
GENEVA CONSULTING	1,326.25
HARDWARE SALES, INC	125.32
INTERNAL REVENUE SERVICE	16,615.59
JTI COMMERCIAL SERVICES LLC	11,174.94
LOOMIS, CHRIS	300.00
NORTH COAST ELECTRIC COMPANY	3,489.27
PACIFIC SURVEY & ENGINEERING	765.00
PAYLOCITY	151.27
PAYROLL	185,433.69
PLATT ELECTRIC SUPPLY CO	855.16
POTELCO, INC	678,169.77
POWELL ELECTRICAL SYSTEMS, INC.	146,129.22
PROTHMAN	2,552.75
PUD #1 OF WHATCOM COUNTY	5,070.00
SD MYERS	1,694.30
STEEL RIVER PIPING & FABRICATION	9,302.40
TUPPER MACK WELLS PLLC	26,310.00
WA FEDERAL VISA CARD MEMBER SERVICES	2,516.65
WA ST DEPT OF ECOLOGY-CASHIERING	780.00
WA ST DEPT OF REVENUE	77,941.89
WATERHOUSE ENVIRONMENTAL SERVICES	37,990.08

WESTERN CONFERENCE OF TEAMSTERS	9,899.50
WHATCOM FARMERS CO-OP	66.42
WHATCOM JANITORIAL	1,250.00
YEAGER'S SPORTING GOODS	66.16
GRAND TOTAL	\$2,049,379.19

4. Public Comment No. 1

No comments made.

5. Old Business

5a) General Manager Appointment Process Update

The first round of applications for candidates closed on September 27. Sitkin reported that an updated summary was provided to Commissioners late yesterday via email. Bill McDonald from Prothman attended today's meeting and has identified the top ten candidates to screen. Murphy inquired what motivated McDonald to select them. McDonald looks at the strengths, career experience and the profile/strategy that the PUD put together to identify the best-fit applicants. Sitkin responded that Commissioners received a link within the email and are able to review the candidates' application materials.

Grant said the ten candidates met her approval and she wanted to be sure that all candidates are asked the same questions in the initial screening interviews. Overall she is positive about the process. Deshmane asked if the Commission would be discussing the initial candidates during Executive Session today. Unfortunately, McDonald is not available later; however, Sitkin will relay any pertinent information. Prothman will provide a summary after the initial screening interviews to the Commission. The position remains open until filled.

5b) Broadband Program Update

Commissioner Grant reported that she attends the Port/PUD Steering Committee meetings every two weeks. Executive Sidhu is tracking the progress closely and has requested a meeting to discuss recent developments.

Deshmane asked how the Steering Committee works and how it will bring about projects. Grant commented on the Port's Mosquito Lake Road fiber project which is funded by Port and EDI support. She indicated this is a Port project (not a PUD/Port). Stark from the Port updated the Community Economic Revitalization Board (CERB) on the project: It is a private/public partnership with PogoZone, the Port and Mt. Baker Foundation, and is located in an underserved area. CERB has changed some of their priorities for funding and the EDI Board has committed two million dollars to the Port for the project. The Port is moving ahead with the project.

Deshmane asked if the project will augment open or closed access and what about the back-end. Grant responded it is an open access network. Stark has completed analysis on other projects including last mile/back end connections, but there is not enough money currently to afford those projects. Unfortunately, there isn't a concrete, master plan. A lot of adapting is required due to constant changes in the world of fiber.

Commissioner Murphy thanked everyone working on broadband; however is there anything the PUD can do out of Ferndale and north county now? Jilk responded that there was discussion at the Port of the next step to take the fiber north of Mosquito Lake Road, to Lynden and over to Ferndale. There is a significant rush to utilize federal funding and at the same time, what is really needed are projects that are *ready to go* – by taking a whole county approach and deciding what the next steps will be. Grant suggested utilizing NoaNet's expertise on recommendations. Murphy inquired about the District's fiber. The PUD does have its *own* fiber in parts of Cherry Point but it was installed with the expectation it would not be used for public fiber/access.

5c) Approve Resolution No. 796 (Special Marketing Conditions - Purchase of Used Equipment)

This item was tabled from the last meeting with concerns about the dollar amount and the process. After addressing Commission concerns, the following items were added under Section 1: Item 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* in the secondary market; and Item 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.

ACTION: Commissioner Grant motioned to APPROVE RESOLUTION NO. 796, DECLARING SPECIAL MARKET CONDITIONS FOR THE PURCHASE OF USED MATERIALS, EQUIPMENT AND SUPPLIES. Commissioner Murphy second the motion. Motion passed unanimously.

6. New Business

6a) Approve Washington State Department of Health Grant GVS26362-0

The Washington State Department of Health (DOH) is providing \$40,000 in grant funding to the District to install pressure transducers in *Group A* water system or, in monitoring wells used by *Group A* water systems within Whatcom County for the following public health benefits:

- Provide ground water well level measurement for public water system sustainability;
- Provide data for drought contingency planning and preparedness;
- Provide data for long-term sustainable management of regional water resources;
- Provide data available for integration with other agency and public platforms.

DOH is funding this pilot project to better understand ground water quantities in Whatcom County and to use the study as an example to encourage other water utilities to install similar water measurement devices and/or monitoring networks. The District will work in consultation with the DOH Office of Drinking Water and Dave Olson, Water Systems Services, Inc. will perform the work for the District under a task order.

Olson provided slides depicting the equipment and graphs interpreting data from the device including pressure (well water levels), water temperature and outside air temperature. The key to the data is the trend (water temperature climbs and well water drops in the summertime) and how it fits into the big picture of water supply management, which can be affected by drought or other conditions. This information can be integrated into other work being done such as groundwater well monitoring systems, data collection and management.

There is no fiscal impact to the District. Funds expended will be reimbursed by the DOH grant. The grant term is through June 30, 2022.

ACTION: Commissioner Murphy motioned to APPROVE WASHINGTON STATE DEPARTMENT OF HEALTH GRANT GVS26362-0 AND AUTHORIZE THE DISTRICT'S GENERAL MANAGER TO SIGN THE AGREEMENT. Commissioner Grant second the motion. Motion passed unanimously.

6b) Approve Deposit Payment to Bonneville Power Administration

Background: During July 2020, District staff submitted a *Lines and Load Interconnection Request* (LaRC) to BPA's transmission services group. This formal action placed the District in BPA's que with other entities' requests for load and generation interconnection to BPA's grid. The interconnection was requested by District staff to accommodate electric load service by the District for potential new large electric load customers to be sited within the Cherry Point Heavy Industrial Zone. After receiving the request, BPA initiated a preliminary study of federal transmission facilities in the area of the proposed interconnection to determine what, if any, upgrades of these facilities would be required to accommodate the interconnection request.

In October 2020, BPA submitted a Preliminary Facilities Study Report to the District, which identified the need for upgrades to both BPA's Intalco substation and a re-conductoring of BPA's 230 kV lines serving the substation. This initial report by BPA also included a high level cost estimate for the upgrades identified. Since the District is a Network (NT) transmission services customer of BPA, the initial study is at no cost to the District.

The next step in the Interconnection Request process is for the District to request BPA to initiate the engineering study and preliminary design phase of facility upgrades required (study conducted via a BPA third party electrical engineering firm). BPA will not formally begin the study phase until the District submits a non-refundable deposit of \$50,000.

If the deposit request is approved and funds are deposited with BPA, BPA staff will then have their third party engineering services provider evaluate the District's interconnection, develop a scope of services and cost estimate for the engineering study, and preliminary design work. The firm will then provide the scope and cost estimate to BPA, who will provide the information to the District. At that point, the District will face a new decision on whether to proceed with the detailed engineering study. It is anticipated that the estimate for the study and design work will be substantially greater than the \$50,000 deposit provided by the District. If the District provides notice to BPA that it intends to proceed, then BPA will apply the deposit to the total cost of the engineering study. If the District provides notice to BPA that it will not proceed forward, then no study will be undertaken and the \$50,000 will be a "sunk cost".

The \$50,000 expenditure for this purpose was not identified in the District's approved 2021 budget. Therefore, the budget is impacted; however, no formal amendment to the Budget is required. The expenditure can be covered by funds from the District's Alcoa account and transfers from other electric system accounts that have un-expended budget balances.

ACTION: Commissioner Grant motioned to APPROVE THE DISTRICT’S DEPOSIT OF FIFTY THOUSAND DOLLARS (\$50,000) WITH BPA TO INITIATE A BPA ENGINEERING STUDY AND PRELIMINARY DESIGN OF BPA FACILITIES UPGRADES REQUIRED TO FACILITATE DISTRICT’S LOAD REQUEST AND AUTHORIZE THE DISTRICT’S GENERAL MANAGER TO EXECUTE THE FUNDS DEPOSIT. Commissioner Murphy second the motion. Motion passed unanimously.

6c) Approve Resolution No. 802 – Request Grant Funding from Community Economic Revitalization Board

The PUD hired Chris Walker of NoaNet, as a consultant/staff person to the Port/PUD Broadband Steering Committee. In discussions with Walker, the PUD has decided to further their work and apply to the Community Economic Revitalization Board (CERB) to assist in funding the PUD’s efforts in developing the long term approach to building a fiber network in Whatcom County.

The grant program provides funding to the PUD to develop a broad, but more concise, look at areas of the County that are either unserved or underserved by going through an exhaustive look at the county by conducting surveys, mapping and then actual planning for the design and construction of broadband services.

This work will also include looking at the establishment of a “local Internet Service Provider” (ISP) that will help the PUD define its role in the future buildout of a fiber network in the county. This grant will provide \$50,000.00 towards the effort and requires \$15,000.00, or more, in local match that will be funded by the PUD. There is no fiscal impact as this project is funded for 2021, in the ALCOA Reserve Fund.

ACTION: Commissioner Grant motioned to APPROVE RESOLUTION NO. 802, APPLICATION FOR COMMUNITY ECONOMIC REVITALIZATION BOARD (CERB) \$50,000.00 GRANT AND AUTHORIZE THE GENERAL MANAGER TO SIGN. Commissioner Murphy second the motion. Motion passed unanimously.

6d) Approve Change Order No. 3 for Potelco (Ferndale Pump Substation Project)

Background: The Ferndale Pump Substation project is within Ferndale City limits and is subject to Ferndale permitting requirements. Most of the project permitting falls into the Land Disturbance Permit process with Ferndale for the construction of the new substation. Part of the project involves impacting existing wetland buffers and performing mitigation to offset the impacts on the existing wetland buffers. PUD staff and engineering consultants applied for and acquired all the necessary permits for the project prior to awarding the bid for the construction of the project with one exception. Ferndale required the PUD to have a contractor under contract *prior* to issuing the Land Disturbance Permit.

The approved plans issued for bid did include maps describing and indicating the mitigation areas. The intent of the plans show that mitigation work is required in the mitigation areas but the final detail of the work is not clear. The final approved planting plan is tied to the Land Disturbance Permit. The final approved planting plan for the mitigation areas associated with the Land Disturbance Permit was not available prior to awarding the construction project.

Strand explained that the change in scope is a result of the number of plants that need to be purchased and planted in the mitigation area. Because the final approved planting plan was not available to the contractor prior to award, but was made available with the issuance of the Land Disturbance Permit the additional scope is required to meet permit conditions.

Original Contract Amount	\$3,670,067.00
Change Order No. 1	adjusted tax rate from 8.7% to 8.8%
Change Order No. 2	\$28,070.74
<u>Change Order No. 3</u>	<u>\$64,841.70</u>
Subtotal	\$3,762,979.44
Sales tax (8.8%)	\$331,142.19
Total Contract Amount:	\$4,094,121.63

Grant commented on the scope that herbicide will be applied. She inquired what type and if something less harmful to the environment could be used. Strand explained the application is an alternate to physical removal of volumes of dirt and something like *Roundup* would be used to eliminate the weeds and not harm other plantings. Herbicide is less impactful than removing the dirt and then replacing with new dirt. She is concerned about using *Roundup* in a mitigation area and hopefully could minimize the use of this herbicide as a solution. Sitkin added that the District follows the State of Washington critical areas ordinance mitigation impact to the buffers. There may be a project cost in changing the use of herbicide; however, it may create a greater impact to the buffer than what the herbicide would do to protect an ecosystem. It’s a philosophical approach to bear a higher cost to use an alternative approach to remove non-native species to replace with native plants – is it a better environmental tradeoff and would the City of Ferndale approve it? Sitkin suggested a solution for the future may be to look at a broader scale

directive for wetlands mitigation and the use of alternative methods. Grant suggested taking a look at what other agencies such as King County are using and to consider it for future projects.

Jilk recommended to approve the change order and add the use of herbicide topic to the agenda on the second meeting in October. This project is funded for 2021, as part of the approved Capital Improvement Projects Budget. There is no fiscal impact.

ACTION: Commissioner Grant motioned to APPROVE CHANGE ORDER NO. 3 FOR POTELCO, INC. FERNDALDE PUMP SUBSTATION PROJECT AND AUTHORIZE THE DISTRICT'S GENERAL MANAGER TO EXECUTE THE CHANGE ORDER. Commissioner Murphy second the motion. Motion passed unanimously.

7. General Manager's Report

No report.

8. Commissioner Reports

Deshmane: Attended the WPUDA meetings on Telecom and Energy:

- Public Works Board for PUDs funding for broadband related projects;
- The leader of the State's Broadband Office has moved on. Qualifications for this position were discussed and agreed that the new leader should have public sector and telecom experience;
- State Broadband Office is seeking more federal funding for fiber projects;
- Whatcom County government is exploring a regional Internet Service Provider (ISP) – something for the Commissioners to consider. Jefferson County PUD is working out details of providing their own. Jilk will seek more information from NoaNet
- The Energy Committee is on track with the exception of grid reliability rather than resource adequacy. Most members would like to see more focus on grid reliability for the committee.
- Update on CETA rule makings and there is some concern that CETA may require *hourly* confirmation of the clean attribute of the energy that is being supplied. WPUDA staff reported that legislation has passed requiring *annual* confirmation; however nongovernmental positions are concerned about adding the new requirement. It could make it difficult for entities to purchase power from BPA. Walters commented that BPA requires tracking of the resource every 15 minutes.
- Rumor has it that the State is requiring all recipients of state funding for energy have a greenhouse gas policy. Currently the District does not have a policy and Deshmane questions if this is something that needs to be developed. Walters said that evaluation of power supply choices take into account the social cost of carbon, which applies to all utilities.

Murphy: Attended WPUDA Committee meetings on water and the board meeting.

- Is pleased that Whatcom County is doing a good job regarding drought and water issues.
- Water rights issues and concerns that PUDs won't be able to get what they need.
- Culverts upgrading projects are costly.
- Mason PUD #1 is building a new water storage reservoir and he would like to learn more about it;
- Bill Clarke, WPUDA Legal Counsel, discussed a new situation with the Plumbers Union in labor issues – mainly in consideration of work being done to dig up pipelines for repair. A laborer (at a lower pay scale) can dig up the line but a plumber (higher pay scale) would be required to make the actual repair.
- State will require solar panels on all new buildings (public or private) 10,000 square feet or larger.
- State may begin taxing dark fiber even if it is not being used.
- State is requiring proof of COVID vaccinations are mandatory for anyone that enters a public building. Jilk will look more into this requirement.

Grant: Also attended WPUDA Telecom Meeting.

- Mentioned
the micro-trenching and last mile fiber, and is interested to learn more about the regional ISP idea.
- Attended some of the Water Week presentations: Highlighted a presentation by Sam Shipp, Skagit PUD on their micro hydro-electric project. The project utilized funding from Washington Clean Energy Alliance and USDA's rural energy for America program (25% of their project costs), using InPipe Energy as the project manager. The use of grant funding enabled the project to come to fruition.
- She would like to put the idea of a micro hydro project on a future agenda.

9. Public Comment No. 2

No comments made.

10. Executive Session

Executive Session requested pursuant to RCW 42.30.110(1) (i) to discuss potential litigation and a review of prospective General Manager Candidates. The estimated time for Executive Session was 15 minutes. The Commission President indicated that no action would be taken after the adjournment of the Executive Session. After a short recess, the Commission adjourned to Executive Session at 11:00 a.m.

- The Commission held Executive Session on a separate Zoom webinar platform under Open Public Meeting Act requirements.
- At 11:20 a.m. another ten minutes was requested.

Executive Session Adjourn

There being no further business for Executive Session, the Commission rejoined the Regular Commission Meeting webinar platform at 11:30 a.m.

11. Adjourn

There being no further business for the meeting, Commissioner Deshmane adjourned the regular meeting at 11.33 a.m.

Atul Deshmane, President

Christine Grant, Secretary

Michael Murphy, Vice President

APPROVED: SEPTEMBER 12, 2021

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/>