

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

REGULAR COMMISSION MEETING

January 22, 2018

AGENDA

STUDY & BUSINESS SESSION

10:00 A.M.

1. Pledge of Allegiance and Safety Minute – Matt Boles
2. CPO Winner Announcement
3. 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
4. Quarterly Board Balanced Scorecard Status Update
5. 2-Way Radio RFP Selection Process Overview
6. Lessons Learned on Consent Agenda Resolutions

Consent Agenda

7. Minutes:

January 8, 2018 Regular Meeting

8. Vouchers:

Accounts Payable Summary Report dated January 17, 2018:

- a) Vouchers totaling \$12,383,946.54;
- b) Approval of Customer Deposit Returns and Conservation Incentive payments for the period January 3, 2018 through January 16, 2018 in the amount of \$28,563.74;
- c) Approval of the net Payrolls, Warrant Nos. 235733 through 235762 and Advice Nos. 646613 through 647339 for the pay period ending 01/07/2018 in the amount of \$1,776,806.68;
- d) Approval of Warrant Nos. 24054 through 24108 totaling \$17,185.59 for claim payments from the workers' compensation self-insurance fund for the period ending January 15, 2018; and

REGULAR COMMISSION MEETING AGENDA

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9. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1 THROUGH 4, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 17-05 WITH WHITEFISH ENERGY HOLDINGS, LLC. OF WHITEFISH, MONTANA AND AUTHORIZING PAYMENT OF RETAINAGE
10. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1 THROUGH 3, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 17-46 WITH DAY MANAGEMENT CORP., DBA DAY WIRELESS SYSTEMS OF MILWAUKIE, OREGON, AND AUTHORIZING PAYMENT OF RETAINAGE

Regular Agenda

11. A RESOLUTION DECLARING BASLER ELECTRIC COMPANY OF HIGHLAND, IL AS THE SOLE SOURCE SUPPLIER OF EXCITER REPLACEMENT FOR CHELAN FALLS HYDRO
12. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO EXECUTE FIELD WORK ORDER/CHANGE ORDER #5 TO CONTRACT 16-60 WITH ANDRITZ HYDRO FOR NEW THRUST RUNNERS
13. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 8 THROUGH 12 AND APPROVING FIELD WORK ORDER NO. 13 TO BID 15-65
14. Manager Items
15. Commission Items
16. Follow-up on Delegation of Action Items from Previous Board Meeting
17. Delegation of Action Items
18. Additional Public Comment*
19. Matters of general business as may necessarily come before the Commission
20. 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).

* 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 RATIFYING FIELD WORK ORDER NOS. 1 THROUGH 4, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 17-05 WITH WHITEFISH ENERGY HOLDINGS, LLC. OF WHITEFISH, MONTANA 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 April 27, 2017, the District entered into a contract (Bid No. 17-05) with Whitefish Energy Holdings, LLC. (Contractor) of Whitefish, Montana for Mission Creek Power Distribution Rebuild and Fiber Build-Out, in the amount of \$721,678.36. This contract was advertised for public bid and was awarded as required by RCW 54.04.070 and .080.

The work in Field Work Order Nos. 1 through 4 consists of conditions and work not anticipated or included in the original contract but within the scope of the contract. The District's staff has executed Field Work Order Nos. 1 through 4, which are on file in the offices of the District and summarized as follows:

Field Work Order No.	Amount
FWO #1 – Move Transformer Bank, Replace Cable/Terminate 6974 and additional line fusing	\$7,374.34
FWO #2 – Replace Cable 4565, Replace Termination Cabinet and Base, Replace outgoing termination to accept fault indicators	\$11,954.76
FWO #3 – Removed open bank, transferred existing service to new transformer, and replaced pole	\$4,736.52
FWO #4 – Replace service light and hang new light; Add additional guy anchor; Replace two runs of primary underground cable and install one run of 8-count fiber; Change out 45-foot pole for a 50-foot pole and re-frame tap to pole; and the Addition of two (2) new service poles and change out open wire to QUAD.	\$9,495.93
Total	\$33,561.55

Field Work Order Nos. 1 through 4 result in a net increase in the contract price of \$33,561.55 for a new revised total price of \$755,239.91 (excluding sales tax), which the District's Engineers recommend be ratified. Resolution No. 17-14215 provides that

this type of field work order shall be presented to the Commission for approval as part of the final acceptance resolution.

District staff has determined that the completion of all contract work occurred on December 8, 2017. In accordance with the terms of the contract, retainage in an amount not exceeding 5% of the contract price has been withheld from the Contractor.

The General Manager of the District concurs with staff's recommendations that the District accept the work performed by the Contractor, ratify Field Work Order Nos. 1 through 4 and authorize the payment of retainage due the Contractor, subject to the requirements of the contract and state law.

ACTION

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

Section 1. Field Work Order Nos. 1 through 4 to Bid No. 17-05 with Whitefish Energy Holdings, LLC. for the work specified above, which will result in a net increase in the purchase price of \$33,561.55, for a total revised contract price of \$755,239.91, plus Washington State sales tax, is hereby ratified.

Section 2. All the contract work required under Bid No. 17-05 was completed on December 8, 2017 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 22nd day of January 2018.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1 THROUGH 3, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 17-46 WITH DAY MANAGEMENT CORP., DBA DAY WIRELESS SYSTEMS OF MILWAUKIE, OREGON, 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 May 11, 2017, the District entered into a contract (Bid No. 17-46) with Day Wireless Management Corp., dba Day Wireless Systems (Contractor) of Milwaukie, OR for Telecommunication Sites – Electrical, Grounding, and Site Improvements, in the amount of \$269,119. This contract was advertised for public bid and was awarded as required by RCW 54.04.070 and .080.

The work in Field Work Order Nos. 1 through 3 consists of conditions and work not anticipated or included in the original contract but within the scope of the contract. The District's staff has executed Field Work Order Nos. 1 through 3, which are on file in the offices of the District and summarized as follows:

Field Work Order No.	Amount
1. Add ground enhancement material and remove abandoned fuel tank at Burch Mountain	\$8,880.00
2. Remove abandoned fuel tank at Chelan Butte	\$3,564.00
3. Add remote DC breaker panel at Rock Island Dam	\$6,240.30
Total	\$18,684.30

Field Work Order Nos. 1 through 3 result in a net increase in the contract price for a new revised total price of \$287,803.30 (excluding sales tax), which the District's Engineers recommend be ratified. Resolution No. 17-14215 provides that this type of field work order shall be presented to the Commission for approval as part of the final acceptance resolution.

District staff has determined that the completion of all contract work occurred on January 4, 2018. In accordance with the terms of the contract, retainage in an amount not exceeding 5% of the contract price has been withheld from the Contractor.

The General Manager of the District concurs with staff's recommendations that the District accept the work performed by the Contractor, ratify Field Work Order Nos. 1 through 3 and authorize the payment of retainage due the Contractor, subject to the requirements of the contract and state law.

ACTION

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

Section 1. Field Work Order Nos. 1 through 3 to Bid No. 17-46 with Day Wireless Corp., dba Day Wireless Systems for the work specified above, which will result in a net increase in the purchase price of \$18,684.30, for a total revised contract price of \$287,803.30, plus Washington State sales tax, is hereby ratified.

Section 2. All the contract work required under Bid No. 17-46 was completed on January 4, 2018 and the same is hereby accepted, subject to Section 3 hereof. Payment of retainage to the Contractor in the amount determined by the District's auditor to be due is authorized to be paid to the Contractor subject to Section 3 and Section 4 hereof, and subject to the provisions and limitations of Chapter 39.12 RCW (Prevailing Wages on Public Works) and 60.28 (Liens for Labor, Materials and Taxes on Public Works).

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

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

DATED this 22nd day of January 2018.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION DECLARING BASLER ELECTRIC
COMPANY OF HIGHLAND, IL AS THE SOLE SOURCE
SUPPLIER OF EXCITER REPLACEMENT FOR
CHELAN FALLS HYDRO

FACTUAL BACKGROUND AND REASONS FOR ACTION

The 15-year-old electronic controllers on the A1 and A2 generator excitation systems at Chelan Falls Hydro are obsolete. The manufacturer has informed the District that in the future there will be limited spare parts and support service available for these controllers. The excitation system electronic controllers are required for generator operation. The District has some spare parts for these controllers but, to continue providing reliable operation and maintenance to the A1 and A2 excitation systems, the exciter controllers need to be upgraded with newer supported equipment. District staff procured the existing generator excitation systems for A1 and A2 at Chelan Falls in 2003 from Cutler-Hammer Inc. via Bid No. 02-34. In 2006, Basler Electric Company purchased the entire Cutler-Hammer Inc. excitation product line. Basler has developed a retrofit upgrade kit that converts the exciter controls to Basler's current model exciter controls that are proven and that they fully support. A review of current potential sources of the exciter controllers has determined that only Basler Electric has a retrofit option for replacing the exciter controllers. Therefore, a sole source procurement of Basler ECM-2 control units is being requested.

Pursuant to RCW 54.04.070 and 39.04.280, the District may, when there is clearly and legitimately a sole source of supply, waive the statutory competitive bidding requirements otherwise applicable to the purchase of equipment. Resolution No. 17-14215 requires that a declaration for sole source purchases over the statutory limits (\$60,000 per month) must come before the Commission for action.

District staff has determined that it would be in the best interest of the District to designate Basler Electric Co. as the sole source supplier for generator exciter controls for A1 and A2 at Chelan Falls Hydro in an amount not to exceed \$267,235.00. Staff also recommends that the competitive bidding requirements of RCW 54.04.070 be waived.

The General Manager has reviewed staff's recommendations 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 Commission declares Basler Electric Co. to be the sole source supplier for generator exciter controls for A1 and A2 at Chelan Falls Hydro.

Section 2. The competitive bidding requirements of RCW 54.04.070 are hereby waived due to the designation of Basler Electric Co. as the sole source supplier for generator exciter controls for A1 and A2 at Chelan Falls Hydro.

Section 3. The General Manager or his designee is authorized to enter into Contract No. 17-88 with Basler Electric Company for the purchase of generator exciter controls for A1 and A2 at Chelan Falls Hydro at a cost not to exceed \$267,235.00 without prior Commission approval. A copy of the contract will be on file in the offices of the District.

Dated this 22nd day of January 2018.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE GENERAL MANAGER
TO EXECUTE FIELD WORK ORDER/CHANGE ORDER #5 TO
CONTRACT 16-60 WITH ANDRITZ HYDRO FOR NEW
THRUST RUNNERS

FACTUAL BACKGROUND AND REASONS FOR ACTION

On December 30, 2016 the Commission approved Resolution No. 16-14108 authorizing the General Manager of the District to issue a notice of award by December 31, 2016 and enter into a contract with Andritz Hydro Corp. in the amount of \$41,813,228 (excluding sales tax) for modernization of units B1 to B4.

The District Commission by Resolution No. 08-13325 delegated limited authority to the General Manager and the staff to execute Field Work Orders under certain circumstances. In May 2017 District staff initiated Field Work Order/Change Order #1 (FWO 1) to delete the requirement for Andritz to procure a second set of stop logs and dewatering pumps. These items were instead purchased by the District. FWO 1 was executed August 16, 2017 for a reduction of the contract price of \$454,000.

On May 15, 2017, the Commission approved Resolution No. 17-14163 authorizing the General Manager to execute Field Work Order/Change Order #2 (FWO 2) for purchase of an additional set of head gates for a price not to exceed \$950,000. FWO 2 was executed on August 16, 2017 in an amount of \$554,000.

On August 7, 2017 the Commission approved Resolution No. 17-14163 which authorized the execution of Field Work Order/Change Orders #3 and #4 for purchase of new wicket gates, generator shafts and pole bodies. FWO 3 was executed August 16, 2017 in the amount of \$2,273,889. FWO 4 was executed on September 26, 2017 in an amount of \$2,160,000.

The scope of the Contract with Andritz Hydro includes evaluation and rehabilitation of the existing thrust runners. The Contractor has completed the evaluation of the existing thrust runners in accordance with the contract and District staff has completed its review and evaluation and recommends purchase of new thrust runners.

District staff requests that the Commission authorize the General Manager to execute FWO/COs in an amount not to exceed \$900,000 (excluding sales tax) for new thrust runners and purchase of one spare (5 total). The current not-to-exceed total of the contract of \$46,347,117.00 will be increased to \$47,247,117.00.

ACTION

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

Section 1. The General Manager of the District is hereby authorized to execute Field Work Order/Change Order #5 or design, manufacturing and installation of four new thrust runners for units B1 to B4 and for one spare for a price not to exceed \$900,000 and increase the total not to exceed amount of the contract to \$47,247,117.00.

DATED this 22nd day of January 2018.

ATTEST:

President

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION RATIFYING FIELD WORK
ORDER NOS. 8 THROUGH 12 AND APPROVING
FIELD WORK ORDER NO 13 TO BID 15-65

FACTUAL BACKGROUND AND REASONS FOR ACTION

Public Utility District No. 1 of Chelan County (District) adopted Resolution No. 16-14043 on May 16, 2016 which authorized the District to enter into a contract (Bid No. 15-65) with K & N Electric Motors, Inc. (Contractor) of Spokane Valley, WA for Rocky Reach Dam Powerhouse Bridge Cranes Refurbishment, in the amount of \$4,401,504.15.

On September 5, 2017, the Commission by Resolution No. 17-14175 ratified Field Work Order/Change Order Nos. 1-7 in the amount of \$468,599.82 which were executed under the delegation authority of Resolution No. 08-13325.

The District Commission by Resolution No. 17-14215 delegated limited authority to the General Manager and the staff to execute field work orders under certain circumstances. Resolution No. 17-14215 requires that 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 the FWO/CO requires prior approval by the Commission.

The work in Field Work Order Nos. 8 through 13 consists of conditions and work not anticipated or included in the original contract but within the scope of the contract. The District's staff has executed Field Work Order Nos. 8 through 12, Field Work Order No. 13 is ready to be executed, all are on file in the offices of the District and summarized as follows:

Field Work Order No.	Amount
8. Changes to Milestone dates.	\$0.00
9. Increase in Contract Price due to weld repairs required on the north crane trolley.	\$46,346.00
10. Increase in Contract Price due to weld repairs required on the south crane trolley.	\$19,730.25
11. Increase in Contract Price due to new upper block pin.	\$8,000.00
12. Increase in Contract Price to remove all paint, inspect, develop alternatives, perform engineering and provide drawings for repairs and strengthening of the bridge truck repairs, and changes to Milestone dates.	\$100,000.00
13. Increase in Contract Price to perform repairs and strengthening to the 16 bridge trucks, costs for extension of time on site, and changes to Milestone dates.	\$362,396.62

Total	\$536,472.87
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Field Work Order Nos. 8 through 12 result in a net increase in the contract price of \$174,076.25 which the District's Engineers recommend be ratified. Field Work Order No. 13 results in a net increase in the contract price of \$362,396.62 for a new revised total price of \$5,406,576.84 (excluding sales tax), which the District's Engineers recommend be approved.

The General Manager of the District concurs with staff's recommendations that Field Work Order Nos. 8 through 12 be ratified and Field Work Order No. 13 be approved.

ACTION

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

Section 1. The Commission finds that Field Work Order Nos. 8 through 12 were properly executed pursuant to the authority delegated by Resolution No. 08-13325 and said Field Work Orders are hereby formally acknowledged and ratified.

Section 2. The Commission finds that Field Work Order No. 13 is hereby approved for execution pursuant to the authority delegated by Resolution No. 17-14215.

DATED this 22nd day of JANUARY 2018.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal