

## MINUTES OF THE MEETING OF THE COMMISSION

February 11, 2014

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 Jeff McClure. Said meeting was open to the public and notice thereof had been given as required by law. Those present included Commissioner Paul Kenner and Legal Counsel Rich Davis. Staff: Steve Jilk, General Manager; Ann Grimm, Administrative Assistant; Brian Walters, Director of Utility Operations; Annette Smith, Director of Finance; Duane Holden, Manager – Construction and Facilities; Alec Strand, Project Manager; Rebecca Schlotterback, Manager – Contracts and Regulatory Compliance, Lew Gaskill, Accountant 1; and Paul Siegmund, Manager – Automation and Technology Services. Public attending: Greg and Karen Brown, citizens; Tom Perry, Murray, Smith and Associates; Darrell Gray, NSEA; and Max Perry and Carole Perry, citizens.

### ◆ Public Comment

Karen Brown inquired about the security of the PUD's substation located at the Phillips 66 Refinery, citing a sniper incident which did significant damage to a Pacific Gas and Electric Company substation located in San Jose, California. A former Federal Energy Regulatory Commission (FERC) Chairman is crusading for laws to better secure the nation's power grid and one congressman is joining the call for more federal regulatory oversight. Jilk replied that the District works very closely with the Bonneville Power Administration and WECC, as well as local law enforcement to develop and follow certain federal security plans relative to the District's substation at the refinery.

### ◆ Approval of the Meeting Minutes and Claims

The Commissioners were presented with the Minutes of the regular meeting held January 28, 2014 and the following Claims of February 11, 2014.

VENDOR NAME	AMOUNT
3-D CORPORATION	1,761.33
BELLINGHAM HERALD	795.96
CENTRAL WELDING SUPPLY	69.36
CHMELIK SITKIN & DAVIS	4,942.05
CLEARING UP: NEWSDATA SERVICE	1,367.10
CORNERSTONE MANAGEMENT, INC.	1,700.00
CULLIGAN NORTHWEST	119.07
ELCON ASSOCIATES	135.00
FEDERAL EXPRESS	9.52
FERNDALE ACE HARDWARE	37.47
FERNDALE TRUE VALUE HARDWARE	21.15
FRONTIER	734.91
GUARDIAN SECURITY SYSTEMS, INC	462.00
HAWLEY'S AUTO SUPPLY	19.02
HEALTH PROMOTIONS NORTHWEST	90.00
KCDA PURCHASING COOPERATIVE	80.79
LES SCHWAB TIRE CENTER	850.11
MORTIMER, TOM	1,407.00
MURRAY SMITH & ASSOCIATES	72,496.22
NEW CONCEPT CHEMICAL PRODUCTS	63.14
NORTH COAST ELECTRIC COMPANY	383.16
NORTHWEST MOWING & GARDENING	447.42
NORTHWEST PROFESSIONAL SERVICES	670.00
NW RECYCLING	108.50
PLATT ELECTRIC SUPPLY CO	251.99
PLATTS	2,175.00
POTELCO, INC	82,152.41
PUD #1 OF WHATCOM COUNTY	2,172.92
PUGET SOUND ENERGY, INC	12.23
REGENCE BLUE SHIELD	33,438.46
REISNER DISTRIBUTION, INC	1,154.50
RICOH USA	251.60
SAFETY WEST COAST SERVICES	60.00
SOUND PUBLISHING	35.00
SPECIAL-T STRIPING & SIGN COMPANY	56.01
SSC - SANITARY SERVICE COMPANY	414.71
STELLAR J CORPORATION	755,479.07
TYLER TECHNOLOGIES-INCODE	12,057.25
UTILITIES UNDERGROUND LOCATION	24.57
VERIZON WIRELESS	1,357.05

WA ST DEPT OF ECOLOGY	3,334.00
WASHINGTON DENTAL SERVICE	2,435.15
WASHINGTON TEAMSTERS WELFARE	8,794.80
WHATCOM FARMERS CO-OP	3,400.78
<b>GRAND TOTAL</b>	<b>\$ 997,827.78</b>

**ACTION:** Commissioner Kenner motioned to approve the Minutes of the regular meeting held January 28, 2014 and the Claims of February 11, 2014. Commissioner McClure second the motion. Motion passed unanimously.

◆ **Nooksack Salmon Enhancement Association – Project Update**

Background: On December 11, 2012, the Commission approved funding in the amount of \$18,000 for the Nooksack Salmon Enhancement Association to support Washington Conservation Corps Crew (WCC) work on habitat restoration projects as well as acquire restoration materials such as plants, vole and beaver protection, and large woody debris for salmon habitat restoration of lowland streams.

NSEA Project Manager Darrell Gray gave a presentation on the projects where District funding was utilized to support the WCC crew. This is the third year that the PUD has provided funding to help support the WCC crew and Gray said that NSEA had met their specific goals for 2013. Photographs of the crew’s work including before-and-after scenarios from various project sites were featured.

An overview of NSEA’s 2013 projects that the District help support included:

- Landing Strip Creek – tributary relocation by moving approximately 3100 feet of the creek out of ditches;
- Guiteau Peat Bog – fish passage project, replaced a barrier culvert with steel bridge;
- Terrell Creek – off of Brown Road, NSEA is also working with District staff on this project due to the water line location;
- Squalicum Creek (Blood/McCormack land) – replaced a barrier culvert with steel bridge;
- Ten Mile Creek – replaced a hardened instream crossing with steel bridge;
- McCauley Creek – riparian planting project, removing blackberries and grass;
- Fishtrap Creek (Mallhi land) – replaced the poured concrete crossing with a steel bridge;
- Prior Projects Preservation – multiple riparian planting project sites require seasonal maintenance.

Commissioner McClure inquired about the approximate cost on some of these projects, noting ones with bridges. Gray said that costs do vary depending on the project; the average cost is about \$47,000 not including installation. Gray added that there are approximately 900 culverts in which NSEA is working with private land owners to improve or restore salmon habitat. These lowland streams are home to the Coho salmon.

Projects for 2014 will include fish passage projects, channel modification, blackberry and weed control and plantings to create more shade for salmon habitat. NSEA is currently working with ten private land owners along some 13 creeks and tributaries for various projects.

Project Goals include:

- Educate land owners about salmon and their habitat needs;
- Present opportunities for improving salmon habitat on their property;
- Implement salmon habitat restoration projects appropriate for their property and their needs; and
- Whenever possible, directly involve land owners in/on the ground salmon habitat restoration.

The new WCC crew started on October 1st. The WCC crew is supervised by a Department of Ecology employee and the five crew members are paid minimum wage under a one year contract.

NSEA acknowledged they are very fortunate to have the WCC crew each year and NSEA appreciates the PUD’s support. Gray has provided a detailed project list and schedule for 2014 for the Commission to consider. NSEA is requesting a funding amount from the PUD in 2014 of \$15,000. The Commission will consider this funding request at a future meeting.

**ACTION:** No requested action. Information only.

◆ **Authority for Change Order Approval for General Manager – Project RW-1 (Water Treatment Plant 2)**

Background – When the Commission approved the contract award for RW-1, Plant 2 Upgrade, the Commission initially approved the General Manager to consider and act on change orders to the contract in a single change order amount not to exceed \$25,000 and a cumulative amount of \$100,000. The Commission identified the potential that the change order cumulative amount could exceed the \$100,000 in the future. Subsequently the Commission has approved increases to that amount up to \$300,000 (September 18, 2013).

Jilk indicated that this will hopefully be the last request to raise the change order cumulative amount as the project is moving into final completion. The General Manager has approved and reported several change orders to RW-1 and the net, cumulative amount of the change orders is almost at \$300,000. The total net change orders for the project, which have been approved by the General Manager and those approved by the Commission is currently at \$293,879.60 or 1.65% of the original contract awarded of \$17,410,000 plus sales tax, which is a very low amount. This does not take into consideration the expected savings for using BPA Conservation Credits in an amount of approximately \$160,000. When the District completes the project we will be able to access the BPA Conservation Credits to reduce the overall project cost.

In order to continue the implementation of the project in a timely manner, this action is requested to set the cumulative amount of change orders at no more than \$400,000 and keep the per change order amount, which the General Manager can approve, not to exceed \$25,000. As required in the action by the Commission, the General Manager will report all change orders approved under these criteria to the Commission on a timely basis. To date, the project is approximately 88% complete. In consideration of the progress we are making, Jilk expects the final amount for change orders will not exceed the \$400,000 and this will be the final increase in change order approval limits requested. There is no fiscal impact to the District's budget for the project as the contingency budget for more than \$400,000.00 was included in preparing for the project.

**ACTION:** Commissioner Kenner motioned to approve the increase in the amount of Change Order Approval for the General Manager up to \$400,000 from \$300,000 with single change orders amounts remaining at the amount not to exceed of \$25,000.00 for Plant 2 Project (RW-1). Commissioner McClure second the motion. Motion passed unanimously.

◆ **Manager's Report**

WRIA1 Planning Unit

Jilk attended the Planning Unit meeting on January 29 and the WRIA1 Joint Board meeting on February 6. He indicated there may be items on the next Commission meeting agenda relative to Joint Board action.

◆ **Adjourn**

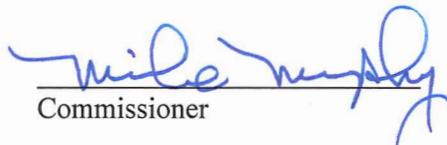
There being no further business for the regular meeting, the Commission adjourned the regular meeting at 8:35 a.m.



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President/Commissioner



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Secretary/Commissioner



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Commissioner