

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

REGULAR COMMISSION MEETING

October 3, 2016

AGENDA

STUDY SESSION

10:00 A.M.

1. Pledge of Allegiance and Safety Minute – Mark Mullins
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. Walkley Scholarship Drawing
4. Water System Update
5. North Mid-Columbia Joint Transmission Project Update
6. Chelan River Habitat Channel Sediment Removal
7. 2017 Budget and Target

BUSINESS SESSION

1:00 P.M.

8. PUBLIC HEARING – High Density Load Moratorium

Consent Agenda

9. Minutes:

September 6, 2016

September 20, 2016

September 26, 2016 Mid-C General Managers/Commissioners

10. Charge offs to Uncollectible Accounts over \$1,000.00 for July 2016 – \$12,726.24

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11. Vouchers:

Accounts Payable Summary Report dated September 27, 2016:

- a) Vouchers totaling \$8,270,249.88;
- b) Approval of Customer Deposit Returns and Conservation Incentive payments dated September 27, 2016 in the amount of \$25,794.35;
- c) Approval of the net Payrolls, Warrant Nos. 234696 through 234726 and Advice Nos. 621324 through 622054 for the pay period ending 09/18/2016 in the amount of \$1,756,081.06; and
- d) Approval of Warrant Nos. 22811 through 22851 totaling \$9,349.84 for claim payments from the workers' compensation self-insurance fund for the period ending September 26, 2016.

Regular Agenda

Resolutions

12. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A MAINTENANCE OBLIGATIONS AND OWNERSHIP AGREEMENT (CONTRACT NO. 15TX-16092) WITH BONNEVILLE POWER ADMINISTRATION
13. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A SERVICES AGREEMENT (SA NO 16-034) WITH AON CONSULTING, INC OF NEW JERSEY FOR EMPLOYEE BENEFIT CONSULTING
14. A RESOLUTION ADOPTING A CUSTOMER PRIVACY POLICY AND DIRECTING ITS IMPLEMENTATION TO COMPLY WITH RCW 19.29A.100
15. A RESOLUTION REJECTING THE BID OF TRANSAMERICAN POWER PRODUCTS, INC. OF HOUSTON, TX AND ACCEPTING THE BID OF WIRELESS STRUCTURES CONSULTING, INC. DBA WESTERN UTILITY TELECOM, INC. OF SALEM, OR (BID 16-57) FOR MCKENZIE-BEVERLY 115KV UPPER WHITE PINE RELOCATION – SUPPLY OF STEEL POLE STRUCTURES
16. A RESOLUTION RATIFYING FIELD WORK ORDER NO. 1, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 15-62 WITH K & N ELECTRIC MOTORS, INC. OF SPOKANE VALLEY, WA AND AUTHORIZING PAYMENT OF RETAINAGE
17. A RESOLUTION APPROVING BIDDING DOCUMENTS FOR BID NO. 16-60, ROCK ISLAND B1-B4 GENERATING UNIT MODERNIZATION AND AUTHORIZING THE

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GENERAL MANAGER OF THE DISTRICT TO PUBLISH NOTICE INVITING SEALED PROPOSALS FOR SAID PROJECT

18. A RESOLUTION REJECTING THE BID OF HALME BUILDERS AND ACCEPTING THE BID OF CONTECH SERVICES, INC. OF SEATTLE, WA (BID 16-SW20) FOR ROCK ISLAND POWERHOUSE 1 CONCRETE REPAIR BENEATH LOBBY DECK

19. Manager Items

20. Commission Items

21. Commissioner Travel

22. Follow-up on Delegation of Action Items From Previous Board Meeting

23. Delegation of Action Items

24. Additional Public Comment*

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

26. 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 review the performance of a public as authorized by RCW 42.30.110(1)(g).

4:00 P.M.

27. Electric Vehicle Charger Unveiling – HQ parking lot

* 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 AUTHORIZING THE GENERAL
MANAGER TO ENTER INTO A MAINTENANCE
OBLIGATIONS AND OWNERSHIP AGREEMENT
(CONTRACT NO. 15TX-16092) WITH
BONNEVILLE POWER ADMINISTRATION

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District owns two high-voltage circuit breakers and associated equipment that are located within Bonneville Power Administration switchyards (Columbia and Valhalla) that integrate District facilities with the Federal Columbia River Transmission System. Due to the location of this equipment, Bonneville performs maintenance on the equipment and provides evidence of those maintenance activities to the District. These activities are consistent with past practices that have been performed under varying agreements with Bonneville. Resolution No. 08-13325 requires that the Commission, by resolution, authorize Service Agreements that exceed \$200,000.

Bonneville has recently updated this contract to clarify Reliability Compliance provisions and will continue to perform this maintenance for an estimated annual cost of \$27,635 (no change from the previous agreement) per year with term not to exceed 30 years. Bonneville revises this amount from time to time based on a review of cost of service studies.

It is District staff's recommendation that it is in the best interest of the District to continue this maintenance agreement with Bonneville Power Administration and that the costs for said services are fair and reasonable.

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

ACTION

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

Section 1. The General Manager of the District is hereby authorized to enter into a Maintenance Obligations and Ownership Agreement with Bonneville Power Administration for a term of 30 years. A copy of the Agreement is on file in the offices of the District.

Section 2. The annual costs for said services will be included in the District's annual O&M budget to be approved by the Commission.

Section 3. The General Manager of the District is hereby authorized to negotiate and execute future operation and maintenance agreements that Bonneville Power Administration may propose from time to time that are of substantially similar nature and cost for these facilities.

DATED this 3rd day of October 2016.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

Contact: Chad Bowman
Ext.: 4605

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A SERVICES AGREEMENT (SA NO 16-034) WITH AON CONSULTING, INC OF NEW JERSEY FOR EMPLOYEE BENEFIT CONSULTING

FACTUAL BACKGROUND AND REASONS FOR ACTION

The purpose of this resolution is to name a broker to act as the representative of the District for employee health and welfare benefits management. The broker shall effect the most advantageous placement of insurance coverage including but not limited to the terms and conditions of coverage, continuity and cost. In addition, the broker must be capable of providing actuarial valuations of the medical/dental plans as well as a full range of value-added services.

RFP 16-34 for Employee Benefits Consulting was published on April, 20, 2016. Responses were received May 18, 2016 and a selected proposer determined. The resulting service agreement will exceed \$200,000. Resolution No. 08-13325 requires that the Commission, by resolution, authorize Service Agreements that exceed \$200,000.

Aon Consulting, Inc. of New Jersey has prepared a proposal to perform employee benefit consulting for an estimated not to exceed cost of \$584,946.50 for a five year term. The proposal has been negotiated pursuant to RCW 39.04.270 and Resolution No. 08-13325.

District staff has determined that Aon Consulting, Inc. is the best qualified firm to provide the required services and that the cost for said services of \$584,946.50 is a fair and reasonable price.

It is District staff's recommendation that it is in the best interest of the District to enter into a Services Agreement with Aon Consulting, Inc. for the above-described services.

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

ACTION

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

Section 1. The General Manager of the District is hereby authorized to enter into a Services Agreement with Aon Consulting, Inc. for employee benefit consulting in an amount not to exceed \$584,946.50 without prior Commission approval. A copy of the Agreement is on file in the offices of the District.

DATED this 3rd day of October 2016.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

Contact: Bev Freeman
Ext.: 4448

RESOLUTION NO. _____

A RESOLUTION ADOPTING A CUSTOMER
PRIVACY POLICY AND DIRECTING ITS
IMPLEMENTATION TO COMPLY WITH
RCW 19.29A.100

FACTUAL BACKGROUND AND REASONS FOR ACTION

The 2015 State Legislature passed House Bills 1896 and 2264 that added and amended RCW 19.29A.100. The statute prohibits electric utilities including the District from certain disclosures of customer information and requires consumer-owned utilities to adopt procedures, consistent with applicable law, for investigation and resolution of complaints by a retail electric customer whose private or proprietary information may have been sold by the consumer-owned utility or disclosed by the utility for the purposes of marketing services or product offerings in violation of the statute. Such policy and procedures must be adopted by October 9, 2016.

The statute prohibits electric utilities from selling private or proprietary customer information. The statute also prohibits utilities from disclosing private or proprietary customer information for the purposes of marketing services or product offerings to a retail electric customer who does not already subscribe to that service or product, unless the utility has first obtained the customer's written or electronic permission to do so.

District staff has determined that the policy set forth in Exhibit A, attached hereto and incorporated by this reference herein, is reasonable, compliant, and necessary in order to meet the District's obligations under RCW 19.29A.100.

District staff recommends, and the General Manager concurs, that the Customer Privacy Policy and Program, as set forth in Exhibit A, be adopted.

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 hereby adopts the Customer Privacy Policy and Program as set forth in the attached Exhibit A.

Section 2. Staff is directed to implement the attached Customer Privacy Policy and Program consistent with its terms and with the provisions of RCW 19.29A.100.

Dated this 3rd day of October 2016.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Contact: Cathy Melton x4166

EXHIBIT "A"
CUSTOMER PRIVACY POLICY & PROGRAM

TABLE OF CONTENTS

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Part 6	Program Updates
Part 7	Administration

PART 1
DEFINITIONS

For purposes of this Policy, the following terms are defined as follows.

“Private Customer Information” includes a retail electric customer's name, address, telephone number, and other personally identifying information.

“Private or Proprietary Customer Information” means information that is Private Customer Information or Proprietary Customer Information.

“Proprietary Customer Information” means: (a) Information that relates to the source, technical configuration, destination, and amount of electricity used by a retail electric customer, a retail electric customer's payment history, and household data that is made available by the customer solely by virtue of the utility-customer relationship; and (b) information contained in a retail electric customer's bill.

PART 2
INCORPORATION OF EXISTING POLICY AND PROCEDURE

All relevant policies and procedures already in effect at the District are specifically incorporated herein and will continue to operate in conjunction with and as a part of the Program to achieve the stated purposes(s).

PART 3

PROTECTION OF COVERED CUSTOMER INFORMATION

No Sale. The District will not sell Private or Proprietary Customer Information.

No Disclosure. Except as provided below, the District will not disclose Private or Proprietary Customer Information with or to its affiliates, subsidiaries, or any other third party where the District's purpose is to market services or product offerings, from the District or a third party, to a retail electric customer who does not already subscribe to that service or product, unless the utility has first obtained the customer's written or electronic permission to do so as provided below.

Customer Permission to Disclose. The District may disclose Private or Proprietary Customer Information if it first obtains a retail electric customer's prior permission for each instance of disclosure of his or her Private or Proprietary Customer Information to an affiliate, subsidiary, or other third party for purposes of marketing services or products that the customer does not already subscribe to.

Records of Customer Permission. The District must maintain a record for each instance of permission for disclosing a retail electric customer's Private or Proprietary Customer Information.

For permission provided electronically, the District must also retain

(a) the confirmation of consent for the disclosure of Private or Proprietary Customer Information;

(b) a list of the date of the consent and the affiliates, subsidiaries, or third parties to which the customer has authorized disclosure of his or her Private or Proprietary Customer Information; and

(c) a confirmation that the name, service address, and account number exactly matches the utility record for such account.

PART 4

Disclosures Not Requiring Permission

Disclosure for Business Purposes. This Policy does not require customer permission for or prevent disclosure of Private or Proprietary Customer Information by the District to a third party with which the District has a contract where such contract is

directly related to conduct of the District's business, provided that the contract prohibits the third party from further disclosing or selling any Private or Proprietary Customer Information obtained from the District to a party that is not the District and not a party to the contract with the District.

Special Contracts. This Policy does not prevent the District from disclosing the essential terms and conditions of special contracts.

Marketing Information. This Policy does not prevent the District from inserting any marketing information into the retail electric customer's billing package.

Aggregated Information. The District may collect and release retail electric customer information in aggregate form if the aggregated information does not allow any specific customer to be identified.

PART 5 CUSTOMER COMPLAINTS

Written Complaint. A customer who believes the District may have sold or disclosed Private or Proprietary Customer Information in violation of this policy or RCW 19.29A.100 may initiate a complaint by providing written complaint by personal delivery, or mail addressed to 327 N Wenatchee Ave., Wenatchee, WA 98801. The request must contain a short, plain statement of potential data released, the reasons the customer believes that the utility or its vendor may be the cause of the release, the action requested by the customer, any other information the customer deems pertinent to the investigation, and the appropriate customer contact information for purposes of questions about and communication of the results of the investigation.

Informal Conference. After the customer submits a written complaint, an employee of the District's Customer Accounting Department will contact the customer to schedule an informal conference in person or by telephone with designated employee(s) of the District's Customer Accounting Department. The customer shall be entitled to present his or her position to the District's designated employee. The District shall advise the customer of the reasons for the District's determination.

Investigation. The District's designated employee(s) will have the authority to initiate an investigation of the customer's complaint.

Appeal. The customer has the right to appeal the determination of the informal conference to a hearing officer.

1. Hearing Officer. The hearing officer and any deputy or assistant hearing officers will be management-level employees of the District and will be selected by the General Manager for the purpose of hearing appeals. Such individuals should not be employed in the Customer Service Division.

2. Notice of Appeal. Any appeal by a customer must be made to the hearing officer within three business days following the determination of the informal conference. The appeal may be made in writing, orally, in person or by telephone.

3. Hearing Procedure. The customer shall have the option of a personal hearing before the hearing officer in the District's main office, or, alternatively, a telephone conference call with the hearing officer and the appropriate District personnel. The hearing must take place during regular business hours Monday through Friday and within ten (10) business days of the determination of the informal conference. If the customer requests it, a record will be made of the proceedings. The hearing officer may use an audio recorder or other means of preserving a record deemed appropriate; the customer may provide, at his or her own expense, a court reporter or supplemental

means of providing a record. The customer shall have the right to counsel at the customer's sole expense. The customer shall open the hearing with a statement of the nature of the appeal and shall present whatever evidence the customer deems relevant. After the customer has completed presenting the appeal, the appropriate District personnel shall provide the District's position. The customer shall have the right to rebuttal.

4. Written Decision. The hearing officer shall provide the customer with a written decision setting forth:

- a. the nature of the customer's appeal;
- b. the decision of the hearing officer;
- c. the reasons for the decision of the hearing officer.

The written decision shall be sent to the customer's last known address.

PART 6 PROGRAM UPDATES

The District is committed to maintaining a Program that is current and updated to reflect and address the changes in risks to Private and Proprietary Customer Information and to the safety and soundness of the District. To that end, District staff will reassess the Program as necessary and appropriate.

PART 7 ADMINISTRATION

The District's General Manager shall be responsible for implementing this Program. All affected departments will, as appropriate, review its processes, procedures and controls and amend or implement such processes, procedures and controls as are appropriate consistent with the directives of this Program.

The District's General Manager, or an appropriate delegate, shall form a committee to coordinate the implementation, monitoring and updating of the Program, as appropriate. The makeup of the committee shall be adjusted as appropriate to meet the needs of the Program.

The committee shall ensure staff is trained, as appropriate, in order to effectively implement the Program.

The committee shall update the General Manager and the Board on the status of the Program and changes thereto, if any, at least annually.

RESOLUTION NO. _____

A RESOLUTION REJECTING THE BID OF TRANSAMERICAN POWER PRODUCTS, INC. OF HOUSTON, TX AND ACCEPTING THE BID OF WIRELESS STRUCTURES CONSULTING, INC. DBA WESTERN UTILITY TELECOM, INC. OF SALEM, OR (BID 16-57) FOR MCKENZIE-BEVERLY 115KV UPPER WHITE PINE RELOCATION – SUPPLY OF STEEL POLE STRUCTURES

FACTUAL BACKGROUND AND REASONS FOR ACTION

On August 16, 2016, an invitation for sealed bids was published in accordance with RCW 54.04.070 and Resolution No. 08-13325 to provide McKenzie-Beverly 115kV Upper White Pine Relocation – Supply of Steel Pole Structures. Bid proposals were opened on September 13, 2016, at 2:00 p.m. in the offices of the District. Six bids were received (excluding sales tax) as tabulated on Exhibit A attached.

The bid by TransAmerican Power Products, Inc. (TAPP) did not meet the minimum requirements specified in the contract documents. TAPP did not sign the Bid Form, submit its Bid Bond on the required District form; or provide required Bidder's Data, including experience information and references. Additionally, TAPP proposed terms and conditions that are different than the terms and conditions required in the bidding documents. This bid should be rejected as non-responsive.

District staff has determined that the bid of Wireless Structures Consulting, Inc. dba Western Utility Telecom, Inc. of Salem, OR in the amount of \$98,515 (excluding sales tax) is the lowest responsive and best bid in compliance with the plans and specifications for Bid No. 16-57. This bid meets all statutory requirements. Resolution No. 08-13325 requires that the rejection of the apparent low dollar bidder must come before the Commission for action.

District staff recommends awarding Bid No. 16-57 to Wireless Structures Consulting, Inc. dba Western Utility Telecom, Inc.

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

ACTION

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

Section 1. The bid submitted by TransAmerican Power Products, Inc. of Houston, TX did not meet the minimum requirements specified in the contract documents and is hereby rejected.

Section 2. The bid submitted by Wireless Structures Consulting, Inc. dba Western Utility Telecom, Inc. of Salem, OR is the lowest responsible and best bid in compliance with the plans and specifications to provide McKenzie-Beverly 115kV Upper White Pine Relocation – Supply of Steel Pole Structures. The General Manager of the District is hereby authorized to enter into a contract with Wireless Structures Consulting, Inc. dba Western Utility Telecom, Inc. in the amount of \$98,515, excluding sales tax. A copy of the contract will be on file in the offices of the District

Dated this 3rd day of October 2016.

ATTEST:

President

Vice President

Secretary

Commissioner

Commissioner

Seal
Contact: Casey Hall, Ext. 4965
Jim Caldwell, Ext. 4530

Bid Tabulation

Bid No. 16-57

McKenzie-Beverly 115kV Upper White Pine Relocation – Supply of Steel Pole Structures

September 13, 2016 at 2:00 P.M.

Bidder Name City, State	Bid Bond/ Cashier's Check	Bid Amount
TransAmerican Power Products, Inc. Houston, TX	Yes	\$94,153.00
Wireless Structures Consulting, Inc. dba Western Utility/Telecom Inc. Salem, OR	Yes	\$98,515.00
M.D. Henry Co., Inc. Pelham, AL	Yes	\$116,654.00
Rohn Products, LLC Peoria, IL	Yes	\$123,000.00
Trinity Meyer Utility Structures, LLC Memphis, TN	Yes	\$136,007.00
Sabre Industries, Inc. dba Sabre Tubular Structures Alvarado, TX	Yes	\$150,696.00

RESOLUTION NO. _____

A RESOLUTION RATIFYING FIELD WORK ORDER NO. 1, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 15-62 WITH K & N ELECTRIC MOTORS, INC. OF SPOKANE VALLEY, WA 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 October 21, 2015, the District entered into a contract (Bid No. 15-62) with K & N Electric Motors, Inc. of Spokane Valley, WA for the Supply of Rocky Reach Intake Gate Wheel Assemblies, in the amount of Nine Hundred Ninety-Five Thousand Nine Hundred Ninety-Seven Dollars and 36/100 (\$995,997.36).

This contract is a result of no responsive bids being received on Bid 15-57 and was awarded as required under RCW 54.04.080. Bid 15-57 was advertised for public bid on September 15, 2015. On October 5, 2015 the Board of Commissioners, in Resolution 15-13984, determined that all bids were non-responsive and approved negotiation.

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

Field Work Order No. 1	Amount
Delete requirement for wheel contractor to deliver wheels to gate fabricator.	-\$9000
Redesign and modifications to wheels to allow bearings to be installed and removed more easily in the field.	\$9,000
Total	\$0

Field Work Order No. 1 results in no net change in the contract price, which remains Nine Hundred Ninety-Five Thousand Nine Hundred Ninety-Seven Dollars and 36/100 (\$995,997.36) (excluding sales tax), which the District's Engineers recommend be ratified. Resolution No. 08-13325 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 September 19, 2016. 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 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 to Bid No. 15-62 with K & N Electric Motors, Inc. for the work specified above, which resulted in no change to the total contract price of Nine Hundred Ninety-Five Thousand Nine Hundred Ninety-Seven Dollars and 36/100 (\$995,997.36) plus Washington State sales tax, is hereby ratified.

Section 2. All the contract work required under Bid No. 15-62 was completed on September, 19, 2016 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 3rd day of October, 2016.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

Contact: George Velazquez
Ext.: 4547

RESOLUTION NO. _____

A RESOLUTION APPROVING BIDDING DOCUMENTS FOR BID NO. 16-60, ROCK ISLAND B1-B4 GENERATING UNIT MODERNIZATION AND AUTHORIZING THE GENERAL MANAGER OF THE DISTRICT TO PUBLISH NOTICE INVITING SEALED PROPOSALS FOR SAID PROJECT

FACTUAL BACKGROUND AND REASONS FOR ACTION

In 2015 during the stator replacement project, numerous cracks were found on the runner blades of Unit B2 at Rock Island Powerhouse 1. Repair work was performed from June 2015 through February 2016 without success. Metallurgical analysis was performed and it was concluded the cracks were being caused by corrosion fatigue.

In February and March of 2016, inspections were performed on the runner blades of Units B1, B3 and B4. Numerous blade cracks were found on every unit. Metal samples were taken from each unit. Analysis of the samples identified the same metallurgy for all unit runner blades and that the cracks were typically forming from corrosion fatigue same as Unit B2. Because the blades of Units B1, B3 and B4 are of the same metallurgy as Unit B2, and the cracks are occurring from the same cause, it was concluded the runners for Units B1, B3 and B4 could not be repaired for long term operation.

In June 2016, a resolution was approved by the Board to establish a Capital project with a budget of \$350,000 to prepare specifications, bid documents and solicit bids for the modernization of the B1-B4 generating units.

Resolution No. 08-13325 requires Commission approval of bids and authorization to invite bids that are estimated to exceed \$3,000,000. Bidding documents for Bid No. 16-60, including specifications, are being prepared by the District and will be on file in the offices of the District.

District staff recommends that Bid No. 16-60 is in the best interests of the District and that said documents be approved and that the invitation for bid be published.

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

ACTION

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

Section 1. The bidding documents (Bid No. 16-60) for the Rock Island B1-B4 Generating Unit Modernization are hereby approved for solicitation of bids and the General Manager of the District is hereby authorized to invite sealed proposals for furnishing said material.

DATED this 3rd day of October 2016.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

Contact: Brett Bickford, Ext. 4902

RESOLUTION NO. _____

A RESOLUTION REJECTING THE BID OF HALME BUILDERS AND ACCEPTING THE BID OF CONTECH SERVICES, INC OF SEATTLE, WA (BID 16-SW20) FOR ROCK ISLAND POWERHOUSE 1 CONCRETE REPAIR BENEATH LOBBY DECK

FACTUAL BACKGROUND AND REASONS FOR ACTION

On September 1, 2016, an invitation for sealed bids was published in accordance with RCW 54.04.070 and Resolution No. 08-13325 to provide/construct Rock Island Powerhouse 1 Concrete Repair Beneath Lobby Deck. Bid proposals were opened on September 22, 2016, at 2:30 p.m. in the offices of the District. Three bids and one Alternate bid were received (excluding sales tax) as tabulated on Exhibit A attached.

The Alternate bid by Halme Builders did not meet the minimum technical specifications and assumes that the engineering required for this alternate will be provided by the District. In addition, Halme Builders did not respond to the underlying bid. The bid by Halme Builders should be rejected as non-responsive.

District staff has determined that the bid of Contech Services, Inc. of Seattle, Washington in the amount of \$92,264.00 (excluding sales tax) is the lowest responsive and best bid in compliance with the plans and specifications for Bid No. 16-SW20. This bid meets all statutory requirements. Resolution No. 08-13325 requires that the rejection of the apparent low dollar bidder must come before the Commission for action.

District staff recommends awarding Bid No. 16-SW20 to Contech Services, Inc.

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

ACTION

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

Section 1. The bid submitted by Halme Builders of Davenport, Washington did not meet the minimum requirements specified in the contract documents and is hereby rejected.

Section 2. The bid submitted by Contech Services, Inc. of Seattle, Washington is the lowest responsible and best bid in compliance with the plans and specifications to provide/construct the Rock Island Powerhouse 1 Concrete Repair Beneath Lobby Deck. The General Manager of the District is hereby authorized to enter into a contract with Contech Services, Inc. in the amount of \$92,264.00, excluding sales tax. A copy of the contract will be on file in the offices of the District

Dated this 3rd day of October 2016.

ATTEST:

President

Vice President

Secretary

Commissioner

Commissioner

Seal

Contact: John Sagerser
Ext.: 4984

Small Works Bid Tabulation

Bid No. 16-SW20

Rock Island Powerhouse 1 Concrete Repair Beneath Lobby Deck

September 22, 2016 at 2:30 P.M.

Bidder Name City, State	Bid Amount
Contech Services, Inc. Seattle, WA	\$92,264.00
Combined Construction, Inc. Mukilteo, WA	\$94,192.50
Leewens Corporation Kirkland, WA	\$284,488.00
ALTERNATE PROPOSAL Halme Builders, Inc. Davenport, WA	ALTERNATE PROPOSAL \$78,000.00