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2023 BOARD OF COMMISSIONERS

ATUL DESHMANE, PRESIDENT
CHRISTINE GRANT, VICE PRESIDENT
JAIME ARNETT, SECRETARY

PUBLIC UTILITY DISTRICT No. 1 of Whatcom County

Agenda for the Regular Meeting of March 14, 2023
8:15 a.m. at the PUD Office
(In-person, Zoom, & Teleconference)

1. Call to Order | Pledge of Allegiance (2 minutes)
2. Approval of Agenda (3 minutes)
3. Consent Agenda (5 minutes)
 - a) Approval of Minutes of the Special Meeting of February 23, 2023
 - b) Approval of the Minutes of the Regular Meeting of February 28, 2023
 - c) Approval of Claims for March 14, 2023
4. Public Comment (10 minutes – Individual speakers: 3 min.)
5. Old Business (10 minutes)
 - a) Broadband Program Update
 - b) Adjudication Update
6. New Business (20 minutes)
 - a) Nooksack Salmon Enhancement Association Presentation
 - b) Award of Bid: Water Treatment Plant 1 Pump #5 Variable Frequency Drive (VFD)
 - c) Call for Special Meeting – Electric System Expansion Feasibility Study Open House
7. General Manager Report (10 minutes)
8. Operations Report (10 minutes)
9. Commissioner Reports (15 minutes)
10. Public Comment (10 minutes– Individual speakers: 3 min.)
11. Adjourn (10:00 AM estimated)

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/83044677578>

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

Webinar ID: 830 4467 7578

NOTE NEW START TIME: 8:15 AM

Next Commission Meetings

March 28 & April 11, 2023 | 8:15 a.m. | Regular Meetings – District Office
1705 Trigg Road, Ferndale, WA 98248

Contact: Ann Grimm, Commission Clerk at (360) 384-4288 x 27 • www.pudwhatcom.org

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MINUTES OF THE SPECIAL MEETING OF THE COMMISSION

February 23, 2023

1. Call to Order | Pledge of Allegiance

The special 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; Steve Jilk, In-House Consultant; Brian Walters, Assistant General Manager; Ann Grimm, Executive Assistant; Paul Siegmund, Manager of Automation and Technology; Garrett Love-Smith, Project Manager; Devin Crabtree, Chief Water Operator; and Kurt Wank, Director of Utility Operations.

Public attending: None

2. Water Resource Presentation – Part II

Brian Walters presented the second half of the Water Resource presentation with an overview of the District's water operations and distribution systems.

Presentation Topics

- Grandview/Northgate/I-5 Industrial Area Water System (potable and fire water)
- Water Treatment Plants 1 and 2 (industrial/non-potable water)
- How river water is processed and piped to Industrial Water customers
- Commission Tour of Water Plant Treatment Plant 2

ACTION: No action taken. Information only.

3. Adjourn

There being no further business for the special meeting, Commissioner Deshmane adjourned the special meeting at 10:25 a.m.

Atul Deshmane, President/Commissioner

Christine Grant, Vice President/Commissioner

Jaime Arnett, Secretary/Commissioner

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MINUTES OF THE REGULAR MEETING OF THE COMMISSION

February 28, 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 8:15 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; Aaron Peterson, IT/SCADA Technician; Traci Irvine, Accountant I; and Kurt Wank, Director of Utility Operations.

Public attending:

Rick Maricle Dave Olson
Max and Carole Perry Paul Knippel, City of Ferndale
Jack Wellman, PSE

2. Approval of Agenda

New Business 6a and Executive Session was added.

ACTION: Commissioner Grant made the motion to APPROVE THE AGENDA OF FEBRUARY 28, 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, February 14, 2023;
- b) Approval of the Claims of February 28, 2023:

VENDOR NAME	AMOUNT
ALUMICHEM CANADA INC	30,530.00
APSCO, LLC	33,227.14
ARBITRAGE GROUP INC.	1,000.00
ARNETT, JAIME	296.21
BONNEVILLE POWER ADMIN.	668,472.00
CENTRAL WELDING SUPPLY	336.22
CHMELIK SITKIN & DAVIS	11,612.00
COMCAST	191.57
COMCAST - NWRC	300.00
CONSOR NORTH AMERICA, INC.	63,110.03
CORNERSTONE MANAGEMENT, INC.	1,204.00
DESHMANE, ATUL	205.67
ELECTRIC POWER SYSTEMS - EPS	555.00
FCS GROUP	7,535.00
FERNDALE ACE HARDWARE	18.52
GDS ASSOCIATES (EES CONSULTING)	3,150.00
GENEVA CONSULTING	16,215.50
GOODWIN, CHRISTOPHER	400.00
GRANT, CHRISTINE	153.27
GRAY MATTER SYSTEMS, LLC	1,679.10
GUARDIAN SECURITY SYSTEMS, INC	228.06

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HARDWARE SALES, INC	229.49
INDUSTRIAL SOFTWARE SOLUTION	14,508.96
INDUSTRIAL SUPPLY, INC	182.75
INSIGHT PUBLIC SECTOR, INC.	3,356.71
INTERNAL REVENUE SERVICE	22,012.27
KNOWBE4, INC.	1,035.34
MAC & MAC ELECTRIC INC.	1,049.70
MASSMUTUAL RETIREMENT SVCS LLC (EMPOWER)	12,800.00
NORTHWEST CASCADE, INC.	118.50
PACIFIC SURVEY & ENGINEERING	14,585.25
PAYLOCITY	449.16
PAYROLL	232,941.09
PLATT ELECTRIC SUPPLY CO	217.59
PORTAL WAY FARM & GARDEN	10.86
PUD #1 OF WHATCOM COUNTY	300.00
PUGET SOUND ENERGY, INC	2,168.88
SHRED-IT USA	52.20
SMITH MECHANICAL	545.39
STAR RENTALS	1,705.78
TUPPER MACK WELLS PLLC	17,286.00
TYLER TECHNOLOGIES-INCODE	494.59
WA FEDERAL VISA CARD MEMBER SERVICES	2,894.13
WA ST DEPT OF REV PRIVLGE	229,784.81
WA ST DEPT OF REVENUE - EXCISE TAX	77,180.43
WASHINGTON ALARM, INC.	141.75
WEST COAST MARINE SERVICES	36,986.56
WESTERN CONFERENCE OF TEAMSTERS	9,373.00
WHATCOM COUNTY TREASURER	708.01
WHATCOM LAND TITLE	350.00
WONDERWARE PACWEST	14,508.96
GRAND TOTAL	\$1,538,397.45

ACTION: Commissioner Arnett made the motion to APPROVE THE CONSENT AGENDA OF FEBRUARY 28, 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.

Entrikin reported on the Digital Equity meeting last Thursday. Several stakeholders met with WSU Extension Services who will work with each county to develop a work plan.

Commissioner Grant commented on the WPUDA broadband action team regarding worksheet forms presented at their last meeting.

Grant inquired about the two Interlocal Agreements pending with Whatcom County: (1) Adding a County staff member to the Port/PUD Broadband Steering Committee and (2) the PUD providing assistance to the County on technical assistance and broadband GIS. Heimgartner replied he has received a draft version from the County, and has been referred on to Port and PUD legal counsel for review. The PUD is still awaiting word on the later agreement.

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b) Adjudication Update

Sitkin provided an update House Bill 1792 which relates to modifying timelines and other initial procedural actions in a water rights adjudication. A Budget Proviso for the State Department of Ecology (DOE) is also moving forward (ref SB 5187/HB 1140 Operating Budget).

6. New Business

a) Approve Temporary Work Area Easement for the City of Ferndale

COF has requested an easement for use as a laydown area for materials and equipment to be used for the levee repair project. COF is working on this project in coordination with the U.S. Army Corps of Engineers. The location on District property is in close proximity to the levee repair site and is the only available property in the immediate area with a secure fenced perimeter.

There is no budget impact resulting from the granting of this Easement. City of Ferndale representative Paul Knippel thanked staff and the Commission for their assistance with the project.

ACTION: Commissioner Grant made the motion to APPROVE THE TEMPORARY WORK AREA EASEMENT FOR THE CITY OF FERNDALE AND AUTHORIZE THE DISTRICT'S GENERAL MANAGER TO SIGN THE DOCUMENT. Commissioners Grant and Arnett voted aye. Commissioner Deshmane did not vote. Motion passed without objection.

7. General Manager Report

- Heimgartner will be away for the March 14 meeting; Walters will cover;
- Discussion of *The Seattle Times* article on Puget Sound Energy's plan for renewables;
- Regarding solar panel project for the District, the Request for Proposals should be ready for publication in late March/early April.

8. Operations Report

- Water Ops: Walters reported that river conditions came close to hazardous conditions; however, the water operations staff did not have to deal with frazil ice issues last Friday. The new air compressor at Plant 1 was tested in real-time conditions and worked well. At the next frazil ice event, crews may rent an additional diesel-run compressor, just in case of emergency.
- Electric Ops: Regarding District power consumption prices and our relationship with Bonneville Power Administration (BPA) and cost savings with our contracts.

BPA's 2022 Tier 1 power costs relative to our load:

\$35.35 per megawatt hour (MWh) – power supply

\$5.00 per megawatt hour (MWh) – transmission/capacity/other services

\$0.33 per MWh – Regulatory costs absorbs/meeting NERC reliability standards

\$40.42 per MWh total delivery cost to Whatcom PUD's system (not to our customers)

In comparison: Recent Mid-C prices for next day availability were \$87.50 per MWh On-Peak and \$93.00 per MWh Off-Peak. Price does not include transmission.

Solar Project Costs – Example of a proposed Eastern Washington project:

\$60.00 per MWh to project bus bar

\$22.00 per MWh for load firming and shaping

\$5.00 per MWh for power transmission/transport

\$87.00 total delivery cost to Whatcom PUD's system

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The Ruby Flats Project is about to announce pricing in April; numbers are in-line with Mid-C, as unshaped/ancillary projects, and does not include transmission pricing. Heimgartner said it is marginal market cost.

9. Commissioner Reports

Arnett:

- Attended the February WPUDA Committee meetings and *Day on the Hill* in Olympia.
- Met with Commissioner Don Montfort from Birch Bay Water and Sewer District to talk about water.
- Had a discussion with Eric Hirst regarding water use efficiency in WRIA-1.

Grant:

- Attended the February WPUDA committee meetings in person;
- Discussed water use efficiency with Senator Shewmake, ideas for a local water exchange, and interest in the Stage 3 of the Water Supply Plan and how it moves forward.

Deshmane:

- Attended the February WPUDA committee meetings in person;
- Discussed Hirst's comments on water use efficiency and the Whatcom Conservation District's study;
- Is glad that WPUDA is addressing transmission issues and energy supply;
- Lower Snake River Dams removal issue – noted that Clallam County PUD is now taking a neutral stance.

10. Public Comment

Rick Maricle asked how “digital equity” differs from the PUD’s efforts at providing “digital access”.

11. Executive Session

Commission President Deshmane requested an Executive Session pursuant to RCW 42.30.110(1)(i) Potential Litigation – (a) Water Rights Adjudication and (b) 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 Executive Session. After a short break, the Commission adjourned to Executive Session at 9:45 a.m.

- At 10:30 a.m. an additional thirty (30) minutes was requested.

Executive Session Adjourn

There being no further business for Executive Session, the Commission rejoined the Regular Commission Meeting at 10:45 a.m.

12. Adjourn

There being no further business for the regular meeting, Commissioner Deshmane adjourned the regular meeting at 10:46 a.m.

Atul Deshmane, President/Commissioner

Christine Grant, Vice President/Commissioner

Jaime Arnett, Secretary/Commissioner

Action Memo

To: Commissioners Arnett, Deshmane, and Grant
From: Chris Heimgartner, General Manager
Date: March 14, 2023
Re: Approve Funding Request from Nooksack Salmon Enhancement Association for Habitat Restoration Projects for 2023

Requested Action: APPROVE FUNDING IN THE AMOUNT OF \$20,000 FOR NOOKSACK SALMON ENHANCEMENT ASSOCIATION TO SUPPORT WASHINGTON CONSERVATION CORPS WORK ON HABITAT RESTORATION PROJECTS FOR 2023.

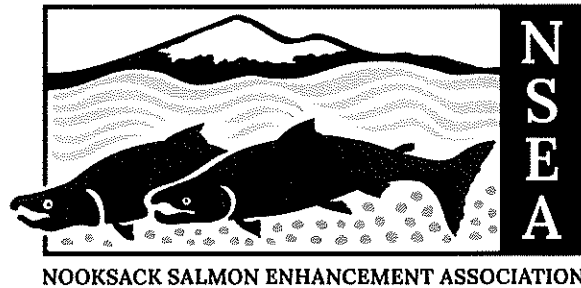
Background: Since 2010, the Commission has approved funding requests from the Nooksack Salmon Enhancement Association (NSEA) for habitat restoration projects. The funding supports the Washington Conservation Corps (WCC) Crew's work on habitat restoration on various streams throughout Whatcom County and Nooksack River tributaries. From 2010 to 2022, the Commission has continued to provide funds to support the request from NSEA. There were no funding requests in 2011 and 2020.

For 2023, NSEA is requesting funding to provide project oversight, acquire restoration materials such as plants, vole and beaver protection, and large woody debris for salmon habitat restoration of lowland streams. The work will be performed again by the Washington Conservation Corps (WCC) Crew and managed by NSEA staff. A minimum of 20 salmon habitat restorations projects will be implemented on Watershed Resource Inventory Area 1 lowland streams. NSEA provides a project report to the Commission at the completion of the project.

Darrell Gray of NSEA will present information on past work funded by the Whatcom PUD at the March 14 Commission Meeting. Whatcom PUD has had no other requests to support habitat restoration other than NSEA's request for 2023.

Fiscal Impact: Funding has been allocated in the 2023 budget for this purpose.

Recommended Action: APPROVE FUNDING IN THE AMOUNT OF \$20,000 FOR NOOKSACK SALMON ENHANCEMENT ASSOCIATION (NSEA) TO SUPPORT WASHINGTON CONSERVATION CORPS WORK ON HABITAT RESTORATION PROJECTS FOR 2023.



“Community support and involvement are essential to recovering salmon.”

– WRIA1 Salmon Recovery Plan

February 14, 2023

Dear Whatcom PUD Commissioners Jaime Arnett, Atul Deshmane, and Christine Grant,

The Nooksack Salmon Enhancement Association is greatly appreciative of the opportunity to present our 2023 project proposal to Public Utility District # 1 of Whatcom County. Below is a brief overview of our proposal.

Project Background:

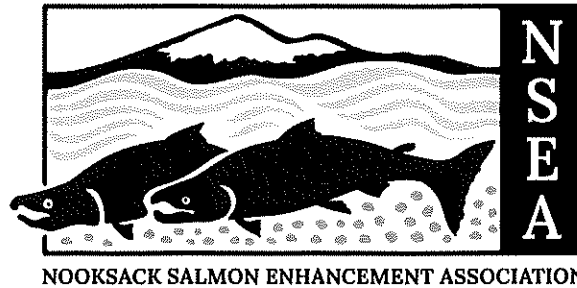
NSEA regularly receives calls from WRIA 1 lowland stream landowners regarding salmon and salmon habitat on their property. These calls present a great opportunity to educate landowners about salmon and their habitat needs, and ultimately encourage stewardship of this valuable resource. Most calls are followed up with a site visit to assess the existing habitat, understand the landowner’s needs, and discuss possible habitat improvement opportunities. However, with the majority of current salmon habitat restoration funding being directed towards Chinook recovery in the upper Nooksack Forks, it has become more difficult to find resources to implement salmon habitat restoration projects on WRIA 1 lowland streams.

NSEA annually sponsors a Washington Conservation Corps Crew to assist with on the ground WRIA 1 salmon habitat restoration projects. The crew consists of a supervisor and 5 crewmembers and comes with their own transportation and a good selection of hand and small power tools. NSEA provides the crew with project oversight, office space, storage and staging areas, and a large inventory of tools and equipment. NSEA prides itself on being able to respond to landowner inquiries promptly and implement habitat restorations projects in a cost efficient and timely manner. What we are currently lacking to accomplish such projects is funding to provide project oversight, and acquire restoration materials such as plants, vole and beaver protection, and large woody debris (LWD). We feel great opportunities are being missed and that without follow up and support landowners will get discouraged and will be less inclined to improve salmon habitat on their property.

Project Goals:

- Educate Landowners 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.
- Whenever possible, directly involve landowners in on the ground salmon habitat restoration.

3057 E. BAKERVIEW ROAD · BELLINGHAM WA · 98226-7694
PHONE 360 – 715 – 0283 · FAX 360 – 715 - 0282



Project Tasks:

1. Respond immediately to landowner inquiries regarding streams, salmon and salmon habitat on their property.
2. Arrange site visits to discuss landowner needs and opportunities for salmon habitat improvements on their property.
3. Develop restoration plans.
4. Complete appropriate pre-project monitoring
5. Implement restoration projects.
6. Complete appropriate post project monitoring to document project success

Project Timeline: 04/01/2023– 3/31/2024

Project Deliverables:

Implement a minimum of 20 salmon habitat restoration projects on WRIA 1 lowland streams. Projects may include the following:

- Riparian planting
- Livestock exclusion
- LWD placement and minor channel modification
- Fish passage barrier removal

NSEA would be happy to follow up with a report and/or a presentation of the projects accomplished.

Funding Request: \$20,000

We are looking forward to presenting some of the Salmon Habitat Restoration Projects you helped support in 2022 at your March 14 Board Meeting and hope you will consider our request of \$20,000 for continuing this great partnership in 2023.

Darrell Gray
NSEA Project Manager

AGENDA ITEM #6b
March 14, 2023

Action Memo

To: Commissioners Arnett, Deshmane, and Grant
From: Brian Walters, Assistant General Manager
Date: March 14, 2023
Re: **Award of Bid: Water Treatment Plant 1 High Head 5 VFD Project**

Requested Action:

AWARD WATER TREATMENT PLANT 1 HIGH HEAD 5 Variable Frequency Drive (VFD) CONTRACT TO MILLS ELECTRIC CO. AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE AGREEMENT.

Background:

The District 2023 Capital Improvement Project list includes the installation of a new variable frequency drive (VFD) on the Plant 1 High Head 5 (RW-35). The installation of a VFD will assist water operations in the management of water flow to District customers, as well as increase the electrical efficiency of the plant.

The bid opening for the Plant 1 High Head 5 VFD Contract for calendar year 2023 was held on Friday, March 3, 2023 at 10:00 a.m. The Request for Bid Proposals was advertised in the Bellingham Herald, the Everett Herald, and bid packets were sent to the three companies, whose qualifications were deemed to meet the requirements for work being performed. One bid package was received and it was deemed responsive.

On March 3, 2023 the District received and publicly read aloud one (1) bid submitted for this project. The Engineer's Estimate for the project is \$722,469.82, not including tax. Totals do not include tax.

Staff's review of the Mills Electric's bid package determined that the Bid was responsive. The results of the Bid are as follows:

Low Bidder:	Bid Amount
Mills Electric Co.	\$513,146.50 (tax not incl.)
Engineer's Estimate.....	\$722,469.82 (tax not inc.)

Staff recommends awarding the Contract for the Plant 1 High Head 5 VFD to Mills Electric Co.

Fiscal Impact:

Due to the total contract amount being less than the Engineer's Estimate of \$722,469.82 and the PUD's internal capital budget amount of \$650,000.00, there is no foreseen fiscal impact. This project is budgeted in the 2023 Capital Improvements Budget.

Recommended Action:

AWARD THE PLANT 1 HIGH HEAD 5 VFD CONTRACT TO MILLS ELECTRIC CO. AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE AGREEMENT.