

# DRAFT

## PUBLIC UTILITY DISTRICT No. 1 of Whatcom County

Agenda for the Regular Meeting of May 14, 2024

8:15 a.m. at the PUD Office

(In-person, Zoom, & Teleconference)

1. Call to Order | Pledge of Allegiance
2. Approval of Agenda (2 minutes)
3. Consent Agenda (5 min.)
  - a) Approval of the Minutes of the Regular Meeting of April 23, 2024
  - b) Approval of the Minutes of the Special Meeting of April 16, 2024
  - c) Approval of the Minutes of the Special Meeting of April 30, 2024
  - d) Approval of the Minutes of the Special Meeting of May 2, 2024
  - e) Approval of Claims for May 14, 2024
4. Public Comment (10 minutes – Individual speakers: 3 min.)
5. General Manager Report (10 min.)
6. Old Business (30 min.)
  - a) Broadband Update
  - b) Adjudication Update
  - c) Geothermal Update
7. New Business (20 min.)
  - a) Action Memo to Award Bid for Demolition of District's BP Intake Structure
  - b) Action Memo to Review and Accept District's Annual Report
  - c) Call for Special Commission Meeting on May 21, 2024
8. Operations Report (10 minutes)
9. Commissioner Reports (10 minutes)
  - a) Upcoming Per Diem Requests
10. Public Comment (10 minutes– Individual speakers: 3 min.)
11. Executive Session: None Scheduled
12. Adjourn (Estimated 10:00 a.m.)

**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/86815683662>

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

**Webinar ID:** 899 4484 1916

### Next Commission Meetings

May 14 & May 28, 2024 | 8:15 a.m. | Regular Meetings – District Office

1705 Trigg Road, Ferndale, WA 98248

*or other location announced*

Contact: Chris Heimgartner, General Manager (360) 384-4288 x 19

[info@pudwhatcom.org](mailto:info@pudwhatcom.org)

[www.pudwhatcom.org](http://www.pudwhatcom.org)

# DRAFT

AGENDA ITEM #3a  
May 14, 2024

## MINUTES OF THE REGULAR MEETING OF THE COMMISSION

April 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. Staff: General Manager Chris Heimgartner; Andrew Entrikin, Broadband Program Manager; 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 Annette Smith, Director of Finance; Stephanie Hooper, Accountant I; Devin Crabtree, Chief Water Operator; and Jon Littlefield, Electric System Supervisor.

Public attending:

|               |                |
|---------------|----------------|
| Rick Maricle  | Eddy Ury       |
| Mike Murphy   | Tyler McDevitt |
| Todd Lagestee | Jack Wellman   |

### 2. Approval of Agenda

Addition of a second Executive Session for evaluation of candidates.

**ACTION:** Commissioner Grant made the motion to APPROVE THE AGENDA OF APRIL 23, 2024 AS AMENDED. Commissioner Deshmane second the motion. Motion passed unanimously.

### 3. Approval of Consent Agenda

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

| VENDOR NAME                         | AMOUNT     |
|-------------------------------------|------------|
| APPLIED DIGITAL IMAGING             | 6.54       |
| INDUSTRIAL SUPPLY, INC              | 156.65     |
| BHAM TECH COLLEGE                   | 2,890.00   |
| BONNEVILLE POWER ADMINISTRATION     | 595,324.00 |
| BRIM TRACTOR COMPANY                | 451.15     |
| CESCO NEW CONCEPT CHEMICAL PRODUCTS | 117.39     |
| CIVIC GROUP                         | 5,000.00   |
| COMCAST                             | 194.91     |
| COMCAST - NWRC                      | 300.00     |
| CONSOR NORTH AMERICA, INC.          | 117,472.25 |
| CULLIGAN NORTHWEST                  | 285.43     |
| DESHMANE, ATUL                      | 140.96     |
| EDGE ANALYTICAL LABORATORIES        | 91.00      |
| FERNDALE ACE HARDWARE               | 55.65      |
| FERNDALE AUTO PARTS                 | 146.49     |
| GATEWAY CONTROLS                    | 716.67     |
| HARDWARE SALES, INC                 | 49.01      |
| HEALTH PROMOTIONS NORTHWEST         | 150.00     |
| INTERNAL REVENUE SERVICE            | 22,645.42  |
| KCDA PURCHASING COOPERATIVE         | 701.90     |

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|   |                       |
|---|-----------------------|
| LITHTEX NW LLC                          | 112.94                |
| MASSMUTUAL RETIREMENT SVCS LLC          | 12,440.00             |
| NORTHWEST CASCADE, INC.                 | 173.43                |
| P&P EXCAVATING, LLC                     | 4,345.47              |
| PAYLOCITY                               | 183.16                |
| PAYROLL                                 | 243,841.58            |
| PLATT ELECTRIC SUPPLY CO                | 123.73                |
| PUBLIC UTILITY RISK MANAGEMENT SERVICES | 55,916.09             |
| PUD #1 OF WHATCOM COUNTY                | 1,676.99              |
| PUGET SOUND ENERGY, INC                 | 1,629.40              |
| RH2 ENGINEERING, INC                    | 1,301.49              |
| SMITH MECHANICAL                        | 2,247.48              |
| STAR RENTALS                            | 1,708.88              |
| TOTH AND ASSOCIATES, INC                | 5,312.50              |
| TUPPER MACK WELLS PLLC                  | 10,302.50             |
| VALVOLINE                               | 102.63                |
| WA FEDERAL VISA CARD MEMBER SERVICES    | 3,766.91              |
| WA PUBLIC UTILITY DISTRICTS ASSOCIATION | 75.00                 |
| WA ST DEPT OF RETIREMENT SYSTEMS        | 25.00                 |
| WA ST DEPT OF REVENUE - EXCISE TAX      | 79,735.50             |
| WA ST DEPT OF REVENUE - LEASEHOLD TAX   | 707.10                |
| WESTERN CONFERENCE OF TEAMSTERS         | 8,760.50              |
| <b>GRAND TOTAL</b>                      | <b>\$1,181,383.70</b> |

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

Commissioners discussed their per diem expenses and have now requested that it is more detailed than what is listed in the Meeting Minutes.

**4. Public Comment** – None made.

**5. General Manager’s Report**

The outcome of the retreat discussed the retreat. The next step is to meet to discuss strategy. Arnett said she is looking forward to holding ‘work sessions’ and holding meetings in different locations of the county. Heimgartner plans to hold a meeting in June regarding power markets.

**6. Old Business**

**a) Broadband Program Update**

Entrikin provided an update on Point Roberts, the State Broadband Office’s Challenge Process, and more was discussed. The telecom workshop proposed for May 17 will be postponed until further notice.

**b) Adjudication Update**

Sitkin provided an update on the process and noted the first postcard was recently mailed out to water rights holders.

**c) Geothermal Update**

Heimgartner and Entrikin met with the Nooksack Tribe to discuss next steps with geothermal feasibility studies.

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## 7. New Business

### a) Discussion and Possible Action: Nomination of Interim Commissioner

Sitkin discussed the process for the appointment/nomination of candidates for the vacant commission seat. Sitkin recommended the Commission adopt one of two schedules he presented.

**ACTION:** Commissioner Deshmane made the motion, based on the accelerated schedule, to hold a Special Commission Meeting on May 2, 2024 via Zoom platform. Commissioner Grant second the motion. Motion passed unanimously.

Note: The time, meeting agenda and notice is forthcoming.

## 8. Reassignment of Board Representatives to Agencies

Commissioner Arnett suggested for the committees which Grant is a primary representative, that the alternate Commissioner will fill those board vacancies, and the other Commissioner will become the alternate. No action was requested or taken.

## 9. Operations Report

Walters reported that the crew is ramping up for summer maintenance activities. Water supply's impact on hydro operations is shaping up to be a different year than last, snowpack is way below normal ranges for this time of year.

## 10. Commissioner Reports

Deshmane:

- Discussed water banking in Whatcom County;
- Plans to attend a meeting next Monday regarding clean energy. Commissioners agreed on a per diem for this.
- Plans to meet with the Mayor of Bellingham.
- Did not attend the WPUA annual conference.

Grant:

- Will attend the Energy Northwest Board of Directors meeting this week. She will send a follow up email to Heimgartner on the details.

Arnett:

- WRIA1 continues to be a disappointment. Meetings are being cancelled. She is interested to see if there are bylaws for the board. Heimgartner responded that there really is no update and the reasoning behind not holding meetings.

## 11. Public Comment

Todd Lagestee commented on electric vehicle charging outlets and costs.

## 12. Executive Session

Commissioner Arnett requested an Executive Session to discuss potential litigation regarding water rights adjudication and discuss potential candidates. Estimated time was 20 minutes; adjournment time for Executive Session at 10:30 a.m. No action is anticipated after Executive Session. After a short recess, the Commission adjourned to Executive Session at 10:05 a.m.

### Executive Session Adjourn

There being no further business for Executive Session, the Commission rejoined the Regular Commission Meeting at 10:27 a.m.

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## 13. Adjourn

There being no further business for the regular meeting, Commissioner Arnett adjourned the regular meeting at 10:30 a.m.

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Jaime Arnett, President/Commissioner

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Atul Deshmane, Vice President/Commissioner

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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/>

# DRAFT

## MINUTES OF THE SPECIAL MEETING OF THE COMMISSION

AGENDA ITEM #3b  
May 14, 2024

April 16, 2024

### 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 1:30 p.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. Staff: General Manager Chris Heimgartner

Public attending:

Eddy Ury                      Crina Hoyer  
Andrew Reding  
Todd Lagestee

### 2. Approval of Agenda

**ACTION:** Commissioner Grant made the motion to APPROVE THE AGENDA OF APRIL 16, 2024 AS AMENDED. Commissioner Deshmane second the motion. Motion passed unanimously.

### 3. Leadership Team Exercise lead by Crina Hoyer

4. Process to fill Interim Commissioner overviewed by Jon Sitkin.

### 5. Adjourn

There being no further business for the regular meeting, Commissioner Arnett adjourned the special meeting at 5:02 p.m.

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Jaime Arnett, President/Commissioner

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Atul Deshmane, Vice President/Commissioner

# DRAFT

## MINUTES OF THE SPECIAL MEETING OF THE COMMISSION

AGENDA ITEM #3c  
May 14, 2024

April 30, 2024

### 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 1:30 p.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. Staff: General Manager Chris Heimgartner

Public attending:

Nash TJ Lee

Todd Lagestee

### 2. Approval of Agenda

**ACTION:** Commissioner Grant made the motion to APPROVE THE AGENDA OF APRIL 30, 2024 AS AMENDED. Commissioner Deshmane second the motion. Motion passed unanimously.

### 3. Leadership Team Exercise Continued from 4/16 Special Meeting

### 4. Adjourn

There being no further business for the regular meeting, Commissioner Arnett adjourned the special meeting at 5:00 p.m.

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Jaime Arnett, President/Commissioner

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Atul Deshmane, Vice President/Commissioner

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AGENDA ITEM #3d  
May 14, 2024

## MINUTES OF THE SPECIAL MEETING OF THE COMMISSION

May 2, 2024

### 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 1:00 p.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 Jaime Arnett and Legal Counsel Jon Sitkin. Staff: General Manager Chris Heimgartner.

Public attending:  
Brian Heinrich  
TJ  
Tyler McDevitt  
Todd Lagestee

### 2. Approval of Agenda

**ACTION:** Commissioner Deshmane made the motion to APPROVE THE AGENDA OF May 2, 2024 AS AMENDED. Commissioner Arnett second the motion. Motion passed unanimously.

### 3. Commissioners placed three names in nomination: Todd Lagestee, Eddy Ury, and Andrew Reding. Action: Commission directed GM Heimgartner to proceed with posting notice of vacancy and take actions to begin process of filling interim Commissioner.

### 4. Adjourn

There being no further business for the regular meeting, Commissioner Arnett adjourned the special meeting at 1:05 p.m.

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Jaime Arnett, President/Commissioner

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Atul Deshmane, Vice President/Commissioner



AGENDA ITEM #7a  
May 14, 2024

# Action Memo

**To:** Commissioners Arnett and Deshmane  
**From:** Garrett Love-Smith-Project Manager  
**Date:** May 14, 2024  
**Re:** Award Bid to P&P Excavating LLC for Demolition of the District's BP Intake Structure

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**Requested Action:** AWARD BID TO P&P EXCAVATING LLC FOR DEMOLITION OF THE DISTRICT'S BP INTAKE STRUCTURE AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE BID CONTRACT

**Background:** The District's water intake structure in question was originally acquired from BP. Located adjacent to Ferndale's Main Street Bridge, it was decommissioned in 2004 after the river water intake structure at Water Treatment Plant No.1 was upgraded. Water rights associated with the BP intake were legally transferred via Department of Ecology action downstream to the diversion (intake) at Plant 1.

Although decommissioned, the facilities comprising the BP intake, above ground building, fencing, and below ground cement structure and intake piping were left in place. Some equipment within the building was removed and power, gas and water lines were severed. Later, staff installed security fencing on the property.

In recent years, the facility has become a liability due to 1) the presence of asbestos, which was identified by a private consulting firm hired by the District. 2) Numerous trespassing and vandalism incidents over the years. During 2023, District staff assessed the liability risk associated with the facility and concluded that the above grade structure needed to be removed and the metal grating over the wet well extending down from the cement landing needed to be covered with a secure lid. In addition, abatement of the asbestos is required and will be part of the project scope. The demolition work proposed will greatly reduce the District's liability associated with the site.

During 4<sup>th</sup> Qtr. 2023, staff contacted several firms on the District's Small Works Roster. Staff provided a scope of work and background materials on the intake structure to the contractors selected. Given the cost estimate for the project, staff was able to utilize the Small Works process rather the more involved publicly noticed competitive bid process.

**Bid Results**

Staff's estimate for the work to be completed was \$130,000 (tax not included). Of the several firms initially expressing interest, only one submitted a bid that was determined to be responsive. On April 25, 2024, the following bid was submitted and was determined to be responsive:

**P&P Excavating LLC.....\$141,776.40 (tax not included)**

Although the bid is higher than the staff's estimate by 9%, it is less than the maximum 15% over estimate limit set in the competitive bid statutes. Due to the difficulty in estimating asbestos abatement costs, staff believes the 9% over amount is reasonable. Therefore, staff recommends awarding the contract for the work to P& P Excavating LLC

**Fiscal Impact:** Project has been budgeted for 2024 as a Capital Project line item CIP: RW-M-13

**Recommended Action:** AWARD BID TO P&P EXCAVATING FOR DEMOLITION OF THE BP INTAKE STRUCTURE AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE BID CONTRACT

## Action Memo

**To:** Commissioners Arnett and Deshmane  
**From:** Annette Smith, Director of Finance  
**Date:** May 14, 2024  
**Re:** 2023 Annual Financial Report

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**Requested Action:** ACCEPT THE DISTRICT'S 2023 ANNUAL FINANCIAL REPORT AND AUTHORIZE THE SUBMITAL TO THE STATE AUDITOR'S OFFICE.

The Annual Report will be available at <https://www.pudwhatcom.org/the-commission/financial-documents/> by the evening of Friday, May 10, 2024.

**Background:**

The Annual Report consists of the following four parts:

1. **Management's Discussion and Analysis (MD&A)** – This gives a high-level overview of the financial statements, discussing changes from the previous year. The intent is to give a broad, overview of any changes and trends.
2. **Financial Statements** – These statements are at a combined District level. Financial statements broken out per utility are under Note 15 in the following section. The statements include the Statement of Net position (Balance Sheet), Statement of Revenue, Expenses and Changes in Fund Net Position (Income Statement), and the Statement of Cash Flows.
3. **Notes to Financial Statements** – This is where different sections and activities of the District are discussed and explained in detail. For example, Note 7 lists details and schedules for the outstanding long-term debt. Most of the Notes have prescribed guidelines by the SAO, but still give valuable, detailed information.
4. **Required Supplemental Information** – This section contains required schedules in the SAO formats.

While the Annual Report provides extensive information, it does not provide a budget to actual comparison of results. For that reason, the following, high-level statement was prepared to provide additional information/comparison:

|                                 | 2023                                 | 2022                  | Variance              | %                   | 2023 Budget | Variance              | %                   |             |
|---------------------------------|--------------------------------------|-----------------------|-----------------------|---------------------|-------------|-----------------------|---------------------|-------------|
| <b>REVENUE</b>                  |                                      |                       |                       |                     |             |                       |                     |             |
| 1                               | Service Revenues - Industrial Water  | \$ 10,285,032         | \$ 9,484,268          | \$ 800,764          | 8%          | \$ 10,131,769         | \$ 153,263          | 2%          |
| 2                               | Service Revenues - Irrigation        | 108,525               | 85,304                | 23,221              | 27%         | 104,375               | 4,150               | 4%          |
| 3                               | Service Revenues - Grandview Utility | 232,188               | 243,660               | (11,473)            | -5%         | 265,489               | (33,301)            | -13%        |
| 4                               | Service Revenues - Electric Utility  | 2,358,936             | 2,238,960             | 119,976             | 5%          | 2,358,938             | (2)                 | 0%          |
| 5                               | Misc Revenue                         | 434,032               | 239,678               | 194,354             | 81%         | 151,954               | 282,078             | 186%        |
|                                 | <b>TOTAL REVENUE</b>                 | <b>\$ 13,418,713</b>  | <b>\$ 12,291,870</b>  | <b>\$ 1,126,843</b> | <b>9%</b>   | <b>\$ 13,012,525</b>  | <b>\$ 406,188</b>   | <b>3%</b>   |
| <b>EXPENSES</b>                 |                                      |                       |                       |                     |             |                       |                     |             |
| 6                               | Labor & Benefits                     | (3,764,817)           | (3,596,689)           | (168,128)           | 5%          | (3,962,654)           | 197,837             | -5%         |
| 7                               | O&M Expenses                         | (1,833,456)           | (2,014,980)           | 181,524             | -9%         | (2,706,544)           | 873,088             | -32%        |
| 8                               | Administration Expenses              | (2,177,288)           | (2,176,549)           | (739)               | 0%          | (2,439,831)           | 262,543             | -11%        |
|                                 | <b>TOTAL EXPENSES</b>                | <b>\$ (7,775,561)</b> | <b>\$ (7,788,217)</b> | <b>\$ 12,656</b>    | <b>0%</b>   | <b>\$ (9,109,029)</b> | <b>\$ 1,333,468</b> | <b>-15%</b> |
| <b>BUSINESS SERVICES/GRANTS</b> |                                      |                       |                       |                     |             |                       |                     |             |
| 9                               | Business Service Revenue             | 127,798               | 435,590               | (307,792)           | -71%        | 170,000               | (42,202)            | -25%        |
| 10                              | Business Service Expenses            | (37,233)              | (248,326)             | 211,092             | -85%        | (170,000)             | 132,767             | -78%        |
|                                 | <b>TOTAL BUSINESS SERVICES</b>       | <b>\$ 90,565</b>      | <b>\$ 187,265</b>     | <b>\$ (96,700)</b>  | <b>-52%</b> | <b>\$ -</b>           | <b>\$ 90,565</b>    | <b>0%</b>   |
| 11                              | <b>INCOME (LOSS) BUDGET</b>          | <b>\$ 5,733,717</b>   | <b>\$ 4,690,918</b>   | <b>\$ 1,042,799</b> | <b>22%</b>  | <b>\$ 3,903,496</b>   | <b>\$ 1,830,221</b> | <b>47%</b>  |
| <b>CAPITAL COSTS</b>            |                                      |                       |                       |                     |             |                       |                     |             |
| 12                              | Debt Service                         | (2,495,530)           | (2,496,070)           | 540                 | 0%          | (2,495,530)           | 0                   | 0%          |
| 13                              | Transfers for Capital Projects       | (2,705,000)           | (2,515,000)           | (190,000)           | 8%          | (2,660,000)           | (45,000)            | 2%          |
|                                 | <b>TOTAL CAPITAL COSTS</b>           | <b>\$ (5,200,530)</b> | <b>\$ (5,011,070)</b> | <b>\$ (189,460)</b> | <b>4%</b>   | <b>\$ (5,155,530)</b> | <b>\$ (45,000)</b>  | <b>1%</b>   |

The Phillips 66 pass-thru costs for power, transmission and related taxes, and non-cash expenses are removed from Revenue and Expenses.

The lines of the statement are numbered and discussed in more detail below:

- 1) *Service Revenues – Industrial Water* – Total water consumption for the Cherry Point area increased between 2022 and 2023 (4,001,136,928 gallons to 4,323,188,776 gallons respectively, an 8% increase). The 2023 revenues for Industrial Water increased from the 2022 revenues due to an increase in rates and consumption for 2023. The 2023 actual revenues were just over budget.
- 2) *Service Revenues – Irrigation* – Water consumption for the Irrigation customers, (municipal, season, and temporary), increased 6% from 2022. Irrigation revenues are highly contingent upon the amount of rainfall during the year, therefore vary from previous years, and budget more than other areas.
- 3) *Service Revenues – Grandview Utility* – Water consumption for the Grandview utility decreased in 2023 compared to 2022 31%. The 2023 revenues for the Grandview utility fell below 2022 and budget predictions. This is the second year of falling consumption and revenue.
- 4) *Service Revenues – Electric Utility* - this line includes Electric service revenues for District services only (O&M, admin, labor, etc.). The pass-through revenues for BPA power, transmission, and tax costs have been removed from this statement. The 2023, 2022 actual amounts and budget are in line with expectations.
- 5) *Miscellaneous Revenue* – this line includes any miscellaneous income including late fees, interest income, lease payments, recycle income and any income for in-house projects. For 2023, the majority of the income came from interest income.
- 6) *Labor and Benefits* – this includes all the labor and benefits not associated with capital projects and extraordinary maintenance. The 2023 actual costs came in above 2022 but below budget. The amount of labor capitalized was not

as much as budgeted, which drove up the expense, while three new hires included in the 2023 budget were not filled, offsetting the increase.

- 7) *O & M Expenses*– this line includes all operating costs, including power costs for the water treatment plants, but excluding power costs passed through to Phillips 66. The 2023 actual costs came in below 2022, and below budget. We continued to catch-up on maintenance projects. The variance between actual and budget fell mainly in the extraordinary maintenance category due to projects not being accomplished.
- 8) *Administration Expenses* – Administration expenses came in right at 2022 levels and below budget. The largest variance compared to budget was due to business development projects in the budget which weren't completed.
- 9) *Business Service Revenue*– this line includes all of the income from what we term Business Services. The majority of the revenue is from grants the District participates in, but can include outside consulting and in 2022 includes the BPA Energy Efficiency credit. Depending on the grant activity, this amount will fluctuate widely between years. 2023 income came from grants around the Water Supply Plan, CERB grant for telecom and Education and Outreach. Non-grant income came from BPA and the Port of Bellingham for telecom expenses. The budget included a grant for work Group A water systems which did not occur in 2023.
- 10) *Business Service Expenses*– this line includes the corresponding expenses associated with the Business Services. The difference between the Revenue and Expenses is usually due to the timing of reimbursement, but sometimes is due to a lower than 100% reimbursement.
- 11) *Income (Loss)* – This line is the result of revenues minus expenses, but is not a direct reflection of the Operating Income on the Statement of Revenue, Expenses and Changes in Fund Net Position. The Statement of Revenue, Expenses and Changes in Fund Net Position reflects GAAP accounting and non-cash expenses. Line 11 corresponds to the budget and does not include non-cash expenses.
- 12) *Debt Service* – This is the debt service paid annually. In 2023 no new debt was issued or refinanced. The 2016 LTGO debt service is not reflected here since it is paid with assessments and not revenue.
- 13) *Transfers for Capital Projects* – This is the amount transferred over to the Capital funds annually for existing and future capital projects.

Staff will provide a presentation/overview of the report and provide opportunities for questions at the Commission meeting on May 14<sup>th</sup>. You can find the pre-audit 2023 Annual Report on the PUD Website (<https://www.pudwhatcom.org/the-commission/financial-documents/>).

**Fiscal Impact:** None

**Recommended Action:** ACCEPT THE DISTRICT'S 2023 ANNUAL FINANCIAL REPORT AND AUTHORIZE THE SUBMITAL TO THE STATE AUDITOR'S OFFICE.