

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

REGULAR COMMISSION MEETING

SEPTEMBER 8, 2020

Public participation will be by phone only

Dial: 509-661-8872

Conference ID: 2700127#

****Please remember to mute your phone to reduce background noise****

Please contact PUD staff at 509-661-4212 to let us know if you intend to participate by phone

STUDY SESSION

10:00 AM

1. Pledge of Allegiance and HPI Minute – Kassie Bertilson
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. Public Power Benefit Projects Update
4. Ohme Substation Update
Proposed motion: To increase the Total Project Budget for the Ohme Substation Project (DS170006) by \$1,040,000 for a revised Total Project Budget of \$6,969,053. The additional project expense is not anticipated until 2021, thus no change to the 2020 Distribution capital budget is required.

BUSINESS SESSION

1:00 PM

Consent Agenda

5. Minutes of the August 17, 2020 Regular Meeting
6. Vouchers: Accounts Payable Summary Report dated September 2, 2020:
 - a. Vouchers totaling \$16,348,008.26;

- b. Approval of Customer Deposit Returns and Conservation Incentive payments for the period August 12, 2020 through September 1, 2020 in the amount of \$40,346.94;
- c. Approval of the net Payroll, Warrant Nos. 237151 through 237171 and Advice Nos. 699556 through 700343 for the pay period ending 08/16/2020 in the amount of \$2,072,363.85;
- d. Approval of Warrant Nos. 26833 through 26885 totaling \$48,465.37 for claim payments from the workers' compensation self-insurance fund for the period ending August 31, 2020.

Regular Agenda

- 7. A RESOLUTION FOR APPROVAL OF FIELD WORK ORDER/CHANGE ORDER NO. 3 TO CONTRACT 17-78 WITH KEMP WEST, INC FOR 2018 – 2020 DISTRICT TREE TRIMMING
- 8. A RESOLUTION RATIFYING PAYMENT OF THE 2020 FEDERAL ENERGY REGULATORY COMMISSION ADMINISTRATIVE ANNUAL STATEMENTS FOR THE LAKE CHELAN, ROCK ISLAND AND ROCKY REACH HYDROELECTRIC PROJECTS AND AUTHORIZING THE GENERAL MANAGER TO APPROVE PAYMENT OF FUTURE INVOICES AND ADVISE BOARD OF AMOUNTS
- 9. A RESOLUTION APPROVING THE PURCHASE AND SALE AGREEMENT WITH RAYMOND C. SCHMITTEN FOR THE PURCHASE OF REAL PROPERTY AND AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO COMPLETE THE TRANSACTION
- 10. A RESOLUTION AUTHORIZING THE ISSUANCE OF A GUARANTEED MAXIMUM PRICE (GMP) AMENDMENT NO. 2 TO LYDIG CONSTRUCTION, INC OF SPOKANE VALLEY, WA TO PROVIDE PHASE 2 WORK OF THE ROCKY REACH CENTRAL MAINTENANCE FACILITY IMPROVEMENTS TO THE GENERAL CONTRACTOR CONSTRUCTION MANAGER (GCCM) SERVICES FOR THE ROCK ISLAND AND ROCKY REACH HYDROELECTRIC SUPPORT FACILITY IMPROVEMENTS PROJECT
- 11. Manager Items
- 12. Commission Items
 - a. Fall Board Workshop
Proposed motion: Move to set a special meeting on Friday, October 9, 2020 @ 9:00am to be held virtually for the purpose of holding a Fall Board Workshop. Virtual meeting information will be posted on the PUD website.
- 13. Commissioner Travel
- 14. Follow-up on Delegation of Action Items from Previous Board Meeting

REGULAR COMMISSION MEETING AGENDA

September 8, 2020

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15. Delegation of Action Items

16. 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.

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

18. 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 FOR APPROVAL OF FIELD
WORK ORDER/CHANGE ORDER NO. 3 TO
CONTRACT 17-78 WITH KEMP WEST, INC FOR
2018 – 2020 DISTRICT TREE TRIMMING**FACTUAL BACKGROUND AND REASONS FOR ACTION**

The District Commission by Resolution No. 17-14215 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 January 12, 2018, the District entered into a contract (Bid No. 17-78) with Kemp West, Inc. of Snohomish, Washington for the 2018 – 2020 District Tree Trimming in an amount not to exceed \$3,000,000. This contract was advertised for public bid and was awarded as required by RCW 54.04.070 and .080. The bid by the Contractor was the low bid and met the District's specifications.

Field Work Order/Change Order No. 1 was executed on October 31, 2018, to adjust the unit prices. This Field Work Order/Change Order was ratified by Resolution 19-14395 and is on file in the offices of the District.

Field Work Order/Change Order No. 2 was approved by Resolution 19-14395 and executed on December 3, 2019, to extend the term of the contract for one (1) year and add additional funds to the contract in the amount of \$1,500,000, for a new revised not to exceed contract price of \$4,500,000, and, is on file in the offices of the District.

District staff recommends and is seeking Board approval to execute Field Work Order/Change Order No. 3 to add additional funds of \$800,000, for a new revised not to exceed contract price of \$5,300,000 (excluding sales taxes).

The General Manager of the District concurs with 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 General Manager of the District is hereby authorized to execute Field Work Order/Change Order No. 3. A copy of the Field Work Order/Change Order shall be on file in the offices of the District.

DATED this 8th day of September 2020.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION RATIFYING PAYMENT OF THE 2020
FEDERAL ENERGY REGULATORY COMMISSION
ADMINISTRATIVE ANNUAL STATEMENTS FOR THE
LAKE CHELAN, ROCK ISLAND AND ROCKY REACH
HYDROELECTRIC PROJECTS AND DELEGATING
THE AUTHORITY TO THE GENERAL MANAGER TO
APPROVE PAYMENT OF FUTURE INVOICES AND
ADVISE BOARD OF AMOUNTS ANNUALLY

FACTUAL BACKGROUND AND REASONS FOR ACTION

Pursuant to section 10(e) of the Federal Power Act and section 3401 of the Omnibus Budget Reconciliation Act of 1986, the Federal Energy Regulatory Commission (Commission) assesses an annual charge on each licensee of hydroelectric projects with more than 1.5 megawatts of installed capacity. These fees reimburse the United States for the costs of administration of the Commission's hydropower regulatory program.

The District annually budgets for and remits payment for its portion of the Commission's Annual Charges for Administration, Government Dams and Indian Lands (administrative fees). On July 15, 2020 the District received the annual invoices for administrative fees for the Lake Chelan (\$19,238.50), Rock Island (\$455,564.56) and Rocky Reach (\$909,064.79) hydroelectric project licenses in the total amount of \$1,383,867.85. These Annual Charges are mandatory and due annually. Payment of the annual administrative charges were due on August 29, 2020. Charges not paid by August 29, 2020, are subject to a 10% late penalty assessed by the Commission.

This invoice and authority for the General Manager to approve payment is typically presented to the Board on consent agenda at a regularly scheduled board meeting prior to the payment due date. This year, normal routing and processing of these invoices varied due to COVID-19 restrictions and were further delayed due to staff personal leave. Staff, in consultation with the General Manager, General Counsel and Internal Audit determined that the prudent approach was to pay the annual invoice in order to avoid the 10% late penalty and to seek Board ratification at the next regularly scheduled board meeting.

In addition, because this payment for these annual charges is mandatory with a short remittance period and heavy late penalties, staff is requesting that the Board

delegate the authority to the General Manager to approve these payments in the future without prior Board authorization. This will substantially reduce the likelihood of late payment and the subsequent imposition of late penalties. Prior to payment of these fees annually, the invoice is subject to internal and external review. Staff proposes to report the amount of fees annually to the Board.

This Resolution is requesting Board ratification of payment of the annual statement of administrative fees completed on August 27, 2020 and Board delegation of authority to the General Manager to authorize payment of future annual fees without prior Board approval but subject to Board reporting annually.

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 ratify the August 27, 2020 payment of the Annual Charges Administrative fees in the amount of \$1,383,867.85.

Section 2. The General Manager is authorized to approve future payments for the annual charges without prior Board action and shall report the amounts paid to the Board of Commissioners upon completion of the payment.

Dated this 8th day of September 2020.

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION APPROVING THE PURCHASE AND SALE AGREEMENT WITH RAYMOND C. SCHMITTEN FOR THE PURCHASE OF REAL PROPERTY AND AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO COMPLETE THE TRANSACTION

FACTUAL BACKGROUND AND REASONS FOR ACTION

On November 22, 2011 Public Utility District No. 1 of Chelan County (District) entered into a 10-year property lease with Raymond C. Schmittten. The purpose of the lease was to construct, operate and maintain a smolt trap and its appurtenances for the purpose of monitoring the numbers of wild chinook and coho salmon and steelhead on the Wenatchee River. This allows the District to meet obligations set forth in the Habitat Conservation Plans for Rocky Reach and Rock Island.

Schmittten has notified the District that he intends to sell the property on which the smolt trap and its appurtenances are located and that he will not extend the lease which expires December 31, 2022.

The acquisition of seven acres of land on which the smolt trap and its appurtenances are located is important to maintain the historic and future biological data set and to continue to meet the obligations set forth in the Habitat Conservation Plans for Rocky Reach and Rock Island, as described above. In addition, a portion of the seven acres may be available to serve as a potential substation site, pending feasibility studies and future needs analysis.

On August 17, 2020 the District and the Seller entered into a Purchase and Sale Agreement (PSA) for the subject parcel in the amount of \$613,000. The property was appraised in November 18, 2019 for \$613,000. As additional consideration, the PSA also provides for the District to split the cost of road improvements, up to a maximum of \$25,000, towards road improvements if required by the City of Cashmere as a condition of approval for the short plat needed to divide the property for sale. The PSA is contingent upon approval by the District's Board of Commissioners.

Staff recommends the Purchase and Sale Agreement with the Seller be approved, and the General Manager 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 Raymond C. Schmitten for the described real property in this Resolution in the amount of \$613,000, is hereby approved and the General Manager or his designee is hereby authorized to 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 District.

Dated this 8th day of September 2020.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE ISSUANCE OF A GUARANTEED MAXIMUM PRICE (GMP) AMENDMENT NO. 2 TO LYDIG CONSTRUCTION, INC OF SPOKANE VALLEY, WA TO PROVIDE PHASE 2 WORK OF THE ROCKY REACH CENTRAL MAINTENANCE FACILITY AND DISCOVERY CENTER IMPROVEMENTS TO THE GENERAL CONTRACTOR CONSTRUCTION MANAGER (GCCM) SERVICES FOR THE ROCK ISLAND AND ROCKY REACH HYDROELECTRIC SUPPORT FACILITY IMPROVEMENTS PROJECT

FACTUAL BACKGROUND AND REASONS FOR ACTION

On April 2, 2018, by Resolution No. 18-14232, the Commission authorized the General Manager to invite sealed proposals to provide General Contractor Construction Manager (GCCM) services to the District in support of planned improvements to Rock Island Dam and Rocky Reach Dam operation and maintenance facilities. Work at both sites includes: installation of site utilities and demolition, construction and/or refurbishment of buildings for fabrication, machine work, sandblast, paint, warehouse, office, crew facilities, storage, fueling, hazardous material handling and various other activities. Although this is one Project, the work at Rock Island and Rocky Reach will be treated as two different phases.

Rock Island

On August 20, 2018, by Resolution No. 18-14257, the Commission authorized the General Manager to enter into an A133 contract (RFP No. 18-33) with Lydig Construction, Inc. (Lydig) for the Rock Island Improvements phase. The A133 covered the terms of the agreement and the not to exceed contract price for preconstruction services of \$220,000.

On June 17, 2019, by Resolution No. 19-14354, the Commission authorized the General Manager to enter into a Guaranteed Maximum Price (GMP) Amendment with Lydig for a not to exceed amount of \$19,830,830.00, for the Rock Island Improvements. The total contract price for the Rock Island Dam Improvements was \$20,050,830.00.

On October 7, 2019, by Resolution No. 19-14388, the Commission authorized the General Manager to execute a Field Work Order/Change Order to add C-19 Building sitework with Lydig for a not to exceed amount of \$275,000.00. The revised overall contract price for the Rock Island Dam Improvements was \$20,295,830.00.

On November 18, 2019, by Resolution 19-14397, the Commission authorized the General Manager to execute a Field Work Order/Change Order to add C-19 Building construction plus revised site utilities with Lydig for a not to exceed amount of \$6,294,692.00. The revised overall contract price for the Rock Island Dam Improvements is \$26,795,759.00

Rocky Reach

On February 4, 2019 by Resolution No. 19-14316, the Commission authorized the General Manager to enter into a second A133 contract with Lydig Construction Inc. for the Rocky Reach Improvements Phase. The not to exceed contract price for preconstruction services for the Rocky Reach A133 was \$300,000.00

During the pre-construction phase, Lydig, the District and the District's consultant, TCF Architecture PLLC, determined that dividing the Rocky Reach construction work into two phases would increase the efficiency and the safety of the project. Phase 1 consisted of early site work, and Phase 2 will be construction of the structures.

On August 19, 2019 by Resolution No. 19-14373, the Commission authorized the General Manager to enter into GMP Amendment No. 1 with Lydig for a not to exceed price of \$3,623,409.54 for Phase 1. The total contract price for the Rocky Reach Central Maintenance Improvements was \$3,923,409.54.

Phase 1 work associated with the early site work is complete and Phase 2 of the project for construction of the new facility structures has been bid. District staff recommends execution of the GMP Amendment No. 2 with Lydig for a not to exceed price of \$33,027,823.00 for the Phase 2 facility construction package. The revised overall contract price for the Rocky Reach Central Maintenance Improvements after execution of the GMP Amendment No. 2 will be a not to exceed amount of \$36,951,232.54.

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, as follows:

Section 1. The General Manager of the District is hereby authorized to enter into GMP Amendment No. 2 with Lydig Construction, Inc. for Rocky Reach Central Maintenance Improvements in an amount not to exceed \$33,027,823.00 without prior Board approval, for a total revised contract price of \$36,951,232.54. A copy of the contracts will be on file in the offices of the District.

DATED this 8th day of September 2020.

ATTEST:

President

Vice President

Secretary

Commissioner

Commissioner

Seal