

# DRAFT REVISED

**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 June 13, 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 the Minutes of the Regular Meeting of May 23, 2023
  - b) Approval of Claims for June 13, 2023
4. Public Comment (10 minutes – Individual speakers: 3 min.)
5. Old Business (10 minutes)
  - a) Broadband Program Update
6. New Business (15 minutes)
  - a) Approve Transfer of BPA Energy Efficiency Incentive (EEI) Budget to Jefferson County PUD
  - b) Approve Change Order No. 18 – Potelco, Inc. Ferndale Pump Substation Project
7. General Manager Report (10 minutes)
8. Operations Report (10 minutes)
9. Commissioner Reports (10 minutes)
  - a) Upcoming Per Diem Requests
10. Public Comment (10 minutes– Individual speakers: 3 min.)
11. Executive Session: RCW 42.30.110(1)(g): To review the qualifications and/or performance of a public employee (60 min.)
12. Adjourn (10:00 AM estimated)

NEW

**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/8491469973>

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

**Webinar ID:** 849 1469 9973

### Next Commission Meetings

June 27 & July 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](http://www.pudwhatcom.org)

# DRAFT

## MINUTES OF THE REGULAR MEETING OF THE COMMISSION

May 23, 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: Chris Heimgartner, General Manager; Assistant General Manager Brian Walters; Ann Grimm, Executive Assistant; Andrew Entrikin, Broadband Program Manager; Steve Jilk, In-House Consultant; Rebecca Schlotterback, Manager of Contracts and Regulatory Compliance; Aaron Peterson, IT/SCADA Technician; Mike Macomber, IT/SCADA Technician; Traci Irvine, Accountant I; Garrett Love-Smith, Project Manager; Paul Siegmund, Manager of Automation and Technology; and Kurt Wank, Director of Utility Operations.

Public attending:

Dave Olson, Citizen  
Jack Wellman, PSE  
Lauren Turner, P66

Rick Maricle, Citizen  
Robin Dexter, Environmental Caucus

### 2. Approval of Agenda

*Performance Evaluation of a Public Employee* will be added to Executive Session.

**ACTION:** Commissioner Grant made the motion to APPROVE THE AGENDA OF MAY 23, 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, May 9, 2023;
- b) Approval of the Meeting Minutes of the Special Meeting, May 16, 2023; and
- c) Approval of the Claims of May 23, 2023:

VENDOR NAME	AMOUNT
APPLIED DIGITAL IMAGING	32.64
INDUSTRIAL SUPPLY, INC	340.07
BONNEVILLE POWER ADMINISTRATION	746,876.00
BRANOM EQUIPMENT	5,868.93
CENTRAL WELDING SUPPLY	96.48
CESCO NEW CONCEPT CHEMICAL PRODUCTS	1,799.28
CHMELIK SITKIN & DAVIS	10,314.00
COMCAST	191.61
COMCAST - NWRC	300.00
CULLIGAN NORTHWEST	146.56
DESHMANE, ATUL	1,232.69
EDGE ANALYTICAL LABORATORIES	24.00
FERGUSON ENTERPRISES, INC	44.91
FERNDALE ACE HARDWARE	26.53
GRAINGER	270.50
GRANICH ENGINEERED PRODUCTS, INC.	3,802.09
GUARDIAN SECURITY SYSTEMS, INC	228.06
HACH COMPANY	362.25
HARDWARE SALES, INC	316.31

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INTERNAL REVENUE SERVICE	20,908.03
K ENGINEERS, INC.	2,156.00
LES SCHWAB TIRE CENTER	747.97
LOOMIS, CHRIS	450.00
MANAGEMENT SERVICES NW	689.62
MASSMUTUAL RETIREMENT SVCS LLC	12,800.00
NESS CRANE SERVICE, INC	2,035.54
PARAMOUNT SUPPLY COMPANY	643.17
PAYLOCITY	183.16
PAYROLL	222,157.31
PETE'S AUTO REPAIR LLC	283.05
PLATT ELECTRIC SUPPLY CO	449.91
PUBLIC UTILITY RISK MANAGEMENT SERVICES	8,596.11
PUD #1 OF WHATCOM COUNTY	12.47
PUGET SOUND ENERGY, INC	713.42
RDS - RECYCLING & DISPOSAL SERVICE	40.31
RH2 ENGINEERING, INC	2,372.08
SCHLOTTERBACK, REBECCA	87.81
STAR RENTALS	2,432.15
TUPPER MACK WELLS PLLC	17,557.00
US BANK	348,214.85
VALVOLINE	68.43
WA FEDERAL VISA CARD MEMBER SERVICES	8,206.16
WA ST DEPT OF REVENUE - EXCISE TAX	84,234.70
WASHINGTON ALARM, INC.	141.75
<u>WESTERN CONFERENCE OF TEAMSTERS</u>	<u>8,599.50</u>
<b>GRAND TOTAL</b>	<b>\$1,517,053.41</b>

**ACTION:** Commissioner Grant made the motion to APPROVE THE CONSENT AGENDA OF MAY 23, 2023. Commissioner Arnett second the motion. Motion passed unanimously.

4. **Public Comment** - No comments.

5. **Old Business**

a) **Broadband Program Update**

- Entrikin provided a draft timeline of the next steps for the Point Roberts project, after the PUD officially accepts the grant award from the Washington State Broadband Office. The initial planning phase will occur June – December 2023; potential construction beginning in 2024.
- Infeasible Rights of Use versus Master Services Agreements was discussed.

b) **Adjudication Update**

Sitkin said Robin McPherson (Ecology) and Bill Clarke (Ag Water Board counsel) indicated a Continuing Legal Education session on adjudication for Whatcom County Bar Association members is planned for September. The meeting will be open to all. Information forthcoming.

Commissioner Grant suggested grant funding sources to be accessed through the Water Smart Grant Program, and requested an update on the next phase of the Regional Water Supply Plan.

Sitkin anticipates an Executive Session in late September or early October on adjudication overview with additional PUD legal counsel in attendance. Date to be determined.

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## c) **Future of Lower Snake River Dams**

*Part 1:* Discussion ensued to end the District's membership with Northwest RiverPartners.

**ACTION:** Commissioner Deshmane made the motion to TERMINATE THE NORTHWEST RIVERPARTNERS MEMBERSHIP AND NOT RENEW. Commissioner Grant second the motion. Motion passed unanimously.

*Part 2:* Commissioner Grant provided a memo on her position of the removal of the Lower Snake River Dams (LSRD) issue at present. In order to facilitate discussion, she asked of the Commission to consider two questions:

- Should the Whatcom PUD Commission take a stance on the issue of breaching the LSRDs?
- Should the Whatcom PUD Commission consider the adoption of a resolution relating to breaching the LSRDs?

Commissioner Deshmane added a supplemental memo on his LSRD position after the packet was distributed. Discussion followed. Commissioner Arnett raised the question of commission communications related to Grant's memo and Deshmane's supplemental provided in addition to the agenda packet. Sitkin clarified the transparency in accordance to the Open Public Meetings Act.

Commissioner Grant indicating she would be attending and commenting on the *US Government Listening Session on the Columbia River Basin* on May 25. The Commission agreed for her to share the following and that Whatcom PUD has not approved a resolution to support this statement:

- i. One of Whatcom County's key industries is commercial fishing. Restoring Snake River salmon to fishable numbers is an economic benefit to Whatcom County and our entire region.
- ii. We see a path to restore a free-flowing Snake River with minimal rate impacts on Northwest public power rate payers. That path will require significant federal financial support.
- iii. We support the planning underway to find solutions to replace the clean energy, irrigation and transportation services of the four Lower Snake River dams.

## d) **Electric Expansion Feasibility Study "Open House" in Bellingham**

Discussion of a second open house/workshop regarding the feasibility study was discussed. The topic will be discussed in-depth at the second Commission Meeting in July.

## 6. **New Business**

### a) **Approve Update to the District's Payroll Policy and Procedures**

The Payroll Policy and Procedures document has been updated to reflect administrative changes to the payroll system accounting and today's amendment includes a section defining "special contract employees."

**ACTION:** Commissioner Arnett made the motion to APPROVE THE UPDATE TO THE DISTRICT'S PAYROLL POLICY AND PROCEDURES, AS AMENDED. Commissioner Grant second the motion. Motion passed unanimously.

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## 7. Approve Schedule for Development of the 2024 District Operating and Capital Budget

Finance Director Smith presented the schedule for developing the 2024 budget:

*Commission receives 2023 First-Half Financial Report ..... August 8, 2023*  
*Commission Work Session to discuss budget parameters..... September 12, 2023*  
*Draft 2024 Budget presented to Commission ..... October 24, 2023*  
*Customer Meetings on draft budget.....November 6 – 8, 2023*  
*Revised budget presentation/budget public hearing.....November 21, 2023*  
*2024 Budget/Rates approved .....December 12, 2023*

**ACTION:** Commissioner Grant made the motion to APPROVE THE SCHEDULE FOR DEVELOPMENT OF THE 2024 DISTRICT OPERATING AND CAPITAL BUDGET. Commissioner Arnett second the motion. Motion passed unanimously.

## 8. General Manager Report

- In reviewing recent expense reimbursement reports, Heimgartner said there is more travel than originally planned for. As a reminder, original, itemized receipts (not photocopies) must be included with the expense reimbursement form, and if meetings/conferences are available to attend virtually, he recommends using this cost-effective method instead.

## 9. Operations Report

- Walters said there has been an uptick in permitting requests/new facilities for the Grandview/I-5 Industrial Center/Northgate Industrial area which may require an update to the District’s potable water system. Communication lines need to be re-established in terms of notification of permit requests/approvals, etc., between the District and Fire District 7, Whatcom County, and City of Ferndale.
- It’s time to revisit the need for District-owned water storage for the Industrial Water System. When activity happens on the customer side, things such as rapid increase/decrease in water flows can affect pressure fluctuation on the District’s system and pumps and potentially cause problems.

## 10. Commissioner Reports

Grant:

- Attended the Lummi Nation First Salmon Ceremony;
- Presented to the Whatcom County Climate Advisory Committee;
- Attended the WRIA-1 Environmental Caucus meeting;
- Will be attending Energy Northwest meetings in Richland this week;
- Will be on vacation for the June 13 meeting;

Arnett:

- WPUDA mentor, Debra Lester from Kitsap PUD visited her on Friday;
- Would like to meet with Ann Grimm to discuss the District’s Social Media Program.

Deshmane:

- Attended the Lummi Nation First Salmon Ceremony;
- Attended the WRIA-1 Environmental Caucus meeting;
- Attended the Public Power Council meeting in Portland;
- Will not be traveling to the Public Utility Risk Management Services upcoming meeting but attending virtually. Future PUMRS meeting attendance will be via the General Manager and/or Finance Director.

## 11. Public Comment – None made.

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## 12. Executive Session

Commission President Deshmane requested an Executive Session pursuant to RCW 42.30.110(1)(i) Potential Litigation (a) Water Rights and (b) Condemnation; and RCW 42.30.110(1)(g): To review the qualifications and/or performance of a public employee. 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 recess, the Commission adjourned to Executive Session at 10:10 a.m.

- At 10:40 a.m., an additional twenty minutes was requested;
- At 11:15 a.m., an additional fifteen minutes was requested.

### Executive Session Adjourn

There being no further business for Executive Session, the Commission rejoined the Regular Commission Meeting at 11:25 a.m.

## 13. Adjourn

There being no further business for the regular meeting, Deshmane adjourned the regular meeting at 11:26 a.m.

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Atul Deshmane, President/Commissioner

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Christine Grant, Vice President/Commissioner

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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/>

## Action Memo

**To:** Commissioners Arnett, Dushman and Grant  
**From:** Brian Walters, Assistant General Manager  
**Date:** June 13, 2023  
**Re:** **Approve Transfer of BPA Energy Efficiency Incentives Budget (EEI) to Public Utility District No. 1 of Jefferson County**

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**Requested Action:**

APPROVE THE TRANSFER OF \$100,000 OF THE DISTRICT'S BPA EEI PROGRAM BUDGET TO PUBLIC UTILITY DISTRICT NO. 1 OF JEFFERSON COUNTY (JEFFERSON PUD) UNDER EXHIBIT A, AMENDMENT NO. 2 OF THE INTERLOCAL AGREEMENT; AND AUTHORIZE THE DISTRICT'S GENERAL MANAGER TO SIGN THE AMENDMENT IMPLEMENTING THE TRANSFER.

**Background:**

The District's existing Interlocal Agreement with Jefferson PUD was approved by Commission on May 25, 2021 and enabled the transfer of \$100,000 of the BPA EEI Budget. This is a request for the Commission to approve a third transfer of EEI Budget under the current Interlocal Agreement with Jefferson PUD. This transfer is identified under Exhibit A, Amendment No. 2 to the Agreement.

The transfer of BPA EEI budget from one party to the other is memorialized in Exhibit A to the Agreement. Future transfers agreed to by the parties (either to or from Jefferson PUD) will be accomplished by Amendments to Exhibit A, as long as the Interlocal Agreement remains in effect.

If the transfer is approved, the District will still have sufficient remaining BPA EEI Program Budget to cover any potential District sponsored energy efficiency projects for the remainder of BPA's 2022-23 rate period, which ends September 30, 2023. The District will then receive another budget allocation for BPA's following rate period, which begins October 1, 2023.

**Fiscal Impact:**

If approved, Exhibit A, Amendment No. 2 and the budget transfer described herein will have no direct fiscal impact on the District's 2023 Annual Budget.

**Recommended Action:**

APPROVE THE TRANSFER OF \$100,000 OF THE DISTRICT'S BPA EEI PROGRAM BUDGET TO PUBLIC UTILITY DISTRICT NO. 1 OF JEFFERSON COUNTY (JEFFERSON PUD) UNDER EXHIBIT A, AMENDMENT NO.2 OF THE INTERLOCAL AGREEMENT; AND AUTHORIZE THE DISTRICT'S GENERAL MANAGER TO SIGN THE AMENDMENT IMPLEMENTING THE TRANSFER.

**EXHIBIT A-2**

**BPA EEI BUDGET TRANSFERS**

This Exhibit A-2 is attached to and by this reference incorporated into the Interlocal Agreement between Public Utility District No.1 of Whatcom County (“Whatcom PUD”) and Public Utility District No. 1 of Jefferson County (“Jefferson PUD”) (collectively referred to as the “Parties”).

**1.0 Budget Transfer – BPA Rate Period (FY 2022-23)**

Subject to Bonneville Power Administration (“BPA”) approval, Whatcom PUD and Jefferson PUD agree for each Party’s respective BPA Rate Period (FY 2022-23) as follows:

Whatcom PUD and Jefferson PUD agree to request that BPA transfer **ONE HUNDRED THOUSAND DOLLARS (\$100,000)** of BPA’s Rate Period (FY 2022-23) Energy Efficiency Incentive (EEI) program budget funds from Whatcom PUD to Jefferson PUD. This transfer does not involve any actual monetary payment by Whatcom PUD to Jefferson PUD, nor is Whatcom PUD obligated to make any payment to Jefferson PUD. Rather, it is a joint request to BPA to re-allocate a portion of the BPA EEI program budget funds allocated to Whatcom PUD to Jefferson PUD.

**2.0 Conditions on Transfer**

For this specific transfer of EEI program budget from Whatcom PUD to Jefferson PUD, there are no conditions imposed on the transfer with the exception of BPA prior approval.

**3.0 Amendments to Exhibit A**

Should either Party request future fiscal year BPA conservation budget transfers from the other Party and such Party agrees, then it shall be by further amendment to this Exhibit A, pursuant to written agreement of the Parties.



**IN WITNESS WHEREOF**, the Parties have caused this EXHIBIT A-2 to the AGREEMENT to be executed by their duly authorized representatives all as of the day and year written above.

**PUBLIC UTILITY DISTRICT NO.1 OF WHATCOM COUNTY**

\_\_\_\_\_  
Chris Heimgartner  
General Manager

\_\_\_\_\_  
Date

ATTEST:

\_\_\_\_\_

**PUBLIC UTILITY DISTRICT NO. 1 OF JEFFERSON COUNTY**

\_\_\_\_\_  
Kevin Streett  
General Manager

\_\_\_\_\_  
Date

ATTEST:

\_\_\_\_\_

AGENDA ITEM #6b  
June 13, 2023

## Action Memo

**To:** Commissioners Arnett, Deshmane, and Grant  
**From:** Kurt Wank – Director of Utility Operations  
**Date:** June 13, 2023  
**Re:** **APPROVE CHANGE ORDER NO.18 FOR POTELCO, INC. CONSTRUCTION CONTRACT FOR THE FERNDALE PUMP SUBSTATION PROJECT**

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**Requested Action:** APPROVE CHANGE ORDER NO. 18 IN THE NOT TO EXCEED AMOUNT OF **\$154,510.43**, FOR POTELCO, INC'S CONSTRUCTION CONTRACT FOR THE FERNDALE PUMP SUBSTATION PROJECT AND AUTHORIZE THE DISTRICT'S GENERAL MANAGER TO EXECUTE THE CHANGE ORDER.

**Background:** Change Order No.18 regards the Ferndale Pump Substation Project (CIP E-22) and the associated Construction Contract with the prime contractor Potelco, Inc. The proposed change order covers the additional labor hours, materials, and leased equipment needed to complete the Project due to un-anticipated delays in project construction activities, design modifications, and additional materials acquisition at higher costs. Delay due to redesign of project Distribution Line was caused due to the contractor calling for a Safety Stop work as the proposed design was unfit and unsafe for working conditions.

The original dollar amount of the Potelco's change order request was reviewed and negotiated between Potelco and PUD staff.

**Change in Scope:** The above discussed items represent a change in scope for Potelco's Construction Contract and has resulted in the change order request by Potelco.

**Additional Cost for Change Order No. 18:** The additional cost not to exceed amount for Potelco completing work under Change Order No.18 is \$154,510.43. The revised total amount for the Construction Contract is as follows:

Original Contract Amount.....	\$3,670,067.00
Change Orders No.1 -17.....	\$668,880.00
<b>Change Order No. 18 .....</b>	<b>\$154,510.43</b>
Subtotal.....	\$4,493,457.43
Sales tax (8.8%)	\$395,424.25
<b>Total Amended Contract Amount</b>	<b>\$4,888,881.68</b> (Including Sales Tax)

If Change Order No. 18 is approved, the total pre-tax amount of the change orders to-date would represent a 22.4% increase over the original Contract Amount. Staff recommends approving Change Order No. 18 for Potelco Inc. for the Ferndale Pump Substation Project Construction scope and cost increase.

**Fiscal Impact:**

The capital project has been included in the approved 2023 Budget as CIP E-22. The project will be sufficiently funded to complete during calendar year 2023.

**Recommended Action:** APPROVE CHANGE ORDER NO. 18 IN THE NOT TO EXCEED AMOUNT OF \$154,510.43, FOR POTELCO, INC'S CONSTRUCTION CONTRACT FOR THE FERNDALE PUMP SUBSTATION PROJECT AND AUTHORIZE THE DISTRICT'S GENERAL MANAGER TO EXECUTE THE CHANGE ORDER.