

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

REGULAR COMMISSION MEETING

SEPTEMBER 3, 2019

STUDY AND BUSINESS SESSION

10:00 AM

1. Pledge of Allegiance and Safety Minute – Stace Knudtson
2. Approval of the Agenda
Any item on the Consent Agenda shall be subject to transfer to the Regular Agenda upon request of any Commission member
3. Strategic Planning

Consent Agenda

4. Minutes of the August 19, 2019 Regular Meeting
5. Vouchers: Accounts Payable Summary Report dated August 28, 2019:
 - a. Vouchers totaling \$12,374,010.87;
 - b. Approval of Customer Deposit Returns and Conservation Incentive payments for the period August 14, 2019 through August 27, 2019 in the amount of \$23,824.33;
 - c. Approval of the net Payroll, Warrant Nos. 236648 through 236669 and Advice Nos. 679254 through 680056 for the pay period ending 08/18/2019 in the amount of \$2,159,837.94;
 - d. Approval of Warrant Nos. 25914 through 25935 totaling \$1,210.79 for claim payments from the workers' compensation self-insurance fund for the period ending August 26, 2019.
6. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NO. 1, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 17-54 WITH HURST CONSTRUCTION LLC OF WENATCHEE, WASHINGTON AND AUTHORIZING PAYMENT OF RETAINAGE

Regular Agenda

7. A RESOLUTION AUTHORIZING THE DISTRICT TO BECOME A MEMBER OF THE NORTHWEST ENERGY EFFICIENCY ALLIANCE FOR 2020-2024
8. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A REIMBURSABLE AGREEMENT (AGREEMENT NO. 19-10363) WITH BONNEVILLE POWER ADMINISTRATION FOR DESIGN AND CONSTRUCTION ACTIVITIES ASSOCIATED WITH THE INSTALLATION OF A REMEDIAL ACTION SCHEME AT VALHALLA AND COLUMBIA SUBSTATIONS
9. A RESOLUTION AMENDING THE APPROVED PURCHASE PRICE FOR THE PURCHASE OF REAL PROPERTY FROM THE NEVIO AND ELIZABETH TONTINI LIVING TRUST AND AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO COMPLETE THE TRANSACTION
10. Manager Items
11. Commission Items
12. Commissioner Travel
13. Follow-up on Delegation of Action Items from Previous Board Meeting
14. Delegation of Action Items
15. Additional Public Comment
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.
16. Matters of general business as may necessarily come before the Commission
17. 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)

This agenda and resolutions (if any) may be revised by the Commission as appropriate.

RESOLUTION NO. _____

A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NO. 1, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 17-54 WITH HURST CONSTRUCTION LLC OF WENATCHEE, WASHINGTON 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 order/change orders under certain circumstances.

On September 15, 2017, the District entered into a contract (Bid No. 17-54) with Hurst Construction LLC (Contractor) of Wenatchee, Washington for the Plain Substation Site Safety Improvements, in the amount of \$105,685. 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/Change 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/Change Order No. 1, which is on file in the offices of the District and summarized as follows:

Field Work Order No.	Description	Amount
1	Change of stair material	-\$3,630
Total		-\$3,630

Field Work Order/Change Order No. 1 results in a net decrease in the contract price for a new revised total not to exceed price of \$102,055 (excluding sales tax), which the District's Engineers recommend be ratified. Resolution No. 17-14215 provides that this type of field work order/change order shall be presented to the Commission for approval as part of the final acceptance resolution.

The contract price was established using estimated quantities. At completion of work, it was determined that fewer quantities were actually used than originally estimated. This reduction in quantities results in a net decrease of \$1,780, for a revised total price of \$100,275.

District staff has determined that the completion of all contract work occurred on November 6, 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/Change 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/Change Order No. 1 reduced actual quantities to Bid No. 17-54 with Hurst Construction LLC for the work specified above, which will result in a net decrease in the purchase price of \$5,410, for a total revised contract price of \$100,275, plus Washington State sales tax, is hereby ratified.

Section 2. All the contract work required under Bid No. 17-54 was completed on November 6, 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 3rd day of September 2019.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE DISTRICT TO BECOME
A MEMBER OF THE NORTHWEST ENERGY EFFICIENCY
ALLIANCE FOR 2020-2024**FACTUAL BACKGROUND AND REASONS FOR ACTION**

In November 2006 Washington voters approved the Energy Independence Act (the Act), also known as Initiative 937. The Act, codified as RCW Chapter 19.285, imposes targets for energy conservation and use of eligible renewable resources on the state's electric utilities that serve more than 25,000 customers. The District serves more than 25,000 electric customers and is subject to the Act's requirements.

Conservation is defined in the statute as any reduction in electric power consumption resulting from an increase in the efficiency of energy use, production or distribution. Beginning January 1, 2010, qualifying utilities are required under the Act to begin acquiring all conservation that is cost-effective, reliable and feasible. Utilities are required to identify achievable cost-effective conservation potential. Every two years the utility must review and update its 10-year conservation potential plan. Each impacted utility must establish a biennial acquisition target that is not less than the pro rata share of the 10-year conservation potential and meet that target during the subsequent two-year period.

The Northwest Energy Efficiency Alliance (NEEA) is a non-profit corporation that works to increase energy efficiency through market transformation efforts. The Act identifies market transformation group efforts, which includes NEEA, as a viable means to meet conservation targets if a utility provides funding to the effort. For NEEA, the funding is in the form of an annual membership fee. The fee a utility pays and the energy savings a utility can claim is calculated based on utility specific information.

District staff have identified conservation measures and analyzed the benefits and costs associated with each measure. When compared and prioritized against other measures, membership in NEEA is a cost effective means to help the District achieve its conservation targets.

NEEA develops its market transformation goals and objectives in five (5) year intervals. Joining and funding NEEA will involve a five (5) year funding commitment from the District at the level of approximately \$1,660,000 (approximately 332,000/year) for the years 2020- 2024. The funding obligation is paid quarterly. The anticipated energy savings available to the District as a result of NEEA membership and funding are anticipated to be approximately 1.2 aMW over

the 5-year period. Actual energy savings will be reported to the District by NEEA annually

District staff recommends joining NEEA and entering into an Agreement with NEEA for 2020-2024 at a total cost not to exceed \$1,660,000.

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 funding agreement with NEEA for the 2020-2024 time period in an amount not to exceed \$1,660,000 without prior Commission approval. A copy of the Agreement is on file in the offices of the District.

DATED this 3rd day of September, 2019.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A REIMBURSABLE AGREEMENT (AGREEMENT NO. 19-10363) WITH BONNEVILLE POWER ADMINISTRATION FOR DESIGN AND CONSTRUCTION ACTIVITIES ASSOCIATED WITH THE INSTALLATION OF A REMEDIAL ACTION SCHEME AT VALHALLA AND COLUMBIA SUBSTATIONS

FACTUAL BACKGROUND AND REASONS FOR ACTION

With the idling of Alcoa load there is power flow congestion, mainly during the summer months, whereby Rock Island generation can cause thermal overloading on outgoing lines at Valhalla/McKenzie substation/switchyard. A temporary manual mitigation has been in place which is to open breaker B288 at Valhalla to separate Bonneville Power Administration (BPA)'s Valhalla 115 kV switchyard from District's McKenzie 115 kV switchyard. The findings from a recent ColumbiaGrid Report identified that a remedial action scheme (RAS) that opens breaker B288 automatically based on pre-determined conditions would be the best option to mitigate the impacts. BPA owns and operates breaker B288 and the Valhalla 115 kV switchyard. A Reimbursable Agreement between BPA and the District is recommended to provide for BPA, at the District's expense, to perform design and construction activities at Valhalla and Columbia substation/switchyard necessary to implement the RAS. Resolution No. 17-14215 requires that the Commission, by resolution, authorize service agreements that exceed \$500,000.

BPA has prepared a proposal to perform design and construction activities associated with the installation of the RAS for an estimated cost of \$690,000.00. The District is required to advance an amount not to exceed \$690,000 to BPA upon execution of the Reimbursable Agreement. Payment to BPA shall be held in an account established for this Reimbursable Agreement.

District staff has determined that the proposal outlined above is fair and acceptable.

It is District staff's recommendation that it is in the best interest of the District to enter into a Reimbursable Agreement with BPA 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 Reimbursable Agreement with BPA for design and construction activities associated with the installation of the RAS at Valhalla and Columbia Substations in an amount not to exceed \$690,000.00 without prior Commission approval. A copy of the Agreement is on file in the offices of the District.

DATED this 3rd day of September, 2019.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AMENDING THE APPROVED PURCHASE PRICE FOR THE PURCHASE OF REAL PROPERTY FROM THE NEVIO AND ELIZABETH TONTINI LIVING TRUST AND AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO COMPLETE THE TRANSACTION

FACTUAL BACKGROUND AND REASONS FOR ACTION

On June 18, 2019 Chelan County PUD (PUD) entered into a Purchase and Sale Agreement with the Nevio and Elizabeth Tontini Living Trust (Seller) for Chelan County Parcel No. 232028130080 (Subject Parcel) in the amount of \$9.25 per square foot, contingent on approval of the Chelan County PUD Board of Commissioners. The Chelan County parcel records indicated an area of 92,347.1 square feet resulting in a purchase price of \$854,211.

On July 15, 2019 the Board of Commissioners adopted Resolution 19-14361 approving the Purchase and Sale agreement with the Seller and setting the purchase price at \$854,211.

On August 26, 2019 a survey of the Subject Parcel was completed in preparation for closing and the area of the Subject Parcel was recalculated at 97,985 square feet, resulting in a revised purchase price of \$906,361.25.

Staff recommends revising the approved purchase price of the Subject Parcel to be consistent with the surveyed area, and the General Manager be directed to take the necessary steps to close the transaction.

The General Manager 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 Purchase and Sale Agreement with the Nevio and Elizabeth Tontini Living Trust for the described real property in this Resolution and as attached to the Tontini Property Purchase and Sale Agreement in the revised amount of \$906,361.25, is hereby approved and the General Manager or his designee is hereby authorized take such further steps as may be required to complete the transaction.

Section 2. The Purchase and Sale Agreement will be on file in the offices of the PUD.

DATED this 3rd day of September, 2019.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal