

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

January 23, 2024

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 Jaime Arnett. Said meeting was open to the public and notice thereof had been given as required by law. Those present included: Commissioner Atul Deshmane, Commissioner Christine Grant, Commissioner Jaime Arnett and Legal Counsel Jon Sitkin and Peter Ruffatto. Staff: Chris Heimgartner, General Manager; Assistant General Manager Brian Walters; Andrew Entrikin, Broadband Program Manager; Ann Grimm, Executive Assistant; Annette Smith, Director of Finance; Rebecca Schlotterback, Manager of Contracts and Regulatory Compliance; Mike Macomber, IT/SCADA Technician; Garrett Love-Smith, Project Manager; Kurt Wank, Director of Utility Operations; and Stephanie Hooper, Accountant I.

Public attending:

Jack Wellman, Puget Sound Energy
Dave Olson
Crina Hoyer

2. Approval of Agenda

No changes.

ACTION: Commissioner Grant made the motion to APPROVE THE AGENDA JANUARY 23, 2024. Commissioner Deshmane second the motion. Motion passed unanimously.

3. Approval of Consent Agenda

- a) Approval of Meeting Minutes of the Regular Meeting of January 9, 2024;
- b) Approval of the Claims of January 23, 2024:

VENDOR NAME	AMOUNT
BONNEVILLE POWER ADMINISTRATION	603,742.00
CDW/COMPUTER DISCOUNT WAREHOUSE	873.75
CENTRAL WELDING SUPPLY	252.80
CNA SURETY	399.26
COMCAST	194.86
COMCAST - NWRC	300.00
CONSOR NORTH AMERICA, INC.	7,301.45
CULLIGAN NORTHWEST	223.13
EDGE ANALYTICAL LABORATORIES	25.00
FEDERAL EXPRESS	24.78
FERNDALE ACE HARDWARE	57.40
FERNDALE CITY OF	304.55
GRANT, CHRISTINE	42.88
HARDWARE SALES, INC.	335.19
HDR ENGINEERING, INC.	6,452.88
HOOPER, STEPHANIE	101.53
HYTEC ROOFING INC	10,642.80
INTERNAL REVENUE SERVICE	24,065.90
KCDA PURCHASING COOPERATIVE	210.81
MASSMUTUAL RETIREMENT SVCS LLC	11,640.00
NELSON-REISNER	8,301.47
NOOKSACK SALMON ENHANCEMENT ASSOC.	20,000.00
NORTH COAST ELECTRIC COMPANY	598.82
NORTHWEST CASCADE, INC.	128.50
PACIFIC SURVEY & ENGINEERING	3,272.50
PAYLOCITY	209.66
PAYROLL	240,367.79
PLATT ELECTRIC SUPPLY CO	365.47
PUBLIC UTILITY RISK MANAGEMENT SERV.	55,589.08
PUD #1 OF WHATCOM COUNTY	268.71
PUGET SOUND ENERGY, INC	5,668.28
SSC - SANITARY SERVICE COMPANY	637.36
TUPPER MACK WELLS PLLC	12,371.50
UTILITIES UNDERGROUND LOCATION	16.77
WA FEDERAL VISA CARD MEMBER SERVICES	5,536.95
WA PUBLIC UTILITY DISTRICTS ASSOCIATION	15,285.00
WA ST AUDITOR'S OFFICE	24,166.40

WA ST DEPT OF REVENUE - EXCISE TAX	74,947.13
WA ST DEPT OF REVENUE - LEASEHOLD TAX	1,272.06
WESTERN CONFERENCE OF TEAMSTERS	8,855.00
WHATCOM FARMERS CO-OP	364.80
GRAND TOTAL	\$1,145,414.22

ACTION: Commissioner Grant made the motion to APPROVE THE CONSENT AGENDA OF JANUARY 23, 2023. Commissioner Deshmane second the motion. Motion passed unanimously.

4. Public Comment – None made.

5. General Manager’s Report

- BP recently purchased additional property at Cherry Point. Staff is working on the reassignment of the industrial water contract from the previous owner to BP;
- Working with Altagas on their hydrogen hub project which will need water in the future. Alcoa continues to decommission its plant and there may be a possible transfer of their industrial water agreement to Altagas. Details are forthcoming
- Will be out of the office this afternoon through next Tuesday. Assistant General Manager will cover.

6. Old Business

a) Broadband Program Update

- Contract for Professional Services Agreement for the Point Roberts Broadband Project is under New Business;
- Staff continues to look for additional project areas for broadband funding opportunities to assist with east county broadband services; or possibly around the Port’s current projects;
- Notice of Funding Opportunity for the Reconnect Program should become available in February;
- The BEAD initial report from the Washington Broadband Office is now available;
- Sitkin said the request for a Telecom Franchise with Whatcom County is anticipated to be on the County Council agenda for approval in early February.

b) Adjudication Update

- Sitkin continues discussions with other local agencies, attorneys and tribes.
- Discussed Senate Bill 5828 concerning water rights adjudication commissioners and referees;
- Presented to the *Building Industry Association* on the adjudication process last week;

c) Legislative Update

- Sitkin provided an update on HB6206 concerning small water systems and receivership/purveyor of last resort. The bill suggests changes to establish a PUD or water district to replace a county as purveyor of last resort, subject to replacement only if a PUD or water district isn’t available. WPUDA opposes this bill and he suggests Whatcom PUD monitor and oppose the bill as well.

d) Geothermal Update

- Senate Bill 5992 concerning a requirement that applicants seeking energy facility site certification for an energy facility that generates electricity using renewable resources to provide evidence of an adequate water supply for the project – this adds an additional level of requirement for geothermal plants.
- Senate Bill 6039/House Bill 2129 concerning a budget proviso to establish a competitive geothermal exploration cost-share grant program to incentivize and offset direct costs associated with suitable locations for the development of geothermal energy; Commissioner Grant commented on two Senate hearings regarding this.

e) Board Retreat Discussion

- The Board has met individually with Crina Hoyer to facilitate the Retreat. More details and a Professional Services Agreement are forthcoming.

f) WPUDA Day on the Hill

Day on the Hill in Olympia is February 14. Commissioners discussed providing a handout of Whatcom PUD information for the Washington PUD Association’s event for legislators.

7. New Business

a) Approve Professional Services Agreement with Cobb, Fendley and Associates

Whatcom PUD was awarded a \$3,150,000 grant through the Washington State Broadband Office to bring fiber optic infrastructure to the Point Roberts community and Whatcom County Council approved on October 10, 2023, funding in the form of an interlocal agreement, for \$350,000.

Cobb, Fendley & Associates, Inc. will provide professional telecommunications engineering and design services to assist Whatcom PUD and our partners, with the goal of building an open access dark fiber, carrier grade infrastructure network that will serve the currently unserved and underserved locations within the Point Roberts community.

Any requested changes to the PUD's standard Professional Services Agreement will be subject to final legal review. Whatcom PUD's secured grants includes sufficient funds to cover work to be performed by Cobb, Fendley & Associates, Inc. under the Agreement during this calendar year.

ACTION: Commissioner Grant made the motion to APPROVE A PROFESSIONAL CONSULTING SERVICES AGREEMENT WITH COBB, FENDLEY & ASSOCIATES, INC. FOR PROFESSIONAL TELECOMMUNICATION ENGINEERING AND DESIGN SERVICES AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE AGREEMENT. Commissioner Deshmane second the motion. Motion passed unanimously.

b) Approve Professional Services Agreement with Eagle Eye Aerial Solutions

Eagle Eye Aerial Solutions uses an unmanned platform for visually inspecting transmission structures. The prior Professional Services Agreement expired on December 31, 2023. Staff has determined the use of the unmanned platform for aerial inspection of facilities utilizing cameras for real-time observations, photography, and thermography greatly enhances our ability to assess the condition of both electric and water facilities. Use of this technology is faster and less expensive than the traditional means of doing these field surveys.

If approved, the term of the new PSA would extend through December 31, 2026. There is no fiscal impact to the District.

ACTION: Commissioner Grant made the motion to APPROVE A PROFESSIONAL CONSULTING SERVICES AGREEMENT WITH EAGLE EYE AERIAL SOLUTIONS FOR UNMANNED INSPECTION SERVICES, AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE AGREEMENT. Commissioner Deshmane second the motion. Motion passed unanimously.

c) Approve Professional Services Agreements with Select Electrical Engineering Firms

During the fourth quarter of 2023, the PUD posted a Request for Qualifications (RFQ) to provide various professional electrical engineering services for the purpose of assisting the PUD in studying, identifying, planning, designing and implementing projects associated with Whatcom PUD's high, medium, and low voltage electric systems & equipment. This assistance includes electric facilities associated with the PUD's industrial water treatment plants.

Whatcom PUD staff identified three qualified firms, each with different areas of electrical expertise. To assure adequate on-going electrical engineering support for the PUD, staff recommends that the Commission approve entering into agreements with the following three firms:

1. Anvil Corporation
2. Atwell Group
3. Toth & Associates

Approval by the Commission is conditioned on Legal Counsel review should any or all of the three firms identified request revisions to the Standard Professional Engineering Services Agreement (PSA) offered.

None of the PSAs will have budgets. Rather, as engineering services is required, the firm selected by the PUD to complete the services required will work with the PUD to develop a specific scope of services and budget. The scope and budget will be agreed to by the parties and included in an executed Work Order. If approved, the term of each PSA would extend through December 31, 2026.

Whatcom PUD's planned 2024 Annual Budget includes sufficient funds to cover electrical engineering services work to be performed by firms under the executed PSA(s) during this calendar year.

ACTION ITEM No. 1: Commissioner Deshmane made the motion to APPROVE THE STANDARD PROFESSIONAL ENGINEERING SERVICES AGREEMENTS WITH ANVIL CORPORATION, AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE AGREEMENT, SUBJECT TO FINAL LEGAL COUNSEL REVIEW. Commissioner Grant second the motion. Motion passed unanimously.

ACTION ITEM No. 2: Commissioner Deshmane made the motion to APPROVE THE STANDARD PROFESSIONAL ENGINEERING SERVICES AGREEMENTS WITH ATWELL GROUP AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE AGREEMENT, SUBJECT TO FINAL LEGAL COUNSEL REVIEW. Commissioner Grant second the motion. Motion passed unanimously.

ACTION ITEM No. 3: Commissioner Deshmane made the motion to APPROVE THE STANDARD PROFESSIONAL ENGINEERING SERVICES AGREEMENTS WITH TOTH AND ASSOCIATES AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE AGREEMENT, SUBJECT TO FINAL LEGAL COUNSEL REVIEW. Commissioner Grant second the motion. Motion passed unanimously.

d) State Auditor's Audit Report

Finance Director Smith reported that the State Auditor's Office (SAO) recently completed the Financial and Accountability audits and exit conference was held on January 16, 2024 for audit years spanning 2021 and 2022. The SAO reports, again, showed the District had no material deficiencies and is operating within the appropriate policies and guidelines. This represents the 9th clean audit covering 17 years of operations.

The Financial and Accountability reports from the state auditor's office will be available on the website: <https://www.pudwhatcom.org/the-commission/financial-documents/> after January 25.

ACTION: No action requested, information only.

e) FCS Group Rate Study Presentation

In June of 2022, the District selected FCS Group as the firm to conduct a rate study and cost of service analysis. FCS previously performed the same study in 2015 for the District. Due to a full schedule and the timing of the budget, the study wasn't expected to be complete until the end of 2023, although the new rate models were used in the 2024 budget process. Finance Director Smith provided highlights of the study which focused on the Industrial Water and Grandview utility. The study reviewed rates, cost allocations, and General Facility charges (GFC) for both utilities.

The report can be viewed on the District's website: <https://www.pudwhatcom.org/the-commission/financial-documents>.

ACTION: No action requested, information only.

8. Operations Report

- Wank reported on District's response to the extreme winter weather, snow, and effects of frazil ice and turbidity conditions in the river during the last week and a half. The operations crew did an excellent job in keeping the water flowing.

Commissioner Reports

Arnett asked about the new Per Diem Request form; Sitkin has not had a chance to further review.

Grant:

- Attending the Energy Northwest meeting and will also be meeting with the lobbyist this week;
- Asked for a per diem for a last-minute general membership meeting of the Whatcom Democrats she was asked to attend.

Deshmane:

- Requested Per Diem for an upcoming Department of Ecology webinar on adjudication;
- Commented on the WPUDA meetings he attended last week concerning BEAD funding, hiring a Deputy Director, and the Foster fix legislation;
- Commented on the Columbia River basin negotiating settlement discussion;
- Commented on recent Public Power Council and WPUDA meetings which discussed the Lower Snake River Dams and settlement. At WPUDA, there are commissioners who are in favor of breaching the Lower Snake River Dams and the majority who are not in favor, or partial to the settlement agreement. Deshmane stated that Whatcom PUD is more on the left of the issue, for reasonable pathways to breaching the dams.

Arnett:

- Attended the January WPUDA meetings via Zoom; and appreciated the FCS Rate Study presentation to WPUDA.

9. Public Comment – None made.

10. Executive Session

Commissioner Arnett requested an Executive Session. Sitkin said estimated time to adjourn was 10:30 a.m., if not extensions would be requested. After a short break, the Commission adjourned to Executive Session at 10:03 a.m.

Regular Meeting Rejoin: At 10:05 a.m. the Commission rejoined the regular meeting and Sitkin announced they were going into Executive Session pursuant to RCW 42.30.110(1)(i) general litigation and RCW 42.30.110(1)(g) to review the qualifications and/or performance of a public employee.

Estimated adjourn for Executive Session was 10:30 a.m. The Commission adjourned to Executive Session at 10:07 a.m.

- At 10:30 a.m. an additional thirty (30) minutes was requested;
- At 11:00 a.m., an additional ten (10) minutes was requested;

Executive Session Adjourn

There being no further business for Executive Session, the Commission rejoined the Regular Commission Meeting at 11:13 a.m.

11. Adjourn

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



Jaime Arnett, President/Commissioner

Atul Deshmane, Vice President/Commissioner



Christine Grant, 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/2024-agenda-packets-meeting-minutes-recordings/>