

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

**REGULAR COMMISSION MEETING**

**JUNE 25, 2018**

**AGENDA**

**STUDY SESSION**

**10:00 A.M.**

1. Pledge of Allegiance and Safety Minute – Thad Hunt
2. Approval of the Agenda - Any item on the Regular Agenda shall be subject to transfer to the Consent Agenda upon request of any Commission member
3. CPO Winner Recognition
4. Lower Reach One Trail
5. 2018 – 2019 Insurance Program Renewal
  - a. Proposed Motion: To authorize expenditures by the District not to exceed \$2,245,000 plus surplus lines taxes and fees, for the purchase of District insurance for July 1, 2018-2019 policies upon terms and conditions approved by the General Manager
6. Manager Items

**BUSINESS SESSION**

**1:00 P.M.**

**Consent Agenda**

7. Minutes of the June 4, 2018 Regular Meeting and June 5, 2018 Tri-Commission Meeting
8. Vouchers: Accounts Payable Summary Report dated June 20, 2018:
  - a. Vouchers totaling \$8,542,593.08;
  - b. Approval of Customer Deposit Returns and Conservation Incentive payments for the period May 30, 2018 through June 19, 2018 in the amount of \$30,736.37;

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- c. Approval of the net Payrolls, Warrant Nos. 235994 through 236015 and Advice Nos. 654132 through 654914 for the pay period ending 05/27/2018 in the amount of \$2,046,869.81;
- d. Approval of the net Payrolls, Warrant Nos. 236016 through 236037 and Advice Nos. 654915 through 655707 for the pay period ending 06/10/2018 in the amount of \$2,079,128.67; and
- e. Approval of Warrant Nos. 24516 through 24571 totaling \$14,587.59 for claim payments from the workers' compensation self-insurance fund for the period ending June 18, 2018.

### **Regular Agenda**

9. A RESOLUTION SELECTING AND AUTHORIZING IMPLEMENTATION OF THE 2018 AND 2019 PUBLIC POWER BENEFIT PROGRAM OPTIONS
10. A RESOLUTION AUTHORIZING AMENDMENT NO. 4 TO SERVICES AGREEMENT (SA NO. 16-060) WITH CLEARRESULT CONSULTING INC. TO PROVIDE ENERGY EFFICIENCY SERVICES
11. A RESOLUTION AUTHORIZING AMENDMENT NO. 2 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
12. A RESOLUTION AUTHORIZING AMENDMENT NO. 5 TO SERVICES AGREEMENT (SA-TA NO. 10-230) WITH ERGONARE, INC. TO PROVIDE MAXIMO SOFTWARE CONSULTING AND SUPPORT
13. A RESOLUTION AUTHORIZING AMENDMENT NO. 2 FOR ADDITIONAL FUNDS TO SERVICES AGREEMENT (SA NO. 17-002) WITH SAPERE CONSULTING, INC. OF WALLA WALLA, WA FOR MANAGEMENT CONSULTING SERVICES
14. Commission Items
15. Follow-up on Delegation of Action Items from Previous Board Meeting
16. Delegation of Action Items
17. Additional Public Comment\*
18. Matters of general business as may necessarily come before the Commission

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19. 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), to consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price, as authorized by RCW 42.30.110(1)(b), and to consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause the likelihood of decreased price, as authorized by RCW 42.30.110(1)(c).

\* 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.

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

## RESOLUTION NO. \_\_\_\_\_

A RESOLUTION SELECTING AND AUTHORIZING  
IMPLEMENTATION OF THE 2018 AND 2019 PUBLIC POWER  
BENEFIT PROGRAM OPTIONS**FACTUAL BACKGROUND AND REASONS FOR ACTION**

Chelan County PUD's "Public Power Benefit Program" was established in 2015 by the Board of Commissioners to provide a formal, consistent approach and criteria for distribution of public power benefits intended to further enhance the quality of life in Chelan County. The program supports the District's guiding principle "to deliver the best value, for the most people, for the longest period of time." The projects must be consistent with Chelan PUD's existing authority as codified in RCW Title 54, not violate the anti-gifting provisions of the Washington State Constitution, provide direct benefit to PUD customer-owners and support the long-term sustainability of the District.

Pursuant to its adopted Governance Policies, the Board is responsible for identifying and defining the strategic direction of the District. The General Manager is responsible for implementing that plan and reporting to the Board the District's progress in its implementation.

At the public Board meeting on May 14, 2018, the Board received a recommendation from staff to fund the Public Power Benefits for 2019 between \$3 million and \$4 million. In addition to the funding amount, the Board received an update on active projects already funded by Public Power Benefits. Potential projects for funding in years 2018 and 2019 were also introduced at this meeting.

At the following public Board meeting on June 4, 2018, staff requested the Board's guidance in determining 2019's funding level and initial selection of projects for inclusion in the 2019 Budget. One additional project was selected for 2018 program funding. Three initial projects were selected for 2019 program funding. These selections are detailed in Exhibit A. It is also recognized that some of the project work selected for 2018 funding will result in work being completed in 2019.

Accordingly, a budget revision is needed to allocate existing funds in the 2018 adopted budget to the selected public power benefit action in the amount of \$900,000 for a capital project (included in Exhibit B attached). In fall 2018, the Board will consider allocating the remainder of 2019 funding depending on study results.

An additional \$4 million is noted for the 2019 program, of which \$2,450,000 is allocated for the initially selected options with the remaining funding pending study results. These selections will be included in the 2019 budget.

**ACTION**

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

Section 1. The Board of Commissioners selects one additional Public Power Benefit program option for 2018 and selects three initial options for 2019 as detailed in Exhibits A and B.

Section 2. The Commission hereby establishes the amount of \$4 million for the 2019 Public Power Benefit Program to be included in the 2019 Budget with an initial amount of \$2,450,000 allocated to the options detailed in Exhibit A.

Section 3. The Commission hereby approves the 2018 budget revision to allocate a portion of the existing 2018 public power benefit budget for the selected action in the amount of \$900,000 for a capital project as detailed in Exhibit B.

DATED this 25th day of June 2018.

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

Seal

## **Exhibit A**

### **Public Power Benefit – Additional 2018 Funded Projects**

- **Rocky Reach Museum Story (\$900,000)**

### **Public Power Benefit – 2019 Funded Projects**

- **Fiber expansion program (\$2.3 million)**
- **Rocky Reach Museum Story (\$100,000)**
- **Continued State Parks parking pass (\$50,000)**

**Exhibit B**  
**2018**  
**CAPITAL PROJECT BUDGET REVISION**



**Total Project Revision**

| Project ID | Project Title | Fund | Dept | Total Project Budget |             |         |
|------------|---------------|------|------|----------------------|-------------|---------|
|            |               |      |      | Current              | incr (decr) | Revised |
|            | 2018 PPB Fund | -    |      | 900,000              | (900,000)   | -       |
|            | -             | -    |      | -                    |             | -       |
|            | -             | -    |      | -                    |             | -       |
|            | -             | -    |      | -                    |             | -       |
|            | -             | -    |      | -                    |             | -       |
|            | -             | -    |      | -                    |             | -       |

**New Project**

|             | Project Title   | Tot Budget |
|-------------|-----------------|------------|
| New Project | RR Museum Story | 900,000    |

**Current Year Budget changes (optional)**

| Project ID | Project Title | Fund |  | Current Year Budget |             |         |
|------------|---------------|------|--|---------------------|-------------|---------|
|            |               |      |  | Current             | incr (decr) | Revised |
|            | -             | -    |  | -                   |             | -       |
|            | -             | -    |  | -                   |             | -       |
|            | -             | -    |  | -                   |             | -       |
|            | -             | -    |  | -                   |             | -       |
|            | -             | -    |  | -                   |             | -       |
|            | -             | -    |  | -                   |             | -       |

| SYSTEM | Current Year System Budget |                  |         |
|--------|----------------------------|------------------|---------|
|        | Current                    | Tot CY chg above | Revised |
| -      | -                          | -                | -       |

**Narrative (attach additional pages if necessary):**

Allocation of 2018 PPB fund to the RR Museum Story project.

**APPROVALS:**

\_\_\_\_\_  
 Director

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Business Advisor

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Managing Director (New or total increases greater than \$50k)

\_\_\_\_\_  
 Date

**Approval through Resolution**

\_\_\_\_\_  
 General Manager (New or total increases greater than \$150k)

\_\_\_\_\_  
 Date

Note: Board approval required for new or total increases greater than \$500k.

\_\_\_\_\_  
 Budget Entry

\_\_\_\_\_  
 Date

## RESOLUTION NO. \_\_\_\_\_

A RESOLUTION AUTHORIZING AMENDMENT  
NO. 4 TO SERVICES AGREEMENT (SA NO. 16-060)  
WITH CLEARRESULT CONSULTING INC. TO  
PROVIDE ENERGY EFFICIENCY SERVICES

**FACTUAL BACKGROUND AND REASONS FOR ACTION**

The District entered into a Services Agreement (SA No. 16-060) on July 5, 2016, with CLEARresult Consulting Inc., to provide Energy Efficiency Services in an amount not to exceed \$195,000.

On August 7, 2017, Resolution No. 17-14158 authorized an amendment to the Services Agreement which revised the not-to-exceed amount to \$445,000.

The services provided by CLEARresult Consulting, Inc. have been satisfactory and cost effective in meeting District compliance requirements under the Energy Independence Act. District staff desire to add funds to existing Task Authorizations to continue the energy efficiency services provided. District staff also foresees the need to execute additional TAs with CLEARresult Consulting, Inc. for future energy efficiency services.

Resolution No. 17-14215 requires that the Commission, by resolution, authorize Amendments to Service Agreements when the Amendment increases the total contract price to over \$500,000.

District staff recommends that it is in the best interest of the District to amend Services Agreement No. 16-060 with CLEARresult Consulting Inc., to increase the not-to-exceed amount by \$330,000, for a total revised contract price not to exceed \$775,000.

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 Services Agreement (SA-TA No. 16-060) with CLEARresult Consulting Inc., to provide the additional services identified above. The revised contract price will not exceed \$775,000 without prior Commission approval. A copy of the Amendment is on file in the offices of the District.



DATED this 25th day of June 2018.

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

Seal

## RESOLUTION NO. \_\_\_\_\_

A RESOLUTION AUTHORIZING AMENDMENT  
 NO. 2 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.

District staff has identified the need for additional services for future projects such as line relocations, engineering support services, feasibility studies, 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 Task Authorization Services Agreement No. 16-056 with HDR Engineering, Inc. to June 30, 2021 in the amount of \$400,000, for a total revised contract price not to exceed \$830,000.

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 \$830,000 without prior Commission approval. A copy of the Amendment is on file in the offices of the District.

DATED this 25th day of June 2018.

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Commissioner

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Commissioner

Seal

## RESOLUTION NO. \_\_\_\_\_

A RESOLUTION AUTHORIZING AMENDMENT  
NO. 5 TO SERVICES AGREEMENT (SA-TA NO. 10-  
230) WITH ERGONARE, INC. TO PROVIDE  
MAXIMO SOFTWARE CONSULTING AND  
SUPPORT

## FACTUAL BACKGROUND AND REASONS FOR ACTION

The District entered into a Services Agreement-Task Authorization (SA-TA) No. 10-230 on December 21, 2010 with Ergonare, Inc. to provide Maximo software consulting and support in an amount not to exceed \$150,000. The SA-TA was amended on October 19, 2012 to increase the not-to-exceed amount to \$185,000. Resolution No. 13-13818 dated October 21, 2013 authorized Amendment No. 2 to the agreement to increase the not-to exceed-amount to \$340,000 for additional services to assist in accommodating the District's Maximo Version 7.5 upgrade. Resolution No. 15-13972 dated July 20, 2015 authorized Amendment No. 4 to the agreement to increase the not-to-exceed amount to \$490,000 for additional services to assist in accommodating the District's Maximo Version 7.5 upgrade.

Maximo serves as the asset, maintenance, work and inventory management computer system used by all operating areas of the District. The system is vital to District operations. The Maximo system has benefited the District by optimizing maintenance activities, and creating the tangible benefits of improved planning, scheduling, overtime reduction, asset life, rework reduction, and sound maintenance business decisions. Maximo is utilized as the core software application for implementing the District's Strategic Asset Management Plan, and it will be vital to have Ergonare available to supplement internal resources on that implementation.

The District has retained Julio Hernandez of Ergonare, Inc. as consultant for the Maximo Enterprise Asset Management System since 2001. Mr. Hernandez has been instrumental in the implementation, support, and utilization of Maximo. District staff has determined that there is an ongoing requirement for services for technical troubleshooting, consulting on asset and work management, configuration of integrations, installation of software patches, and project quality assurance. Ergonare, Inc.'s experience with the District results in it being uniquely qualified to provide quality and cost effective services.

District staff desires to continue services in supporting, maintaining and enhancing the District's Maximo Enterprise Asset Management Software, which will cause the total contract price to increase to \$840,000. Resolution No. 17-14215 requires that the Commission, by resolution, authorize Service Agreements and Amendments when the total agreement price exceeds \$500,000.

District staff recommends that it is in the best interest of the District to amend Services Agreement-Task Authorization No. 10-230 with Ergonare, Inc. to provide continuing Maximo software consulting and support in the amount of \$350,000, for a revised contract price not to exceed \$840,000.

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 Services Agreement-Task Authorization (SA-TA) No. 10-230 with Ergonare, Inc. to provide the additional services identified above for an additional \$350,000. The revised contract price will not exceed \$840,000 without prior Commission approval. A copy of the Amendment is on file in the offices of the District.

Section 2 The Commission hereby authorizes the General Manager or his/her authorized delegee, to amend the Service Agreement-Task Authorization (SA-TA) No. 10-230 subject to the delegation Resolution No. 17-14215.

DATED this 25<sup>th</sup> day of June 2018.

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Commissioner

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Commissioner

Seal

## RESOLUTION NO. \_\_\_\_\_

A RESOLUTION AUTHORIZING AMENDMENT NO. 2  
FOR ADDITIONAL FUNDS TO SERVICES  
AGREEMENT (SA NO. 17-002) WITH SAPERE  
CONSULTING, INC. OF WALLA WALLA, WA FOR  
MANAGEMENT CONSULTING SERVICES

FACTUAL BACKGROUND AND REASONS FOR ACTION

Resolution No. 17-14109 dated January 18, 2017 authorized a Services Agreement (PSA No. 17-002) with Sapere Consulting, Inc. (Sapere) to provide Management Consulting Services, in an amount not to exceed \$1,190,000 over a three year agreement term. Resolution No. 17-14211 dated December 18, 2017 amended Services Agreement No. 17-002, increasing the not-to-exceed amount by \$1,360,000 for a total revised contract price not to exceed \$2,550,000.

District staff has identified the need for additional services to support implementation and project closeout of the Independent Operations project and to support further development of the Rocky Reach turbine-generator computer model associated with the Hydro Research Public Power Benefit project. Resolution No. 17-14215 requires that the Commission, by resolution, authorize Service Agreements and Amendments when the total contract price exceeds \$200,000.

District staff recommends that it is in the best interest of the District to amend Services Agreement No. 17-002 with Sapere to add an additional \$950,000 to provide management and technical services, for a total revised contract price not to exceed \$3,500,000

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, as follows:

Section 1. The General Manager of the District is hereby authorized to execute Amendment 2 to Services Agreement (SA No. 17-002) with Sapere Consulting, Inc. to provide an additional \$950,000 to the services identified above. The revised contract price will not exceed \$3,500,000 without prior Commission approval. A copy of the Amendment is on file in the offices of the District.

DATED this 25TH day of JUNE 2018.

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Commissioner

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Commissioner

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