

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

August 9, 2022

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 in person included: Commissioner Mike Murphy; Legal Counsel Jon Sitkin; Commissioner Grant's absence was excused. Staff: General Manager Chris Heimgartner. Those present via Zoom included: Commissioner Atul Deshmane; Brian Walters, Assistant General Manager; Annette Smith, Director of Finance; Steve Jilk, In-House Consultant; Rebecca Schlotterback, Manager of Contracts and Regulatory Compliance; Mike Macomber, IT/SCADA Technician; Aaron Peterson, IT/SCADA Technician; Traci Irvine, Accountant I; and Kurt Wank, Project Manager.

Public attending via Zoom platform:

Lauren Turner, Phillips66
Jack Wellman, Puget Sound Energy
Dave Olson, Citizen
Max and Carol Perry, Citizens
Caryn Vande Griend, Puget Sound Energy

2. Approval of Agenda

ACTION: Commissioner Murphy made the motion to APPROVE THE AGENDA. Commissioner Deshmane second the motion. Motion passed unanimously.

3. Approval of Consent Agenda

- a. Approval of Meeting Minutes of the Regular Meeting, July 26, 2022; and
- b. Approval of the Claims of August 9, 2022:

VENDOR NAME	AMOUNT
ALL SEASON SPRAYING	1,067.54
ALUMICHEM CANADA INC.	29,227.50
BELLINGHAM HERALD	646.75
BRIDGEVIEW AUTO PARTS	35.44
BROWN & KYSAR, INC.	36,941.15
CDW/COMPUTER DISCOUNT WAREHOUSE	3,654.34
CORNERSTONE MANAGEMENT, INC.	9,316.57
EXACT SCIENTIFIC SERVICES INC.	26.00
FASTENAL	95.47
FERNDALE ACE HARDWARE	140.39
GUARDIAN SECURITY SYSTEMS, INC	93.18
HACH COMPANY	7,701.92
HDR ENGINEERING, INC.	7,055.42
HEALTH PROMOTIONS NORTHWEST	150.00
INDUSTRIAL SUPPLY, INC	28.99
LEEWARD STRATEGIES	3,650.00
NOANET	8,552.50
NOOKSACK INDIAN TRIBE	2,018.79
NORTHWEST CASCADE, INC.	118.50
NORTHWEST FIBER DBA ZIPLY FIBER	1,425.72
NORTHWEST MOWING & GARDENING	540.76
NP INFORMATION SYSTEMS (3-D CORP)	269.82
PACIFIC UNDERWRITERS CORP INC	223.00
PLATT ELECTRIC SUPPLY CO	37.29
PUD #1 OF WHATCOM COUNTY	1,433.32
PUGET SOUND ENERGY, INC	7,265.65
REGENCE BLUE SHIELD	44,398.74
REISNER DISTRIBUTION, INC	1,606.43
RICOH USA	175.90
SCHOOLS, HEALTH & LIBRARIES BROADBAND COALITION	500.00
SMITH MECHANICAL	1,302.06
SSC - SANITARY SERVICE COMPANY	557.32
TEAMSTER LOCAL #231	569.00

UNITED WAY OF WHATCOM COUNTY	601.00
UTILITIES UNDERGROUND LOCATION	14.19
VALVOLINE	116.87
VERIZON WIRELESS	1,954.36
WA ST DEPT OF HEALTH	424.00
WA ST DEPT TRANSP-NW REGION	271.22
WASHINGTON DENTAL SERVICE	2,831.80
WASHINGTON TEAMSTERS WELFARE	12,775.00
WHATCOM JANITORIAL	1,325.00
GRAND TOTAL	\$ 191,138.90

ACTION: Commissioner Murphy made the motion to APPROVE THE CONSENT AGENDA OF AUGUST 9, 2022. Commissioner Deshmane second the motion. Motion passed unanimously.

4. Public Comment

Jamie Douglas thanked PUD commissioners and staff to have met with him regarding community support of broadband. Douglas is co-leader of TAG NW Connectivity Group and presented a position paper on broadband along with a paper on independent views. He urged people to be as transparent and open as possible so the process of reaching decisions is fully understood.

5. Old Business

a. Approve Final Strategic Plan Update

-Heimgartner reported there were no changes in verbiage content, just graphic layout and images.

b. Broadband Program Update

-State Broadband Office issued an update about the broadband funding at the end of July. The NOFO (Notice of Funding Opportunity) will be published in the fall, with award announcements expected in the first quarter of 2023.

-Feasibility Study is on track.

-*School, Hospital, Library Broadband Coalition* Members are from all over the U.S. working to develop broadband policy. John Windhausen is the principal staff person responsible for drafting the Telecommunications Act of 1996.

-Microsoft Digital Equity Map Demo – will be later this week (Wednesday)

PUD staff have already put together a Digital Equity and Inclusion Map for Whatcom County

- Find it on the PUD’s website
- Spokane County has reached out looking to use our model as a template

Meeting with internet service providers: We met with a local Internet Service Provider who is interested in connecting with the Snowater/Snowline communities near Glacier, WA. They are eager to see what the rules will say at the State Broadband Office this fall because that will dictate potential partnership opportunities.

Port Projects

- 1) The County Council Finance Committee will approve a scope of work/location change to an existing interlocal for \$750k related to the East Nooksack & Mosquito Lake project.
- 2) Port of Bellingham Commission today will approve the Interlocal Agreement with the County for \$2M related to the North Lynden project.

6. New Business

a) Approval of a Professional Consulting Services Agreement with GDS Associates dba Economic and Engineering Services (EES Consulting)

As part of Whatcom PUD’s strategic planning efforts, one of the initiatives identified was exploring feasible options for expanding the PUD’s electric system and for creating the opportunity to acquire new electric system customers. This would be a benefit to both existing customers and the broader interests of Whatcom County.

Following the Commission’s direction, Whatcom PUD staff developed an RFP, which was a competitive solicitation for proposals from qualified firms to complete an Electric System Expansion Feasibility Study. On June 22, 2022, the PUD publicly noticed the RFP. The deadline for submittal of proposals was July 22, 2022. The PUD received two proposals by the deadline. The proposals received were reviewed and scored by Whatcom PUD staff. Based on the scoring, EES Consulting, a subsidiary company of GDS Associates was determined to be the firm that would best serve the interests of the PUD in conducting the study. Therefore, staff is recommending that the Commission approve entering into the Professional Consulting Services Agreement with EES Consulting.

ACTION: Commissioner Murphy made the motion to APPROVE A PROFESSIONAL CONSULTING SERVICES AGREEMENT (“AGREEMENT”) WITH GDS ASSOCIATES DBA

EES CONSULTING AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE AGREEMENT. Commissioner Deshmane second the motion. Motion passed unanimously.

b) Approval of Work Order No. 01-08-22 with GDS Associates dba EES Consulting for Electric System Expansion Options Feasibility Study.

This is in tandem with the above item. The scope of services to be provided by EES Consulting under this work order is detailed in EES Consulting’s Proposal document dated July 22, 2022. EES Consulting’s Proposal is included with Work Order WO1-08-22 and represents EES Consulting’s full Scope of Services to be performed. In general, EES Consulting will perform a scope of services to complete the specific tasks outlined in Whatcom PUD’s RFP. The consultant’s work will involve data gathering and analysis; asset valuations; electric system configuration engineering analyses; electric rates forecast; staff consultations; development of the study report and report presentations. The Work Order has no fiscal impact on the District’s 2022 Annual Budget.

ACTION: Commissioner Murphy made the motion to APPROVE WORK ORDER NO. 01-08-22 WITH GDS ASSOCIATES DBA EES CONSULTING FOR A COST NOT TO EXCEED BUDGET OF \$ 76,060 AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE WORK ORDER. Commissioner Deshmane second the motion. Motion passed unanimously.

c) Approval of Bid Award to P&P Excavating for the 2022 Plant 1 North Settling Pond Cleaning Project

The District has developed a Capital Improvement Projects list for work to be completed in 2022. On this list is the cleaning & excavation of the District’s Plant No. 1 North Settling Pond, extraordinary maintenance project (RW-M-2). Due to the significant amount of sediment the clarification process produces, the settling ponds need to be cleaned and excavated, on an annual basis.

On August 2, 2022 the District received and publicly read aloud two (2) bids submitted for this project. Engineers Estimate for the project is \$142,600.00, not including tax. Totals do not include tax. The results are as follows:

<u>Contractor</u>	<u>Bid Total</u>
P&P Excavating LLC.	\$117,420.00
Honcoop Gravel, Inc	\$162,930.00

Staff recommends awarding the Bid to P&P Excavating LLC, who submitted the lowest responsive bid. This project is budgeted for in the 2022 Capital Improvement Projects Budget.

ACTION: Commissioner Murphy made the motion to AWARD BID TO P&P EXCAVATING FOR THE 2022 PLANT NO.1 NORTH SETTLING POND CLEANING PROJECT AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE BID CONTRACT. Commissioner Deshmane second the motion. Motion passed unanimously.

d) Approval of Interlocal Agreement with Whatcom County – WRIA1 Regional Water Supply Plan

In early 2019, the District, with the support of WRIA 1 Watershed Management Board Members, submitted a Near Term Action (NTA) to develop a WRIA 1 Regional Water Supply Plan (RWSP). The NTA was approved by Puget Sound Partner (PSP) Habitat Strategic Initiative Leads for \$100,000 in funding. In 2020, an additional \$100,000 was approved which increased the overall grant to a total of not to exceed \$200,000.

Phase 1 of the RWSP grant was completed in February 2021. Phase 1 focused on compiling and analyzing existing data in three subbasin pilot areas. Due to the amount of data compiled, and the review and input by the Work Group, Phase 1 took longer to complete than anticipated.

Beginning in the summer of 2021, and with the RWSP Work Groups support, the District made a request to WDFW, Habitat Initiative Lead grant manager for PSP, for additional funds and a time extension from March 1, 2022 to December 15, 2022 for Phase 2. In the spring of 2022, District staff met with Whatcom County staff to discuss the potential to receive additional funds from the County to offset the amount unfunded by WDFW. Whatcom County agreed to provide up to \$16,000 in support of the RWSP. District staff and Whatcom County staff developed the interlocal for approval by the District Commission and the Whatcom County Executive. Legal counsel for the District and the County have reviewed the document and both are now ok with this latest draft. The interlocal agreement is with the Flood Control Zone District because that is where the funds are sourced.

ACTION: Commissioner Murphy made the motion to APPROVE INTERLOCAL AGREEMENT BETWEEN THE WHATCOM COUNTY FLOOD CONTROL ZONE DISTRICT AND PUBLIC UTILITY DISTRICT NO. 1 OF WHATCOM COUNTY FOR REGIONAL WATER SUPPLY AND MANAGEMENT PLAN FINANCIAL SUPPORT, AND AUTHORIZE GENERAL MANAGER TO SIGN THE INTERLOCAL. Commissioner Deshmane second the motion. Motion passed unanimously.

e) **First Half 2022 Financial Report**

Finance Director Smith presented the first half financial report update on the 2022 Capital and Operating Budget to Actual figures for January – June, 2022.

Operating Revenue January – June

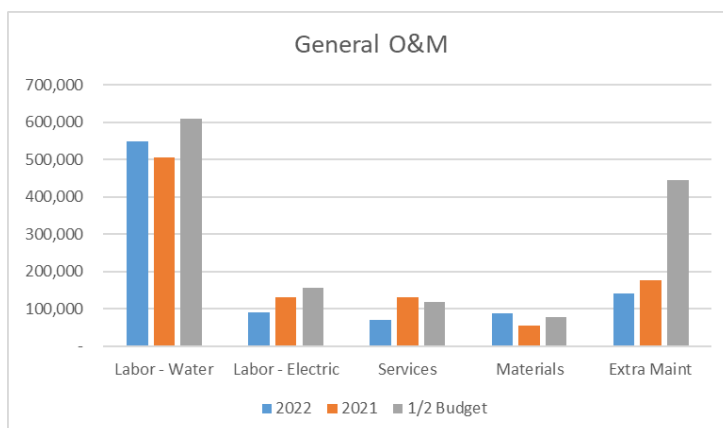
REVENUE	CURRENT	PRIOR	VARIANCE	%	1/2 BUDGET	VARIANCE	%
Industrial Water Sales	4,675,086	4,439,038	236,048	5.3%	4,739,226	(64,139)	-1.4%
Grandview Water Sales	114,925	124,990	(10,065)	-8.1%	140,176	(25,251)	-18.0%
Electric Pass-Thru	4,868,769	4,770,819	97,950	2.1%	4,876,952	(8,183)	-0.2%
Electric General Services	1,119,480	1,101,978	17,502	1.6%	1,119,477	3	0.0%
Assessment Income	115,250	139,067	(23,817)	-17.1%	59,277	55,973	94.4%
Interest Income	46,014	81,084	(35,070)	-43.3%	31,108	14,907	47.9%
Miscellaneous Income	124,826	76,345	48,481	63.5%	144,405	(19,579)	-13.6%
TOTAL REVENUE	11,064,350	10,733,321	331,029	3.1%	11,110,619	(46,269)	-0.4%

WATER YTD (g)	2022	2021	%
INDUSTRIAL WATER	1,808,258,500	1,859,827,989	97.2%
GRANDVIEW	4,006,707	4,469,004	89.7%
IRRIGATION	13,751,937	11,288,384	121.8%
	1,826,017,144	1,875,585,377	97.4%

IW Water YTD (g)	2022	2021	%
Alcoa	5,694,812	4,008,536	142%
BP	1,097,540,880	1,090,203,905	101%
Petrogas	2,777,530	3,358,982	83%
P66	659,845,640	593,275,744	111%
Praxair	5,450,078	5,293,596	103%
PSE Ferndale	36,228,736	162,980,368	22%
Small Customers	720,824	706,858	102%
	1,808,258,500	1,859,827,989	97%

Operating Expenses January - June

EXPENSES	CURRENT	PRIOR	VARIANCE	%	1/2 BUDGET	VARIANCE	%
Purchased Power	4,807,239	4,715,993	91,246	1.9%	4,870,991	(63,751)	-1.3%
Purchased Water	1,506	2,146	(640)	-29.8%	2,371	(865)	-36.5%
Water Purification	212,964	118,374	94,590	79.9%	124,720	88,244	70.8%
Taxes/Process/Delivery Costs	291,626	288,103	3,523	1.2%	283,406	8,221	2.9%
General O&M	934,247	998,155	(63,908)	-6.4%	1,405,125	(470,877)	-33.5%
General Administration	1,597,965	1,340,965	257,000	19.2%	1,994,858	(396,892)	-19.9%
Plan & Develop & Grants	322,888	85,873	237,015	276.0%	351,500	(28,612)	-8.1%
Utility Tax Expense	307,031	290,610	16,420	5.7%	323,916	(16,885)	-5.2%
Interest Expense	304,936	340,369	(35,432)	-10.4%	304,936	-	0.0%
TOTAL EXPENSES	8,780,403	8,180,588	599,815	7.3%	9,661,821	(881,418)	-9.1%



PLAN DEVELOP, & GRANTS	2022	2021	1/2 BUDGET
Adjudication / Water Rights	\$ 152,750	\$ 22,357	\$ 117,500
Community Education/Communications			25,000
Well Monitor Pilot Project - DOH	15,977		20,000
Education and Outreach - PSP	30,786	11,037	50,000
Habitat Restoration	20,000	20,000	10,000
Public Records Request	26,859		
Strategic Plan Update	10,200		20,000
Water Contracts			2,500
Water Supply Management	10,144	13,260	15,000
Water Supply Plan- WDFW	50,289	13,557	71,500
Water System Service	5,884	5,663	20,000
	\$ 322,888	\$ 85,873	\$ 351,500

2022 Capital Projects

INTERNAL SERVICES PROJECTS		BUDGET	JAN - JUN	EST JUL - DEC	PROJECTED YE	OVER (UNDER)
IS15	COMMUNICATIONS BACKBONE	600,000	-	100,000	100,000	(500,000)
	SMALLER PROJECTS	178,000	64,063	128,000	192,063	14,063
WATER PROJECTS						
RW22	MAIN LINE VALVE	100,000	-	-	-	(100,000)
RW33	PETROGAS METER/VALVE	222,000	171	-	171	(221,829)
RW34	PSE WHITEHORN METER/VALVE	280,000	-	-	-	(280,000)
RW35	PLANT 1 INTAKE VFD	490,000	12,638	445,000	457,638	(32,362)
RW38	WATER TREATMENT PLANT 1	805,613	255,929	440,000	695,929	(109,684)
RW44	RETROFIT VALVE STATION	440,000	-	-	-	(440,000)
	SMALLER PROJECTS	62,885	11,964	63,000	74,964	12,079
ELECTRIC PROJECTS						
E15	ELECTRIC VEHICLE	127,000	-	127,000	127,000	-
E22	FERNDALE SUBSTATION	876,534	433,531	300,000	733,531	(143,003)
E27	REFINERY SUBSTATION	100,000	146,217	-	146,217	46,217
	SMALLER PROJECTS	150,000	341	10,000	10,341	(139,659)
TOTAL CWIP PROJECTS		\$ 4,432,032	\$ 924,854	\$ 1,613,000	\$ 2,537,854	\$ (1,894,178)
EXTRAORDINARY MAINTENANCE PROJECTS						
RWM2	CLEAN MUD BASINS	310,000	511	220,000	220,511	(89,489)
RWM6	DOUGLAS RD VAULT	130,000	170		170	(129,830)
RWM7	D STATION UPGRADES	250,000	45,250		45,250	(204,750)
RWM10	HI HEAD PUMP REBUILD	125,000	511	125,000	125,511	511
	SMALLER PROJECTS	75,000	94,132	50,000	144,132	69,132
TOTAL EXTRAORDINARY MAINT		\$ 890,000	\$ 140,574	\$ 395,000	\$ 535,574	\$ (354,426)
TOTAL		\$ 5,322,032	\$ 1,065,428	\$ 2,008,000	\$ 3,073,428	\$ (2,248,604)

ACTION: No action taken or requested of, information only.

f) Approve Non-Disclosure Agreement with Energy Northwest to review Solar Project

As part of an introductory conversation, staff from Energy Northwest offered to share information with the PUD regarding a potential future solar project being developed for a pool of ENW members. To share this information ENW requests we sign the attached NDA to protect the integrity of the information.

Energy Northwest is a public agency subject to the same open public records laws and regulations as the PUD. The attached NDA recognizes that. Signing this NDA will have no fiscal impact on the PUD.

ACTION: Commissioner Murphy made the motion to APPROVE NON-DISCLOSURE AGREEMENT ALLOWING ENERGY NORTHWEST TO SHARE INFORMATION REGARDING POTENTIAL FUTURE SOLAR PROJECT AUTHORIZE THE DISTRICT'S GENERAL MANAGER TO EXECUTE THE DOCUMENT. Commissioner Deshmane second the motion. Motion passed unanimously.

7. General Manager Report

- Jon Humphrey's public records request is now totaling over \$28,000. There are more installments to come.
- Met with Ag Board about items that may play an interesting part in the adjudication process. A high-level brief under Executive Session is planned for the next Commission meeting.
- WPUDA west-side General Manager meeting is Thursday. Heimgartner plans to attend in person. Also, WPUDA's Annual Water Workshop is coming up in September, in Spokane. Information is pending.

8. Operations Report

- Assistant General Manager Walters gave an update on Water Treatment Plant No. 1 – a capital project that has been in the budget for several years. Walters showed slides of the aging plant, built

in 1965, and factors that are driving the urgency to rebuild it.

9. Commissioner Reports

Murphy:

- Plans to attend the WPUDA September association meetings and is undecided about attending the Water Workshop in Spokane.

Deshmane:

- Noted there are back-to-back meetings with WPUDA in September; the association meetings and their annual water workshop. He wants to make sure there is adequate attendance from Whatcom PUD at these. He plans to attend in person.
- Plans to attend the "RESILIENCE" -- WEDA's 2022 Summer Conference in Bellingham, beginning today.

10. Public Comment

None made.

11. Adjourn

There being no further business for the regular meeting, Commissioner Deshmane adjourned the regular meeting at 10:25 a.m.

Christine Grant, President/Commissioner



Atul Deshmane, Vice President/Commissioner



Mike Murphy, Secretary/Commissioner

Commission Clerk Notes:

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/2022-agendas-packets-meeting-minutes-recordings/>