

## MINUTES OF THE MEETING OF THE COMMISSION

January 14, 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 Mike Murphy. 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 Jon Sitkin. Staff: Steve Jilk, General Manager; Ann Grimm, Administrative Assistant; Brian Walters, Director of Utility Operations; Annette Smith, Director of Finance; Rebecca Schlotterback, Manager – Contracts and Regulatory Compliance; Duane Holden, Manager – Construction and Facilities; Lew Gaskill, Accountant 1; and Paul Siegmund, Manager – Automation and Technology Services. Public attending: Tom Perry and Chris Hiatt, Murray, Smith and Associates; Dave Olson, Cornerstone Management; Max Perry and Carole Perry, citizens.

◆ **Public Comment**

None made.

◆ **Approval of the Meeting Minutes and Claims**

The Commissioners were presented with the Minutes of the regular meeting held December 17, 2013 and the following Claims of January 14, 2014.

VENDOR NAME	AMOUNT
3-D CORPORATION	1,170.00
BAY CITY SUPPLY	134.22
BELLINGHAM HERALD	76.58
CDW/COMPUTER DISCOUNT WAREHOUSE	1,450.35
CENTRAL WELDING SUPPLY	122.58
CHMELIK SITKIN & DAVIS	3,760.50
CORNERSTONE MANAGEMENT, INC.	1,912.00
CULLIGAN NORTHWEST	26.28
DIEHL FORD	52.20
EDGE ANALYTICAL LABORATORIES	82.00
FERNDALE ACE HARDWARE	64.90
FERNDALE CITY OF	495.20
FERNDALE READY MIX AND GRAVEL, INC	1,946.06
FERNDALE TRUE VALUE HARDWARE	21.25
FRONTIER	735.75
HAGGEN, INC	66.19
HARDWARE SALES, INC.	712.67
HARRIS GROUP, INC.	1,738.64
HD FOWLER CO, INC	24.51
HEALTH PROMOTIONS NORTHWEST	90.00
KCDA PURCHASING COOPERATIVE	84.91
MATERIALS TESTING & CONSULTING, INC.	412.00
MORTIMER, TOM	682.50
NEOPOST NORTHWEST	156.17
NEW CONCEPT CHEMICAL PRODUCTS	55.14
NORTHWEST FENCE, INC	16,196.30
NORTHWEST MOWING & GARDENING	447.42
NORTHWEST PROFESSIONAL SERVICES	700.00
NW PUBLIC POWER ASSOCIATION	1,785.00
NW RECYCLING	108.50
PACIFIC NORTHWEST UTILITIES	637.00
PLATT ELECTRIC SUPPLY CO	96.66
PORTAL WAY FARM & GARDEN	119.54
PROBUILD - OSO LUMBER	122.42
PUBLIC POWER COUNCIL	7,647.00
PUBLIC UTILITY RISK MANAGEMENT SERVICES	36,777.26
PUD #1 OF WHATCOM COUNTY	829.28
PUGET SOUND ENERGY, INC	3,604.87
REISNER DISTRIBUTION, INC	1,807.68
RICOH USA	394.41
SOUND SHREDDING & RECYCLING	28.00
SPECIALTY ENGINEERING, INC	3,132.79
SSC - SANITARY SERVICE COMPANY	414.71
STELLAR J CORPORATION	585,996.49
STREMLER GRAVEL, INC	871.53
THATCHER COMPANY OF MONTANA	33,829.75

TOSHIBA INTERNATIONAL CORP	6,528.95
UTILITIES UNDERGROUND LOCATION	21.15
VERIZON WIRELESS	1,127.25
WHATCOM COUNTY ADMINISTRATIVE	4,000.00
WHATCOM COUNTY TREASURER	159.50
XEROX CORPORATION	115.96
<b>GRAND TOTAL</b>	<b>\$ 723,572.02</b>

**ACTION:** Commissioner Kenner motioned to approve the Minutes of the regular meeting held December 17, 2013 and the Claims of January 14, 2014. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Approve Department of Health Grant Agreement N20513 to Conduct Feasibility Study of Water Source Supply and Potential Consolidation of Water Systems in South Lake Samish Area**

Background – Whatcom PUD has been working at the request of water associations and private property owners in the South Lake Samish area, with the State Department of Health to consider options to find new water supply to that area of the county. On October 8, 2013, the Commission authorized the application from the District to the State Department of Health for funding to conduct feasibility and consolidation study in the South Lake Samish area. The State Department of Health has notified Whatcom PUD that DOH administration is providing \$30,000 in grant funding to Whatcom PUD to conduct the study. The Department of Health indicates that Department of Ecology also supports this funding and the study to be completed as the use of water from the lake impacts stream flow supply out of the south end of the lake.

The District will contract with Dave Olson, Cornerstone Management to perform the technical work. This study will be similar to the one conducted on the nitrates issue in North Whatcom County; however with different outcome options.

Originally, the water associations and private property owners around South Lake Samish approached the Skagit PUD for options for water service. The concluding decision from Skagit PUD was to offer water service from Skagit’s Judy Reservoir by extending the Bow Hill water line. This option proved far too costly to build the intertie connection.

Calmor Cove Water Association approached the Department of Health indicating they were open to improving their aging system of approximately 175 connections. Increased lake sediment and low streamflow from Friday Creek are major concerns as well as the number of water systems which draw directly from the lake water. DOH’s Derek Pell was very instrumental in seeking the grant funding for the study which will also look at improving the Calmor Cove Water Association, adding more connections and possibly consolidating the association(s) under the South Lake Samish Water Association. The study may also generate methods of funding for infrastructure through the Washington State Public Works Trust Fund and other sources.

There is no fiscal impact to Whatcom PUD’s budget as all costs incurred by the Whatcom PUD will be reimbursed through the DOH grant.

**ACTION:** Commissioner Murphy motioned to approve Grant Agreement N20513 with State of Washington Department of Health for funding in the amount of \$30,000 to complete a feasibility study on the source supply options and potential consolidation of potable water systems in South Lake Samish area, and authorize general manager to sign agreement. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Approval of Amendment No. 2 to Professional Services Agreement and Task Order No. 3 for Cornerstone Management – South Lake Samish Water Systems**

Background – In October 2013, the Commission authorized the General Manger to apply for the Department of Health Water Source Supply Feasibility Study for South Lake Samish Area. The State subsequently approved the application and budget and, at the request of the Washington State Department of Health (DOH) and with the approval of the District’s Commission, Whatcom PUD will manage the contract administration of the Grant N20512 is in the amount of \$30,000.00. (See above agenda item.)

Dave Olson is currently contracted to Whatcom PUD to provide technical services for North Whatcom County water issues under Task Order No. 1 and Task Order No. 2. Under Task Order No. 3 he will perform services as scoped in the DOH Grant N20513. Olson’s Professional Services Agreement needs to be amended to increase the maximum fee from its current budget of \$215,000.00 to include the \$30,000.00 total budget of the DOH grant for a new maximum fee of \$245,000.00.

Task Order No. 3 will allow Olson to perform the technical services as scoped in the DOH grant. The total budget for Task Order No. 3 is \$30,000.00. Technical services will include:

- Provide planning level information evaluating regional source and treatment options to provide safe and reliable drinking water to South Lake Samish property owners and identify associated water utility ownership and governance options.
- Consider phased development options to meet demand of potential connections and possible location of existing and new facilities.
- Discuss water rights needed and available based on information available from DOE.
- Rank the options developed including planning level cost estimates and possible funding sources.
- Facilitate a public meeting for the impacted community to present the feasibility study.
- Submit feasibility study including DOH and public comments.

Commissioner Murphy inquired about the timeline of the Task Order. Olson indicated that it has very specific milestones to be met and is expected to be completed by November 2014.

There is no fiscal impact to Whatcom PUD. Funding is provided by DOH through Grant No. N20513 with a total budget not to exceed \$30,000.00 and all costs incurred by the District will be reimbursed through the DOH Grant.

**ACTION:** Commissioner Kenner motioned to approve Amendment No. 2 to Professional Services Agreement, and approve Task Order No. 3 to perform technical services for Washington Department of Health Grants No. N20513, for Dave Olson, Cornerstone Management Inc. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Approve Write-Off and Refund from Local Utility District #1 – Smith Road Extension**

Background – In 1992, a Local Utility District (LUD) was formed to help pay for a water line extension along West Smith Road. The project was a combined effort between the District and the City of Ferndale. The LUD assessments paid for the portion that the District pledged toward the project. The total LUD was for \$523,652.00.

In 1993, the District sold the water line to the City of Ferndale. One of the properties in the LUD (5120 Pacific Hwy) has continued to have an assessment balance outstanding. Sometime, between the years 1995-1998, the property was adjusted to a slightly larger area and given a new geographic ID. The outstanding LUD assessment was not transferred to the new ID. In November 1998, Trillium sold the property to Dale LLC and EJG LLC.

The new property owners did not have knowledge of the assessment until June of 2013 when the District contacted the owners in an attempt to resolve the outstanding balance. Trillium continued to pay the assessment on the property through 2007, but discontinued one payment short of completion. Multiple attempts have been made to contact Trillium both by the District and Whatcom County. A principal of \$3,787.35 without interest and penalties was left outstanding. Finance Director Smith said no paperwork has been found that demonstrates that Trillium should be responsible for the payment instead of the property owner.

The property is now being sold. In speaking with the Whatcom County Treasurer's office, it was decided to reattach the assessment to the property. The full amount owing at this time was \$7,737.49 including interest and penalties. The sale closed Friday, January 10, 2014. An proposed agreement was made to refund \$3,149.00 contingent that the full amount was paid through the land sale and that approval was received from the District's commission. The amount of the refund is the delinquent interest and penalties minus the legal fees incurred to resolve this matter.

Fiscal Impact – No revenue was budgeted in 2014 for the collection of this LUD assessment so this settlement will actually be a slight increase in revenue for 2014 because all out of pocket costs incurred by the District in collecting the outstanding assessment are covered.

**ACTION:** Commissioner Kenner motioned to approve the write-off and refund of \$3,149.00 from the final payment of LUD #1. Commissioner Murphy second the motion. Motion passed unanimously.

◆ **Manager's Report**

Farmer Water Meeting

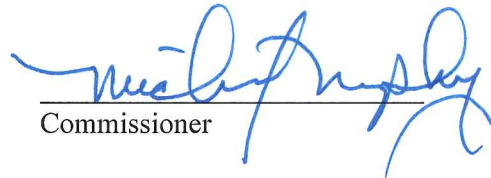
Whatcom Farmer's Co-op and the AG District Coalition are hosting a meeting on Monday, January 20<sup>th</sup> at 10:00 a.m. which will focus on water issues and how farmers address them. Lummi Nation and ReSources' perspectives will be presented at the meeting. From dairy to berry to seed potatoes, these processes are looking to expand the watershed improvement districts and add six more throughout the county, to create a stronger Ag voice and provide input on current strategies and next steps of the Ag District Coalition. The Coalition has hired Attorney Bill Clark to work on water rights issues. The meeting will be held at the Mt. Baker Rotary Building at the NW WA Fairgrounds. More information was included in the Commissioner's packets about the meeting and AG District Coalition.

◆ **Adjourn**

There being no further business for the regular meeting, the Commission adjourned the regular meeting at 8:25 a.m.

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President/Commissioner

  
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Secretary/Commissioner

  
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Commissioner