

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

**REGULAR COMMISSION MEETING**

**MAY 14, 2018**

**AGENDA**

**STUDY SESSION**

**9:15 A.M.**

1. Pledge of Allegiance and Safety Minute – Heather Irelan
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. CPO Winner Recognition
4. 2018 Integrated Resource Plan Progress Report
5. Rocky Reach Discovery Center
6. Rocky Reach and Lake Chelan Hydro Update
7. Quarterly Financial Review and Investment Report
8. Quarterly Major Projects, Contracts, and Project Revisions Update
9. Public Power Benefit Program
10. Update to Rock Island Powerhouse 2 Rehab

**CONFLUENCE TECHNOLOGY CENTER  
285 TECHNOLOGY CENTER WAY, WENATCHEE**

**BUSINESS SESSION**

**1:00 P.M.**

11. Public Hearing – High Density Load Moratorium

REGULAR COMMISSION MEETING AGENDA

May 14, 2018

Page 2

**Consent Agenda**

12. Minutes:

April 30, 2018 Regular Meeting

13. Vouchers:

Accounts Payable Summary Report dated May 9, 2018:

- a. Vouchers totaling \$6,363,173.19;
- b. Approval of Customer Deposit Returns and Conservation Incentive payments for the period April 25, 2018 through May 8, 2018 in the amount of \$22,026.92;
- c. Approval of the net Payrolls, Warrant Nos. 235939 through 235968 and Advice Nos. 652577 through 653351 for the pay period ending 04/29/2018 in the amount of \$1,984,527.71; and
- d. Approval of Warrant Nos. 24413 through 24455 totaling \$18,270.90 for claim payments from the workers' compensation self-insurance fund for the period ending May 7, 2018.

14. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1 THROUGH 7 AND AUTHORIZING FINAL ACCEPTANCE OF PERFORMANCE UNDER BID NO. 15-21 WITH REEL COH INC OF BOISBRIAND QUEBEC CANADA AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE

**Regular Agenda**

15. A RESOLUTION DECLARING VOITH HYDRO, INC. OF YORK, PENNSYLVANIA AS THE SOLE SOURCE SUPPLIER FOR BLADE TRUNNION SEALS, SEAL COVERS, AND BLADE BUSHINGS, NECESSARY TO REPAIR ROCKY REACH UNIT C1 AND AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A CONTRACT WITH VOITH HYDRO, INC. FOR THE PURCHASE OF SAID EQUIPMENT

16. PROPOSED MOTION: Peshastin Wastewater Treatment Facility Improvements

Motion to increase the project budget for the Peshastin Wastewater Treatment Facility Improvements project from \$2,000,000 to \$4,100,000

17. Manager Items

18. Commission Items

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

REGULAR COMMISSION MEETING AGENDA

May 14, 2018

Page 3

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), to consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price, as authorized by RCW 42.30.110(1)(b), and to consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause the likelihood of decreased price, as authorized by RCW 42.30.110(1)(c).

\* 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 7 AND AUTHORIZING FINAL ACCEPTANCE OF PERFORMANCE UNDER BID NO. 15-21 WITH REEL COH INC OF BOISBRIAND QUEBEC CANADA AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE

**FACTUAL BACKGROUND AND REASONS FOR ACTION**

Public Utility District No. 1 of Chelan County (District) adopted Resolution No. 15-13985 on October 19, 2015 which authorized the District to enter into a contract (Bid No. 15-21) with Reel COH Inc. (Contractor) of Boisbriand, Quebec, Canada for the Rocky Reach Dam Intake Gantry Crane Refurbishment, in the amount of \$4,590,000.

District staff has determined that the work required under the contract has been performed in accordance with the terms of the contract and recommends that the District accept the work.

The work in Field Work Order Nos. 1 through 7 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 7, which are on file in the offices of the District and summarized as follows:

<b>Field Work Order No.</b>	<b>Amount</b>
1. Crane Equipment Revisions and Installation Schedule Changes	\$ 31,094.00
2. Completion Schedule Revisions	\$ 0.00
3. Crane Equipment Revisions, Trolley Roof Modifications, and Installation Schedule Changes	\$ 0.00
4. Modifications to Crane Equipment	\$ 18,617.00
5. Field Schedule Changes	\$ 25,500.00
6. Additional Spare Parts	\$ 67,834.60
7. Assignment	\$ 0.00
<b>Total</b>	<b>\$ 143,045.60</b>

Field Work Order Nos. 1 through 7 result in a net increase in the contract price of \$143,045.60 for a new revised total price of \$4,733,045.60 (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 March 9, 2018. In accordance with the terms of the contract, the Contractor has provided a bond in lieu of retainage equal to 5% of the contract price.

The General Manager of the District concurs with staff's recommendations that the District accept the work performed by the Contractor and recommends the District authorize the release of the related bond in lieu of retainage, 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. All the contract work required under Bid No. 15-21 was completed on March 9, 2018, and the same is hereby accepted, subject to Section 2 hereof. Release of the Contractor's bond in lieu of retainage is authorized subject to Section 2 and Section 3 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 2. 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 3. 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 release the bond in lieu of retainage. In the event said taxes, claims, expenses and fees have not been paid, the General Manager is authorized and directed to file a claim against the bond in lieu of retainage in 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 following payment of such claim, release the bond in lieu of retainage.

DATED this 14<sup>th</sup> day of May 2018.

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President

ATTEST:

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Vice President

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Secretary

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Commissioner

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Commissioner

Seal

## RESOLUTION NO. \_\_\_\_\_

A RESOLUTION DECLARING VOITH HYDRO, INC. OF YORK, PENNSYLVANIA AS THE SOLE SOURCE SUPPLIER FOR BLADE TRUNNION SEALS, SEAL COVERS, AND BLADE BUSHINGS, NECESSARY TO REPAIR ROCKY REACH UNITS C1 THROUGH C7 AND AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A CONTRACT WITH VOITH HYDRO, INC. FOR THE PURCHASE OF SAID EQUIPMENT

**FACTUAL BACKGROUND AND REASONS FOR ACTION**

On January 14, 2018, oil was spotted in the Columbia River near Wenatchee. Investigations tracked it to Rocky Reach Unit C1, where a substantial amount of water was discovered in the turbine hub. Further investigations indicate the primary problem is trunnion seal failure and/or blade trunnion bushing wear.

Rocky Reach Plant and Engineering and Project Management have been collaborating on repair options, with criteria that mitigates oil-to-water risk, and makes C1 operational as soon as practicable.

One solution that allows the unit to operate until the blade trunnion bushings can be replaced is for staff to purchase new blade trunnion seals and new seal covers. Additionally, because the lead time for bushings is long, staff recommends purchase of the bushings with the seals and seal covers. These items of equipment are only available from Voith Hydro, Inc. (Voith), as explained below.

The contract to manufacture and install Unit C1 – C7 (Bid 92-41) was with Voith Hydro, Inc. Voith has proprietary information about the turbine runner and the subject components. The abnormal condition of oil leakage from the turbine hub appears to have been caused by failed trunnion seals, and/or worn blade bushings.

The replacement trunnion seals will be redesigned to accommodate a greater amount of bushing wear than the current seal design. After installation of the new seals, testing will be conducted to confirm satisfactory sealing effectiveness, prior to returning C1 to service. If unsatisfactory results occur, the turbine will be scheduled for removal, whereupon the bushings will be replaced.

Because the design of the components is new and unique to Rocky Reach C1 to C7, the work to manufacture the products will take a joint effort between engineering and manufacturing to best assure operational effectiveness. Voith has performed a concept design under SA-TA 16-148. Voith has proprietary information and engineering and manufacturing capabilities that allow them the best chance to produce components that will resolve the oil leaking issue.

Based on Voith's proprietary information and knowledge of the unit, Voith is the only entity that can accurately engineer this aspect of the turbine runner.

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 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 Voith Hydro, Inc. as the sole source supplier for seals, seal covers, and blade bushings, necessary to repair Rocky Reach Unit

C1 in an amount not to exceed \$240,000. Staff also recommends that the bidding requirements of RCW 54.04.070 be waived.

District staff also requests approval to have the option to purchase seals, seal covers, and/or blade bushings from Voith Hydro, Inc. in an amount not to exceed \$765,000 for C2 to C7 in the event it becomes necessary and is most advantageous to the District. Staff also recommends that the bidding requirements of RCW 54.04.070 be waived.

Description	Cost Estimate
Blade Trunnion Seals	\$ 75,000 per unit. Possible 7 units total.
Trunnion Covers	\$135,000 per Unit. Possible for 2 units total
Blade Bushings	\$ 30,000 per unit. Possible 7 units total.

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 Voith Hydro, Inc. to be the sole source supplier for blade trunnion seals, seal covers, and blade bushings necessary to repair Rocky Reach Unit C1 and as necessary for C2 to C7.

Section 3. The bid requirements of RCW 54.04.070 are hereby waived due to the designation of Voith Hydro, Inc. as the sole source supplier for blade trunnion seals, seal covers, and blade bushings necessary to repair Rocky Reach Unit C1 and as necessary for C2 to C7.

Section 4. The General Manager or his designee is authorized to enter into a purchase contract with Voith Hydro, Inc. for the purchase of blade trunnion seals, seal covers, and blade bushings, necessary to repair Rocky Reach Unit C1 at a cost not to exceed \$240,000 and to repair C2 to C7 for a cost not to exceed \$765,000 without prior Commission approval. A copy of the contract will be on file in the offices of the District.

Dated this 14<sup>th</sup> day of May 2018.

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President

ATTEST:

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Vice President

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Secretary

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Commissioner

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Commissioner

Seal