

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

September 27, 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; Jon Littlefield, Electric System Supervisor; Traci Irvine, Accountant I; Kurt Wank, Director of Utility Operations; and Guy Gleason, Water Operator.

Public attending:

| | |
|----------------------------------|-------------------------------------|
| Jack Wellman, Puget Sound Energy | Erik Alm, Citizen |
| Dave Olson, Citizen | Jamie Douglass, Citizen |
| Mike Kaufman, Citizen | Ralph Schwartz, Cascadia Daily News |

2. Approval of Agenda

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

3. Approval of Consent Agenda

- a. Approval of Meeting Minutes of the Regular Meeting, September 13, 2022; and
- b. Approval of the Claims of September 27, 2022:

| VENDOR NAME | AMOUNT |
|---------------------------------|------------|
| BAY CITY SUPPLY | 449.49 |
| BONNEVILLE POWER ADMINISTRATION | 773,920.57 |
| BRIM TRACTOR COMPANY | 110.27 |
| CHMELIK SITKIN & DAVIS | 14,230.50 |
| CINTAS CORPORATION | 66.24 |
| COMCAST | 186.57 |
| COMCAST - NWRC | 300.00 |
| EDGE ANALYTICAL LABORATORIES | 22.66 |
| EXACT SCIENTIFIC SERVICES INC. | 100.00 |
| FCS GROUP | 1,352.50 |
| GRUNDFOS CBS/PACO PUMPS | 8,176.96 |
| GUARDIAN SECURITY SYSTEMS, INC | 461.56 |
| HARDWARE SALES, INC | 23.97 |
| INDUSTRIAL SUPPLY, INC | 502.50 |
| INTERNAL REVENUE SERVICE | 18,255.37 |
| JOHN DEERE FINANCIAL | 107.83 |
| MASSMUTUAL RETIREMENT SVCS LLC | 11,383.33 |
| MURRAYSMITH | 57,265.50 |
| NATIONAL SAFETY, INC. | 165.89 |
| PACIFIC SURVEY & ENGINEERING | 562.92 |
| PAYLOCITY | 179.92 |
| PAYROLL | 212,760.71 |
| PLATT ELECTRIC SUPPLY CO | 36.38 |
| PUD #1 OF WHATCOM COUNTY | 35.00 |
| PUGET SOUND ENERGY, INC | 7,796.98 |
| SD MYERS | 210.00 |
| SMITH MECHANICAL | 1,003.54 |
| STAR RENTALS | 1,040.28 |

| | |
|----------------------------------|-----------------------|
| TITAN ELECTRIC INC dba FB TITAN | 15,890.91 |
| WA FEDERAL VISA CARD MEMBER SERV | 3,835.00 |
| WA ST DEPT OF REVENUE | 79,353.47 |
| WESTERN CONFERENCE OF TEAMSTERS | 8,939.00 |
| WESTERN REFINERY SERVICES | 6,624.60 |
| WIN-911 | 1,520.40 |
| GRAND TOTAL | \$1,226,870.82 |

ACTION: Commissioner Murphy made the motion to APPROVE THE CONSENT AGENDA OF SEPTEMBER 27, 2022. Commissioner Deshmane second the motion. Motion passed unanimously.

4. Public Comment

No comments.

5. Old Business

a. Broadband Program Update

Port Projects Update

- The group continues to meet regularly and things are on track with messenger wire being hung on PSE power poles then ready to pull the fiber through. The first customers (Nooksack area) should be connected as on schedule, the last areas schedule for fiber routing will be May 2023.

Glacier Communities Update

- Staff received confirmation from Ziplly Fiber’s VP of Regulatory and External Affairs that the Glacier communities will be built out by end of second quarter 2023.

WA State Broadband Office (WSBO)

- WSBO issued a *Call for Comments* on important issues (open-access requirement, funding match requirement, challenge process, definition of last-mile service and other ‘various considerations’) that will inform them in crafting scoring requirements for the *Fall Notice of Funding Opportunity*. EntriKin provided a draft response of answers and Commissioners added their input. Staff will complete the cover letter with the updated response. Commissioners also suggested additional agencies that should be copied on the PUD’s response. The response and cover letter will be posted on the PUD’s website.

ACTION: Commissioner Deshmane made the motion to APPROVE THE CALL FOR COMMENTS RESPONSES WITH UPDATED REMARKS AND DIRECT STAFF TO SEND THE COVER LETTER AND RESPONSES TO THE WASHINGTON STATE BROADBAND OFFICE. Commissioner Murphy second the motion. Motion passed unanimously.

b) Cherry Point Development Study Discussion

At the last meeting, County Executive Sidhu proposed a 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. PUD staff was directed to report back on what it would cost the PUD rate payers (customers) to finance the study and what other studies done in the past were available to review.

The PUD does not collect tax from Whatcom County property owners. In order to fund a portion of the study, Finance Director Smith provided three scenarios based on different funding amounts and potential rate increases. Roughly, it would be a 3.52% increase, in addition to the regular rate increase:

| | | Equal Dollars | | | Equal Rate Increase | | |
|---------------------------|------------------|---------------|---------------------|--------------------|---------------------|---------------------|--------------------|
| | | Alcoa Fund | Industrial Water | Electric | Alcoa Fund | Industrial Water | Electric |
| Draft 2023 Revenue | | | \$10,600,000 | \$2,400,000 | | \$10,600,000 | \$2,400,000 |
| Scenario #1 | \$50,000 | \$43,000 | \$3,500 | \$3,500 | \$43,000 | \$5,700 | \$1,300 |
| | | | 0.03% | 0.15% | | 0.05% | 0.05% |
| Scenario #2 | \$100,000 | \$43,000 | \$28,500 | \$28,500 | \$43,000 | \$46,477 | \$10,523 |
| | | | 0.27% | 1.19% | | 0.44% | 0.44% |
| Scenario #3 | \$500,000 | \$43,000 | \$228,500 | \$228,500 | \$43,000 | \$372,631 | \$84,369 |
| | | | 2.16% | 9.52% | | 3.52% | 3.52% |

Economic Development at Cherry Point is included in the PUD’s Strategic Plan. However, the placeholder in the existing budget is a broad approach for the industrial water and electric system infrastructure. The funding strategy has not been discussed with PUD customers as draft budget customer meetings are scheduled in early November. Heimgartner suggested a placeholder in the budget for \$100,000. Deshmane agreed, however; Murphy doesn’t support funding the study. After discussion, for now, no placeholder will be set. Commissioner Grant requested Don Goldberg (Port Economic Development) to present at the next Commission meeting on why this report is needed.

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

c) Approve Resolution No. 818 – Delegation of Authority Revisions

Change Orders: In response to a request from the Commission at the last meeting is to include a *Monthly Change Order Summary* of all change orders approved by the General Manager and/or Commission on a project-by-project basis;

Resolution No. 818: There are three proposed amendments to the Delegation of Authority:

- (1) *General Manager’s authorization purchasing limit*, which is currently set at \$50,000. A survey completed from similar-sized PUDs indicated GM purchasing authority limits ranged between \$100,000 to \$500,000. Staff recommends raising the limit to \$100,000.
- (2) *Change order language* with different authorized amounts depending on the project size. Staff proposes to simplify the Change Order language to be the same as the regular purchasing authorization limit (\$100,000) to help avoid delays in capital projects. Any change order over \$100,000 would be presented for Commission approval; and,
- (3) Now includes the addition of new position title “Automation Technician” to the list of authorized purchasing limits.

ACTION: Commissioner Murphy made the motion to APPROVE RESOLUTION NO. 818 AND THE REVISIONS TO THE DISTRICT’S DELEGATION OF AUTHORITY. Commissioner Deshmane second the motion. Motion passed unanimously.

d) Purchasing Policy Update

This is in tandem with the Delegation of Authority and concerns the language regarding the General Manager’s *authorizations of Change Orders*. As noted above, the current Change Order language has different authorized amounts depending on the size of the project. Staff proposes to simplify the language to be the same as the *regular purchasing authorized limit* as set in the Delegation of Authority.

ACTION: Commissioner Deshmane made the motion to APPROVE THE REVISIONS TO THE DISTRICT’S PURCHASING POLICY. Commissioner Murphy second the motion. Motion passed unanimously.

e) PUD Logo/Branding Design Review

As a part of the Goals and Strategies of past Strategic Plans and the Plan Update 2025, under the *Community Outreach* goals is to refresh the PUD’s community, governmental, industry, and internal facing identity. The strategy is to redo the PUD’s logo and printed material and eventually District signage, website, etc. In 2020, staff worked with a graphic designer to prepare a new logo/branding concept. A series of presentations were held at three Commission meetings but no consensus was reached on a final design. Today, the last compilation of logo ideas and mock ups were re-presented to the Commission for review and make a final decision.

ACTION: Commissioner Deshmane made the motion to SELECT THE FIRST CONCEPT IDEA AND TO PROCEED WITH THE LOGO AND REBRANDING PROJECT AS RECOMMENDED BY STAFF.

7. General Manager Report

- Jon Humphrey’s public records request is now totaling over \$45,805. This is an expensive request that our customers have to pay for. There are more installments to come.
- The District received a response from Department of the Interior Secretary Deb Haaland, requesting the appointment of a federal negotiation team to assist the Lummi Nation and Nooksack Tribe in negotiating the settlement of their water rights claims. The response received from Elizabeth Klein at Dept. of Interior, indicated the Federal negotiation team will assist both the Nation and will include the Tribe.

8. Operations Report

- Bonneville *Energy Efficiency Incentive* budget transfer of \$125,000 to Clallam PUD is underway. Clallam PUD expressed their appreciation for this transfer.
- A Phillips 66 energy-savings project which was recently completed has been approved for BPA’s *Energy Efficiency Incentive* program funding. Typically, when Phillips 66 implements process improvements, which improve energy efficiency, the refiner project is undertaken on Phillips 66’s time schedule. As a consequence, Phillips 66 can’t always wait for BPA’s project pre-qualification approval process. Recently, BPA changed its qualification procedures allowing projects to be qualified during or after completion. Phillips 66’s project was qualified under the new procedures. The recent project is expected to save over 600,000 kilowatt hours of electrical energy per year and BPA is about to approve an incentive payment of approximately \$160,000, which the PUD will

pass on to the refinery. Walters thanked T J Lee and Lauren Turner from Phillips 66 and PUD staff member Paul Siegmund, who worked diligently to help qualify for the project for Energy Efficiency Incentive funding.

- A settlement between BPA's public utility customers and BPA is under review. The settlement, if approved will impact BPA's power and transmission rates for the fiscal year 2024-25 rate period. If approved, BPA tier 1 power and transmission rates will remain the same for the next rate period as they are now. BPA has increased the amount of funding of revenue from surplus power sales (\$300 million) that 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.

Commissioner Reports

Murphy:

- As noted at the last meeting, Murphy been meeting with staff and others within the community to discuss current and future projects, and saying good bye;
- Attended the WPUDA committee meeting groups last week.

Deshmane:

- Attended the WPUDA Telecom and Energy Committee meetings Sept. 14 – 16 via Zoom.
- WPUDA policy changes were addressed as well as the new leadership of the Washington State Broadband Office under Mark Vasconi.

Grant:

- Attended a few of the WPUDA committee meetings Sept. 14 – 16 via Zoom.
- Attended the September 13 County Council meeting regarding the County's broadband policy discussion, and direction on the County's role on broadband, which quickly pivoted to what the Port and PUD are doing;
- Will attend WPUDA committee meetings next week via Zoom.
- A visit from WPUDA Board President Garry Arsenault and WPUDA Deputy Director Liz Anderson is scheduled for October 11.

9. Public Comment

None made.

10. Adjourn to Executive Session

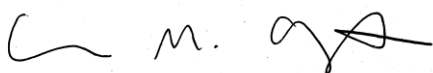
Commission President Grant requested an Executive Session pursuant to RCW 42.30.110(i) – Potential Litigation, relating to water rights adjudication on a separate Zoom webinar. Estimated time for Executive Session was thirty minutes. The Commission President indicated no action is anticipated to be taken after the adjournment of Executives Session. After a short break, the Commission adjourned to Executive Session at 10:20 a.m.

Executive Session Adjourn

There being no further business for Executive Session, the Commission rejoined the Regular Commission Meeting webinar platform at 10:41 a.m.

11. Adjourn

There being no further business for the regular meeting, Commissioner Grant adjourned the regular meeting at 10:42 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/>