

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

REGULAR COMMISSION MEETING

OCTOBER 21, 2019

STUDY SESSION

10:00 AM

1. Pledge of Allegiance and Safety Presentation – Bob Bauer
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. CPO Winner Recognition
4. Quarterly Board Balanced Scorecard Status Update
5. Quarterly Electrical Load Growth Update
6. Stehekin Discussion
7. 2020 Budget Targets and Major Assumptions
8. Chelan-Manson Outreach Update
9. 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)

BUSINESS SESSION

1:00 PM

Consent Agenda

10. Minutes of the October 7, 2019 Regular Meeting
11. Vouchers: Accounts Payable Summary Report dated October 16, 2019:
 - a. Vouchers totaling \$11,982,430.10;

- b. Approval of Customer Deposit Returns and Conservation Incentive payments for the period October 2, 2019 through October 15, 2019 in the amount of \$22,863.40;
 - c. Approval of the net Payroll, Warrant Nos. 236711 through 236731 and Advice Nos. 681656 through 682448 for the pay period ending 09/29/2019 in the amount of \$2,103,053.91; and
 - d. Approval of Warrant Nos. 26068 through 26123 totaling \$11,305.66 for claim payments from the workers' compensation self-insurance fund for the period ending October 14, 2019.
12. Charge-offs to Uncollectible Accounts over \$1,000.00 for August 2019 - \$6,071.14.

Regular Agenda

13. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1 THROUGH 4, AND APPROVING FIELD WORK ORDER/CHANGE ORDER NO. 5 TO CONTRACT NO. 17-65 WITH PARAMOUNT COMMUNICATIONS, INC. FOR TELECOMMUNICATION FIBER OPTIC DOCK CREW
14. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NO. 1 AND APPROVAL OF FIELD WORK ORDER/CHANGE ORDER NO. 2 TO CONTRACT 18-26 WITH MCFARLAND CASCADE HOLDINGS FOR THE PURCHASE OF DISTRIBUTION AND TRANSMISSION POLES
15. A RESOLUTION ACCEPTING THE BID OF REEL COH INC. OF BOISBRIAND, QUEBEC, CANADA TO PROVIDE THE ROCK ISLAND POWERHOUSE 2 BRIDGE AND GANTRY CRANES REFURBISHMENT (BID NO. 18-81)
16. A RESOLUTION APPROVING TURBINE REPAIRS AND SCHEDULE CHANGES UNDER CONTRACT NO. 04 01 PART B FOR THE ROCK ISLAND B5-B10 REHABILITATION PROJECT WITH ANDRITZ HYDRO CORP. AND APPROVING EXECUTION OF FIELD WORK ORDER/CHANGE ORDERS NO. 25 FOR B10, 04-08 FOR B7, 5-05 FOR B5 AND 4-09 FOR PURCHASE OF 3 ADDITIONAL SETS OF TRUNNION BUSHINGS
17. Manager Items
18. Commission Items
- a. Proposed Motion: To set a special meeting on November 26, 2019 at 1:00 pm at the Confluence Technology Center, 285 Technology Center Way, Wenatchee for the purpose of holding a Tri-Commission meeting
19. Follow-up on Delegation of Action Items from Previous Board Meeting

REGULAR COMMISSION MEETING AGENDA

October 21, 2019

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20. Delegation of Action Items

21. 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.

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) and to review the performance of a public employee, as authorized by RCW 42.30.110(1)(g)

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, AND APPROVING FIELD WORK ORDER/CHANGE ORDER NO. 5 TO CONTRACT NO. 17-65 WITH PARAMOUNT COMMUNICATIONS, INC. FOR TELECOMMUNICATION FIBER OPTIC DOCK CREW

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 orders under certain circumstances.

On March 26, 2018, the District entered into a contract (Bid No. 17-65) with Paramount Communications, Inc. of Richland, Washington (Paramount) for Telecommunication Fiber Optic Dock Crew in an amount not to exceed \$999,700. This contract was advertised for public bid and was awarded as required by RCW 54.04.070 and .080. The bid by Paramount was the low bid and met the District's specifications.

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:

FWO/CO No.	Description	Amount
1	Add unit price items and increase amount	\$19,375
2	Increase not-to-exceed amount	\$480,000
3	Add unit price items	\$0
4	Adjust annual unit price rates	\$0
Total		\$499,375

Field Work Order Nos. 1 through 4 result in a net increase in the Contract Price for a revised not to exceed Contract Price of \$1,499,075 (excluding sales tax), which the District's Engineers recommend be ratified.

Additionally, District Staff desires to execute FWO/CO No. 5 to extend contract term by one additional year and increase the not to exceed amount by \$1,522,800 for a revised not to exceed Contract Price of \$3,021,875.

The General Manager of the District concurs with staff's recommendations that Field Work Order Nos. 1 through 4 be ratified, and that Field Work Order No. 5 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. 1 through 4 were properly executed pursuant to the authority delegated by Resolution No. 17-14215 and said Field Work Orders are hereby formally acknowledged and ratified.

Section 2. The General Manager of the District is hereby authorized to execute Field Work Order/Change Order No. 5. A copy of the Field Work Order/Change Order shall be on file in the offices of the District.

DATED this 21 day of October 2019.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NO. 1 AND APPROVAL OF FIELD WORK ORDER/CHANGE ORDER NO. 2 TO CONTRACT 18-26 WITH MCFARLAND CASCADE HOLDINGS FOR THE PURCHASE OF DISTRIBUTION AND TRANSMISSION POLES

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 June 26, 2018, the District entered into a contract (Bid No. 18-26) with McFarland Cascade Holdings, Inc. of Tacoma, Washington (Contractor) for the purchase of distribution and transmission poles in an amount not to exceed of \$829,135. 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 to extend the term of the contract only, and is on file in the offices of the District, which the District's staff recommend be ratified.

District staff desire to execute Field Work Order/Change Order No. 2, which will add additional funds to the contract in an amount not to exceed of \$750,000, for a new revised total price of \$1,579,135 (excluding sales tax), which the District's staff request be approved.

The General Manager of the District concurs with staff's recommendations that Field Work Order/Change Order No. 1 be ratified, and Field Work Order No. 2 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/Change Order No. 1 was properly executed pursuant to the authority delegated by Resolution No. 17-14215 and said Field Work Orders are hereby formally acknowledged and ratified.

Section 2. The General Manager of the District is hereby authorized to execute Field Work Order/Change Order No. 2. A copy of the Field Work Order/Change Order shall be on file in the offices of the District.

DATED this 21st day of October 2019.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION ACCEPTING THE BID OF REEL COH INC. OF BOISBRIAND, QUEBEC, CANADA TO PROVIDE THE ROCK ISLAND POWERHOUSE 2 BRIDGE AND GANTRY CRANES REFURBISHMENT (BID NO. 18-81)

FACTUAL BACKGROUND AND REASONS FOR ACTION

On January 21, 2019, by Resolution No. 19-14311, the Commission of the District authorized the General Manager to invite sealed bids to provide the Rock Island Dam Powerhouse 2 Bridge and Gantry Cranes Refurbishment (Bid No. 18-81). Resolution No. 17-14215 requires that the Commission, by resolution, award bids that exceed \$3,000,000.

An invitation for sealed bids was published in accordance with RCW 54.04.070. Bid proposals were opened on September 24, 2019, at 2:30 p.m. in the offices of the District. Two bids were received (excluding sales tax) as tabulated on Exhibit A attached. Bids were requested for several options for both the bridge crane and the gantry crane as follows:

Schedule	Description
A	Refurbish Existing Bridge Crane
B	New Bridge Crane
C	New Second Bridge Crane
D	Refurbish Existing Intake Gantry Crane
E	New Intake Gantry Crane
F	Deduct for Purchase of Two New Bridge Cranes

District staff recommends the award of Schedule B for a new bridge crane and Schedule D for refurbishment of the intake gantry. This award will provide the lowest life cycle cost. Staff also recommends the award of Schedule C with the price deduct offered by also awarding Schedule F for purchase of two new bridge cranes.

District's staff has determined that the bid of Reel COH Inc. for the schedules proposed, of Boisbriand, Quebec, Canada, in the amount of \$16,219,570 (excluding sales tax) is the lowest and best bid in compliance with the plans and specifications for Bid No. 18-81 for the schedules proposed for award. Said bid meets all statutory requirements.

District's staff recommends awarding Bid No. 18-81 to Reel COH Inc. The General Manager of the District concurs with District staff's recommendation.

The original capital budget for the bridge crane refurbishment was established at \$4,960,000 based on supply of a one refurbished bridge crane. Similarly, the original

capital budget for the gantry crane refurbishment was established at \$5,760,000 based on the supply of one refurbished gantry crane. The bridge crane budget will need to be revised up by \$2,870,000 for the replacement of the existing bridge crane, and by \$5,620,000 for the new second bridge crane. The total budget will need to be revised up by \$8,490,000 for a new total capital budget of \$13,450,000. The bridge crane budget includes 10% contingency for changes. The gantry crane budget will need to be revised up by \$3,340,000 for a revised gantry crane budget of \$9,100,000. The gantry crane budget includes 20% contingency for changes.

ACTION

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

Section 1. The bid submitted by Reel COH Inc. of Broisbriand, Quebec, Canada is the lowest responsible and best bid in compliance with the plans and specifications to provide the Rock Island Dam Powerhouse 2 Bridge and Gantry Cranes Refurbishment . The General Manager of the District is hereby authorized to enter into a contract with Reel COH Inc., in the not to exceed amount of \$16,219,570, excluding sales tax awarding Schedules B, C, D, and F. A copy of the contract will be on file in the offices of the District.

Section 2. The project capital budget for the Rock Island Powerhouse 2 Bridge Crane, is hereby revised to \$13,450,000 and the Gantry Crane Refurbishment is hereby revised to \$9,100,000.

DATED this _____ day of October 2019.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal



Bid Tabulation

Bid No. 18-81

Rock Island Powerhouse 2 Bridge and Gantry Cranes Refurbishment

September 24, 2019, at 2:30 PM

Conf. Rm. 1st Flr. Large HQ (12-16)

Estimate of Work:

Schedule A: \$ 5,600,000 Schedule B: \$ 5,528,300
 Schedule C: \$ 4,579,100 Schedule D: \$ 6,932,450
 Schedule E: \$ 8,099,200 Schedule F: -(\$640,600)

Opened by: Alex Burkard Recorded by: Amy Skoglun

Bidder Name City, State	Bid Bond/ Cashier's Check	Bid Amount Schedule A	Bid Amount Schedule B	Bid Amount Schedule C	Bid Amount Schedule D	Bid Amount Schedule E	Bid Amount Schedule F
Whiting Corporation Monee, IL	Yes	\$5,510,869	\$5,772,157	\$5,109,020	\$6,248,760	\$8,365,141	-\$150,000
REEL COH, Inc. Boisbriand, QC Canada	Yes	\$5,718,019	\$5,616,335	\$5,033,839	\$6,794,396	\$8,700,075	-\$1,225,000

These Bid Tabulations may not reflect recommendation of award.

Bid proposals are currently being evaluated. Questions may be directed to Alex Burkard at 509-661-4243 or Alexandria.Burkhard@chelanpud.org.

RESOLUTION NO. _____

A RESOLUTION APPROVING TURBINE REPAIRS AND SCHEDULE CHANGES UNDER CONTRACT NO. 04-01 PART B FOR THE ROCK ISLAND B5-BI0 REHABILITATION PROJECT WITH ANDRITZ HYDRO CORP. AND APPROVING EXECUTION OF FIELD WORK ORDER/CHANGE ORDERS NO. 25 FOR B10, 04-08 FOR B7, 5-05 FOR B5 AND 4-09 FOR PURCHASE OF 3 ADDITIONAL SETS OF TRUNNION BUSHINGS

FACTUAL BACKGROUND AND REASONS FOR ACTION

In March 2019, Unit B10 was found to have damaged internal turbine runner components. The District performed inspections on B9 and B6, and found similar damage on both units. In order to perform a root cause analysis, Andritz disassembled the B10 unit and transported the turbine runner to their Spokane facilities for further disassembly and detailed inspection. The conclusion of the root cause analysis was that turbine runner components must be changed with components of a different design in order to achieve the remaining intended life of the turbines.

Field Work Order/Change Order No. 25 (FWO/CO 25)

District staff has negotiated with Andritz for a repair of the B10 turbine in FWO/CO No. 25. The repairs will include: (1) the replacement of the turbine crosshead slide key system with a stronger design; (2) the addition of a third bushing in the bottom of the hub; and (3) repair of a hardened steel overlay on one of the trunnion cranks. The cost of these repairs is \$923,511.00.

Field Work Order/Change Order No. 4-08 (FWO/CO 4-08)

In April, 2019, Andritz stopped work on the installation of the B7 turbine pending completion of the root cause analysis of the B10 turbine damage. Now that the root cause analysis is complete, District staff has negotiated with Andritz for modification of the B7 turbine in FWO/CO No. 4-08. The modifications include: (1) the replacement of the turbine crosshead slide key system with a stronger design; (2) the addition of a third bushing in the bottom of the hub; and (3) the removal of a hardened steel overlay on the trunnion cranks, and (4) the replacement of the blade trunnion bushings. The cost of these modifications is \$755,052.00.

A budget revision in the amount of \$1,300,000 is required to pay for the additional contracted work, sales tax, necessary inspections and District labor associated with Field Work Order/Change Order 04-08.

Field Work Order/Change Order No. 5-05 (FWO/CO 5-05)

FWO/CO 5-05 is meant to accomplish two things.

First, FWO/CO 5-05 sets the start date for unit outage work on B5. As background, Resolution 18-14301 authorized an Order to Proceed for unit B5 which was issued in February 2019. The anticipated outage start date was to be summer of 2019, following completion of work on B7. However, the outage work on B5 was delayed because work on B7 was not complete. Work on B7 must be suspended due to the long lead time associated with the purchase of new blade trunnion bushings. The purchase of the new blade trunnion bushings was authorized in Resolution No. 19-14376. Therefore, District staff recommends execution of FWO/CO 5-05 to authorize Andritz to cap B7 for now, and to establish the start date for unit outage work on B5 to be 10 days after B7 is capped.

Second, now that the root cause analysis is complete from B10, District staff has negotiated with Andritz for the following modifications of the B5 turbine hub. The modifications include: (1) the replacement of the turbine crosshead slide key system with a stronger design; (2) the addition of a third bushing in the bottom of the hub; and (3) the removal of a hardened steel overlay on the trunnion cranks, and (4) the replacement of the blade trunnion bushings.

The contract price for FWO/CO 5-05 includes \$683,125 for contract escalation. The reason for the escalation is that District Resolution 15-1400 authorized Field Work Order/Change Order 4-01 which established pricing and schedule for the 4th through 6th Units. Pricing for the fifth unit (B5) was based on an Order to Proceed in January 2017. Because the Order to Proceed was issued approximately 2 years later, escalation is owed to Andritz. The total contract price increase for FWO/CO 5-05 is \$977,199.

A budget revision in the amount of \$1,500,000 is required to pay for the additional contracted work, sales tax, necessary inspections and District labor associated with Field Work Order/Change Order 5-05.

Field Work Order/Change Order No. 4-09 (FWO/CO 4-09)

Because of the long lead time for the new blade trunnion bushings, District staff recommends purchase of the remaining 3 sets now in Field Work Order/Change Order 4-09 in the amount of \$630,000.

The General Manager of the District concurs with staff's recommendations to authorize execution of FWO/CO No. 25 for B10 turbine repairs, FWO/CO No. 04-08 for B7 changes in schedule and incorporation of turbine design changes, FWO/CO No. 5-05 for schedule changes for start of unit outage field work and incorporation of turbine design changes, and FWO/CO No. 4-09 for purchase of remaining 3 sets of blade trunnion bushings.

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. 4-08, 4-09, 5-05 and 25. The current total contract price of \$136,922,705.20 is revised upward by \$3,285,762.00 to a new total contract price of \$140,208,467.20.

Section 2. The capital project budget for unit B7 is hereby revised from \$31.30 million to \$32.6 million. The capital project budget for unit B5 is hereby revised from \$31.3 million to \$32.8 million.

DATED this 21st day of October 2019.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal