

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

February 14, 2023

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 8:16 a.m. by Commissioner Atul Deshmane. Said meeting was open to the public and notice thereof had been given as required by law. Those present included: Commissioner Christine Grant, Commissioner Jaime Arnett; Commissioner Atul Deshmane; and Legal Counsel Jon Sitkin. Staff: General Manager Chris Heimgartner; Ann Grimm, Executive Assistant; Andrew Entrikin, Broadband Program Manager; Steve Jilk, In-House Consultant; Annette Smith, Director of Finance; Rebecca Schlotterback, Manager of Contracts and Regulatory Compliance; Paul Siegmund, Manager of Automation and Technology; Mike Macomber, IT/SCADA Technician; Traci Irvine, Accountant I; and Kurt Wank, Director of Utility Operations.

Public attending:

Dave Olson
Max and Carole Perry
Jack Wellman, PSE

2. Approval of Agenda

Water Rights Adjudication was removed from Executive Session and will be briefed under Old Business, 5b.

ACTION: Commissioner Grant made the motion to APPROVE THE AGENDA OF FEBRUARY 14, 2023 AS AMENDED. Commissioner Arnett second the motion. Motion passed unanimously.

3. Approval of Consent Agenda

- a) Approval of Meeting Minutes of the Regular Meeting, January 24, 2023;
- b) Approval of the Claims of February 14, 2023:

<u>VENDOR NAME</u>	<u>AMOUNT</u>
ALUMICHEM CANADA INC	61,741.60
ARNETT, JAIME	304.78
ASPLUNDH TREE EXPERT CO	2,139.21
AT&T MOBILITY	5,319.65
BAKER SEPTIC TANK PUMPING	1,487.82
BELLINGHAM HERALD	300.00
BELLINGHAM LOCK & SAFE, INC	574.46
BHAM WHATCOM CHAMBER OF COMM	330.00
BIRCH EQUIPMENT COMPANY	132.88
BRIDGEVIEW AUTO PARTS	47.26
CENTRAL WELDING SUPPLY	152.95
CESCO NEW CONCEPT CHEMICAL	117.81
CLEARING UP: NEWSDATA SERVICE	1,686.40
CORNERSTONE MANAGEMENT, INC.	1,290.00
CULLIGAN NORTHWEST	367.02
EXACT SCIENTIFIC SERVICES INC.	27.00
FCS GROUP	4,196.25
FEDERAL EXPRESS	16.39
FERGUSON ENTERPRISES, INC	264.92
FERNDALE ACE HARDWARE	53.28
GATEWAY CONTROLS	1,977.06
GUARDIAN SECURITY SYSTEMS, INC	93.18
HACKER, RONALD G	135.49
HARDWARE SALES, INC.	437.95
HEALTH PROMOTIONS NORTHWEST	150.00
LITHTEX NW LLC	458.29
NATIONAL SAFETY, INC.	299.91
NORTH COAST ELECTRIC COMPANY	4,806.05
NORTHWEST FIBER DBA ZIPLY FIBER	1,441.47
NP INFORMATION SYSTEMS (3-D CORP)	252.42
P&P EXCAVATING, LLC	5,005.95
PITNEY BOWES	99.14
PLATT ELECTRIC SUPPLY CO	2,278.55
POTELCO, INC	337,165.90
PUD #1 OF WHATCOM COUNTY	13.69
PUGET SOUND ENERGY, INC	8,212.90

REGENCE BLUE SHIELD	47,849.58
REISNER DISTRIBUTION, INC	1,313.17
RH2 ENGINEERING, INC	12,309.32
RICOH USA	223.95
SSC - SANITARY SERVICE COMPANY	623.68
STAR RENTALS	1,705.78
TEAMSTER LOCAL #231	616.00
TYLER TECHNOLOGIES-INCODE	15,478.78
UNITED WAY OF WHATCOM COUNTY	742.00
UTILITIES UNDERGROUND LOCATION	23.22
VALVOLINE	239.46
VERIZON WIRELESS	560.05
WASHINGTON DENTAL SERVICE	3,092.65
WHATCOM JANITORIAL	1,925.09
<u>WHISTLE WORKWEAR</u>	<u>156.64</u>
GRAND TOTAL	\$530,237.00

ACTION: Commissioner Arnett made the motion to APPROVE THE CONSENT AGENDA OF FEBRUARY 14, 2023. Commissioner Grant second the motion. Motion passed unanimously.

4. Public Comment - No comment.

5. Old Business

a) Broadband Program Update

Heimgartner updated the Commission regarding the three grant submissions sent to the State Broadband Office on January 17. The period for challenges ended February 10, and there were no challenges regarding the PUD submissions. Notice of Awards will be at the end of February.

Commissioner Grant will be meeting Friday about the Rural Digital Opportunity Fund (RDOF) with representatives from Senator Cantwell and Representative Larsen offices, the Port, Whatcom County and PUD staff.

Deshmane commented that citizen contacted the PUD in regards to connecting to broadband and was redirected to contact the Port regarding connectivity. He would also like to discuss “digital equity” at an upcoming Commission meeting.

b) Adjudication Update

Sitkin reported on a legislative bill House Bill 1792 relates to modifying timelines and other initial procedural actions in a water rights adjudication. The return day for the latest time to file claims (for all water rights holders in WRIA1) pursuant to a summons shall not be less than one year. Filing a claim to supported evidence will be three years.

A Budget Proviso for the State Department of Ecology (DOE) has been proposed (ref SB 5187/HB 1140 Operating Budget). DOE will begin the adjudication process this fall, and the Proviso requests that for the next two years, 2024/2025, \$150,000 each year (\$300,000 total) are provided solely to Whatcom county to provide technical assistance to water users in WRIA1 in filing adjudication claims et. al., and \$350,000 each year (\$700,000 total) is provided to Whatcom county to act as a fiscal agent for the WRIA-1 Watershed Management Board in support of collaborative water supply planning in WRIA-1.

A letter drafted to Governor Inslee from the Board of Commissioners requesting funding for WRIA-1 was approved and will be delivered to Inslee as well as 40th and 42nd Districts representatives.

ACTION: Commissioner Grant motioned TO APPROVE THE LETTER TO GOVERNOR INSLEE AND DIRECT STAFF TO FINALIZE AND SEND THE LETTER. Commissioner Arnett second the motion. Motion passed unanimously.

6. New Business

a) Award of Bid: PAC Chemical Supply

The bid opening for the Polyhydroxy Aluminum Chloride (PAC) Chemical Supply Contract for calendar year 2023 was held on Friday, February 3, 2023 at 10:00 a.m. The Request for Bid Proposals was advertised in the Bellingham Herald and bid packets were also sent to the three companies, whose chemical flocculants had previously met the District water operations staff’s requirements. Only one bid package was received by the published deadline. Upon staff review, it was deemed to be a responsive bid. The results of the bids are as follows:

Responsive Bidder: Alumichem Canada Inc.
Unit Price for PAC: \$0.772 per lb. (including sales tax/shipping)

Fiscal Impact: Although there is an increase in unit pricing over 2022, the increase is less than budgeted and, therefore, there is no impact on the 2023 budget for PAC chemical supply. The actual annual cost incurred by the District is significantly dependent on Nooksack River conditions, which will impact the total amount (lbs.) of chemical used.

ACTION: Commissioner Grant motioned to AWARD THE CONTRACT FOR PAC CHEMICAL SUPPLY 2023 TO ALUMICHEM CANADA INC. AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE CONTRACT. Commissioner Arnett second the motion. Motion passed unanimously.

b) Approve Amendment No. 1 to Professional Services Agreement with Wilson Engineering

In March of 2020, the Commission approved the Standard Agreement for Professional Engineering Services with Wilson Engineering LLC. Under the terms of the Agreement, the District reserves the option to extend the initial term for up to two additional one-year periods. The initial term of the Agreement extended through December 31, 2022.

In August 2022, the District received two grant awards from the Washington State Department of Health (DOH). The grants support a feasibility study for consolidation of the Fairfield MHP and for the Double L MHP into the District's Grandview Northgate Water System. In November 2022, the Commission approved the two grants with DOH. Task No. 1 of both grants is to contract with a professional engineer licensed in Washington State. The engineer will complete all engineering elements of the feasibility study for each grant.

The Amendment to Agreement has no associated budget. Work to be assigned to Wilson Engineering LLC and the associated budget for the services to be performed will be through work orders approved by the District's General Manager or Commission pursuant to District Policy.

Fiscal Impact: Approval of the amendment to the Standard Agreement for Professional Engineering Services with Wilson Engineering LLC will have no impact on the District's approved Annual Budget, as there is no budget associated with Amendment No. 1 to the Agreement.

ACTION: Commissioner Grant motioned to APPROVE AMENDMENT NO.1 TO STANDARD AGREEMENT FOR PROFESSIONAL ENGINEERING SERVICES WITH WILSON ENGINEERING LLC AND AUTHORIZE DISTRICT'S GENERAL MANAGER TO EXECUTE AMENDMENT NO. 1 TO THE AGREEMENT. Commissioner Arnett second the motion. Motion passed unanimously.

c) Rate Development Guidelines

FCS Group was hired by the District in 2022 to perform a rate study. The focus of the rate study was on the two water utilities of the District: the Industrial Water utility (non-potable) which serves the Cherry Point heavy industrial area along with irrigation customers, and the Grandview Water system (potable and non-potable) which serves the Grandview Light Industrial, Northgate Industrial Park and the I-5 Industrial Park areas. The rate study is at the stage of fine-tuning the rate models and recommendations. Smith provided an overview which highlighted these guidelines and asked for Commission feedback.

Major tasks of the rate study: (1) Revenue Requirement – how much revenue is needed? (2) Cost of Service – how much does each service actual cost? (3) Rate Design – how do we recover the required revenue?

Guidelines that have shaped our budget and rates:

- **Irrigation** – the increase to the irrigation rates has been capped at 5% per year.
- **Grandview** – The full allocation of the administrative piece of the district (labor and general expenses) has slowly been applied to the Grandview utility.

Grandview Water System is subsidized by the Industrial Water System and Smith is trying to keep Grandview rates within reason, however, in order to true up the Grandview 2023 budget, it would require a 57% rate increase. The Commission suggested a ten-year ramp up to Grandview rates to paying a full allocated share.

These are guidelines for future rate development. It will have no impact on current rates.

ACTION: No action taken. For information only.

d) Call for Special Meeting

Staff will present the second half of the *Water 201* Workshop for the Commission at a Special Meeting on February 23, 2023 at 8:15 a.m., at the District’s Administration office. The meeting is expected to last two hours and may include a tour of the District’s water treatment plant facilities. Official notice with agenda is forthcoming.

ACTION: Commissioner Arnett made the motion to CALL A SPECIAL MEETING ON FEBRUARY 23, 2023 BEGINNING AT 8:15 A.M. Commissioner Grant second the motion. Motion passed unanimously.

7. General Manager Report

Due to time constraints, this item will be postponed.

8. Operations Report

Due to time constraints, this item will be postponed.

9. Commissioner Reports

Deshmane:

- Attended the January WPUDA Committee meetings and will be attending the February WPUDA Committee meetings this week in Olympia.

Arnett:

- Attended the January WPUDA meetings and will attend the WPUDA February committee meetings this week in Olympia.

Grant:

- Attended the January WPUDA committee meetings via Zoom, will be attending in-person for this week for February WPUDA committee meetings.
- Attended Energy NW Board of Directors meeting last week.

10. Public Comment – No comments.

11. Executive Session

Commission President Deshmane requested an Executive Session pursuant to RCW 42.30.110(i) – General Litigation matters. Estimated time for Executive Session was thirty (30) minutes. The Commission President indicated no action is anticipated to be taken after the adjournment of Executives Session. After a short break, the Commission adjourned to Executive Session at 10:00 a.m.

Executive Session Adjourn

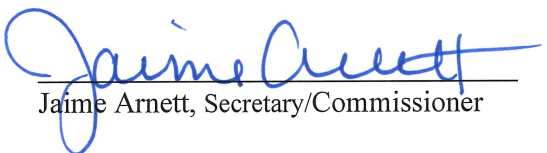
There being no further business for Executive Session, the Commission rejoined the Regular Commission Meeting at 10:24 a.m.

12. Adjourn

There being no further business for the regular meeting, Commissioner Deshmane adjourned the regular meeting at 10:28 a.m.

Atul Deshmane, President/Commissioner

Christine Grant, Vice President/Commissioner


Jaime Arnett, 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/2023-agendas-packets-meeting-minutes-recordings/>