MINUTES OF THE SPECIAL MEETING OF THE COMMISSION

April 21, 2015

A special 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, Commissioner Mike Murphy and Legal Counsel Jon Sitkin. Staff: Steve Jilk, General Manager; Ann Grimm, Administrative Assistant; Annette Smith, Director of Finance; and Brian Walters, Director of Utility Operations.

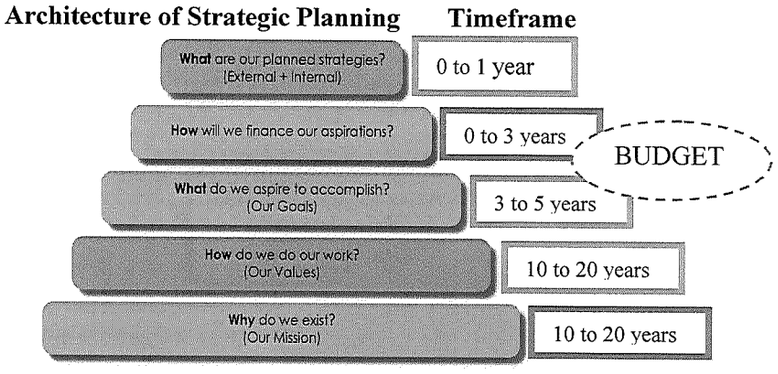
Public attending: Rich Maricle and Paul Sterner, Phillips66; Dave Olson, Cornerstone Management. Jim Darling and Michael Stringer, Maul, Foster, and Alongi.

- **Strategic Planning Process – Workshop #1a**

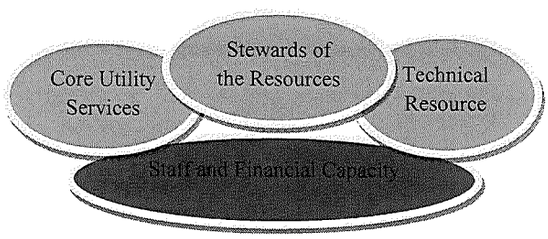
1) Findings to Date:
Jim Darling and Michael Stringer of Maul, Foster, and Alongi (MFA) presented a summary of the findings and input from the first Strategic Planning Workshop, held on February 27, in Blaine. It was decided that an additional "interim" workshop should be held to review the key items discussed prior to a public 'open house/comment period'. At today's workshop, MFA will summarize the findings from the first workshop which will include District's mission, values and goals, review the current strategies and future considerations, prioritize new initiatives and planned strategies for the future, and, organizing the next step of gathering community and stakeholder input prior to Workshop #2.

Updated Timeline of Planning Process Events:

April:	Workshop #1a – Research/exploration of "gaps" to define new opportunities and initiatives for PUD and Preparation of Draft Strategic Plan
May:	PUD to meet with stakeholders, clients and other public agencies
May/June:	Workshop #2; and Preparation of Draft Strategic Plan
June:	Present draft Strategic Plan with public review period, Present final Strategic Plan with public comment, Adopt Strategic Plan
June forward:	Budget Process integration of Plan



2) Mission Statement, Values and Goals
MFA has summarized the foundation values from the first workshop:



And as such, proposed changes (below) to the Mission Statement reflect these values and how they accurately illustrate the PUD today:

"The Public Utility District No. 1 of Whatcom County ~~will act as~~ is a steward of water and ~~electrical~~ energy resources in Whatcom County while providing ~~not-for-profit~~, locally controlled, utility services for the residents and businesses of Whatcom County."

3) Cultural Values – as identified at the first workshop and edits include:
Honesty and Integrity – Stand by District principles and fully disclose information to the community and the District's customers. We ensure financial reports and records are an accurate reflection of the transactions of the District and in accordance with generally accepted accounting standards;

Vision – Seeing beyond current conditions and thinking outside current structures to provide innovative benefits to the residents and businesses of Whatcom County;

Courage – Acting strategically upon convictions in the face of significant political risk;

Mutual Respect – Encouraging and considering all views and honoring individuals even in disagreement from within and outside the organization;

Unity – Understanding that together we can accomplish more for the community.

4) Outcome Values (Proposed)
The PUD places the utmost importance on providing its **industrial client base with core utility** services in support of their contribution to the community;

The PUD understands the fragile nature of the area water resource and the need to **sustainably manage it to serve generations to come**, and in doing so, be protective of the natural environment;

Energy is a vital resource and the PUD supports the **conservation of energy and the development of alternative solutions** that are less impactful on the environment;

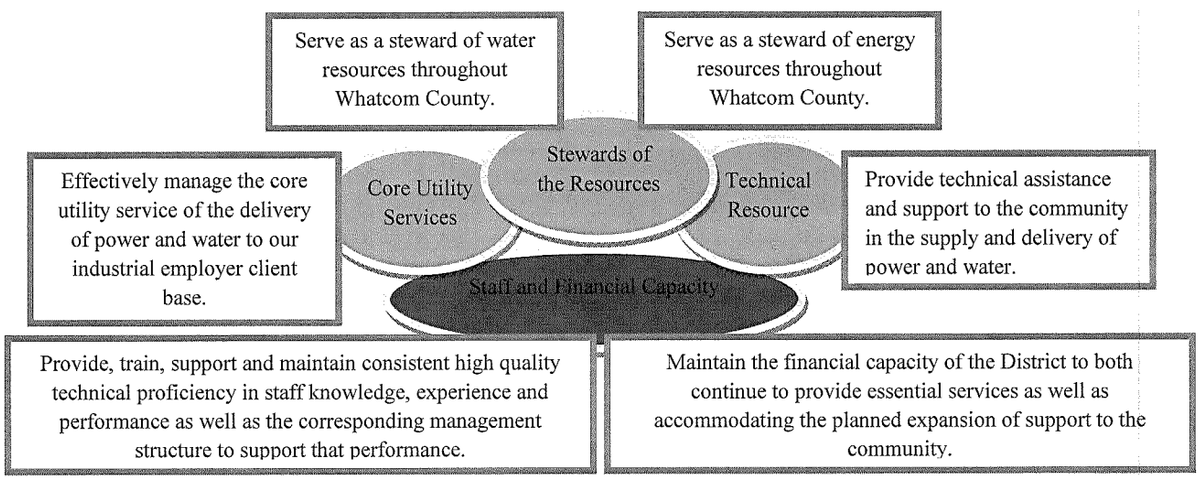
The PUD **manages its facilities and built assets with the long view in mind** which is protective of the environment, cost effective, and safe for its employees and the public;

The **staff at the PUD is one of its most valuable assets** and the agency is dedicated to attracting and retaining the right individuals and providing the with continuous state of the art training so as to maintain its highly regarded and knowledgeable talent pool;

The PUD **conducts its affairs in an open and transparent fashion** and highly values its role as an honest broker of the many complex issues facing the water and energy demands of the region;

Respect the PUD ability to **exercise local control over utility issues** consistent with the authorities in RCW 54.

5) Proposed Goals and how they relate to the District's values:



6) Current Strategies
- ✓ Seek to influence the provision of cost effective power to the large industrial employers in the County that are either existing or prospective customers of the PUD.
- ✓ Seek ways to collaborate with private providers and delivery systems to more effectively provide power to the large industrial employers.
- ✓ Serve as a limited provider of bulk water to countywide users in allocation of the resource and/or delivery infrastructure.
- ✓ Assist in the management of the scare water resource in the County.
- ✓ Participate in the resolution of the water rights and associated watershed planning needs facing the county.
- ✓ Support the promotion of renewable energy to serve the needs and interests of the county.

- ✓ Develop defined and significant conservation projects with measureable results that demonstrate the viability of obtaining significant energy conservation.
- ✓ Create an acceptable source of sufficient funding to serve its core utility service responsibilities.
- ✓ Provide limited technical support through interagency agreements to local water associations.
- ✓ Define and pursue the development of both technically qualified staff to undertake the selected planned strategies as well as sufficient capacity to protect against erosion of ability to serve the core activities of the PUD.

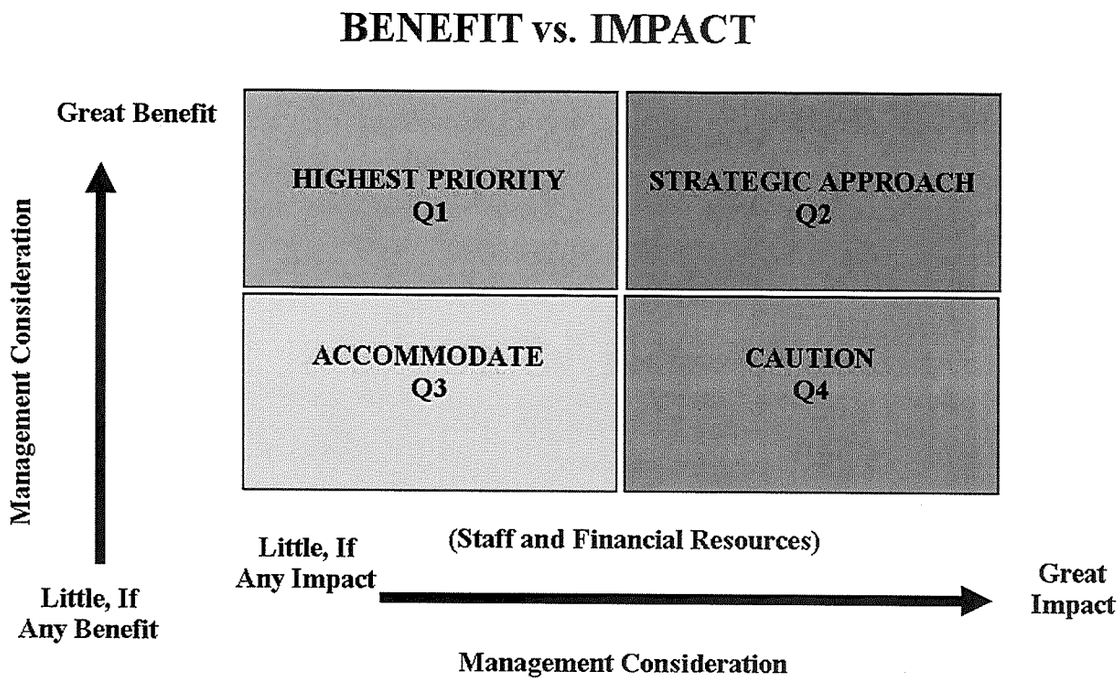
7) Prioritizing Strategies
An exercise was presented as an example of prioritizing the PUD's strategies using four definitions to prioritize in grid form, to compare the benefit(s) versus impact(s).

Q1 – Highest Priority: These initiatives, programs and actions are those that have the greatest potential benefit, whether that is to the general community, customers, the environment or the economy, while having little of lower impacts on the District's ability to execute. Because the benefit to cost ratio is high, they should receive priority attention.

Q2 – Strategic Approach: These initiatives, programs and actions are those that have great potential benefit, whether that is to the great community, customers, the environment or the economy, but that are accompanied by significant cost and impact to the District. They should be approached very strategically and only undertaken after they have been well thought out. These are good candidates for taking exploratory first steps.

Q3 – Accommodate: These initiatives, programs and actions are those that have limited immediate or potential benefit, whether that is to the general community, customer, the environment, or the economy, but that also don't have any significant impact or cost to the District. They should be accommodated and pursued.

Q4 – Caution: These initiatives, programs and actions are those that have limited immediate or potential benefit, whether that is to the general community, customer, the environment, or the economy, but that have significant impacts and/or costs to the District. They should be pursued very carefully and will likely require additional study and consideration.



8) Next Step
The District will plan meetings with stakeholders such as the District's major industrial customers, local cities and county governmental agencies, state agencies, tribes, agriculture groups, irrigation customers, water associations and districts, and others to begin gathering specific input to the strategies and goals purposed. MFA will compile today's discussions and outcomes in preparation for the second workshop where the following will be addressed:

- ✓ Evaluate new proposed strategies
- ✓ Affirm the Mission, Goals and all Strategies for fiscal next year
- ✓ Make sure nothing has been left out
- ✓ Produce a draft Strategic Plan for public review and then plan for public review period.

Time and date for the second workshop has not been set but is estimated to occur in approximately six (6) weeks.

ACTION: No Action requested of or taken by the Commission.

- **Adjourn**
  There being no further business for the special meeting, the Commission adjourned the special meeting at 9:36 a.m.

President/Commissioner

Secretary/Commissioner

Commissioner