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PUBLIC UTILITY DISTRICT No. 1
of Whatcom County

Agenda for the
Regular Meeting of October 25, 2022
8:00 a.m. at the PUD Office
(In-person, Zoom, & Teleconference)

1. Call to Order | Pledge of Allegiance (3 minutes)
2. Approval of Agenda (3 minutes)
3. Consent Agenda (5 minutes)
 - a) Approval of Minutes of the Regular Meeting of October 11, 2022
 - b) Approval of Claims for October 25, 2022
4. Public Comment (10 minutes – Individual speakers: 3 min.)
5. Whatcom County Council Member Kaylee Galloway (15 minutes)
6. Old Business
 - a) Broadband Program Update (20 minutes)
 - b) Cherry Point Development Study (10 minutes)
7. New Business
 - a) Approval of Resolution No. 819 – Cancellation of Warrant (5 minutes)
 - b) 2023 Draft Budget Presentation (20 minutes)
8. General Manager Report (15 minutes)
9. Operations Report (10 minutes)
10. Commissioner Reports (15 minutes)
11. Public Comment (10 minutes– Individual speakers: 3 min.)
12. Executive Session: RCW 42.30.110(1)(g) - To review the qualifications and/or performance of a public employee; and RCW 42.30.110(1)(i): Potential Litigation - Water Rights Adjudication
(Separate Zoom platform invite from Legal Counsel)
(Estimated time 60 minutes)
13. Adjourn (11:00 AM estimated)

Notice:

In-person attendance is now allowed at PUD Commission Meetings.

All Commissioners will participate either in-person, via Zoom or teleconference.

The public meeting can be accessed by internet: <https://us02web.zoom.us/j/82315265354>

Or by telephone: Dial 1 (253) 215 8782 or 1 (346) 248 7799

Webinar ID: 823 1526 5354

Next Commission Meetings

November 8 & 22, 2022 | 8:00 a.m. | Regular Meetings – District Office

Access information will be announced - the public may join the meeting in-person, by phone or internet.

Contact: Ann Grimm, Commission Clerk at (360) 384-4288 x 27 • www.pudwhatcom.org

Agenda Item #3
October 25, 2022

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MINUTES OF THE REGULAR MEETING OF THE COMMISSION

October 11, 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 Christine Grant. 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; Commissioner Atul Deshmane; and Legal Counsel Jon Sitkin. Staff: General Manager Chris Heimgartner; Ann Grimm, Executive Assistant; Andrew Entrikin, Broadband Program Manager; and Steve Jilk, In-House Consultant. Those present via Zoom included: Commissioner Christine Grant; Brian Walters, Assistant General Manager; Annette Smith, Director of Finance; Rebecca Schlotterback, Manager of Contracts and Regulatory Compliance; Paul Siegmund, Manager of Automation and Technology; Mike Macomber, IT/SCADA Technician; Aaron Peterson, IT/SCADA Technician; Jon Littlefield, Electric System Supervisor; Traci Irvine, Accountant I; and Kurt Wank, Director of Utility Operations;

Public attending:

Rick Maricle, Citizen Jack Wellman, Puget Sound Energy
Dave Olson, Citizen Liz Anderson, WPUA
George Caan, WPUA Garry Arsenault, Chelan PUD
Nicholas Garcia, WPUA

2. Approval of Agenda

Sitkin requested to remove Executive Session from today’s agenda.

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

3. Approval of Consent Agenda

- a. Approval of Meeting Minutes of the Regular Meeting, September 27, 2022; and
- b. Approval of the Claims of October 11, 2022:

VENDOR NAME	AMOUNT
ALUMICHEM CANADA INC	29,754.00
ASPLUNDH TREE EXPERT CO	46,463.64
BELLINGHAM HERALD	614.80
CENTRAL WELDING SUPPLY	89.35
CORNERSTONE MANAGEMENT, INC.	615.00
FERGUSON ENTERPRISES, INC	166.01
FERNDAL ACE HARDWARE	67.39
HEALTH PROMOTIONS NORTHWEST	150.00
HEIMGARTNER, CHRIS	317.82
KCDA PURCHASING COOPERATIVE	163.80
MILLS ELECTRIC	40,818.36
NOANET	102.50
NORTH COAST ELECTRIC COMPANY	8,278.04
NORTHWEST CASCADE, INC.	118.50
NORTHWEST FIBER DBA ZIPLY FIBER	1,425.57
NORTHWEST MOWING & GARDENING	540.76
NP INFORMATION SYSTEMS (3-D CORP)	269.82

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P&P EXCAVATING, LLC	18,950.38
PITNEY BOWES RESERVE ACCOUNT	500.00
PLATT ELECTRIC SUPPLY CO	2,429.04
PROBUILD - OSO LUMBER	260.04
PUD #1 OF WHATCOM COUNTY	35.96
PUGET SOUND ENERGY, INC	7,606.35
REGENCE BLUE SHIELD	44,467.28
REISNER DISTRIBUTION, INC	2,830.34
RICOH USA	360.11
SSC - SANITARY SERVICE COMPANY	559.54
STAR RENTALS	1,923.38
TEAMSTER LOCAL #231	569.00
TUPPER MACK WELLS PLLC	14,545.00
UNITED RENTALS	1,251.04
UNITED WAY OF WHATCOM COUNTY	601.00
UTILITIES UNDERGROUND LOCATION	41.28
VALVOLINE	98.94
VERIZON WIRELESS	1,981.57
WALLS & WINDOWS INC.	11,334.78
WA ST DEPT OF ECOLOGY-CASHIERING	780.00
WASHINGTON DENTAL SERVICE	2,570.70
WASHINGTON TEAMSTERS WELFARE	12,775.00
WHATCOM FARMERS CO-OP	26.59
WHATCOM JANITORIAL	1,325.00
GRAND TOTAL	\$257,777.68

ACTION: Commissioner Murphy made the motion to APPROVE THE CONSENT AGENDA OF OCTOBER 11, 2022. Commissioner Deshmane second the motion. Motion passed unanimously.

4. Public Comment

No comments.

5. Old Business

a. Broadband Program Update

Whatcom County Council

- Heimgartner said he and Entrikin will be meeting with the Council to discuss the Port/PUD's relationship and progress on broadband later this afternoon.
- The local Broadband Loops Group will meet on Friday.

WA State Broadband Office (WSBO)

- Entrikin thanked Commissioners for the quick work and turnaround to answer questions on WSBO's *Call for Comments*. They were submitted in a timely fashion.
- Waiting for the WSBO's announcement for fall funding opportunities.
- FCC Fabric Data – Acting as an extension of the FCC to help identify where the businesses and residences that are un- or under-served (mapping address locations).

b) Cherry Point Development Study Discussion

Don Goldberg, Economic Development Director from the Port of Bellingham, provided an update to the Commissioners regarding County Executive Sidhu's proposed joint development study on the Cherry Point Industrial Area with current stakeholders to determine what is needed for infrastructure, capacity and growth for future development.

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ACTION: No action taken or requested of. Information only.

6. New Business

a) Approve Change Order No. 16 – Potelco Construction Contract/Ferndale Pump Substation Project

The proposed change order covers the additional labor hours, materials, and leased equipment needed to complete the Project due to unanticipated delays in project construction activities, design modifications, and additional materials acquisition at higher costs. Delay due to materials and equipment supply chain issues and a re-design of a portion of the project regarding the control house and switchgear resulted in a project de-mob by the contractor at the request of the PUD. Further, a change in interpretation by the City of Ferndale in regards to permitting and land use regulations resulted in the need for more sub-contractor work. None of these changed conditions could have been anticipated when the project was bid.

The additional cost not to exceed amount for Potelco completing work under Change Order No.16 is \$253,057.04. The revised total amount for the Construction Contract is as follows:

Original Contract Amount	\$3,670,067.00
Change Orders No.1 -15	\$415,823.00
Change Order No. 16	<u>\$253,057.04</u>
Subtotal	\$4,348,947.04
Sales tax (8.8%)	\$382,707.30
Total Amended Contract Amount	\$4,731,654.34 (Including Sales Tax)

If Change Order No. 16 is approved, the total of the change orders to-date would represent an 18.5% increase over the original Contract Amount (pre-tax).

Fiscal Impact: The capital project has been included in the approved 2022 and draft 2023 Budgets as CIP E-22. The project will be sufficiently funded to complete during calendar year 2023.

ACTION: Commissioner Murphy made the motion to APPROVE CHANGE ORDER NO. 16 FOR POTELCO, INC’S CONSTRUCTION CONTRACT FOR FERNDALE PUMP SUBSTATION PROJECT AND AUTHORIZE THE DISTRICT’S GENERAL MANAGER TO EXECUTE THE CHANGE ORDER. Commissioner Deshmane second the motion. Motion passed unanimously.

b) Washington Public Utility Districts Association Visit

A team of delegates from the Washington PUD Association attended today’s meeting and presented information on the many different roles of the association and how they support and represent the 27 not-for-profit public utility districts as well as Energy Northwest.

ACTION: No action taken or requested of. Information only.

7. General Manager Report

- Jon Humphrey’s public records request is now totaling over \$46,000. There at least two more installments to come before the request is complete.
- Clean Tech Alliance is holding “Fusion Week” with a series of discussion panels for adopting fusion energy. Heimgartner was invited to speak on one of the panels this Thursday.

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8. Change Orders Report

New for the first Commission meetings of the month, the Change Orders Report will provide an overview of change orders made on current projects. Five projects, including the above mentioned Potelco change order were highlighted.

ACTION: No action taken or requested of. Information only.

9. Operations Report

- A settlement between BPA's public utility customers and BPA is under review. The BPA Administrator's decision (ROD) on the rate case was scheduled for July 2023. At the end of September, BPA presented a rate case settlement proposal to public agency customers for review and all who received the proposal had until October 6 to respond. Based on comments submitted, there is a favorable response and likely that BPA may approve the settlement proposal months ahead of schedule. There is a strong inclination that BPA will approve the settlement.

Whatcom PUD's main concerns have been addressed by BPA's proposal, including no large power rate increases. Under the settlement, power rates in general will remain flat for all public utility customers. Because we are a high load customer, Whatcom is forecast to have about a three percent power rate decrease for the next rate period. Transmission rates will remain the same. BPA has increased the amount of funding of revenue from surplus power sales (\$300 million) that will be used to offset costs that would determine future rates. Tier 2 power prices would go up (from \$32 to \$34 per Megawatt hour to \$60 to \$63 per megawatt hour). The impact on Whatcom PUD is not huge because we don't have much exposure to Tier 2 power rates yet. It is estimated that it would raise the PUD's average cost of power purchased by about \$2 per megawatt hour. Excess funding from BPA's surplus power sales this rate year will result in an estimated \$1.1 million flowing back to the PUD in the form of a credit on the power bill.

10. Commissioner Reports

Murphy:

- Murphy continues to meet with staff and others within the Whatcom community to discuss current and future projects, mainly in regards to water issues.
- He would like to have another Water Workshop in order to focus on other water issues besides adjudication.

Deshmane:

- No report.

Grant:

- Whatcom Council of Governments has included Broadband in their most recent "Whatcom Region's Transportation Strategies".
- Met with Heimgartner and also with Technology Alliance Group.
- Reminder about using acronyms and not everyone understands what they make reference to; so be sure to include the explanation.

11. Public Comment

Rick Maricle commented on the proposed Cherry Point Development Plan: Recall the Lummi Nation's vision to return Cherry Point to its original, natural state to protect herring fisheries; and a renewable energy project proposed, that had so many delays, it didn't come to fruition. He doesn't think any development will be able to happen there.

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12. Adjourn

There being no further business for the regular meeting, Commissioner Grant adjourned the regular meeting at 10:29 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/>

Memo

To: Commissioners Deshmane, Grant and Murphy
From: Traci Irvine, Accountant I
Date: October 25, 2022
Re: Approve Resolution No. 819 - Cancellation of Warrant

Requested Action: Approve Resolution No. 819 AUTHORIZING CANCELLATION OF WARRANT.

Background: Due to a clerical error, Warrant No.01155521 issued on October 18, 2022 in the amount of \$46,463.64 to Asplundh Tree Expert Co. was issued in the wrong amount and has not been tendered. The District has requested that the County cancel Warrant No.01155521 and will be reissued by the County in the next check run.

Fiscal Impact: There is no fiscal impact.

Recommended Action: Approve Resolution No. 819 AUTHORIZING CANCELLATION OF WARRANT

RESOLUTION NO. 819

**RESOLUTION BY THE BOARD OF COMMISSIONERS
OF PUBLIC UTILITY DISTRICT NO.1 OF WHATCOM COUNTY (DISTRICT)
AUTHORIZING THE CANCELLATION
OF WARRANT NO. 01155521**

WHEREAS, the warrant referenced in Exhibit A (the “Warrant”) was issued on the basis of an invoice (the “Invoice”) received from Asplundh Tree Expert Co.;

WHEREAS, following the Commission’s authorization of the issuance of the Warrant, the County’s Administrative Services Department (“County”) printed the original Warrant on October 18, 2022. Due to a clerical error, the Warrant was issued in the wrong amount. The District notified the County that the Warrant was issued in error and has asked the County to cancel and disregard the Warrant;

WHEREAS, the County has provided the Warrant that was issued on October 18, 2022, was issued in error, the but the Warrant having not been tendered to Asplundh Tree Expert Co., the District does now wish to cancel the Warrant, as provided by law; and

NOW THEREFORE BE IT RESOLVED that the District hereby cancels the warrant listed in Exhibit A.

ADOPTED by the Commission of Public Utility District No.1 of Whatcom County at its regular meeting held on the 25th day of October 2022.

**PUBLIC UTILITY DISTRICT NO.1
Of WHATCOM COUNTY**

Christine Grant, President/Commissioner

Atul Deshmane, Vice President/Commissioner

Mike Murphy, Secretary/Commissioner

RESOLUTION NO. 819

Exhibit A
Cancellation of Warrant

Warrant No.	Warrant Date	Vendor	Amount
01155521	10/18/2022	Asplundh Tree Expert Co.	(\$46,463.64)

AGENDA ITEM # 7b
October 25, 2022

PUBLIC UTILITY DISTRICT No.1
of Whatcom County
1705 Trigg Road • Ferndale, WA 98248
P: (360) 384-4288 • F: (360) 384-4849

Memo

To: Commissioners Deshmane, Grant, and Murphy
From: Annette Smith, Director of Finance
Date: October 25, 2022
Re: Draft 2023 Budget

Requested Action: INFORMATION ONLY.

The 2023 Draft Budget will be presented in summary through a PowerPoint presentation at today's commission meeting. The complete draft budget is available online at:

<https://www.pudwhatcom.org/the-commission/financial-documents/>

(Bottom of the page, under Annual Budget Books)

The link will not be active until the files are uploaded to the website, by or before Friday evening, October 21st.