

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

REGULAR COMMISSION MEETING

December 18, 2017

AGENDA

STUDY SESSION

10:00 A.M.

1. Pledge of Allegiance and Safety Minute – Andrew Grassell
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. Pre-Legislative Update
4. Orondo River Park
5. Response to Increase in Applications for Service
6. Identity Theft Prevention Program Annual Update
7. Delegation of Authority Resolution Discussion

BUSINESS SESSION

1:00 P.M.

8. Chelan Planet Walk

Consent Agenda

9. Minutes:

December 4, 2017 Regular Meeting and the December 11, 2017 Special Meeting

10. Vouchers:

Accounts Payable Summary Report dated December 13, 2017:

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- a) Vouchers totaling \$8,376,410.22
- b) Approval of Customer Deposit Returns and Conservation Incentive payments for the period November 29, 2017 through December 12, 2017 in the amount of \$30,601.38.
- c) Approval of the net Payrolls, Warrant Nos. 235664 through 235687 and Advice Nos. 644377 through 645103 for the pay period ending 11/26/2017 in the amount of \$1,803,346.47; and
- d) Approval of Warrant Nos. 23942 through 23948 totaling \$5,436.36 for claim payments from the workers' compensation self-insurance fund for the period ending December 11, 2017.

Regular Agenda

11. A RESOLUTION DECLARING ALCATEL-LUCENT USA, INC. AS THE CONTINUING SOLE SOURCE OF CERTAIN FIBER TO THE PREMISES EQUIPMENT; WAIVING THE COMPETITIVE NEGOTIATION PROCESS ESTABLISHED BY RCW 39.04.270; APPROVING ADDITIONAL EXPENDITURES; AND AUTHORIZING THE DISTRICT TO EXTEND THE DISTRICT'S EXISTING CONTRACT FOR THE PURCHASE OF SAID EQUIPMENT AND SUPPORT SERVICES
12. A RESOLUTION AUTHORIZING AMENDMENT NO. 1 FOR ADDITIONAL FUNDS TO SERVICES AGREEMENT (SA NO. 17-002) WITH SAPERE CONSULTING, INC. OF WALLA WALLA, WA FOR MANAGEMENT CONSULTING SERVICES
13. A RESOLUTION AUTHORIZING AMENDMENT NO. 6 TO SERVICES AGREEMENT (SA NO. 13-058) WITH THYSSENKRUPP ELEVATOR CORPORATION TO PROVIDE MAINTENANCE OF THE DISTRICT'S ELEVATOR EQUIPMENT
14. A RESOLUTION AUTHORIZING AMENDMENT NO. 3 TO SERVICES AGREEMENT-TASK AUTHORIZATION (SA NO. 15-030) WITH NASH CONSULTING, INC. TO PROVIDE LEADERSHIP AND MANAGEMENT CONSULTING AND TRAINING SERVICES
15. A RESOLUTION AUTHORIZING AMENDMENT NO. 3 TO SERVICES AGREEMENT (SA NO. 15-173) WITH ORACLE AMERICA, INC. TO PROVIDE PROJECT AND CONSTRUCTION COLLABORATION SOFTWARE
16. A RESOLUTION RESTATING AND REVISING POLICIES AND DELEGATING AUTHORITY REGARDING PROCUREMENT AND CONTRACTING AND RESCINDING AND REPLACING RESOLUTION NO. 08-13325 AND OTHER INCONSISTENT RESOLUTIONS

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17. Manager Items

18. Commission Items

- Election of 2018 Board Officers

19. Follow-up on Delegation of Action Items from Previous Board Meeting

20. Delegation of Action Items

21. Additional Public Comment*

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), and to consider information regarding the infrastructure and security of computer and telecommunications networks, security and service recovery plans, security risk assessments and security test results to the extent that they identify specific system vulnerabilities pursuant to RCW 42.30.110(1)(a)(ii).

* 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 DECLARING ALCATEL-LUCENT USA, INC. AS THE CONTINUING SOLE SOURCE OF CERTAIN FIBER TO THE PREMISES EQUIPMENT; WAIVING THE COMPETITIVE NEGOTIATION PROCESS ESTABLISHED BY RCW 39.04.270; APPROVING ADDITIONAL EXPENDITURES; AND AUTHORIZING THE DISTRICT TO EXTEND THE DISTRICT'S EXISTING CONTRACT FOR THE PURCHASE OF SAID EQUIPMENT AND SUPPORT SERVICES

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District has been in the process of developing, designing, constructing and updating telecommunications facilities ("Facilities") as authorized by RCW 54.16. As part of the process of developing, designing, testing and implementing a design of its Facilities, the District determined the Facilities should be designed using standards-based Passive Optical Network (PON) technology and single strand optical fiber delivery.

Pursuant to Resolution No. 03-12454, the District waived the requirements of competitive negotiations as authorized by RCW 54.04.070 and RCW 39.04.280 and entered into sole source Contract No. 03-33 with Alcatel-Lucent USA, Inc. ("Alcatel") for the purchase of Optical Access Equipment and Services, including but not limited to, network terminating equipment manufactured by Alcatel that implemented a standards-based PON technology and single strand optical fiber delivery. Contract No. 03-33 ("Contract") was established between the District and Alcatel on December 3, 2003 for an amount not to exceed \$15,000,000 over four years with expenditures approved annually in the budget.

In 2007, Resolution No. 07-13228 continued the declaration of sole source and extended the Contract preserving the original terms and Amendments to that date, through December 31, 2011 with no change to the original \$15,000,000 authorization. In May of 2011, pursuant to Resolution No. 11-13649, additional funding in the amount of \$800,000 was authorized, along with continued sole source declaration, bringing the total to \$15,800,000. Later that year in 2011, the Board approved Resolution No. 11-13696 authorizing the District to extend the Contract for up to an additional two years, and added funding of \$3,000,000 for a revised amount of \$18,800,000. On December 16, 2013, the Board continued the declaration of sole source and authorized extension of the Contract with Alcatel on the same Contract terms, along with all Amendments for an additional five years and added funding of \$6,875,000 for a revised not-to-exceed amount of \$25,675,000. In 2014, the Board declared Alcatel as the sole source supplier of Optical Access Equipment using

standards based on PON technology and single strand fiber optic delivery and authorized an additional \$3,200,000 through Resolution No. 14-13879 for the upgrade of the BPON system bringing the total not-to-exceed amount to \$28,875,000 through December 31, 2018.

Since the passage of Resolution 14-3870, District staff have reviewed the budget and updated estimates for the Contract and estimate an additional \$9,120,000 will be required to expand, operate, and maintain the system through 2022, bringing the total not-to-exceed Contract amount to \$37,995,000. The additional Contract amount is made up of an estimated \$5,120,000 required to continue the Public Power Benefit Fiber Expansion project (including Optical Access Equipment) and to start on core system and other capital projects scheduled to begin in 2018, along with an estimated \$4,000,000 required to operate and maintain the system through 2022, (including Fiber to the Premises equipment, warranty and support services).

The Contract has been managed by amendments consisting of adding, modifying, and removing certain equipment in the Exhibit A, as well as adding, removing, and altering the level and scope of maintenance and support for Alcatel equipment, but all within the scope of the Contract through Amendments 1 through 39.

District staff has concluded that, with no other vendor manufacturing equipment interoperable with the existing Alcatel equipment, the only source of Fiber to the Premises Equipment using standards-based PON technology and single strand fiber optic delivery is that manufactured and sold by Alcatel.

District staff and Alcatel have negotiated an extension of the existing Contract for an additional five years for District purchase of the Fiber to the Premises Equipment at the lowest price Alcatel would offer the Equipment to any other person or entity purchasing similar quantities.

District staff recommends that it would be in the District's best interests to authorize up to an additional \$9,120,000 for a total not-to-exceed amount of \$37,995,000 to buy equipment, warranty, and ongoing support services for the fiber expansion and core system capital projects, and to designate Alcatel as the continuing sole source supplier for the Fiber to the Premises Equipment under Contract 03-33 through December 31, 2022. The expenditures in each year shall be approved in the annual budget. Staff also recommends that the bid requirements and alternative competitive negotiation requirements as authorized by RCW 54.04.070, RCW 39.04.280 and RCW 39.04.270, be waived.

The General Manager of the District concurs with staff's recommendations.

ACTION

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

Section 1. The Commission declares Alcatel-Lucent USA, Inc. to be the continuing sole source supplier for Fiber to the Premises Equipment, for the District’s telecommunications Facilities using standards-based PON technology and single strand fiber optics delivery.

Section 2. The Commission hereby waives the bid requirements and alternative competitive negotiation requirements as authorized by RCW 54.04.070, RCW 39.04.280 and RCW 39.04.270, are hereby waived due to the designation of Alcatel as the continuing sole source supplier for Fiber to the Premises Equipment.

Section 3. The Commission authorizes up to an additional \$9,120,000, for a total not-to-exceed amount of \$37,995,000 for Contract No. 03-33 with Alcatel-Lucent USA Inc. through 2022.

Section 4. The General Manager of the District or his designee is hereby authorized and directed to execute an extension of the existing Contract with Alcatel for the purchase of the Fiber to the Premises Equipment, warranty and support services in a total amount for Contract 03-33 not to exceed \$37,995,000. A copy of the Contract will be on file in the offices of the District.

DATED this 18th day of December 2017.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AMENDMENT
NO. 1 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.

District staff has identified the need for additional services including, but not limited to, management of the Independent Operations Project Execution Plan, Initiation of a Data Analytics Platform, and to continue support for District initiatives of climate adaptation, fisheries, licensing and hydro operations. Resolution No. 08-13325 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 provide management and technical services in the amount of \$1,360,000, for a total revised contract price not to exceed \$2,550,000.

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 (PSA No. 17-002) with Sapere Consulting, Inc to provide the additional services identified above. The revised contract price will not exceed \$2,550,000 without prior Commission approval. A copy of the Amendment is on file in the offices of the District.

DATED this 18th day of December, 2017.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AMENDMENT NO. 6 TO SERVICES AGREEMENT (SA NO. 13-058) WITH THYSSENKRUPP ELEVATOR CORPORATION TO PROVIDE MAINTENANCE OF THE DISTRICT'S ELEVATOR EQUIPMENT

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District entered into a Services Agreement (SA No. 13-058) on January 19, 2013 with ThyssenKrupp Elevator Corp. to provide maintenance only of the District's elevator equipment, in an amount not to exceed \$56,831.87. Amendments 1 through 5 added \$207,436.65 for a not-to-exceed dollar amount of \$264,268.52 which extended the Service Agreement through December 31, 2017.

District staff has identified the need for continuing services for maintaining the District's elevator equipment. Resolution No. 08-13325 requires that the Commission, by resolution, authorize Amendments to Service Agreements when the Amendment increases the total contract price to over \$200,000.

District staff recommends that it is in the best interest of the District to amend Services Agreement No. 13-058 with ThyssenKrupp Elevator Corp to extend for one additional year in the amount of \$72,862.22, for a total revised contract price not to exceed \$337,130.74.

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 No. 13-058) with ThyssenKrupp Elevator Corp. to provide the additional services identified above. The revised contract price will not exceed \$337,130.74 without prior Commission approval. A copy of the Amendment is on file in the offices of the District.

DATED this 18th day of December 2017.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AMENDMENT NO. 3 TO SERVICES AGREEMENT-TASK AUTHORIZATION (SA NO. 15-030) WITH NASH CONSULTING, INC. TO PROVIDE LEADERSHIP AND MANAGEMENT CONSULTING AND TRAINING SERVICES.

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District entered into a Services Agreement Task Authorization (SA-TA No. 15-030) on February 18, 2015 with Nash Consulting, Inc. to provide leadership and management consulting and training services, in an amount not to exceed \$48,000. Amendment 1 added \$100,000 to the Agreement. Amendment 2 added \$50,000 to the Agreement. The current amount of the Agreement is \$198,000.

District staff has identified the need for additional services for internal consulting and training. Resolution No. 08-13325 requires that the Commission, by resolution, authorize Amendments to Service Agreements when the Amendment increases the total contract price to over \$200,000.

District staff recommends that it is in the best interest of the District to amend Services Agreement No. 15-030 with Nash Consulting, Inc. to add funds in the amount of \$500,000, for a total revised contract price not to exceed \$698,000.

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. 15-030) with Nash Consulting, Inc. to provide the additional services identified above. The revised contract price will not exceed \$698,000 without prior Commission approval. A copy of the Amendment is on file in the offices of the District.

DATED this 18TH day of DECEMBER 2017.

 President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AMENDMENT
NO. 3 TO SERVICES AGREEMENT (SA NO. 15-173)
WITH ORACLE AMERICA, INC. TO PROVIDE
PROJECT AND CONSTRUCTION
COLLABORATION SOFTWARE

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District entered into a Services Agreement (SA No. 15-173) on November 19, 2015 with Oracle America, Inc. to provide project and construction collaboration software, in an amount not to exceed \$178,000. Amendment 1 was executed June 28, 2016 to increase the not-to-exceed amount to \$188,000.

Due to the increase in District contracts utilizing the Contractor's software, the District is required to pay an additional amount. Additional usage for 2017 has been invoiced in the amount of \$23,715.70. District staff has estimated usage for 2018 at approximately \$72,000. Resolution No. 08-13325 requires that the Commission, by resolution, authorize Amendments to Service Agreements when the Amendment increases the total contract price to over \$200,000.

District staff recommends that it is in the best interest of the District to amend Services Agreement No. 15-173 with Oracle America, Inc. in the amount of \$95,716, for a total revised contract price not to exceed \$283,716.

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 No. 15-173) with Oracle America, Inc. to provide the additional services identified above. The revised contract price will not exceed \$283,716 without prior Commission approval. A copy of the Amendment is on file in the offices of the District.

DATED this 18th day of December 2017.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION RESTATING AND REVISING POLICIES AND DELEGATING AUTHORITY REGARDING PROCUREMENT AND CONTRACTING AND RESCINDING AND REPLACING RESOLUTION NO. 08-13325 AND OTHER INCONSISTENT RESOLUTIONS

FACTUAL BACKGROUND, REASONS FOR ACTION AND PROPOSED POLICIES

The Commission has previously adopted and modified policies and procedures and has delegated authorities regarding procurement and contracting. The Commission has determined that the previously adopted policies and procedures require modifications and updating.

This resolution changes those delegated authorities as a result, in part, of a District procurement and contracting process improvement evaluation regarding ways to improve the contracting processes and other considerations. This resolution also restates and revises the applicable processes, guidelines and delegation of authority to the District's General Manager for ease of reference and clarity. The purpose of this resolution is to delegate necessary authority to the General Manager to take certain actions and require reporting to the Board to improve efficiency as well as to ensure transparency and accountability within the Board's governance structure.

(1) Purchase Requisition Approval

Approval of purchase requisitions within the District's purchasing modules requires appropriate processes and procedures. District staff has developed such processes. The approval paths are important for the efficient operation of the purchasing system to enable staff to implement appropriate purchases of materials and labor within budgeted sums. All purchases must comply with all laws and internal policy requirements. The approval process for purchase requisitions will be set forth in an Administrative Policy as adopted by the General Manager.

(2) Purchase Order Approval

Approval of purchase orders within the District's purchasing modules requires appropriate processes and procedures. District staff has developed such processes. The approval paths are important for the efficient operation of the purchasing system to enable staff to implement appropriate contract payments and purchases of materials and labor within budgeted sums. All purchases must comply with all laws and internal policy requirements. The approval process for purchase orders will be set forth in an Administrative Policy as adopted by the General Manager.

(3) Advertising, Awarding, Executing, Amending and Accepting Procurement and Contracting Documents and Other Agreements Policy (Attachment No. 1)

The District's Commission has authority to delegate its administrative powers and duties provided sufficient guidelines and procedures are established and followed.

Delegation of authority to District staff to advertise, award, execute, amend and accept agreements and contracts with third parties, including, but not limited to, procurement and contracting documents for the procurement of labor, materials, equipment, supplies, professional and other services, interlocal agreements and equipment/material leases, within specified dollar limits is in the best interest of the District and provides the flexibility needed to do business effectively and efficiently.

Further, the District on a regular basis has substantial ongoing projects which frequently require immediate revision and change due to unforeseen circumstances. There would be undue delay if every change in a contract required Commission approval before action could be taken. It is in the best interest of the District for the Commission to delegate to the District's staff the authority to modify ongoing contracts through the use of Amendments, Addenda, Field Work Orders/Change Orders and other written agreements.

Further, the District enters into many other agreements, including professional service agreements, service agreements, agreements resulting from requests for proposals pursuant to RCW 39.04, resulting task authorizations and interlocal agreements that require amendments to continue business in an efficient manner and account for changes in scope or requirements.

All of the foregoing described agreements and contracts as well as other, similar, related and/or resulting procurement and contract related documents are defined for purposes of this Resolution as "Procurement and Contracting Documents."

The guidelines and delegated authorities for District staff advertising, awarding, executing, amending and accepting Procurement and Contracting Documents are set forth in Attachment No. 1.

(4) Emergencies

The Commission believes that it is in the best interests of the District to continue to designate the General Manager or, in his absence, the designated Acting General Manager, as the official authorized to declare an emergency for the purpose of waiving bid law requirements as provided in RCW 54.04.070 and RCW 39.04.

(5) Purchases pursuant to RCW 54.04.082 (Alternative bid process).

RCW 54.04.082 allows for the purchase of any item, or items of the same kind of materials, equipment or supplies to be purchased up to the statutory maximum using the process provided in RCW 39.04.190 if authorized by the Commission. The Commission may also authorize waiver of the deposit or bid bond required under RCW 54.04.080 in securing the quotations under RCW 39.04.190. The Board has previously authorized the use of this procedure.

The Board, by this resolution, continues to approve District staff's utilization of the process provided for in RCW 54.04.082 and RCW 39.04.190 for purchases that are made when using the alternative bid process is in the best interests of the District as determined by the responsible staff initiating the purchase. The purchases shall be limited by the statutory maximum as established periodically by the legislature and are further limited to only those purchases that meet all other requirements of the statutes. The Commission hereby specifically waives the deposit and/or bid bond requirements for such purchases as permitted by RCW 54.04.082. The procedures and internal controls for utilizing the alternative bid process by District staff is approved by this Resolution and shall be set forth in a departmental policy and/or procedure to be kept on file in the District's offices.

6. Delegation to the General Manager to prequalify bidders pursuant to RCW 54.04.085

RCW 54.04.085 requires that a bid proposal for any construction or improvement of any electrical facility as defined in that statute shall be made upon a contract proposal form supplied by the District Commission and in no other manner. The statute requires that any person, firm or corporation desiring to bid upon any electrical work must answer questions contained in a standard form of questionnaire and financial statement as set forth in the statute. In order to be prequalified to perform electrical work, a contractor must meet certain standards and requirements as set forth in the statute. The District has developed the standard proposal form and questionnaire and financial statement as required by the statute. The form and questionnaire have been approved by Resolution No. 08-13294.

The Commission delegates to the General Manager or his designee the authority to take the steps necessary to prequalify bidders that provide the necessary information and meet the requirements of the statute. If the General Manager or his designee determines that a contractor should not be prequalified for any reason, that determination shall be presented to the Board for approval before action is taken upon that determination. The General Manager or his designee shall maintain a current list of prequalified bidders for electrical work as required by law. The General Manager or his designee shall update the form and questionnaire from time to time as necessary to meet the District's statutory and operational requirements.

(7) Delegation to the General Manager (or his designee) to apply for and receive grants and loans from other regional, state, federal or other entities for District projects

There are opportunities for the District to obtain grants and/or loans from regional, state, federal or other entities to perform projects or work to improve the District's infrastructure, fish habitat, or other work. The General Manager shall be authorized to apply for and receive grants and loans as the General Manager deems appropriate and necessary to the operations of the District. The General Manager (or his designee) will inform the Board of all applications for loans before they are made.

Due to the fact that loans and grants require certain compliance requirements as well as audit issues, the project manager for the project for which loans or grants are sought and received shall be responsible to inform the District's Compliance Manager, the Treasurer, the Controller, the Managing Director responsible for the project, and the appropriate Business Advisor of the application and the provisions of the loan or grant prior to submitting the application for such loan or grant. The project manager is also responsible to comply with the requirements of said loans or grants, to ensure any contracts for implementation include required provisions and to maintain the necessary records applicable to such grants or loans as required by law.

(8) Definition of "same kind of materials, equipment and supplies" as required in RCW 54.04.080

RCW 54.04.080 provides that the Commission may define "same kind of materials, equipment and supplies" for purposes of purchases made under RCW 54.04.080, RCW 54.04.082 and other applicable statutes. The following definition was adopted in 1977, affirmed in 1998 and affirmed again in 2008 and has been useful and efficient for the District. The definition continues to meet the District's needs and meets the statutory requirements.

The Board will continue to define "same kind of materials, equipment and supplies" for purposes of purchases made pursuant to the applicable statutes as:

Items which are not different in essential elements including items which are not identical but which under particular circumstances calling for the usage or application would, under prudent utility practice, be interchangeable one with the other and would fulfill all the requirements for the purposes for which the same is being purchased or acquired.

The District staff recommends and the Commission agrees that the policies, procedures and definitions stated herein be adopted.

District staff and General Manager recommend and the Commission agrees that the resolutions formerly adopted by the Commission implementing the processes, procedures and policies; purchase requisition approval; contracts, purchase orders and short-term leases with third parties; field work orders/change orders; and delegation of an official authorized to declare an emergency should be rescinded. This requires rescinding Resolution No. 08-13325 except insofar as Resolution No. 08-13325 partially rescinded Resolution No. 03-12406 which partial rescission shall continue to be effective. Staff further recommends and the Commission agrees that all other resolutions of the District inconsistent with this Resolution shall be rescinded. Resolution No. 17-14185 governing small works authorities, procedures and processes (and the related re-delegations) and Resolution No. 08-13348 governing architectural and engineering processes, procedures and authorities (and the related re-delegations) are not rescinded and continue in full force and effect.

District staff further recommend, and the Commission agrees, that delegation of authority and procedures as set forth in this resolution and attachments should be approved by the Commission.

The General Manager concurs with these recommendations.

ACTION

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

Section 1. All of the statements, findings and other contents of the Factual Background, Reasons for Action and Proposed Policies section of this Resolution set out above are hereby adopted in full as the statements, findings and policies of the Commission and to the fullest extent necessary to implement the purposes of this Resolution are hereby expressly incorporated here as action by the Commission.

Section 2. The General Manager is authorized and directed to adopt and amend appropriate administrative policies to implement purchase requisition approvals and purchase order approvals.

Section 3. The Advertising, Awarding, Executing Amending and Accepting Procurement and Contracting Documents and Other Agreements Policy as set forth in Attachment 1 includes proper internal controls and includes appropriate delegated authority within defined limits. The aforementioned authorities are delegated and policies are approved and adopted as being in the best interest of the District.

Section 4. The District's General Manager or, in his absence, the General Manager's designee, is hereby designated to act during emergencies as provided in RCW 54.04 and RCW 39.04.

Section 5. The District's General Manager or his designee is authorized to take actions necessary to prequalify bidders that provide the necessary information and meet the requirements of RCW 54.04.085. If the General Manager or his designee determines that a contractor should not be prequalified for any reason, such determination must be presented to the Board for approval before action is taken upon that determination. The General Manager or his designee shall maintain a current list of prequalified bidders for electrical work as required by law and shall update the form and questionnaire from time to time as necessary to meet the District's statutory and operational requirements.

Section 6. The General Manager (or his designee) is authorized to apply for and receive grants and loans as the General Manager deems appropriate and necessary to the operations of the District. The General Manager will inform the Board of all applications for loans before they are made.

Due to the fact that loans and grants require certain compliance requirements as well as audit issues, the project manager for the project for which loans or grants are sought and received shall be responsible to comply with all requirements of said loans or grants and shall be responsible to inform the District's Compliance Manager, the Treasurer, the Controller, the Managing Director responsible for the project and the appropriate Business Advisor of the application and the provisions of the loan or grant prior to submitting the application for such loan or grant. The project manager is also responsible to comply with all requirements of said loans or grants, to ensure any contracts for implementation include required provisions and to maintain the necessary records applicable to such grants or loans as required by law.

Section 7. RCW 54.04.080 provides that the Commission may define "same kind of materials, equipment and supplies" for purposes of purchases made under RCW 54.04.080, RCW 54.04.082 and other applicable statutes. The following definition meets District's needs and statutory requirements and is in the best interests of the District:

Items which are not different in essential elements including items which are not identical but which under particular circumstances calling for the usage or application would, under prudent utility practice, be interchangeable one with the other and would fulfill all the requirements for the purposes for which the same is being purchased or acquired.

Section 8. The titles of staff members referenced in this resolution are those titles existing as of the date of this resolution. The intent of the Commission is that the provisions would apply to persons holding positions of similar responsibilities as those listed in this resolution even if the titles may be different.

Section 9. Resolution No. 08-13325 is rescinded and superseded except insofar as Resolution No. 08-13325 partially rescinded Resolution No. 03-12406 which partial rescission shall continue to be effective. All other resolutions of the District inconsistent with this Resolution shall be rescinded.

Section 10. The effective date of this Resolution shall be January 1, 2018.

DATED this 18th day of December 2017.

ATTEST:

President

Vice President

Secretary

Commissioner

Commissioner

Seal

Attachment No. 1

ADVERTISING, AWARDED, EXECUTING, AMENDING AND ACCEPTING PROCUREMENT AND CONTRACTING DOCUMENTS AND OTHER AGREEMENTS POLICY

1. STATUTORY REQUIREMENTS APPLICABLE TO THE DISTRICT AND RESPONSIBILITY OF DISTRICT EMPLOYEES

The District routinely needs to advertise, award, and execute contracts and agreements with third party vendors, contractors, consultants and other governmental entities. Because the District is a municipal corporation, there are a number of state laws relating to contracts applicable to District work and contracts, including but not limited to, bid laws, purchasing laws, prevailing wage, performance bonds, sole source laws, etc.

Any individual signing Procurement and Contracting Documents pursuant to this Resolution and/or any authorized re-delegation is responsible for determining that all statutory, internal and contractual requirements related to said document have been fulfilled. A signing individual shall also ensure compliance with this Resolution and the administrative policies adopted by the General Manager to implement this Resolution. Further, the signing individual shall ensure compliance with all internal processes and reviews prior to signing.

Signing individuals should seek input and assistance from the appropriate department, including, without limitation, Procurement and Contract Services (“PCS”), Compliance, Internal Audit, Business Advisors and General Counsel’s office to ensure compliance with internal and statutory requirements prior to the execution of any document.

2. AUTHORITY TO ADVERTISE, AWARD, EXECUTE, AMEND AND ACCEPT PROCUREMENT AND CONTRACTING DOCUMENTS AND OTHER AGREEMENTS AND WORK

A. General Delegation of Authority to General Manager.

The District’s General Manager, or his designee, unless otherwise provided herein, is authorized to Advertise, Award, Execute, Amend and Accept Procurement and Contracting Documents and other Agreements, including, but not limited to, pursuant to Title 54 RCW, Title 39 RCW and other statutory provisions, for public works, construction, goods, equipment, materials, supplies, or any other type of contract or agreement for or related to the procurement of labor, materials or services 1) with an expected or actual total contract obligation of \$3,000,000 or less, 2) is within the budget approved by the Board, or otherwise approved by the Board, and 3) does not fall within an exception or other provision below.

Any bid or request for proposal which is expected to result in a total contract price greater than \$3,000,000 requires the approval of the Board of Commissioners before advertisement.

Agreements for the procurement of general and professional services shall be subject to the limits at Section 3. This includes contracts for software, data processing and telecommunication services pursuant to RCW 30.04 where the actual or expected value of the services portion of the contract exceeds \$500,000.

Any Procurement and Contracting Document which would result in and expected or actual total contract obligation greater than \$3,000,000 shall be presented to the Board for approval prior to signing.

3. SERVICE AGREEMENTS

The General Manager, or his designee, is authorized to award and sign contracts for general and professional services 1) with an expected or actual total contract obligation of \$500,000 or less, 2) is within the budget approved by the Board, or otherwise approved by the Board, and 3) does not fall within an exception or other provision below.

4. FIELD WORK ORDERS/CHANGE ORDERS AND AMENDMENTS TO AGREEMENTS/CONTRACTS

A Field Work Order/Change Order (“FWO/CO”) means a directive to or agreement with a contractor modifying work to be performed or materials, equipment or supplies to be provided that is within the original contract. An Amendment means an agreement with a contractor or consultant to modify work, time for performance, or other terms of the original contract. The scope of work contained in an Amendment or FWO/CO must be within the scope of the original contract/agreement. The amendment or FWO/CO must specify the basis for compensation, time required to perform the work and the impact, if any, the changed work will have on the completion schedule and contract price. An Amendment or FWO/CO must be executed prior to the changed work being performed.

The persons signing an amendment or FWO/CO represent to the Commission by their signature as follows: (1) that he/she has reviewed the matter and determined that there is good reason and justification for the issuance of the amendment or FWO/CO; (b) that the amendment or FWO/CO is within the original scope and incidental to the primary contract; (c) that any additional work authorized pursuant to the amendment or FWO/CO does not constitute a new undertaking that would be subject to a new bid requirement; (d) that any additional work authorized by the amendment or FWO/CO was not anticipated at the time the primary contract was awarded; (e) that the District representative authorizing the amendment or FWO/CO has analyzed the circumstances and determined the terms are fair and

reasonable; (f) that the additional costs are within the approved budget; and (g) that the amendment or FWO/CO is in the District's best interests.

5. COMMISSION APPROVAL

A. Bids and Public Works Contracts (other than small works):

FWO/COs that do not add costs to a project shall be reported to the Commission for approval as part of the final acceptance resolution, if such a resolution is necessary, but do not require any interim approval.

FWO/COs that add costs to a project require prior approval by the Commission as set forth below:

- (a) When the original contract price is less than \$3,000,000 and the FWO/CO causes the actual or expected contract price to exceed \$3,000,000.
- (b) When the cumulative value of the FWO/COs result in an actual or expected net increase to the original contract price of more than \$500,000.

All unapproved FWO/COs shall be presented to the Commission for approval as part of the final acceptance resolution.

B. Service Agreements, Professional Service Agreements, Interlocal Agreements, and Procurement Contracts or Agreements (other than Bids and Public Works):

Amendments that do not add costs to a contract do not require any Commission approval. An amendment that results in additional material risks of loss to the District must be approved by the General Manager, or his designee, prior to execution of the amendment, even if no additional costs are included.

Amendments that add costs to a contract require prior approval by the Commission as set forth below:

- (a) When the original contract price is less than \$500,000 and the Amendment causes the actual or expected contract price to exceed \$500,000, provided, however, that recurring annual renewals/extensions of services representing only a 1 year commitment and a total commitment of less than \$500,000 do not need Commission approval.
- (b) When the amendment causes the actual or expected contract price to exceed the amount originally authorized by the Commission.

6. SMALL WORKS

The process for procurement and amendment of small works projects and contracts is governed by the procedures established by the Commission pursuant to Resolution No. 17-14185(as may be amended).

7. EXCEPTION CONTRACTS

The following types of Exception Contracts and related actions are not delegated to the General Manager and must come before the Commission for approval/action by resolution:

- Rejection of the apparent low bid;
- Declaration that no bids/proposals were received and a decision to take an action other than rebidding/readvertising;
- Declaration that no responsive bids received (i.e., bids contained material exceptions, exceeded estimate by more than 15%);
- Sole source declaration for purchases over the statutory limits set forth in RCW 54.04.082 or any other applicable statute; and
- Contract price or resulting total contract obligation is estimated to be or will be greater than the delegated threshold. This includes Procurement and Contracting Documents that would result in an obligation initially under the delegated threshold exceeding the threshold after execution.

8. AUTHORITY OF THE GENERAL MANAGER TO REDELEGATE.

The District's General Manger is authorized to re-delegate the authority delegated to him/her by this Resolution and this Policy, and to permit such re-delegation, as the General Manager deems appropriate and in the District's best interests up to the following maximum limits on a per contract/agreement basis:

Re-Delegated Authority Limit	
Project Managers(a)	Up to \$100,000 per contract
Director	Up to \$250,000 per contract
Managing Director	Up to \$500,000 per contract

- (a) Project Manager as used herein mean the individual designated as responsible for the particular project or contract irrespective of the individual's job title.

In considering whether an actual or resulting total contract obligation will exceed the delegated authority limits set out in this Policy the signing individual should consider the project as a whole and not split a project into several phases or contracts to meet a

delegated threshold. A project may be defined by the scope of work or specific dates for completion of the work, depending upon the facts and circumstances of the work. If there is a legitimate business need to perform a project in phases or separately contract for some work or equipment pursuant to this delegated authority, then that would be allowed. Documentation of the reasons for the action must be provided to PCS for the official contract file. The signing individual is responsible for ensuring the required documentation is provided.

Further, future costs committed by the District pursuant to the contract for support (including software support), maintenance, paid or extended warranties, administrative fees, cost sharing, annual payments, cost reimbursements, or other items/expenditures should be included in the total when determining whether the total contract obligation exceeds a delegated threshold.

9. PROCESS FOR RE-DELEGATION

Any authorized delegation or re-delegation by the General Manager pursuant to Section 8 hereof shall be made by written memorandum from the District's General Manager and delivered to the Office of the District's General Counsel. The General Counsel's office shall be responsible for maintaining and updating the delegation memorandums of the General Manager and shall be responsible for ensuring that the delegated authorities are posted and available for staff review on the District's intranet. No other purported delegation shall be effective.

10. AUTHORITY TO SIGN INTERLOCAL AGREEMENTS.

A. Master purchasing agreements.

Master purchasing agreements shall be presented for approval by the Commission prior to purchases being made pursuant to such agreements. The purpose of these types of agreements requiring Commission approval are agreements that allow for purchase of material, equipment, vehicles, computers, supplies and other items using another governmental entity's bid or quotation processes as allowed by statute.

District staff may utilize these approved master purchasing agreements after ensuring all statutory requirements and internal processes have been satisfied. Purchases made pursuant to any master purchasing agreement must be approved by an appropriate individual delegated signature authority for Procurement and Contracting Documents.

Purchases using these types of master purchasing agreements of the "same kind" of items (as defined in this Resolution) in any one calendar year shall not exceed \$3,000,000 without prior Commission approval.

B. Other Interlocal Agreements.

An interlocal agreement for sharing of services or other intergovernmental cooperation may be signed by the appropriate individual with signature authority after ensuring that all statutory and resolution requirements and internal processes have been satisfied. In determining the appropriate individual to sign an interlocal agreement, the value of the agreement (i.e. total value of payments to be made or received by the District, use value of equipment, as well as the risks to the District) should be considered. Except in an emergency no action under the interlocal agreement shall begin prior to execution of an agreement.

Any interlocal agreement that will result in payment by the District of \$200,000 or more for services to be performed by another governmental entity must be presented to the Board for approval prior to execution.

11. AUTHORITY TO SIGN LEASES FOR EQUIPMENT, TOOLS AND OTHER ITEMS.

The District's General Manager is hereby delegated the authority to execute leases and rentals of equipment, tools and other items up to a replacement value of \$1,000,000. The General Manager may re-delegate the authority to execute leases and rentals of equipment, tools and other items up to a replacement value of \$500,000 to the following individuals and maximum amounts:

Authorized Individual	Maximum Amounts
Managing Director	\$500,000 replacement value or \$100,000 rental
Director	\$250,000 replacement value or \$50,000 rental
Project Team member and Operations Staff	\$100,000 replacement value or \$25,000 rental

Leases for equipment, tools or other items with a replacement value of greater than \$1,000,000 must be presented to the Commission for approval prior to execution. This provision does not apply to real property leases.

12. REPORTING

The Commission approves the delegation of authority to execute contracts and agreements under the specific circumstances and conditions set forth herein. The Business Advisors (in conjunction with staff) will provide the General Manager and Commission with quarterly written reports as to the status of current bids, RFPs, agreements and contracts, in a form acceptable to the Commission. The Commission may request the General Manager for further review, updates or presentations regarding particular projects or contracts.