

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

REGULAR COMMISSION MEETING

SEPTEMBER 4, 2018

STUDY SESSION

10:00 AM

1. Pledge of Allegiance and Safety Minute – Janet Jaspers
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. Yakama Nation Agreement
4. Pole Attachment Rates
5. Municipality and County Outreach on Cryptocurrency
6. Discussion on Cryptocurrency Rates for Small Miners

BUSINESS SESSION

1:00 PM

Consent Agenda

7. Minutes of the August 20, 2018 Regular Meeting and August 20, 2018 Special Meeting
8. Vouchers: Accounts Payable Summary Report dated August 29, 2018:
 - a. Vouchers totaling \$14,903,660.69;
 - b. Approval of Customer Deposit Returns and Conservation Incentive payments for the period August 15, 2018 through August 28, 2018 in the amount of \$39,902.14;
 - c. Approval of the net Payrolls, Warrant Nos. 236123 through 236143 and Advice Nos. 658927 through 659713 for the pay period ending 08/19/2018 in the amount of \$2,026,858.15; and

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- d. Approval of Warrant Nos. 24769 through 24789 totaling \$15,710.17 for claim payments from the workers' compensation self-insurance fund for the period ending August 27, 2018.
9. A RESOLUTION RATIFYING FIELD WORK ORDER NO. 1, 2, 3 AND 4, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER CONTRACT NO. 15-75 WITH AMERICAN EQUIPMENT, INC. OF SALT LAKE CITY, UTAH AND AUTHORIZING PAYMENT OF RETAINAGE
10. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1, 2, AND 3, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 17-79 WITH CAPSTONE STRUCTURES, LLC OF QUINCY, WA AND AUTHORIZING PAYMENT OF RETAINAGE
11. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1 AND 2, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 18-21 WITH SMITH EXCAVATION, INC. OF CASHMERE, WA AND AUTHORIZING PAYMENT OF RETAINAGE
12. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1 AND 2, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 17-77 WITH APOLLO SHEET METAL, INC DBA APOLLO MECHANICAL CONTRACTORS OF KENNEWICK, WA AND AUTHORIZING PAYMENT OF RETAINAGE

Regular Agenda

13. Lessons Learned on Consent Agenda Resolutions
14. A RESOLUTION CLARIFYING THE GENERAL MANAGER'S AUTHORITY TO ENTER INTO FORWARD TRANSACTIONS FOR THE PURCHASE AND SALE OF ELECTRIC ENERGY AND CAPACITY WITH NON-TRADITIONAL MARKET PARTICIPANTS
15. Proposed motion to increase the capital project budget for the Peshastin Wastewater Treatment Facility Improvements from \$4,100,000 to \$4,860,000
16. Manager Items
17. Commission Items
18. Commissioner Travel
19. Follow-up on Delegation of Action Items from Previous Board Meeting
20. Delegation of Action Items
21. Additional Public Comment

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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.

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

23. 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 NO. 1, 2, 3 AND 4, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER CONTRACT NO. 15-75 WITH AMERICAN EQUIPMENT, INC. OF SALT LAKE CITY, UTAH AND AUTHORIZING PAYMENT OF RETAINAGE

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District Commission by Resolution No. 08-13325 delegated authority to the General Manager to advertise, award and execute contracts when the total contract price is \$3,000,000 or less. Authority was also granted to the General Manager and the staff to execute field work orders under certain circumstances.

On February 22, 2016, the District entered into a contract (Contract No. 15-75) with American Equipment, Inc. (Contractor) of Salt Lake City, Utah for the Hawley Street 20 Ton Bridge Crane, in the amount of \$180,045. This contract was authorized for negotiation under Resolution No. 15-13995.

The work in Field Work Order No. 1, 2, 3, and 4 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 No. 1, 2, 3, and 4, which are on file in the offices of the District and summarized as follows:

Field Work Order No.	Description	Total Amount
1	Performance and payment bond revision	\$0
2	Schedule changes/time extension	\$0
3	Schedule changes	\$0
4	Replace three conductor power buss	\$8,500

Field Work Order No. 1, 2, 3, and 4 results in a net increase in the contract price of \$8,500 for a new revised total price of \$188,545 (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 July 30, 2018. In accordance with the terms of the contract, retainage in an amount not exceeding 5% of the contract price has been withheld from the Contractor.

The General Manager of the District concurs with staff's recommendations that the District accept the work performed by the Contractor, ratify Field Work

Order No. 1, 2, 3, and 4 and authorize the payment of retainage due the Contractor, subject to the requirements of the contract and state law.

ACTION

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

Section 1. Field Work Order No. 1, 2, 3, and 4 to Contract No. 15-75 with American Equipment, Inc. for the work specified above, which will result in a net increase in the purchase price of \$8,500, for a total revised contract price of \$188,545, plus Washington State sales tax, is hereby ratified.

Section 2. All the contract work required under Contract No. 15-75 was completed on July 30, 2018 and the same is hereby accepted, subject to Section 3 hereof. Payment of retainage to the Contractor in the amount determined by the District's auditor to be due is authorized to be paid to the Contractor subject to Section 3 and Section 4 hereof, and subject to the provisions and limitations of Chapter 39.12 RCW (Prevailing Wages on Public Works) and 60.28 (Liens for Labor, Materials and Taxes on Public Works).

Section 3. This resolution shall not constitute an acceptance by the District of any work performed or goods supplied pursuant to the aforementioned contract, which are not in strict compliance with the contract terms and conditions.

Section 4. After the expiration of the forty-five (45) day period for giving the District notice of lien and after receipt of the Department of Revenue's certification of the Contractor's payment of taxes, the Employment Security Department's Certificate of Payment of Contributions, Penalties and Interest on Public works Contracts and the Department of Labor & Industries' Certificate of Release of the State's Lien on Public Works contracts and the District being satisfied that taxes certified as due or to become due are discharged and the filed claims of materialmen and laborers, if any, together with a sum sufficient to pay costs of foreclosing the liens and attorney's fees, have been paid, the District's General Manager is authorized and directed to withhold from the remaining retained amounts for claims the District may have against the Contractor, and the balance shall be paid to the Contractor. In the event said taxes, claims, expenses and fees have not been paid, the General Manager is authorized and directed to withhold an amount equal to unpaid taxes and unpaid claims, together with a sum sufficient to defray the costs and attorney fees incurred in foreclosing the lien of such claims, and the balance shall be paid to the Contractor.

DATED this 4th day of September 2018.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1, 2, AND 3, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 17-79 WITH CAPSTONE STRUCTURES, LLC OF QUINCY, WA AND AUTHORIZING PAYMENT OF RETAINAGE

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District 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. Authority was also granted to the General Manager and the staff to execute field work orders under certain circumstances.

On January 9, 2018, the District entered into a contract (Bid No. 17-79) with Capstone Structures, LLC of Quincy, WA for 2018 Water Meter Installations, in the amount of \$379,839.00. This contract was advertised for public bid and was awarded as required by RCW 54.04.070 and .080.

The work in Field Work Order Nos. 1, 2, and 3 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, and 3, which are on file in the offices of the District and summarized as follows:

Field Work Order No.	Amount
1. Change to scope and increase of Contract Price	\$2,495.61
2. Change to scope and increase in Contract Price	\$12,392.86
3. Change to scope and increase in Contract Price	\$846.91
Total	\$15,735.38

Field Work Order Nos. 1, 2, and 3 result in a net increase in the contract price of \$15,735.38 for a new revised total price of \$395,574.38 (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 August 20, 2018. In accordance with the terms of the contract, retainage in an amount not exceeding 5% of the contract price has been withheld from the Contractor.

The General Manager of the District concurs with staff's recommendations that the District accept the work performed by the Contractor, ratify Field Work Order Nos.

1 and 2 and authorize the payment of retainage due the Contractor, subject to the requirements of the contract and state law.

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, and 3 to Bid No. 18-21 with Capstone Structures, LLC for the work specified above, which will result in a net increase in the purchase price of \$15,735.38 for a total revised contract price of \$395,574.38, plus Washington State sales tax, is hereby ratified.

Section 2. All the contract work required under Bid No. 17-79 was completed on August 20, 2018 and the same is hereby accepted, subject to Section 3 hereof. Payment of retainage to the Contractor in the amount determined by the District's auditor to be due is authorized to be paid to the Contractor subject to Section 3 and Section 4 hereof, and subject to the provisions and limitations of Chapter 39.12 RCW (Prevailing Wages on Public Works) and 60.28 (Liens for Labor, Materials and Taxes on Public Works).

Section 3. This resolution shall not constitute an acceptance by the District of any work performed or goods supplied pursuant to the aforementioned contract, which are not in strict compliance with the contract terms and conditions.

Section 4. After the expiration of the forty-five (45) day period for giving the District notice of lien and after receipt of the Department of Revenue's certification of the Contractor's payment of taxes, the Employment Security Department's Certificate of Payment of Contributions, Penalties and Interest on Public works Contracts and the Department of Labor & Industries' Certificate of Release of the State's Lien on Public Works contracts and the District being satisfied that taxes certified as due or to become due are discharged and the filed claims of materialmen and laborers, if any, together with a sum sufficient to pay costs of foreclosing the liens and attorney's fees, have been paid, the District's General Manager is authorized and directed to withhold from the remaining retained amounts for claims the District may have against the Contractor, and the balance shall be paid to the Contractor. In the event said taxes, claims, expenses and fees have not been paid, the General Manager is authorized and directed to withhold an amount equal to unpaid taxes and unpaid claims, together with a sum sufficient to defray the costs and attorney fees incurred in foreclosing the lien of such claims, and the balance shall be paid to the Contractor.

DATED this 4TH day of SEPTEMBER 2018.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1 AND 2, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 18-21 WITH SMITH EXCAVATION, INC. OF CASHMERE, WA AND AUTHORIZING PAYMENT OF RETAINAGE

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District 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. Authority was also granted to the General Manager and the staff to execute field work orders under certain circumstances.

On May 7, 2018, the District entered into a contract (Bid No. 18-21) with Smith Excavation, Inc. of Cashmere, WA for E. Peters Street and Knowles Road Water Main Replacement, in the amount of \$349,895.00. This contract was advertised for public bid and was awarded as required by RCW 54.04.070 and .080.

The work in Field Work Order Nos. 1 and 2 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 and 2, which are on file in the offices of the District and summarized as follows:

Field Work Order No.	Amount
1. Change to scope and increase of Contract Price	\$3,263.45
2. Change to scope and decrease in Contract Price	-\$7,187.50
Total	-\$3,924.05

Field Work Order Nos. 1 and 2 result in a net decrease in the contract price of \$3,924.05 for a new revised total price of \$345,970.95 (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 August 10, 2018. In accordance with the terms of the contract, retainage in an amount not exceeding 5% of the contract price has been withheld from the Contractor.

The General Manager of the District concurs with staff's recommendations that the District accept the work performed by the Contractor, ratify Field Work Order Nos. 1 and 2 and authorize the payment of retainage due the Contractor, subject to the requirements of the contract and state law.

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 and 2 to Bid No. 18-21 with Smith Excavation, Inc. for the work specified above, which will result in a net decrease in the purchase price of \$3,924.05, for a total revised contract price of \$345,970.95, plus Washington State sales tax, is hereby ratified.

Section 2. All the contract work required under Bid No. 18-21 was completed on August 10, 2018 and the same is hereby accepted, subject to Section 3 hereof. Payment of retainage to the Contractor in the amount determined by the District's auditor to be due is authorized to be paid to the Contractor subject to Section 3 and Section 4 hereof, and subject to the provisions and limitations of Chapter 39.12 RCW (Prevailing Wages on Public Works) and 60.28 (Liens for Labor, Materials and Taxes on Public Works).

Section 3. This resolution shall not constitute an acceptance by the District of any work performed or goods supplied pursuant to the aforementioned contract, which are not in strict compliance with the contract terms and conditions.

Section 4. After the expiration of the forty-five (45) day period for giving the District notice of lien and after receipt of the Department of Revenue's certification of the Contractor's payment of taxes, the Employment Security Department's Certificate of Payment of Contributions, Penalties and Interest on Public works Contracts and the Department of Labor & Industries' Certificate of Release of the State's Lien on Public Works contracts and the District being satisfied that taxes certified as due or to become due are discharged and the filed claims of materialmen and laborers, if any, together with a sum sufficient to pay costs of foreclosing the liens and attorney's fees, have been paid, the District's General Manager is authorized and directed to withhold from the remaining retained amounts for claims the District may have against the Contractor, and the balance shall be paid to the Contractor. In the event said taxes, claims, expenses and fees have not been paid, the General Manager is authorized and directed to withhold an amount equal to unpaid taxes and unpaid claims, together with a sum sufficient to defray the costs and attorney fees incurred in foreclosing the lien of such claims, and the balance shall be paid to the Contractor.

DATED this 4TH day of SEPTEMBER 2018.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1 AND 2, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 17-77 WITH APOLLO SHEET METAL, INC DBA APOLLO MECHANICAL CONTRACTORS OF KENNEWICK, WA AND AUTHORIZING PAYMENT OF RETAINAGE

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District 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. Authority was also granted to the General Manager and the staff to execute field work orders under certain circumstances.

On February 9, 2018, the District entered into a contract (Bid No. 17-77) with Apollo Sheet Metal, Inc. dba Apollo Mechanical Contractors of Kennewick, WA for Rocky Reach Powerhouse – Septic Lines Upgrade, in the amount of \$390,138. This contract was advertised for public bid and was awarded as required by RCW 54.04.070 and .080.

The work in Field Work Order Nos. 1 and 2 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 and 2, which are on file in the offices of the District and summarized as follows:

Field Work Order No.	Amount
1. Change to scope and reduction of Contract Price	-\$41,089.00
2. Change to scope and increase in Contract Price	\$3,857.43
Total	-\$37,231.57

Field Work Order Nos. 1 and 2 result in a net decrease in the contract price of \$37,231.57 for a new revised total price of \$352,906.43 (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 August 10, 2018. In accordance with the terms of the contract, retainage in an amount not exceeding 5% of the contract price has been withheld from the Contractor.

The General Manager of the District concurs with staff's recommendations that the District accept the work performed by the Contractor, ratify Field Work Order Nos.

1 and 2 and authorize the payment of retainage due the Contractor, subject to the requirements of the contract and state law.

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 and 2 to Bid No. 17-77 with Apollo Sheet Metal, Inc. dba Apollo Mechanical Contractors for the work specified above, which will result in a net decrease in the purchase price of \$37,231.57, for a total revised contract price of \$352,906.43, plus Washington State sales tax, is hereby ratified.

Section 2. All the contract work required under Bid No. 17-77 was completed on August 10, 2018 and the same is hereby accepted, subject to Section 3 hereof. Payment of retainage to the Contractor in the amount determined by the District's auditor to be due is authorized to be paid to the Contractor subject to Section 3 and Section 4 hereof, and subject to the provisions and limitations of Chapter 39.12 RCW (Prevailing Wages on Public Works) and 60.28 (Liens for Labor, Materials and Taxes on Public Works).

Section 3. This resolution shall not constitute an acceptance by the District of any work performed or goods supplied pursuant to the aforementioned contract, which are not in strict compliance with the contract terms and conditions.

Section 4. After the expiration of the forty-five (45) day period for giving the District notice of lien and after receipt of the Department of Revenue's certification of the Contractor's payment of taxes, the Employment Security Department's Certificate of Payment of Contributions, Penalties and Interest on Public works Contracts and the Department of Labor & Industries' Certificate of Release of the State's Lien on Public Works contracts and the District being satisfied that taxes certified as due or to become due are discharged and the filed claims of materialmen and laborers, if any, together with a sum sufficient to pay costs of foreclosing the liens and attorney's fees, have been paid, the District's General Manager is authorized and directed to withhold from the remaining retained amounts for claims the District may have against the Contractor, and the balance shall be paid to the Contractor. In the event said taxes, claims, expenses and fees have not been paid, the General Manager is authorized and directed to withhold an amount equal to unpaid taxes and unpaid claims, together with a sum sufficient to defray the costs and attorney fees incurred in foreclosing the lien of such claims, and the balance shall be paid to the Contractor.

DATED this 4TH day of SEPTEMBER 2018.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION CLARIFYING THE GENERAL
MANAGER'S AUTHORITY TO ENTER INTO FORWARD
TRANSACTIONS FOR THE PURCHASE AND SALE OF
ELECTRIC ENERGY AND CAPACITY WITH NON-
TRADITIONAL MARKET PARTICIPANTS.

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District is authorized to purchase and sell electric energy and capacity pursuant to RCW 54.16.040 and other applicable laws. RCW 54.16.040 requires that a resolution authorizing such transactions must be introduced at a Commission meeting at least ten (10) days prior to the adoption of the resolution.

Existing Resolution No. 11-13687 authorizes the General Manager or his designee to enter into forward transactions and associated agreements for the purchase and sale of electric energy and capacity for a period of no more than five (5) years within defined criteria. Resolution No. 11-13687 states that the limitations and criteria contained in Section 5 of the Resolution do not apply to the sale or purchase of energy to or for District retail customers pursuant to the District's Rate Schedules. However, Resolution No. 11-13687 does not otherwise expressly state whether the Resolution applies to forward transactions and associated agreements with non-traditional market participants, including electricity end users and community choice aggregators.

District staff recommends that the Commission clarify that Resolution No. 11-13687 authorizes the General Manager or his designee to enter into forward transactions and associated agreements for the purchase and sale of electric energy and capacity with non-traditional market participants, including electricity end users and community choice aggregators. In the changing energy market, non-traditional participants are increasingly engaging in these types of transactions. Staff believes it is prudent and in the best interest of the District for the General Manager or his designee to have the flexibility to engage in these transactions. That flexibility will enable the District to capture opportunities in the changing market and maintain the District's prudent management and risk mitigation of the District's load and resources as well as to stabilize its revenues.

ACTION

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

Section 1. It is prudent and in the best interest of the District and its customers to effectively participate in the energy market and to engage in forward energy and capacity transactions with non-traditional market participants, including electricity end users and community choice aggregators, on a timely basis in order to prudently manage and

mitigate the risks associated with the District's load and resources and to stabilize revenues.

Section 2. It is in the best interests of the District for the Commission to delegate to the General Manager or his designee the authority to exercise the District's proprietary powers to enter into forward electric energy and capacity purchase and sale transactions and associated agreements with non-traditional market participants, including electricity end users and community choice aggregators, consistent with the criteria and limitations contained in Resolution No. 11-13687.

Section 3. The General Manager or his designee is hereby authorized to enter into transactions and associated agreements for the forward sale or purchase of energy and capacity with non-traditional market participants, including electricity end users and community choice aggregators, without further action or approval by the Commission provided that the criteria and limitations contained in Resolution No. 11-13687 are followed.

Dated this 4th day of September, 2018.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal