



Contact: Ann Grimm

Public Utility District No. 1 of Whatcom County
(360) 384-4288 ext. 27

**NOTICE OF PUBLIC HEARING REGARDING THE PROPOSED 2024 BUDGET FOR
PUBLIC UTILITY DISTRICT NO. 1 OF WHATCOM COUNTY**

Notice is hereby given that the Board of Commissioners of Public Utility District No. 1 of Whatcom County (District) will hold a public hearing at the District's Regular Commission Meeting on **Tuesday, November 28, 2023** at 8:15 A.M. at the District's Administration Office, 1705 Trigg Road, Ferndale, WA.

The purpose of the hearing will be to receive public comment on the proposed 2024 budget. The proposed budget is available for review on the District website at the following link, under Annual Budget Books:

<https://www.pudwhatcom.org/the-commission/financial-documents/>

All Commissioners will participate in-person, Zoom platform or by teleconference:

To attend the public hearing via Zoom/internet: <https://us02web.zoom.us/j/87812248689>

Or by telephone (253) 215-8782;

Webinar ID 878 1224 8689

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PUBLIC UTILITY DISTRICT No. 1 of Whatcom County

Agenda for the Regular Meeting of November 14, 2023

8:15 a.m. at the PUD Office

(In-person, Zoom, & Teleconference)

1. Call to Order | Pledge of Allegiance
2. Approval of Agenda (2 minutes)
3. Consent Agenda (5 min.)
 - a) Approval of the Minutes of the Regular Meeting of October 24, 2023
 - b) Approval of Claims for November 14, 2023
4. Public Comment (10 minutes – Individual speakers: 3 min.)
5. General Manager Report (10 min.)
6. Old Business (60 min.)
 - a) Broadband Program Update
 - b) Adjudication Update: Water Law Institute Continuing Legal Education (CLE) Update
 - c) Board Retreat Discussion
7. New Business (15 min.)
 - a) Approval of Professional Services Agreement with Ivoxy Consulting
 - b) Approval of Amendment No. 2 to Professional Services Agreement with Geneva Consulting
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. Adjourn (Estimated 10:30 a.m.)

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/85448884114>

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

Webinar ID: 854 4888 4114

Next Commission Meetings

November 28, December 12 & 19, 2023 | 8:15 a.m. | Regular Meetings – District Office

1705 Trigg Road, Ferndale, WA 98248

or other location announced

Contact: Ann Grimm, Commission Clerk (360) 384-4288 x 27

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MINUTES OF THE REGULAR MEETING OF THE COMMISSION

October 24, 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 Atul Deshmane, Commissioner Christine Grant, Commissioner Jaime Arnett and Legal Counsel Jon Sitkin, Sarah Mack, Matt Wells, and Hayley Vendoza. Staff: Chris Heimgartner, General Manager; Assistant General Manager Brian Walters; Andrew Entrikin, Broadband Program Manager; Ann Grimm, Executive Assistant; 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; Devin Crabtree, Chief Water Operator; Traci Irvine, Accountant I; and Garrett Love-Smith, Project Manager.

Public attending:

Dave Olson, Citizen

Jack Wellman, Puget Sound Energy

Rick Maricle, Citizen

2. Approval of Agenda

Commissioner Deshmane requested an addition to old business: Discuss Board Retreat Ideas.

ACTION: Commissioner Grant made the motion to APPROVE THE AGENDA OF OCTOBER 24, 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 of October 10, 2023; and
- b) Approval of the Claims of October 24, 2023:

VENDOR NAME	AMOUNT
INDUSTRIAL SUPPLY, INC	965.46
BONNEVILLE POWER ADMINISTRATION	639,034.00
CHMELIK SITKIN & DAVIS	14,032.00
COMCAST	201.61
COMCAST - NWRC	304.43
CONNER, ERIC	592.12
CRABTREE, DEVIN	40.53
CULLIGAN NORTHWEST	143.55
EDGE ANALYTICAL LABORATORIES	346.00
FEDERAL EXPRESS	17.16
FERNDALE ACE HARDWARE	36.09
FERNDALE CITY OF	50.00
HARDWARE SALES, INC	29.34
INTERNAL REVENUE SERVICE	18,859.71
IVOXY CONSULTING LLC	5,715.81
LAPLAUNT, DAVID	45.33
LES SCHWAB TIRE CENTER	121.83
LOOMIS, CHRIS	75.88

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MANAGEMENT SERVICES NW	689.61
MASSMUTUAL RETIREMENT SVCS LLC	12,940.00
NORTH COAST ELECTRIC COMPANY	8,270.42
P&P EXCAVATING, LLC	1,470.50
PACIFIC POWER BATTERIES	786.08
PACIFIC SURVEY & ENGINEERING	3,570.00
PAYLOCITY	183.16
PAYROLL	222,579.54
PLATT ELECTRIC SUPPLY CO	285.43
PUGET SOUND ENERGY, INC	542.58
PUMPTECH	1,544.49
REISNER DISTRIBUTION, INC	1,597.49
ROGERS MACHINERY COMPANY INC	189.98
STAR RENTALS	3,096.03
ULINE, INC.	397.78
VALVOLINE	121.29
WA FEDERAL VISA CARD MEMBER SERVICES	7,746.35
WA ST DEPT OF REVENUE - EXCISE TAX	77,531.53
WA ST DEPT OF REVENUE - LEASEHOLD TAX	1,259.22
WESTERN CONFERENCE OF TEAMSTERS	7,812.00
WESTERN SOLAR	20,595.37
WHATCOM COUNTY EXECUTIVE DEPT	44,332.00
GRAND TOTAL	\$1,098,151.70

ACTION: Commissioner Grant made the motion to APPROVE THE CONSENT AGENDA OF OCTOBER 24, 2023. Commissioner Arnett second the motion. Motion passed unanimously.

4. Public Comment – None made.

5. General Manager’s Report

- Has a draft letter prepared for approval on behalf of PUD Commissioners send to County Executive and County Councilmembers in support of a County Code to allow development of various carbon-free energy projects. No action taken; however, the Board supported and signed the letter.
- Has hired a recruiter for the Assistant General Manager position;
- Asked for future consideration to join the American Public Power Association; membership is \$8,000 per year.
- Delta Tech Industrial Park (near Grandview) may be interested in selling their water system to the PUD;
- Visit from Representative Joe Timmons is November 9;
- Met with Eric Hirst;
- Intalco Substation Purchase Update: Contractual issues remain between Bonneville Power Administration serving Altagas and the decommissioning of the Intalco plant.
- Has Sitkin looking into Cherry Point land use/development;
- Sitkin updated on the Clean Energy Siting Act

6. Old Business

a) Broadband Program Update

- Entrikin updated on the status of Interlocal Agreement with Whatcom County and is ready for the GM to sign the document;
- The Geothermal lease is back in the hands of the Bureau of Land Management; the District will have to go through the “renomination process” of the lease.

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b) Adjudication Update

- Will be meeting with Robin McPherson, Adjudication Manager for WA State Dept. of Ecology;
- Will be presenting an adjudication update with Whatcom Family Farmers in late November.

c) Board Retreat Discussion

- The current proposal for consulting to the Board was not widely accepted;
- Commissioners discussed what they had in mind for a Board Retreat, from leadership styles/communication and culture, more staff involvement, to being focused on the public opinion of the District.
- Heimgartner will report back at the next meeting with consultants and tentative date ideas.

7. New Business

a) Approval of Agreement with Puget Sound Energy: Firm Point-to-Point Transmission Service

The agreement allows for two (2) megawatts of firm capacity on Puget Sound Energy's (PSE) system from the Custer substation to Enterprise Substation for up to twenty (20) years. In addition, the agreement provides for PSE to provide Ancillary Services sufficient to assure that power purchased from Bonneville Power Administration will be delivered to the PUD.

ACTION: Commissioner Grant made the motion to APPROVE PUGET SOUND ENERGY SERVICE AGREEMENT FOR FIRM POINT-TO-POINT TRANSMISSION SERVICES AND AUTHORIZE THE GENERAL MANAGER TO SIGN AND EXECUTE THE AGREEMENT.

b) Approve Resolution No. 836 - Authorizing Point Roberts Broadband Fiber Optic Network Agreement with Whatcom County.

The resolution allows the General Manager to enter into grant agreements with Whatcom County for fiber infrastructure to Point Roberts.

ACTION: Commissioner Grant made the motion to APPROVE RESOLUTION NO. 836 AUTHORIZING THE GENERAL MANAGER TO EXECUTE ALL AGREEMENTS NECESSARY TO ENTER INTO GRANT AGREEMENTS WITH WHATCOM COUNTY TO BRING FIBER OPTIC INFRASTRUCTURE TO THE POINT ROBERTS COMMUNITY, Commissioner Arnett second the motion. Motion passed unanimously.

c) Draft 2024 Budget Presentation

Smith provided the first draft presentation of the 2024 Budget. Slides from the presentation are attached at the end of the Minutes.

Budget Schedule:

- November 7, 2023: Industrial water customers meeting on draft budget;
- November 8, 2023: Grandview water customers meeting on draft budget;
- November 28, 2023: Second draft budget presentation and Public Hearing;
- December 12, 2023: Final 2024 Budget and Rates to be approved.

ACTION: No action taken or requested of. Information only.

8. Operations Report

Walters reported:

- As mentioned in the draft Budget presentation; how to move forward with the Water Treatment Plant 1 Rebuild is of utmost importance.
- A reminder that flood and frazil ice conditions are forthcoming. Divers are working to clean the intake screens for both water plants. Algae and other small materials deposited during summer river

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conditions will be cleared off.

9. Commissioner Reports

Deshmane:

- Will attend the Public Power Council Meetings in-person next week;
- Attending WPUA meetings in November;

Grant:

- Meeting with Representative Ramel;
- Attending Energy Northwest Meeting via Zoom this week;
- Has requested an appointment with the Chairwoman of the Nooksack Tribe to discuss geothermal power.

Arnett:

- No meetings to report.
- May attend the WPUA Committee Meetings in November in-person.

10. Public Comment

Rick Maricle commented on the Draft 2024 Budget broadband program's shortfall and that the water and electric utilities should be reimbursed – otherwise known as cross-subsidizing.

11. Executive Session

Commission President Deshmane requested an Executive Session pursuant to RCW 42.30.110(1)(i): Potential Litigation – Water Rights Adjudication. Estimated time for Executive Session was two hours. The Commission President indicated no action was anticipated to be taken after the adjournment of Executive Session. After a short recess, the Commission adjourned to Executive Session at 10:02 a.m.

Executive Session Adjourn

There being no further business for Executive Session, the Commission rejoined the Regular Commission Meeting at 11:59 a.m.

12. Adjourn

There being no further business for the regular meeting, Deshmane adjourned the regular meeting at 12:00 p.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/>

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Attachment: Draft 2024 Budget Presentation

Presentation Outline

- Operating Budget
- Personnel
- Capital Budget
- Extraordinary Maintenance
- Debt
- Reserves
- Strategic Plan Objectives
- Preliminary Rates
- What's Next

Budget Book: <https://www.pudwhatcom.org/the-commission/financial-documents/>

Operating Budget

COSTS - 2024				A	B	A-B	%
	Industrial Water	Grandview	Electric	2024 TOTAL	2023 TOTAL PROJECTED	INCREASE (DECREASE)	
Electric Power Costs & tax	\$ -	\$ -	\$ 8,244,300	\$ 8,244,300	\$ 7,318,334	\$ 925,966	12.7%
Water Power Net of BPA Credit	631,200	6,700	-	637,900	554,762	83,138	15.0%
Purchased Water	-	3,600	-	3,600	4,812	(1,212)	-25.2%
Water Purification Costs	473,800	1,000	-	474,800	431,659	43,141	10.0%
Operating Labor & Benefits	2,727,300	155,300	1,311,400	4,194,000	3,812,324	381,676	10.0%
O&M Expense - On-going	491,200	45,300	182,700	719,200	585,149	134,051	22.9%
Extraordinary Maint	580,000	-	290,000	870,000	566,189	303,811	53.7%
Admin Expenses	226,500	7,400	246,300	480,200	391,987	88,213	22.5%
Education	21,500	400	20,100	42,000	30,308	11,692	38.6%
Outside Services	184,000	15,000	138,000	337,000	345,129	(8,129)	-2.4%
Insurance	150,000	10,900	105,400	266,300	213,432	52,868	24.8%
Miscellaneous & Election Costs	83,500	2,200	94,300	180,000	175,823	4,177	2.4%
Electric General Svc Charge	210,800	-	-	210,800	81,336	129,464	159.2%
Business Development / Projects	622,200	100	29,700	652,000	434,191	217,809	50.2%
Business Services / Reimbursed	114,100	800	107,800	222,700	89,067	133,633	150.0%
Taxes on Services	646,200	22,100	165,700	834,000	661,571	172,429	26.1%
LUD Debt Service	-	157,900	-	157,900	160,995	(3,095)	-1.9%
Other Debt Service	1,963,300	-	532,800	2,496,100	2,495,530	570	0.0%
Capital Transfers	3,535,000	65,000	350,000	3,950,000	2,660,000	1,290,000	48.5%
TOTAL BY FUND	\$ 12,660,600	\$ 493,700	\$ 11,818,500	\$ 24,972,800	\$ 21,012,738	\$ 3,960,062	18.8%

Sections 2 - 5

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Operating Budget

ADMIN EXPENSES		
	2024	2023
Office Expense	\$ 87,900	\$ 84,482
Office - Computer	228,000	146,782
Office - Utilities	49,400	47,944
Dues & Subscriptions	80,500	79,888
Fees, permits, locates	13,800	13,149
Advertisements	6,500	5,659
Mileage & Vehicle expenses	14,100	14,083
	\$ 480,200	\$ 391,987

BUSINESS PROJECTS	
Adjudication	\$550,000
Whatcom County Comp Plan	20,000
Habitat Restoration	20,000
Water System Services/Tech	16,000
Water Association work	2,000
Watershed Management Support	10,000
Geothermal	25,000
Social Media Work	5,000
Public Records Request	2,000
Employee Enrichment	2,000
	\$652,000

OUTSIDE SERVICES		
	2024	2023
Accounting	\$ 22,000	\$ 94,967
Computer Services	50,000	53,568
Engineering	72,000	54,579
Legal	151,000	110,969
System Monitoring	4,000	1,964
Outside Consulting - other	32,000	23,420
Power Regulations	6,000	5,663
	\$ 337,000	\$ 345,129

BUSINESS SERVICES		
Water System Consolidation	DOE	\$ 10,000
Feasibility Study Small Wtr	DOH	65,000
Aldergrove Connection	DOE	10,000
Pt Roberts Fiber	multiple	2,596,000
Geothermal	?	75,000
Cybersecurity	SLCGP	63,000
		\$ 2,819,000

Section 4

Operating Budget

MEMBERSHIP	
	2023
AMAZON PRIME	\$ 151
ASSOCIATION WA CITIES	500
AWWA	400
BELLINGHAM CHAMBER OF COMMERCE	330
FERNDALE CHAMBER OF COMMERCE	325
NRU	11,909
NW INTERGOVERNMENTAL ENERGY	15,257
NWPPA	6,306
NW RIVER PARTNERS	6,160
PACIFIC NW UTILITIES (PNUCC)	1,000
PUBLIC POWER COUNCIL	3,865
SHLBC	500
SOCIETY FOR HUMAN RESOURCES	244
WAPRO	25
WHATCOM COUNCIL GOVERNMENTS	150
WPUDA	14,690
	\$ 61,812

ALLOCATION CHANGE			
	403	411	481
2022	70.6%	3.2%	26.2%
2023	72.9%	3.4%	23.7%
2024	46.4%	1.2%	52.4%
	Based on Labor Hours		
	Based on Operating Sales		
Allocates:	Internal Services Expense		
	General Admin Labor		
	Internal Services Capital		

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Extraordinary Maintenance Budget – by Year

EXTRAORDINARY MAINTENANCE		2023	2024	2025	2026	2027	2028	2024-2028
		Projected	Budget	Budget	Budget	Budget	Budget	Budget
RW-M-2	Clean Sediment Settling Ponds	\$ 209,167	\$ 155,000	\$ 165,000	\$ 165,000	\$ 175,000	\$ 175,000	\$ 835,000
RW-M-6	Douglas Rd Vault Power & SCADA Upgrades	163	130,000	-	-	-	-	130,000
RW-M-7	D Station Reliability Upgrades	-	-	250,000	-	-	-	250,000
RW-M-10	Intake / High Head Pump Re-build (Annual Maint Pro	5,600	125,000	125,000	125,000	125,000	125,000	625,000
RW-M-13	Demolish BP Intake	162	125,000	-	-	-	-	125,000
E-M-1	Transmission Line Vegetation Management	51,567	25,000	25,000	25,000	25,000	25,000	125,000
E-M-3	Substation Maintenance	170,000	225,000	225,000	225,000	225,000	225,000	1,125,000
E-M-4	Aerial inspection of line and substations	107,931	40,000	40,000	40,000	40,000	120,000	280,000
	Smaller Extraordinary Maintenance	21,600	45,000	-	-	-	-	45,000
	Sub-Total (M) Maintenance Projects	\$ 566,189	\$ 870,000	\$ 830,000	\$ 580,000	\$ 590,000	\$ 670,000	\$ 3,540,000

Debt

	Bond	Issue Amt	Outstanding	Rate	Purpose
\$29m	2012	\$ 5,980,000	\$ 410,000	2.70%	Refunded 2004 bonds, telecom, work on substation, intake, SCADA
	2013	\$ 6,025,000	\$ 3,345,000	2.66%	Finish Plant 2 remodel
	2016	\$ 1,457,628	\$ 583,050	2.09%	Refunded 2007 bonds, Grandview line extension (LUD)
\$83m	EDI	\$ 800,000	\$ 652,477	1.00%	Connection between Industrial Water and Grandview Fire
	2021	\$ 14,800,000	\$ 11,560,000	1.45%	Refunded 2010B, Refinery and Ferndale Substations
	2025	\$ 13,000,000			Water Treatment Plant 1 Rebuild
	2027	\$ 70,500,000			Water Treatment Plant 1 Rebuild
	TOTAL	\$ 112,562,628	\$ 16,550,527		

Section 4

\$ 393,708,670

Per RCW 54.24.018, Current non-voted Debt Capacity (.75% of assessed)

Reserves

		Projected 2024				Current	Change
		Industrial Water	Grandview	Electric	Total		
Operating	60 days Operating Expenses (excludes Extraordinary maintenance, Power Pass thru, Grants, Business Develop)	\$ 1,034,000	\$ 54,000	\$ 337,000	\$ 1,425,000	\$ 1,171,600	\$ 253,400
Capital	1.5% of Capital Assets	\$ 747,000	\$ 55,000	\$ 309,000	\$ 1,111,000	\$ 962,800	\$ 148,200
Emergency	Emergency	\$ 214,000	\$ 17,000	\$ 129,000	\$ 360,000	\$ 355,000	\$ 5,000
Additional	Retirement Cash-outs	\$ 61,500	\$ 2,500	\$ 23,500	\$ 87,500	\$ 87,500	\$ -
	Invoice float			\$ 100,000	\$ 100,000	\$ 200,000	\$ (100,000)
	Customer Reduction	\$ 200,000			\$ 200,000	\$ 200,000	\$ -
					\$ 3,283,500	\$ 2,976,900	\$ 306,600

- Insurance Deductible \$250.00
- Rough estimate: Replace 3 electric transmission structures: \$70,000
- Rough estimate: Line break in Industrial Water: \$350,000

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Strategic Plan Action Items

	BUDGET TOTAL	FUNDING SOURCE		BUDGET TOTAL	FUNDING SOURCE
CS <i>CUSTOMER SERVICE: Maintain a high level degree of customer service to the local industries that rely on PUD power and water.</i>			CL <i>CLEAN INDUSTRY: Advance 'clean' industry in Whatcom County</i>		
Employee Enrichment	\$ 2,000	A			
WR <i>WATER RESOURCES: Continue the PUD's support and assistance in regional efforts to protect and manage local water resources.</i>			WA <i>WATER ASSOCIATION SUPPORT: Re-affirm the PUD's commitment to provide technical support to water associations.</i>		
Adjudication	\$ 550,000	A	Water Systems Service/Tech Support	\$ 16,000	A
Water Habitat Restoration (NSEA)	\$ 20,000	A	Feasibility Studies for two small water associations	\$ 65,000	B
Watershed Management Support (Peterson)	\$ 10,000	A	Working with Whatcom County on Water Association	\$ 2,000	A
Whatcom County Comp Plan	\$ 20,000	A	Water System Consolidation	\$ 10,000	B
			Aldegrove Consolidation	\$ 10,000	B
RE <i>CLEAN AND RENEWABLE ENERGY: Define the PUD's role in advancing clean and renewable, local energy.</i>			CO <i>COMMUNITY OUTREACH: Refresh the PUD's community, governmental, industry, and internal facing identity</i>		
Geothermal	\$ 25,000	A	Social Media	\$ 5,000	A
Geothermal	\$ 75,000	B	Public Records Requests	\$ 2,000	A
WS <i>WATER SUPPLY: Undertake a pilot project with Ecology funding and other partners, to demonstrate the feasibility of providing water supply to those in need.</i>			CA <i>COMMUNITY IMPACT ANALYSIS: Determine the economic impact of the PUD on the Whatcom economy.</i>		
BB <i>BROADBAND: Advance the community wide strategy in making broadband available to underserved areas of Whatcom county</i>			AM <i>ASSET MANAGEMENT: Build asset management culture to ensure sustainable replacement of key physical assets and personnel succession plan.</i>		
Broadband Technician and Expenses	\$ 201,600	A	Cybersecurity	\$ 62,643	B
Pt Roberts Fiber project	\$ 2,596,000	B			
A - PUD RATE REVENUE	\$ 853,600		B - GRANTS	\$ 2,818,643	

Preliminary Rates

- Large Capital projects
- Share of telecom costs
- Adjudication

INDUSTRIAL WATER

Retail Unit Costs	2023	2024 Draft	% Change
Cherry Point			
Fixed Capital Charge	\$10,488.13	\$11,000.00	4.9%
Fixed Operating Charge	\$17,124.57	\$21,000.00	22.6%
Fixed Fire Charge	\$1,124.78	\$1,200.00	6.7%
Fixed Potable Charge	\$75.00	\$90.75	21.0%
Cherry Point Consumption Rate (mg)	\$435.03	\$513.32	18.0%
Irrigation (separate increase)			
Fixed Charge	\$633.57	\$665.25	5.0%
Consumption Charge (mg)	\$1,431.02	\$1,502.57	5.0%
Temporary (separate increase)			
Fixed Charge	\$300.00	\$315.00	5.0%
Consumption Charge (mg)	\$3,150.00	\$3,307.50	5.0%
Projected Sales	\$ 10,365,039	\$ 11,806,372	13.9%

GRANDVIEW

Retail Unit Costs (Monthly)	2023	2024 Draft	% Change
Fixed Potable Meter per ME	\$78.00	\$110.00	41.0%
Fixed Fire Charge	\$156.00	\$205.00	31.4%
Potable Usage Charge (cdf)	\$14.33	\$22.04	53.8%
Nonpotable Usage Charge (cdf)	\$9.00	\$15.00	66.7%
Projected Sales	\$ 248,066	\$ 337,370	36.0%

- Loss of large customer
- Potential land purchase
- Admin Labor allocation

ELECTRIC

Sale	2023	2024	% Change
Pass-Thru Charges	\$ 7,524,044	\$ 8,301,898	10.3%
General Service	2,358,936	2,490,756	5.6%
Projected Sales	9,882,980	10,792,654	9.2%

- No large CWIP projects currently
- Increase mainly on water side

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What's Next

November 7th @ 10:00 am - Industrial Water customer meeting

November 8th @ 10:00 am - Grandview customer meeting

November 28st – Second presentation and public hearing

December 12th - Final 2024 budget and rates approved

Action Memo

To: Commissioners Arnett, Deshmane, and Grant
From: Kurt Wank – Director of Utility Operations
Date: November 14, 2023
Re: **Approve Professional Services Agreement with IVOXY Consulting**

Requested Action: APPROVE PROFESSIONAL CONSULTING SERVICES AGREEMENT WITH IVOXY CONSULTING FOR IT SUPPORT SERVICES, AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE AGREEMENT.

Background: Whatcom PUD previously executed a Professional Consulting Services Agreement (“PSA”) with IVOXY Consulting (“IVOXY”) on April 29, 2022. The PSA will expire on its own terms December 31, 2023.

As a public entity providing utility services, Whatcom PUD, like other public entities, may be subject to many types of cybersecurity attacks or efforts to hack into its digital systems, both administrative and utility systems related. The PUD has and will continue to seek and retain qualified consultants to assist staff in securing those systems. By necessity, this will be a continuous ongoing effort.

As technologies evolve, the PUD strives to incorporate those evolving technologies into its IT systems at a rate appropriate for the industry. IVOXY works with many public utilities and has vast expertise in the proper implementation of a wide range of IT solutions. As such, they are able to provide IT Support services for many technologies the PUD uses, as well as others it is pursuing.

Under the Agreement, the Consultant’s general scope of services will include the performance of tasks focused on maintaining and improving the cybersecurity, IT infrastructure, and cloud solutions associated with Whatcom PUD’s systems related to its electric and water operations and administrative services.

Whatcom PUD has received approval for two projects through the State and Local Cybersecurity Grant Program (SLCGP). It is anticipated that if the Agreement with IVOXY is approved, then the specific scope of services for the first work order will be for IVOXY to perform work related to the implementation of the first of those projects.

If approved, the term of the new PSA would extend through December 31, 2025.

Fiscal Impact: Whatcom PUD’s planned 2024 Annual Budget includes sufficient funds to cover work to be performed by IVOXY Consulting under the Agreement during this calendar year.

Recommended Action: APPROVE PROFESSIONAL CONSULTING SERVICES AGREEMENT WITH IVOXY CONSULTING FOR IT SUPPORT SERVICES, AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE AGREEMENT.

**STANDARD AGREEMENT
FOR PROFESSIONAL CONSULTING SERVICES**

THIS AGREEMENT (“Agreement”) is made and entered into this ____ day of November 2023 by and between the **PUBLIC UTILITY DISTRICT NO. 1 of WHATCOM COUNTY**, 1705 Trigg Road Ferndale, WA 98248, hereinafter called the "Whatcom PUD" and IVOXY Consulting, having an address of 11335 NE 122nd Way, Suite 105; Kirkland, WA 98034, hereinafter called "Consultant," for a project generally described as:

Consultant’s general scope of services will include the performance of tasks focused on maintaining and improving the cybersecurity, IT infrastructure, and cloud solutions associated with Whatcom PUD’s systems related to its electric and water operations and administrative services.

WHEREAS, Whatcom PUD wishes to obtain technical consulting services related to IT security, cloud solutions, and IT infrastructure for its electric and water utilities and administrative services; and

WHEREAS, Consultant has expertise in providing such services and desires to perform such services for the Whatcom PUD; and

WHEREAS, the selection of the consultants, including the Consultant herein, were made after the completion of a process that complied with all provisions of Federal, State, and local laws concerning selection of professional services.

NOW, THEREFORE, for and in consideration of the promises and the mutual covenants set forth herein, the parties agree as follows:

1. **Scope of Services.** The specific assignments for the Consultant will be identified from time to time by Whatcom PUD. The Consultant will prepare and submit to Whatcom PUD a proposed Work Order which shall include the proposed scope of services and fee estimate for the proposed assignment. If acceptable, Whatcom PUD will execute the Work Order for the specific assignment. The scope of Work Orders is hereinafter referred to as “Work”. Services of the Consultant shall conform with the standard of care applicable to professionals providing similar such services in the State of Washington. All Work Orders must be approved in writing and approved in advance by the Commission and/or General Manager of Whatcom PUD. The terms and conditions of this Agreement shall apply in all Work Orders approved by the Whatcom PUD, unless a Work Order contains terms and conditions different than those provided herein. Any Work Order and this Agreement shall be interpreted to give full meaning to all provisions. In the event that any provision of this Agreement is in conflict with any provision of an approved Work Order, the more specific shall control, and if a conflict still exists, then the Work Order shall control the specific conflicting provision

2. **Term.** The term of this Agreement shall commence on execution of this Agreement until all tasks associated with the scope of services herein, as may be amended, have been

completed by Consultant or **December 31, 2025**, whichever is sooner, unless terminated earlier as provided herein.

3. **Termination.** Whatcom PUD reserves the right to terminate this Agreement at any time by sending written notice of termination to the Consultant. The notice shall specify a termination date at least fourteen (14) calendar days after the date the notice is issued. The notice shall be effective upon the earlier of either actual receipt by the Consultant (whether by fax, mail, delivery or other method reasonably calculated to be received by the Consultant in a reasonably prompt manner) or three (3) calendar days after issuance of the notice. Upon the notice date, the Consultant shall immediately commence to end the Work in a reasonable and orderly manner. Unless terminated for the Consultant's material breach, the Consultant shall be paid or reimbursed for: (a) all hours worked and eligible expenses incurred up to the notice date, less all payments previously made; and (b) those hours worked and eligible expenses incurred after the notice date, but prior to the termination date, that were reasonably necessary to terminate the Work in an orderly manner. The notice shall be sent by the United States Mail to the Consultant's address provided herein, postage prepaid, certified or registered mail, return receipt requested, or by hand delivery. In addition, the notice may also be sent by any other method reasonably believed to provide the Consultant actual notice in a timely manner, such as fax. Whatcom PUD does not by this Section waive, release or forego any legal remedy for any violation, breach or non-performance of any of the provision of this Agreement. At its sole option, Whatcom PUD may deduct from the final payment due the Consultant (a) any damages, expenses or costs arising out of any such violations, breaches, or non-performance and (b) any other back charges or credits.

4. **Compensation and Payment.** Whatcom PUD shall pay the Consultant only for completed Work and for services actually rendered which are described in each Work Order. Such payment shall be full compensation for Work performed or services rendered, including, but not limited to, all labor, materials, supplies, equipment and incidentals necessary to complete the Work. The Consultant shall obtain the prior written approval of Whatcom PUD for any charges for additional services by the Consultant, the additional services of others retained by the Consultant, or the furnishing of additional supplies, materials or equipment. The Consultant shall not be entitled to compensation for any such additional charges incurred in violation of this paragraph.

4.1 The Consultant shall submit monthly statements, including project budget status and a narrative progress description of services rendered in a form and in such detail as requested by Whatcom PUD. Whatcom PUD shall make prompt monthly payments for work completed to the Whatcom PUD's satisfaction and billed before the first day of the month. Whatcom PUD shall review and consider for approval all bills submitted one week prior to a regularly scheduled meeting of Whatcom PUD Commissioners. After approval of the Consultant's statement of bill, Whatcom PUD shall forward the approval to the County Treasurer for payment in the normal course of events. In no event shall Whatcom PUD be charged interest on payments due under this Agreement. Whatcom PUD shall not be obligated to pay for services deemed unsatisfactory.

5. **Compliance with Laws.** All Federal, State and local laws applicable in the rendering of the services by the Consultant shall be complied with in all respects by the Consultant, as shall all rules and regulations of Whatcom PUD and any other governmental agency. The Consultant shall register, as required by RCW 23B.15.010, to do business in the State of Washington and provide proof of the same to Whatcom PUD.

6. **Project Management.** Whatcom PUD's designated representative may at any time issue written directions within the general scope of this Agreement. If any such direction causes an increase or decrease in the cost of this Agreement or otherwise affects any other provision of this Agreement, the Consultant shall immediately notify the designated representative in writing and take no further action concerning those written directions until such time as the parties have executed a written change order. No additional work shall be performed or charges incurred unless and until Whatcom PUD approves in writing the change order and the increased cost thereof. Any work done in violation of this paragraph shall be at the sole expense of the Consultant.

7. **Recordation of Documents Affecting Title.** Prior to the execution or recordation of any documents affecting title to any property, the said document shall be reviewed by Whatcom PUD. Whatcom PUD shall be responsible for all costs associated with such review.

8. **Conflict of Interest.** Consultant covenants that it presently has no interest and shall not acquire an interest, directly or indirectly, which would conflict in any manner or degree with its performance under this Agreement. Consultant further covenants that in the performance of this Agreement, no person having such interest shall be employed by it or any of its subcontractors.

9. **Insurance.** Consultant shall procure and maintain during the term of this Agreement the following insurance:

a. Comprehensive general liability policy covering all claims for personal injury (including death) and/or property damage arising out of Consultant's services. The limits of liability shall be not less than One Million Dollars (\$1,000,000) for each occurrence and in the aggregate unless Whatcom PUD approves in writing a lesser limit.

b. Automobile Liability Insurance covering all owned and non-owned automobiles or vehicles used by or on behalf of Consultant. The limits of liability shall be not less than One Million Dollars (\$1,000,000) for each occurrence and in the aggregate unless Whatcom PUD approves in writing a lesser limit.

c. Workers Compensation Insurance as required by law.

9.1 The foregoing insurance policies shall name Whatcom PUD as an additional insured. Consultant shall provide two (2) certificates of insurance and, if requested, copies of any policy to Whatcom PUD. Receipt of such certificate or policy by Whatcom PUD does not constitute approval by Whatcom PUD of the terms of such policy. Furthermore, the policy of insurance required herein shall: (i) be written as a primary policy; (ii) expressly provide that such insurance may not be materially changed, amended or canceled with respect to Whatcom PUD

except upon forty-five (45) days prior written notice from the insurance company to Whatcom PUD; (iii) contain an express waiver of any right of subrogation by the insurance company against Whatcom PUD and Whatcom PUD's elected officials, employees, or agents; (iv) expressly provide that the insurance proceeds of any loss will be payable notwithstanding any act or negligence of Consultant which might otherwise result in a forfeiture of said insurance; and (v) in regard to physical property damage coverage, expressly provide that all proceeds shall be paid jointly to Whatcom PUD and Consultant.

9.2 If Consultant fails to procure and maintain the insurance described above, Whatcom PUD shall have the right, but not the obligation, to procure and maintain substitute insurance and to pay the premiums. Consultant shall pay to Whatcom PUD upon demand the full amount paid by Whatcom PUD, or Whatcom PUD may offset such premiums against amounts to be paid to Consultant.

10. Indemnification. Consultant shall indemnify and hold Whatcom PUD harmless from and against all costs and losses, and all claims, demands, suits, actions, payments and judgments, arising from personal injury or otherwise, brought or recovered against Whatcom PUD by reason of any negligent act or omission of Consultant, its directors, officers, agents or employees in the performance and execution of the Services hereunder, including any and all expenses, legal or otherwise, incurred by Whatcom PUD or its representatives in the defense of any claim or suit.

11. Confidentiality. Any reports, documents, questionnaires, records, information or data given to or prepared or assembled under this Agreement which Whatcom PUD requests to be kept confidential shall not be made available by the Consultant to any individual or organization without prior written approval of Whatcom PUD, except as may be ordered by a court of competent jurisdiction. The provisions of this section shall survive the expiration or earlier termination of this Agreement. No reports, records, questionnaires, software programs provided by Whatcom PUD or other documents produced in whole or in part by the Consultant under this contract shall be the subject of an application for copyright by or on behalf of the Consultant.

12. Property of District. All Plans, Reports, Documents, Photographs, Drawings, and Specifications that are generated by the Consultant for Whatcom PUD under this contract are and shall remain the property of Whatcom PUD whether the Project for which they are made is executed or not. The Consultant assumes no liability for any use of the Drawings and Specifications other than that originally intended for this Project. The Consultant shall retain originals during the performance of the Services and reproducible copies shall be provided as requested by Whatcom PUD. Upon completion of the work, the originals of all Plans, Drawings and Specifications shall be delivered to Whatcom PUD.

13. Electronic Transmission. All electronically transmitted output must be compatible with existing District software and must be accompanied by at least one (1) copy of written reports. Consultant shall check with Whatcom PUD for software application and system compatibility.

14. Contamination. For the purpose of this clause, contamination conditions shall mean the actual or alleged existence, discharge, release or escape of any irritant, pollutant,

contaminant, or hazardous substance into or upon the atmosphere, land, groundwater, or surface water of or near the property. Consultant will promptly notify Whatcom PUD of contamination conditions, if identified.

15. **No Employment Relation Created.** Consultant is an independent contractor, who will provide services to Whatcom PUD. The Parties are not “partners” and this Agreement does not create a partnership, joint venture relationship or an employer-employee relationship. The relationship between Whatcom PUD and the Consultant is not and shall not be construed to be an employment relationship under any circumstance, and shall be construed only to be an independent contractor relationship with Whatcom PUD.

16. **Industrial Insurance Act Defense Waiver.** The Consultant expressly waives any claim of defense against Whatcom PUD as may be provided by the Industrial Insurance Act, RCW 51.04.010 *et seq.* for any claim asserted by any person (or relative or estate thereof) for injury or death sustained during the course of the Contract work.

17. **Subconsultants.** Consultant shall notify Whatcom PUD in writing of all subconsultants hired or utilized by Consultant. At the time of project completion, the Consultant agrees to certify to Whatcom PUD that all subconsultants have been paid in full. Consultant shall be solely responsible for the performance of any sub-consultant. All such subconsultants shall possess all licenses and insurance as required by the laws of the State of Washington.

18. **Discrimination.** In connection with the performance of this Agreement, the Consultant shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age, marital status, or being handicapped, a disadvantaged person, or a disabled or Vietnam era veteran. The Consultant shall take affirmative action to ensure that the employees are treated during employment without regard to, their race, color, religion, sex, national origin, age, marital status, or being handicapped, or disadvantaged person, or disabled or Vietnam era veteran.

19. **Understanding of Agreement.** Each party acknowledges that such party has read this Agreement and understands its contents, that such party has had the opportunity to have this Agreement reviewed by an attorney of such party’s choice, and that such party either has consulted with an attorney or voluntarily has chosen not to consult with an attorney before signing this Agreement.

20. **Litigation/Arbitration.** In the event either party herein finds it necessary to bring an action against the other party to enforce any of the terms, covenants or conditions hereof or any instrument executed pursuant to this Agreement by reason of any breach or default hereunder or thereunder, the party prevailing in any such action or proceeding shall be paid all costs and attorneys’ fees incurred by the other party, and in the event any judgment is secured by such prevailing party all such costs and attorneys’ fees of collection shall be included in any such judgment. In the event of any dispute arising between the parties to this Agreement, any such dispute shall be submitted to binding arbitration as provided herein. The parties shall select an independent and unbiased arbitrator who is not affiliated directly or indirectly with either party within ten (10) days after any party demands arbitration. If the parties fail to select or cannot agree upon an arbitrator within this time, then they shall make application to the Superior Court of Whatcom County, pursuant to RCW 7.04 *et seq.*, for an order appointing an arbitrator. Such

application may be made at any time after the ten (10) day period has expired. Upon application to the court for an arbitrator, the Court shall select an arbitrator who shall render his/her decision no later than sixty (60) days after his/her appointment. If the arbitrator requests a hearing prior to rendering his/her decision, such hearing shall be held in Whatcom County, Washington within thirty (30) days of the arbitrator's appointment. The arbitrator's decision shall be binding on both parties. Each party shall bear its own expenses associated with the arbitration but shall share equally the costs of the arbitrator. RCW Chapter 7.04 and Rules 5.2 through 5.4 of the Mandatory Arbitration Rules for Superior Court ("MAR") shall govern the arbitration. In the event of any inconsistencies between the Binding Arbitration Clause, RCW Chapter 7.04, and MAR 5.2 through 5.4, the terms of the Binding Arbitration Clause shall take precedence over RCW Chapter 7.04 and MAR 5.2 through 5.4; and RCW Chapter 7.04 shall take precedence over MAR 5.2 through 5.

21. **Notices.** All notices, demands, requests, consents and approvals which may or are required to be given by any party to any other party hereunder shall be in writing and shall be deemed to have been duly given if delivered personally, sent by facsimile, sent by a nationally recognized overnight delivery service, or if mailed or deposited in the United States mail and sent by registered or certified mail, return receipt requested, postage prepaid to:

District: Chris Heimgartner, General Manager
Public Utility District No. 1 of Whatcom County
P.O. Box 2308
1705 Trigg Road
Ferndale, WA 98248

Consultant: Brandon Snyder
IVOXY Consulting
Kirkland Corporate Center
11335 NE 122nd Way, Suite 105
Kirkland, WA 98034

or to such other address as the foregoing parties hereto may from time-to-time designate in writing and deliver in a like manner. All notices shall be deemed complete upon actual receipt or refusal to accept delivery. Facsimile transmission of any signed original document and retransmission of any signed facsimile transmission shall be the same as delivery of an original document.

22. **Amendment.** No modification, termination or amendment of this Agreement may be made except by written agreement signed by all parties, except as provided herein.

23. **Waiver.** No failure by any of the foregoing parties to insist upon the strict performance of any covenant, duty, agreement, or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or any other covenant, agreement, term or condition. Any party hereto, by notice and only by notice as provided herein, may, but shall be under no obligation to, waive any of its rights or any conditions to its obligations hereunder, or any duty, obligation or covenant of any other party hereto. No waiver shall affect or alter this Agreement, and each and every covenant, agreement,

term and condition of this Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

24. **Captions.** The captions of this Agreement are for convenience and reference only and in no way define, limit, or describe the scope or intent of this Agreement.

25. **Severability.** In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

26. **Counterparts.** This Agreement may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

27. **Neutral Authorship.** Each of the provisions of this Agreement has been reviewed and negotiated and represents the combined work product of all parties hereto. No presumption or other rules of construction which would interpret the provisions of this Agreement in favor of or against the party preparing the same shall be applicable in connection with the construction or interpretation of any of the provisions of this Agreement.

28. **Governing Law.** This Agreement and the right of the parties hereto shall be governed by and construed in accordance with the laws of the State of Washington.

29. **Time of Performance.** Time is specifically declared to be of the essence of this Agreement and of all acts required to be done and performed by the parties hereto.

30. **Entire Agreement.** The entire agreement between the parties hereto is contained in this Agreement and the exhibits hereto, and this Agreement supersedes all of their previous understandings and agreements, written and oral, with respect to this transaction. This Agreement may be amended only by written instrument executed by the parties subsequent to the date hereof. The Consultant specifically understands that no District employees other than the project manager or his/her supervisors are authorized to direct the work of the Consultant and/or amend this Agreement.

IN WITNESS WHEREOF, the parties hereto execute this Agreement.

DISTRICT:

PUBLIC UTILITY DISTRICT NO. 1 OF WHATCOM COUNTY

By: _____
Title: General Manager

Date signed: _____

CONSULTANT:

IVOXY CONSULTING

By: _____
Title: _____
Firm's EIN: _____

Date signed: _____

Action Memo

To: Commissioners Arnett, Deshmane and Grant
From: Chris Heimgartner, General Manager
Date: November 14, 2023
Re: **Approve Amendment No. 2 to Professional Services Agreement – Geneva Consulting**

Requested Action:

APPROVE AMENDMENT NO. 2 TO PROFESSIONAL SERVICES AGREEMENT WITH GENEVA CONSULTING TO PROVIDE TECHNICAL SERVICES FOR THE DISTRICT REGARDING WHATCOM COUNTY WRIA 1 WATER SUPPLY PLANNING PROJECTS, AND AUTHORIZE THE GENERAL MANAGER TO SIGN THE AGREEMENT.

Background:

The Commission approved the Agreement with Becky Peterson/Geneva Consulting on December 13, 2018 to provide technical services for the District regarding Whatcom County WRIA 1 water supply planning projects. The initial term of the Agreement expired on December 31, 2020. The Commission approved Amendment No. 1 on December 15, 2020 to extend the term of the Professional Services Agreement to December 31, 2023.

The District continues to require technical services for Whatcom County WRIA 1 water supply planning projects and District staff would like the term of the Agreement to be extended.

District staff recommends approval of Amendment No. 2, which would extend the term of the Agreement through December 31, 2027.

Work will be performed under individual task orders as needed and approved by the District Commission or the General Manager.

Fiscal Impact:

Amendment No. 2 has no fiscal impact to the District. Task orders associated with the Agreement will have specific budgets.

Recommended Action:

APPROVE AMENDMENT NO. 2 TO PROFESSIONAL SERVICES AGREEMENT WITH GENEVA CONSULTING TO PROVIDE TECHNICAL SERVICES FOR THE DISTRICT REGARDING WHATCOM COUNTY WRIA 1 WATER SUPPLY PLANNING PROJECTS, AND AUTHORIZE THE GENERAL MANAGER TO SIGN THE AGREEMENT.

**AMMENDMENT NO. 2
TO
STANDARD AGREEMENT
FOR
PROFESSIONAL CONSULTING SERVICES**

This Amendment No. 2 dated _____, 2023 is between the **PUBLIC UTILITY DISTRICT NO. 1 of WHATCOM COUNTY**, 1705 Trigg Road Ferndale, WA 98248, hereinafter called the "Whatcom PUD," and **BECKY PETERSON, GENEVA CONSULTING**, hereinafter called the "Consultant" having an address of 1020 Austin Street, Bellingham, WA 98226, and amends the parties' Agreement for Professional Consulting Services for the Public Utility District of Whatcom County dated December 13, 2018("Agreement").

Whatcom PUD and Consultant agree to amend and modify their Agreement as follows:

2. Time of Beginning and Completion of Performance. The term of this Agreement shall commence as of the date of the execution of the Agreement and shall extend until December 31, 2027, unless terminated earlier, as provided elsewhere in the Agreement.

IN WITNESS THEREOF, Whatcom PUD and the Consultant have executed this Amendment No. 2 as of the date first above written.

PUBLIC UTILITY DISTRICT NO. 1
OF WHATCOM COUNTY

CONSULTANT

By _____

By _____

Chris Heimgartner
General Manager

Becky Peterson

Date: _____

Date: _____