

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington December 18, 2017

The regular meeting of the Commission, of Public Utility District No. 1 of Chelan County, Washington, was held in the office of the District, 327 N. Wenatchee Avenue, Wenatchee, Washington, on December 18, 2017, at the hour of 10:00 am, pursuant to proper notice thereof.

Commissioners present: Randy Smith, President
Garry Arseneault
Dennis Bolz
Ann Congdon
Steve McKenna

Staff present: Kelly Boyd, Acting General Manager
Erik Wahlquist, General Counsel
Rebekah Garfein, Clerk of the Board
Various staff

Others in attendance: Ron Cridlebaugh, Port of Douglas County
Russ Jones
Stan Donogh

Call To Order

- President, Randy Smith, called the meeting to order at 10:00am

Pledge of Allegiance and Safety Minute

- Andrew Grassell, Energy Development and Conservation Manager, led the pledge and provided a safety minute on handling holiday stress

Agenda

- Items 13 and 15 were moved to the consent agenda; the agenda was approved as revised

Pre-Legislative Update

(see www.chelanpud.org for presentation)

- Tracy Yount, Director of External Affairs, and Dave Arbaugh, Contract Lobbyist, reviewed legislative priorities for 2018
- Carbon pricing will be an area of focus this year; expect to see a lot of activity on carbon this year

Orondo River Park

(see www.chelanpud.org for presentation)

- Michelle Smith, Director of Hydro Licensing and Compliance, and Jeff Smith, Managing Director of District Services, reviewed options for the future management of Orondo River Park
- Four alternatives were presented for a long-term solution as well as a staff proposal for a 2018 interim plan

- If the Port maintains land ownership, they would be eligible to pursue additional grant funding for capital improvements
- Chelan County PUD currently does not provide any funding for the Orondo River Park
- Who uses the park? The park sees a lot of use from local group – church groups, family reunions, etc.

Response to Increase in Applications for Service

(see www.chelanpud.org for presentation)

- John Stoll, Managing Director of Customer Utilities, and Chad Bowman, Director of Transmission and Compliance, gave an update on the increase in applications and interest in large loads
- Staff also investigate high usage, which is a labor-intensive process
- An inquiry form will be added to the website to help structure the requests and include an FAQ section
- Working to put a process in place for these applications and to see if reliability studies could be tiered

Identity Theft Prevention Program Annual Update

- Erik Wahlquist, General Counsel and Chief Compliance Officer, gave an update on the identity theft prevention program
- No red flags to report for 2017; staff continues to work on process improvement to continue to meet compliance obligations
- Our responsibility is to confirm that the person presenting to us is who they say they are and then keep that identity data confidential

Delegation of Authority Resolution Discussion

- Erik Wahlquist, General Counsel and Chief Compliance Officer, discussed the delegation of authority resolution
- The fundamental shift is previously the Board delegated authorities down through the organization; the new resolution changes that to delegate all authorities to the General Manager
 - The General Manager will then re-delegate those authorities to his direct reports with permissions for further re-delegation within their own team
 - There will be a single point of reference for those delegation memorandums; those will be maintained in the General Counsel's office by Karen Welton
- Other changes:
 - Service agreements limit was raised to \$500,000
 - Service agreements that are extended for a one-year period and do not exceed the \$500,000 threshold within one year will not be brought for Board approval
 - Field work orders and change orders will only require Board approval when the net contract impact is over \$500,000
 - Completion of contracts will continue to come to the Board, but will automatically be placed on the consent agenda

Recessed at 12:00pm and Reconvened at 1:00pm

Public Comment

Stan Donogh address the Commission regarding Lincoln Rock Park. He is a rower and expressed his appreciation to the Commission for the park, which he uses frequently.

Chelan Planet Walk

- Jeff Smith, Managing Director of District Services, and Russ Jones, Chelan Rotary Member addressed the Commission on the proposed Planet Walk at Riverwalk Park in Chelan
- Russ Jones reviewed Chelan Rotary's proposal for a Planet Walk

- Jeff Smith noted reasons for denial of the proposed project; Ryan Baker, Parks Manager, clarified concerns around lawn maintenance
- Commissioners are supportive of the project with the following conditions:
 - The Rotary club will set aside funds to remove the signs, if they no longer wish to maintain the signs at a future point
 - Staff will work with Rotary to mitigate concerns expressed around sign placement and lawn maintenance
 - Rotary will gather public input on the project to confirm support for the change in park appearance

Consent Agenda

- President Smith presented the consent agenda which included the following items:
 - Minutes of the December 4, 2017 Regular Meeting and the December 11, 2017 Special Meeting
 - Vouchers: Accounts Payable Summary Report dated December 13, 2017:
 - Vouchers totaling \$8,376,410.22
 - 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.
 - 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
 - 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.
 - 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
 - 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

MOTION

Moved by: Commissioner Congdon

Seconded by: Commissioner McKenna

To approve the consent agenda as modified

Approved: Unanimously

Resolutions 11, 12, 14, and 16

- Resolution 11 presented by Bob Shane, Director of Network Operations
 - The discount offered is for the purchase of support services for 5 years versus a 1-year purchase
 - 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
- Resolution 12 presented by Kirk Hudson, Managing Director of Generation and Transmission
 - Additional funds will be used to support data analytics platform development, continued analysis of B9 Caplan pipe failure, and project management for decentralized operations activities in preparation for termination of hourly coordination as well as continued support for External Affairs, Natural Resources, and Rock Island relicensing planning
 - 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
- Resolution 14 presented by Jeremy Jordan, Organizational and Employee Development Program Manager

- This is our largest program to reinvest in people; 2018 expansion will include individual coaching and small team sessions
- Lorna Klemanski, Managing Director of Human Resources, Labor, and Safety noted that this is very cost-effective and efficient when compared to sending staff to off-site trainings
 - 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
- Resolution 16 presented by Erik Wahlquist, General Counsel and Chief Compliance Officer
 - 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

MOTION

Moved by: Commissioner Bolz

Seconded by: Commissioner Arseneault

To approve Resolutions 11, 12, 14, and 16 as presented

Approved: Unanimously

Manager Items

- Erik Wahlquist, General Counsel and Chief Compliance Officer, gave an update on the Shoreline Management Plan
 - A better, more formalized stakeholder outreach process will be developed, with meetings starting after the holidays
- Andrew Grassell, Energy Development and Conservation Manager, noted that two LED Streetlight Rate informational meetings have been held; no attendees were present at either meeting
 - The final informational meeting will be on December 20 at the CTC; the public hearing will be held on January 8 at 1:00pm
- Mario Cantu, Education and Community Engagement Coordinator, announced that Fiesta Decembrina will be held on December 21 at the Leavenworth PUD office
 - Will provide relevant safety information, park day pass applications, and how to stay connected with Chelan PUD; Upper Valley MEND will also participate
- Erik Wahlquist, General Counsel and Chief Compliance Officer, noted an inter-local agreement with the Port of Chelan County
 - Partnered with the Port to identify areas for larger loads; entered into an up-to-\$25,000 agreement with the Port to expand their contract with Burke Consulting to conclude a report on this effort
- Jeff Smith, Managing Director of District Services, noted a request from Chelan County for a letter of support for Lake Chelan water quality grant funding; that letter has been drafted to express our endorsement
 - Marcie Clement, Water Resources Program Manager, reported that \$5,000 has been set aside to contribute to the County's Quality Assurance Project Plan

Commission Items

- Election of 2018 Board Officers

MOTION

Moved by: Commissioner Congdon

Seconded by: Commissioner Arseneault

To nominate a slate of officers for 2018: Dennis Bolz, President; Garry Arseneault, Vice-President; Steve McKenna, Secretary

Approved: Unanimously

- What is the timeline for the Ohme Substation?
 - Will likely be online in early 2020
- Commissioner Arseneault recently attended an APPA conference and shared an innovative program in Sacramento to reduce carbon by focusing on transportation

Follow Up on Delegation of Action Items

- From 12/4/17:
 - Mike Coleman will prepare a historical comparison of the maximum monthly bandwidth usage – not yet completed
 - Staff will research options and costs for an opt-in program versus an opt-out option for advanced meters – in process

Delegation of Action Items

- Michelle Smith – Orondo River Park Survey Results for Douglas County respondents only
- Michelle Smith – Research potential modification to Alternative 1 for Orondo River Park, where the PUD covers O&M costs and the Port retains fees and grant opportunities for capital improvements
- Michelle Smith – Costs and source of irrigation water at Orondo River Park
- Jeff Smith – Work with Chelan Rotary on finding solutions to staff concerns of the Chelan Planet Walk signs and to gather community feedback on Chelan Planet Walk
- Erik Wahlquist – Set up planning meetings to develop stakeholder outreach program around the Shoreline Management Plan

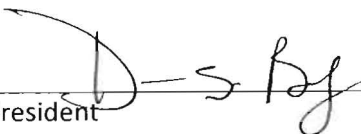
Executive Session

President Smith convened an executive session at approximately 2:20pm 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) for approximately 60 minutes.

Regular Session Reconvened at 3:04pm

- President Smith stated no votes were taken and no decisions were made

There being no other business, the meeting adjourned at 3:04pm.




 President



 Secretary

 Vice President



 Commissioner



 Commissioner