

**PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY
327 N WENATCHEE AVENUE
WENATCHEE WA 98801**

REGULAR COMMISSION MEETING

MAY 13, 2019

STUDY SESSION

10:00 AM

1. Pledge of Allegiance and Safety Minute – Darrin Nelson
2. Approval of the Agenda
Any item on the Consent Agenda shall be subject to transfer to the Regular Agenda upon request of any Commission member
3. Quarterly Energy Resources Update
4. District Proposed Land Exchange with City of Entiat
5. Fire Risk Liability Update
6. Diamond Foundry Contract Review
7. Stemilt Contract Review
8. Quarterly Major Projects, Contracts and Projects Revisions Update
9. District-Wide Strategic Planning Survey

BUSINESS SESSION

1:00 PM

10. Energy Imbalance Market Update

Consent Agenda

11. Minutes of the April 29, 2019 Regular Meeting
12. Vouchers: Accounts Payable Summary Report dated May 8, 2019:

- a. Vouchers totaling \$12,973,628.47;
 - b. Approval of Customer Deposit Returns and Conservation Incentive payments for the period April 24, 2019 through May 7, 2019 in the amount of \$17,912.51;
 - c. Approval of the net Payroll, Warrant Nos. 236491 through 236510 and Advice Nos. 672782 through 673575 for the pay period ending 04/28/2019 in the amount of \$2,080,565.09;
 - d. Approval of Warrant Nos. 25599 through 25630 totaling \$5,687.59 for claim payments from the workers' compensation self-insurance fund for the period ending May 6, 2019.
13. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1, 2, 3, 4, 5, 6 AND 7 AND AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 17-53 WITH HALME BUILDERS, INC. OF DAVENPORT, WASHINGTON FOR THE ROCK ISLAND STORAGE BUILDING

Regular Agenda

14. A RESOLUTION REJECTING ALL BIDS AND DECLARING THAT NO BIDS WERE RECEIVED FOR ANDREW YORK – ANDERSON CANYON #3 115KV GOODWIN BRIDGE RELOCATION – SUPPLY OF STEEL STRUCTURES (BID NO. 19-16) AND AUTHORIZING THE ANDREW YORK – ANDERSON CANYON #3 115KV GOODWIN BRIDGE RELOCATION – SUPPLY OF STEEL STRUCTURES BE OBTAINED BY NEGOTIATION
15. A RESOLUTION AUTHORIZING AMENDMENT NO. 3 TO TASK AUTHORIZATION SERVICES AGREEMENT (SA-TA NO. 16-056) WITH HDR ENGINEERING, INC. OF NEBRASKA TO PROVIDE PROFESSIONAL ENGINEERING SERVICES RELATED TO TRANSMISSION AND DISTRIBUTION ENGINEERING SUPPORT
16. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO AGREEMENTS GOVERNING THE CONSTRUCTION OF A CUSTOMER-BUILT SUBSTATION; LEASING A PARCEL OF LAND NECESSARY FOR CONSTRUCTION OF THE SUBSTATION; AND ACQUIRING BY LEASE A NEIGHBORING PARCEL OF LAND IN EXCHANGE
17. Manager Items
18. Commission Items
19. Commissioner Travel
20. Follow-up on Delegation of Action Items from Previous Board Meeting
21. Delegation of Action Items

REGULAR COMMISSION MEETING AGENDA

May 13, 2019

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22. Additional Public Comment

Members of the public are encouraged to ask specific questions after each item presented. This agenda item is for additional comments/questions related to matters not on the agenda.

23. Matters of general business as may necessarily come before the Commission

24. Executive Session: To discuss with legal counsel agency enforcement actions, litigation, potential litigation to which the District or its board is, or is likely to become, a party, and/or legal risks, as authorized by RCW 42.30.110(1)(i)

This agenda and resolutions (if any) may be revised by the Commission as appropriate.

RESOLUTION NO. _____

A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1, 2, 3, 4, 5, 6 AND 7 AND AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 17-53 WITH HALME BUILDERS, INC. OF DAVENPORT, WASHINGTON FOR THE ROCK ISLAND STORAGE BUILDING

FACTUAL BACKGROUND AND REASONS FOR ACTION

Public Utility District No. 1 of Chelan County (District) adopted Resolution No. 17-14208 on December 4, 2017 which authorized the District to enter into a contract (Bid No. 17-53) with Halme Builders, Inc. (Contractor) of Davenport, Washington for the Rock Island Storage Building, in the amount of \$3,425,000.

The District Commission by Resolution No. 17-14215 delegated limited authority to the General Manager and the staff to execute field work orders under certain circumstances.

The work in Field Work Order Nos. 1, 2, 3, 4, 5, 6 and 7 consists of conditions and work not anticipated or included in the original contract but within the scope of the contract. The District's staff has executed Field Work Order Nos. 1, 2, 3, 4, 5, 6 and 7, which are on file in the offices of the District and summarized as follows:

Field Work Order No.	Amount
1. Change Building Location Outside of the Original Building Perimeter	\$41,532.48
2. Revise Slab Design	-\$65,000.00
3. Change Building Location Second Time, Delete Utilities Outside of the Building Perimeter	\$10,588.56
4. Roof Ladder Deletion and Schedule Extension	-\$17,500.00
5. Fire Sprinkler Revision and Security Camera Conduit	\$5,560.80
6. Contract Reconciliation and Door Equipment Revisions	-\$54,000.00
7. Install Bollards and Relocate Roof Drain Overflow	\$1,885.38
Total	-\$76,932.78

Field Work Order Nos. 1, 2, 3, 4, 5, 6 and 7 result in a net decrease in the amount of \$76,932.78 for a new revised total contract price of \$3,348,067.22 (excluding sales tax), which the District's Engineers recommend be ratified. Resolution No 17-14215 provides that this type of field work order shall be presented to the Commission for approval as part of the final acceptance resolution.

District staff has determined that the completion of all contract work occurred on April 18, 2019.

The General Manager of the District concurs with staff's recommendations that the District accept the work performed by the Contractor and ratify Field Work Order Nos. 1, 2, 3, 4, 5, 6 and 7.

ACTION

IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON, as follows:

Section 1. Field Work Order Nos. 1, 2, 3, 4, 5, 6 and 7 to Bid No. 17-53 with Halme Builders, Inc. for the work specified above, which will result in a net decrease in the purchase price in the amount of \$76,932.78, for a total revised contract price of \$3,348,067.22, plus Washington State sales tax, are hereby ratified.

Section 2. All the contract work required under Bid No. 17-53 was completed on April 18, 2019 and the same is hereby accepted.

DATED this 13th day of May, 2019.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION REJECTING ALL BIDS AND DECLARING THAT NO BIDS WERE RECEIVED FOR ANDREW YORK – ANDERSON CANYON #3 115KV GOODWIN BRIDGE RELOCATION – SUPPLY OF STEEL STRUCTURES (BID NO. 19-16) AND AUTHORIZING THE ANDREW YORK – ANDERSON CANYON #3 115KV GOODWIN BRIDGE RELOCATION – SUPPLY OF STEEL STRUCTURES BE OBTAINED BY NEGOTIATION

FACTUAL BACKGROUND AND REASONS FOR ACTION

The Commission, by Resolution No. 17-14215, delegated authority to the General Manager to advertise, award and execute contracts when the total contract price is \$3,000,000 or less.

District staff prepared bidding documents for Andrew York – Anderson Canyon #3 115kV Goodwin Bridge Relocation – Supply of Steel Structures. This bid was required to purchase steel transmission and distribution structures to relocate a section of the Anderson Canyon # 3 line, which will be in conflict with the future Goodwin Bridge. The project owner, Chelan County, is scheduled to begin work on the demolition of the existing bridge in the summer of 2020. The District is scheduled to start the Anderson Canyon # 3 line relocation in the spring of 2020.

Sealed proposals were invited and published in accordance with RCW 54.04.070 and said bids were opened on April 29, 2019 at 2:30 p.m. Pacific Time in the offices of the District.

Two bids were received pursuant to that invitation for Bid 19-16. Both Bid proposals exceeded the engineer's estimate by more than fifteen percent and bidders provided material changes to the terms and conditions of the bid. In accordance with RCW 54.04.080, no contract may be let for more than fifteen percent in excess of the engineer's estimated cost of the materials or work. District staff is also of the opinion that the bids received were non-responsive and should be rejected.

Resolution No. 17-14215 requires that the rejection of bids must come before the Commission for action when staff is recommending an action other than rebidding.

Pursuant to RCW 54.04.080, the District may procure the work on the open market and negotiate a contract rather than re-advertising if no bids are received. District staff recommends that, due to time constraints and project requirements, the Andrew York – Anderson Canyon #3 115kV Goodwin Bridge Relocation – Supply of Steel Structures be procured by negotiation, rather than re-advertising for bids.

The General Manager of the District has reviewed District staff's recommendation and concurs in the same.

ACTION

IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY as follows:

Section 1. The bids received to furnish Andrew York – Anderson Canyon #3 115kV Goodwin Bridge Relocation – Supply of Steel Structures (Bid No. 19-16) are rejected. District staff is authorized to obtain Andrew York – Anderson Canyon #3 115kV Goodwin Bridge Relocation – Supply of Steel Structures by negotiation and the General Manager (or his designee) is authorized to execute a contract for the same with acceptable terms and conditions.

DATED this 13th day of May 2019.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AMENDMENT
NO. 3 TO TASK AUTHORIZATION SERVICES
AGREEMENT (SA-TA NO. 16-056) WITH HDR
ENGINEERING, INC. OF NEBRASKA TO PROVIDE
PROFESSIONAL ENGINEERING SERVICES
RELATED TO TRANSMISSION AND
DISTRIBUTION ENGINEERING SUPPORT

FACTUAL BACKGROUND AND REASONS FOR ACTION

Resolution No. 16-14056 dated July 5, 2016 authorized a Task Authorization Services Agreement (SA-TA No. 16-056) with HDR Engineering, Inc. to provide transmission and distribution engineering support for the general transmission and distribution systems, in an amount not to exceed \$430,000. The not-to-exceed amount was increased by Resolution No. 18-14248 to \$830,000.

District staff has identified the need for additional engineering support services for future projects such fire hardening, new substation connections, engineering support services, etc. Resolution No. 17-14215 requires that the Commission, by resolution, authorize Service Agreements and Amendments when the total contract price exceeds \$500,000.

District staff recommends that it is in the best interest of the District to extend the SA-TA No. 16-056 with HDR Engineering, Inc. to December 31, 2022, and increase the not-to-exceed amount by \$800,000, for a total revised contract price not to exceed \$1,630,000.

The General Manager has reviewed District staff's recommendation and concurs in the same.

ACTION

IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY
DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON as follows:

Section 1. The General Manager is hereby authorized to execute an Amendment to Task Authorization Services Agreement (SA-TA No. 16-056) with HDR Engineering, Inc. to provide the additional services identified above. The revised contract price will not exceed \$1,630,000 without prior Commission approval. A copy of the Amendment is on file in the offices of the District.

DATED this 13th day of May 2019.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO AGREEMENTS GOVERNING THE CONSTRUCTION OF A CUSTOMER-BUILT SUBSTATION; LEASING A PARCEL OF LAND NECESSARY FOR CONSTRUCTION OF THE SUBSTATION; AND ACQUIRING BY LEASE A NEIGHBORING PARCEL OF LAND IN EXCHANGE

FACTUAL BACKGROUND AND REASONS FOR ACTION

Diamond Foundry Inc. (the “Diamond Foundry”), a tenant of Stemilt Growers, LLC (“Stemilt”), has applied for electric service from Public Utility District No. 1 of Chelan County (the “District”) at a location near the District’s Hawley Street facility. The Diamond Foundry’s requested demand is higher than the District’s existing distribution facilities in the area can support. Stemilt has proposed building a substation that would have sufficient capacity for the Diamond Foundry.

Stemilt proposes a double banked substation with two 28 MW transformers which, for reliability reasons, will share a maximum available capacity of 28 MW. Stemilt would be responsible for design and construction of the substation, including permitting and procurement. The District would review the design and engineering work for major elements and at major milestones to ensure the substation is acceptable. The District would perform final testing and energization, and if the substation is acceptable, Stemilt would transfer the substation to the District to own and operate.

In exchange for building the substation, the District would reserve the substation capacity for the use of Stemilt and its tenants. The Diamond Foundry would be allocated 19 MW, with the remaining 9 MW allocated to Stemilt and available for any of Stemilt’s future tenants who take service at that location. Transmission impacts have been studied to 20 MW. Service above 20 MW will require additional transmission studies and potentially additional transmission infrastructure.

Originally, Stemilt proposed building the substation on its Miller Street property. After considering several factors, including the City of Wenatchee’s future development plans, it was determined that the District’s Hawley Street property would be the best location for the substation. The District would need to lease a portion of that property to Stemilt so that Stemilt may obtain the necessary permits and construct the substation. The District would also need to relocate material and equipment that is currently stationed on that property. Stemilt has offered to lease a portion of its Miller Street property to the District, which the District could use to store the relocated material and equipment. These cross-leases—the District’s lease to Stemilt and Stemilt’s lease to the District—would have concurrent terms and would provide mutual consideration for one another.

The District is authorized under RCW 54.16.020 and RCW 54.16.040 to lease land, and purchase structures, and other property rights and privileges, within and without its limits, necessary for the purpose of furnishing the District and its inhabitants and any other persons, including public and private corporations, with electric service.

The terms and conditions for the construction of the substation, including provisions for coordination, cost responsibility, and potential acceptance by and transfer of ownership to the District, are set forth in the Substation Design, Construction, and Capacity Reservation Agreement. The terms and conditions for the cross-leases are set forth in the Lease Agreements. In addition, District staff and Stemilt are developing an agreement to coordinate the District's review of the design and engineering work related to major elements and major milestones and to accomplish final testing and energization in an effort to ensure that the substation is acceptable to the District upon completion.

District staff recommends that the District enter into the Substation Design, Construction, and Capacity Reservation Agreement and the Lease Agreements, or agreements that are substantially similar in form and substance, with Stemilt, and that the Board of Commissioners authorize the General Manager to execute the agreements and additional related agreements necessary to carry out the construction of the substation. The General Manager has reviewed staff's recommendation and concurs in the same.

ACTION

IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON, as follows:

Section 1. The General Manager is authorized to execute the following agreements, or agreements that are substantially similar in form and substance, with copies of the agreements to be on file in the offices of the District:

- Substation Design, Construction, and Capacity Reservation Agreement with Stemilt Growers, LLC
- Lease Agreement for a portion of the District's Hawley Street property with Stemilt Growers, LLC
- Lease Agreement for a portion of Stemilt Growers, LLC's Miller Street property with Stemilt Growers, LLC

Section 2. The General Manager or his designee is authorized to enter into additional agreements, execute additional documents and take such further steps as may be necessary or required to complete the District's obligations and effectuate construction of the substation consistent with this resolution and the agreements hereby authorized.

DATED this 13th day of May 2019.

ATTEST:

_____	President
_____	Secretary
_____	Commissioner

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