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2023 BOARD OF COMMISSIONERS

ATUL DESHMANE, PRESIDENT
CHRISTINE GRANT, VICE PRESIDENT
JAIME ARNETT, SECRETARY

PUBLIC UTILITY DISTRICT No. 1 of Whatcom County

Agenda for the Regular Meeting of May 23, 2023
8:15 a.m. at the PUD Office
(In-person, Zoom, & Teleconference)

1. Call to Order | Pledge of Allegiance (2 minutes)
2. Approval of Agenda (3 minutes)
3. Consent Agenda (5 minutes)
 - a) Approval of the Minutes of the Regular Meeting of May 9, 2023
 - b) Approval of the Minutes of the Special Meeting of May 16, 2023
 - c) Approval of Claims for May 23, 2023
4. Public Comment (10 minutes – Individual speakers: 3 min.)
5. Old Business (40 minutes)
 - a) Broadband Program Update
 - b) Adjudication Update
 - c) Future of the Lower Snake River Dams – Discussion
 - d) Electric Expansion Feasibility Study “Open House” in Bellingham
6. New Business (15 minutes)
 - a) Approve Update to Payroll and Procedures Policy
 - b) Approve 2024 Budget Development Schedule
7. General Manager Report (10 minutes)
8. Operations Report (10 minutes)
9. Commissioner Reports (15 minutes)
 - a) Upcoming Per Diem Requests
10. Public Comment (10 minutes– Individual speakers: 3 min.)
11. Adjourn (9:30 AM estimated)

Notice:

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

The public meeting can be accessed: In-person at location announced;

By internet: <https://us02web.zoom.us/j/86869721866>

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

Webinar ID: 868 6972 1866

Next Commission Meetings

June 13 & 27, 2023 | 8:15 a.m. | Regular Meetings – District Office
1705 Trigg Road, Ferndale, WA 98248

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

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MINUTES OF THE REGULAR MEETING OF THE COMMISSION

May 9, 2023

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 8:15 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 included: Commissioner Christine Grant, Commissioner Jaime Arnett; Commissioner Atul Deshmane; and Legal Counsel Jon Sitkin. Staff: Chris Heimgartner, General Manager; Assistant General Manager Brian Walters; Ann Grimm, Executive Assistant; Andrew Entrikin, Broadband Program Manager; Steve Jilk, In-House Consultant; Rebecca Schlotterback, Manager of Contracts and Regulatory Compliance; Aaron Peterson, IT/SCADA Technician; Mike Macomber, IT/SCADA Technician; Traci Irvine, Accountant I; Paul Siegmund, Manager of Automation and Technology; and Kurt Wank, Director of Utility Operations.

Public attending:

Dave Olson, citizen
Jack Wellman, PSE
Lauren Turner, P66

2. Approval of Agenda

No changes made.

ACTION: Commissioner Grant made the motion to APPROVE THE AGENDA OF May 9, 2023. Commissioner Arnett second the motion. Motion passed unanimously.

3. Approval of Consent Agenda

- a) Approval of Meeting Minutes of the Regular Meeting, April 25, 2023;
- b) Approval of the Claims of May 9, 2023:

VENDOR NAME	AMOUNT
ARG INDUSTRIAL (formerly INDUSTRIAL SUPPLY)	1,059.44
BELLINGHAM HERALD	180.00
BRIDGEVIEW AUTO PARTS	280.73
BRIM TRACTOR COMPANY	106.62
CAZ ENVIRONMENTAL LLC	213.20
CORNERSTONE MANAGEMENT, INC.	1,582.00
EDGE ANALYTICAL LABORATORIES	24.00
ESRI	2,508.66
EXACT SCIENTIFIC SERVICES INC.	27.00
FCS GROUP	12,121.25
FERNDALE ACE HARDWARE	21.72
FERNDALE CITY OF	263.42
FRONTIER PRECISION, INC.	2,604.90
GATEWAY CONTROLS	1,964.57
GDS ASSOCIATES (EES CONSULTING)	1,870.00
GUARDIAN SECURITY SYSTEMS, INC	93.18
HACH COMPANY	366.22
HARDWARE SALES, INC	44.05
HEALTH PROMOTIONS NORTHWEST	150.00
LFS, INC.	1,079.30

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NORTHWEST CASCADE, INC.	118.50
NORTHWEST FIBER DBA ZIPLY FIBER	1,433.79
NP INFORMATION SYSTEMS (3-D CORP)	252.42
P&P EXCAVATING, LLC	2,492.50
PLATT ELECTRIC SUPPLY CO	3,508.92
PUBLIC UTILITY RISK MANAGEMENT SERVICES	9,627.05
PUD #1 OF WHATCOM COUNTY	1,863.78
PUGET SOUND ENERGY, INC	8,196.58
RDS - RECYCLING & DISPOSAL SERVICE	15.45
REGENCE BLUE SHIELD	45,798.72
REISNER DISTRIBUTION, INC	1,304.43
RICOH USA	243.58
ROHLINGER ENTERPRISES	2,440.70
SCHOLTEN'S EQUIPMENT INC.	136.09
SMITH MECHANICAL	6,986.26
SSC - SANITARY SERVICE COMPANY	615.43
TEAMSTER LOCAL #231	616.00
UNITED WAY OF WHATCOM COUNTY	742.00
UTILITIES UNDERGROUND LOCATION	3.87
VALVOLINE	207.45
WA PUBLIC UTILITY DISTRICTS ASSOCIATION	150.00
WASHINGTON DENTAL SERVICE	2,860.50
WASHINGTON TEAMSTERS WELFARE	13,273.40
WHATCOM FARMERS CO-OP	494.36
WHATCOM JANITORIAL	1,617.66
GRAND TOTAL	\$131,559.70

ACTION: Commissioner Grant made the motion to APPROVE THE CONSENT AGENDA OF MAY 9, 2023. Commissioner Arnett second the motion. Motion passed unanimously.

4. Public Comment - No comments.

5. Old Business

a) Broadband Program Update

- Commissioner Grant and others met with staff from Senator Cantwell's office.
- Ziplly Fiber is progressing ahead in the areas slated for *rural digital opportunity fund* (RDOF); there have been some difficulties with pole attachments near Glacier.
- Good news from the Washington State Broadband Office – the grant application to help fund fiber infrastructure at Point Roberts will be awarded to the PUD in the amount of \$3.15 million.

b) Adjudication Update

Whatcom Superior Court will be overseeing the adjudication process; however Whatcom County has four Superior Court judges and not five, funding will have to go towards utilizing a Court Commissioner instead. Court proceedings, negotiations, and other details still need to be worked out.

c) Call for Special Meeting

Commissioners called for a special meeting to discuss social media plans for the District. Proper noticing and agenda will be forthcoming. The meeting is expected to last two hours and will be a hybrid (Zoom and in-person) meeting as Sitkin will attend remotely.

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ACTION: Commissioner Arnett made the motion to CALL FOR A SPECIAL MEETING ON TUESDAY, MAY 16, 2023 AT 3:00 PM, LOCATED AT THE DISTRICT'S ADMINISTRATION OFFICE. Commissioner Grant second the motion. Motion passed unanimously.

6. New Business

a) Post 2028: Bonneville Power Administration Power Contract Briefing

Assistant General Manager Walters provided a background and overview of the upcoming power contract negotiations for the District. The presentation included 1) a history of BPA power contracts; 2) Comparison of the current "regional dialog" contract to BPA's policy proposal for the "Provider of Choice" Post 2028 Contract; 3) Highlights of issues surrounding the post 2028 contract policy framework; and 4) Next steps in the power contract development process.

ACTION: No action taken. Information only.

7. General Manager Report

- Heimgartner will be attending WPUDA's Telecom Committee and General Managers meetings in Spokane this week.

8. Operations Report

- Walters said a contract recently approved with a cyber security firm to help keep the District's networks and information management systems secure. Cyber-attacks including phishing attempts have been escalating and artificial intelligence (AI) schemes are on the rise.
- Walters updated Commissioners on the terms of the Alcoa Industrial Water Contract.

9. Commissioner Reports

Arnett:

- WPUDA mentor, Debra Lester from Kitsap PUD, will be visiting with her on Friday.
- Inquired about a second electric expansion feasibility meeting in Bellingham to be included at the next regular meeting's agenda.

Grant:

- Attended Energy Northwest meetings in Richland this week.
- Will be on vacation for the June 13 meeting.
- Plans to attend the WRIA-1 Environmental Caucus meeting.

Deshmane:

- Plans to attend the Lummi First Salmon Ceremony on May 18 – all Commissioners were invited.
- Attended the Public Power Council meeting and discussed transmission issues with BPA.

10. Public Comment - None made.

11. Executive Session

Commission President Deshmane requested an Executive Session pursuant to RCW 42.30.110(1)(g): To review the qualifications and/or performance of a public employee (50 min.); and RCW 42.30.110(1)(i) Potential Litigation – Water Rights Adjudication (10 min.) Estimated time for Executive Session was sixty (60) minutes. The Commission President indicated no action is anticipated to be taken after the adjournment of Executive Session. After a short recess, the Commission adjourned to Executive Session at 10:25 a.m.

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Executive Session Adjourn

There being no further business for Executive Session, the Commission rejoined the Regular Commission Meeting at 11:12 a.m.

12. Adjourn

There being no further business for the regular meeting, Deshmane adjourned the regular meeting at 11:14 a.m.

Atul Deshmane, President/Commissioner

Christine Grant, Vice President/Commissioner

Jaime Arnett, Secretary/Commissioner

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/2023-agendas-packets-meeting-minutes-recordings/>

DRAFT

MINUTES OF THE SPECIAL MEETING OF THE COMMISSION

May 16, 2023

1. Call to Order

The special meeting of the Board of Commissioners of Public Utility District No. 1 of Whatcom County was called to order at 3:00 p.m. by Commissioner Atul Deshmane. Said meeting was open to the public and notice thereof had been given as required by law. Those present included: Commissioner Christine Grant, Commissioner Jaime Arnett; Commissioner Atul Deshmane; and Legal Counsel Jon Sitkin. Staff: General Manager Chris Heimgartner; Steve Jilk, In-House Consultant; Ann Grimm, Executive Assistant; Mike Macomber, IT/SCADA Technician Paul Siegmund, Manager of Automation and Technology; Andrew Entrikin, Broadband Program Manager; Traci Irvine, Accountant I;

Public attending: None

2. Potential District Social Media Program

The Commission discussed the scope and intent, and expectations for a District Social Media Program

ACTION: No action taken. Information only.

3. Adjourn

There being no further business for the special meeting, Commissioner Deshmane adjourned the special meeting at 3:53 p.m.

Atul Deshmane, President/Commissioner

Christine Grant, Vice President/Commissioner

Jaime Arnett, Secretary/Commissioner

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/2023-agendas-packets-meeting-minutes-recordings/>

Info Memo

To: Commissioners Arnett and Deshmane
From: Commissioner Grant
Date: May 23, 2023
Re: **The Future of the Lower Snake River Dams**

Requested Action:

No action requested at this time – information only.

Background:

The future of the four Lower Snake River dams is a subject of intense debate in the Pacific Northwest. It is a debate that involves many of our region's most defining challenges: Saving our region's iconic salmon species, advancing rapid decarbonization, respecting our Tribal treaty obligations, and preserving our status as one of America's agricultural and trade leaders.

The public power community in Washington State is nearly unanimous in their opposition to breaching the Lower Snake River Dams. At this time, the Commission for Clallam PUD is the only PUD Commission that has stated their support of a comprehensive solution that restores a free-flowing lower Snake River while replacing the energy services of the dams with clean power.¹

Replacing the four lower Snake River dams while meeting clean energy goals and system reliability is possible but comes at a substantial cost.² The total cost of replacing the energy, transportation, and irrigation value of the dams is currently estimated at between \$10 billion and \$32 billion dollars.³

There is also a considerable cost to doing nothing. Following the conclusion of the joint federal-state process on salmon recovery Governor Inslee and Senator Murray made the statement that "salmon in Washington state face a dire future...the status quo is not a responsible option."⁴ A 2022 National Oceanic and Atmospheric Administration

¹ Resolution 2269-23 adopted by the Clallam PUD Commission on April 24th: <https://clallampud.net/wp-content/uploads/2023/04/AMENDED-AND-ADOPTED-2269-23-Supporting-Breaching-the-LSRD-Dams-4-24-23.pdf>

² BPA Lower Snake River Dams Power Replacement Study: <https://www.bpa.gov/-/media/Aep/power/hydropower-data-studies/e3-bpa-lower-snake-river-dams-power-replacement-study.pdf>

³ Lower Snake River Dams: Benefit Replacement Report: https://www.governor.wa.gov/sites/default/files/images/LSRD%20Benefit%20Replacement%20Final%20Report_August%202022.pdf

⁴ Recommendations of Governor Inslee and Senator Murray following the Conclusion of the Joint Federal-State Process on Salmon Recovery: <https://www.governor.wa.gov/sites/default/files/images/FINAL%20-%20Murray-Inslee%20Process%20Recommendations.pdf>

report found that breaching the dams on the lower Snake River is the “centerpiece action” to restoring Columbia Basin salmon and steelhead populations.⁵

I am providing this memo and references in order to facilitate a conversation at our May 23rd Commission meeting focused on these two questions:

- 1) Should the Whatcom PUD Commission take a stance on the issue of breaching the Lower Snake River Dams?
- 2) Should the Whatcom PUD Commission consider the adoption of a resolution related to breaching the Lower Snake River Dams?

Fiscal Impact:

None.

Recommended Action:

No action requested at this time. Information only.

⁵ Rebuilding Interior Columbia Basin Salmon and Steelhead: <https://media.fisheries.noaa.gov/2022-09/rebuilding-interior-columbia-basin-salmon-steelhead.pdf>

Action Memo

To: Commissioners Arnett and Deshmane
From: Commissioner Grant
Date: May 23, 2023
Re: **Northwest RiverPartners Membership**

Requested Action:

TERMINATE THE NORTHWEST RIVERPARTNERS MEMBERSHIP AND NOT RENEW.

Background:

On March 28, 2023 I made a motion that Whatcom PUD terminate our Northwest River Partners membership. After a discussion, we decided to table action so that we could explore this decision in more detail. This memo outlines my reasons for wanting to end our membership in Northwest RiverPartners.

Northwest RiverPartners is a political advocacy organization currently implementing a regionwide, multi-million-dollar public relations campaign to persuade Northwest residents that breaching four hydropower dams on the Lower Snake River is a bad for salmon, bad for climate, and bad for people. While I support a healthy and robust debate about this important energy, economic, and environmental policy decision facing our region—I believe that Northwest RiverPartners work is increasing the political polarization of this issue rather than fostering healthy dialog.

For example, a recent TV ad paid for by Northwest RiverPartners told viewers that: “The only way to replace dams would be by burning fossil fuels, making the impacts of climate change even worse.” This is not true. All serious proposals to date related to breaching these four dams involve significant federal financial packages that would help replace the clean energy functions of the dams and ensure that replacement costs do not unduly fall upon public power ratepayers.

Whatcom PUD currently spends \$6,100 dollars annually on membership dues to Northwest RiverPartners. This is a proposal that we end our Northwest RiverPartners membership.

Fiscal Impact:

There is no fiscal impact to the District.

Recommended Action:

TERMINATE THE NORTHWEST RIVERPARTNERS MEMBERSHIP AND NOT RENEW.

AGENDA ITEM #6a
May 23, 2023

Action Memo

To: Commissioners Arnett, Deshmane, and Grant
From: Annette Smith, Director of Finance
Date: May 23, 2023
Re: Approve Update to District's Payroll Policy and Procedures

Requested Action: APPROVE UPDATE TO DISTRICT'S PAYROLL POLICY AND PROCEDURES.

Background: In April of 2013, the District passed a Payroll Policy in response to a recommendation by the State Auditor's Office. It consists of general guidelines for the process of preparing payroll. Since then, the District transitioned from having Whatcom County process the District's payroll to Paylocity. It was recently noticed that the Payroll policy needed a couple edits to update to the new process.

Fiscal Impact: None

Recommended Action: APPROVE UPDATE TO DISTRICT'S PAYROLL POLICY AND PROCEDURES.



Payroll Policy and Procedures

Effective May 23, 2023

The following policy and procedures document a system designed to ensure education of and control over the processing of Payroll for the District. This policy/procedure is in addition to policy already determined by the current Collective Bargaining Agreement (union), Policy for Compensation of Administrative (non-union) Employees, the Employee Handbook, RCW 54.12.080 and any individual employee agreements (ex. General Manager).

SOURCES OF INFORMATION USED TO PROCESS PAYROLL

Water Operators – The water operators are represented by Teamsters Local #231. The water operator's compensation, differential pay, and details of extraordinary compensation are detailed in the current union contract.

Electric Department – The electric department's employee terms are consistent with the non-represented staff and are explained in the Employee Handbook. The annual compensation rates are per the salary policy approved by the Commission and administered by the General Manager.

Administration – The administration staff terms and compensation are discussed in the Employee Handbook. The annual compensation rates are per the salary policy approved by the Commission and administered by the General Manager.

General Manager - The General Manager has a separate employment contract that recites terms of compensation for the General Manager.

Commissioners – The Commissioner's compensation is determined by RCW 54.12.080. They are also eligible for benefits provided by the District. Commissioners receive a monthly salary plus a per meeting per diem and insurance coverage the same as non-union District employees. Commissioners also receive payment for travel for District meetings, conferences and training.

BACKGROUND

In 2016, the District transitioned from Whatcom County processing payroll to Paylocity. Paylocity issues check or electronic deposits, and processes all appropriate taxes including required reporting. The District processes payroll once a month with payday occurring the last working day of the month.

The hourly employees, usually just water operators and electricians, are paid for time worked from the 16th of the previous month through the 15th of the current month. This is in response to an audit recommendation that pay is based on actual hours work, not estimated.

The salary employees are paid on a monthly schedule (1st-end of month). The adjustments for vacation, sick leave and anything outside of regular pay are based on the previous month's timesheet. For example, the March payroll check, paid on the last working day of March, would be based on the monthly rate and would reflect any leave time from the February timesheet.

PROCESS

While this is not a step-by-step, detailed description, it will give a high level of understanding of what the payroll process is.

At the beginning of each month, the District staff responsible for processing payroll will send an email out letting the staff know when the payroll information is due.

Salaried employees report on an exception basis. Monthly compensation is based on an annual salary. Any time worked on a special project or CWIP project, which is tracked separately, is reported along with any leave time.

Hourly employees enter time worked into worksheets applying their time to the appropriate operations classification, including standby, overtime, and leave time.

Commissioners are compensated with a monthly base salary plus a 'per diem' pay. The Commission 'per diem' pay is based upon the District's Commission Meeting Attendance sheet for commission meetings, any approved special meetings, and any approved travel done on behalf of the District that allows for a 'per diem' claim. See Resolutions 768, *Policy on Governance and Management*, and Resolution 797, *Commissioner Per Diem Compensation Policy* for additional guidelines.

All timesheets are to be initialed by the employee and reviewed and initialed by their supervisor. The General Manager or his/her designee will review and initial the Commissioner's 'per diem' sheets and District's Commission Meeting Attendance sign-in sheet. The General Manager's timesheet will be reviewed by either the Director of Finance or the Assistant General Manager.

There are two main District excel files which are used for the monthly processing of payroll. The first is the Payroll Warrants. It includes the payroll forms needed to be approved by the Commission, reporting the gross pay of each employee. It also includes the Water Operators (union) pension calculation.

The second excel file is the Labor Allocation files. This generates the journal entry which is entered into the accounting system. It also accrues the cost of the benefits each employee is receiving (health, Labor & Industries, clothing allowance, etc.).

Some additional files which feed off of the main payroll files are the Benefit Tracking files, and Stand-by files. These will be reviewed for accuracy several times a year.

Upon completion of the entire payroll process, the payroll information will be reviewed by Finance staff knowledgeable in the payroll process. The summary sheets are presented at the second commission meeting for approval. A copy of the relevant information, along with the approvals will be kept in a file by the Director of Finance.

The Data Entry tab in the Payroll Warrant file is a summary of the information that is entered into the Paylocity system. Paylocity reports are checked against balances in the Payroll Warrant file to verify accuracy.

Payroll is disbursed the last working day of the month.

APPROVAL POINTS

Timesheets – Approved by supervisors.

Payroll package – Reviewed by Finance staff, approved by Director of Finance.

Payroll Expenditure – Presented to Commission for approval on the second meeting of the month.

Pay or benefit changes – approved by the General Manager or an executed contract.

AGENDA ITEM #6b
May 23, 2023

Action Memo

To: Commissioners Arnett, Deshmane, and Grant
From: Annette Smith, Director of Finance
Date: May 23, 2023
Re: Approval of 2024 Budget Schedule

Requested Action: APPROVE THE SCHEDULE FOR THE DEVELOPMENT OF THE 2024 DISTRICT OPERATING AND CAPITAL BUDGET.

Background: Below is the proposed schedule for the 2024 budget:

2024 BUDGET SCHEDULE	
Commission receives 2023 First Half Financial Report	August 8, 2023
Commission Work Session to discuss budget parameters for 2024	September 12, 2023
Draft 2024 Budget presented to Commission	October 24, 2023
Customer Meetings on Draft 2024 budget	November 6-8, 2023
Revised budget presentation, Public Hearing on 2024 budget	November 21, 2023
2024 Budget/Rates approved	December 12, 2023

The proposed schedule allows time for:

- Work session by the Commission before adopting the final budget and rates;
- Meetings with the different customer groups;
- A public hearing that allows for public/customer input to the Commission for the 2024 budget and rates

Fiscal Impact: None

Recommended Action: APPROVE THE SCHEDULE FOR THE DEVELOPMENT OF THE 2024 DISTRICT OPERATING AND CAPITAL BUDGET.