

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

REGULAR COMMISSION MEETING

NOVEMBER 1, 2021

Public participation will be by phone only

Dial: 253-999-5697

Meeting ID: 102-029-42#

****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 Safety/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. Quarterly District Performance Plan Update
4. Quarterly Financial Review and Investment Report
5. Quarterly Electrical Load Growth Update
6. Fiber Rates Review and Updates
7. Parks Fall Update

BUSINESS SESSION

1:00 PM

8. Public Hearing - 2022 Preliminary Budget Presentation

Consent Agenda

9. Minutes of the October 18, 2021 Regular Meeting

10. Vouchers: Accounts Payable Summary Report dated October 27, 2021:

- a. Vouchers totaling \$24,668,992.94;
- b. Approval of Customer Deposit Returns and Conservation Incentive payments for the period October 13, 2021 through October 26, 2021 in the amount of \$35,032.85.
- c. Approval of the net Payroll, Warrant Nos. 237626 through 237641 and Advice Nos. 723117 through 723913 for the pay period ending October 10, 2021 in the amount of \$2,239,522.09.
- d. Approval of Warrant Nos. 28004 through 28061 totaling \$8,098.06 for claim payments from the workers' compensation self-insurance fund for the period ending October 25, 2021.
- e. Approval of debt service paid with reserve account interest earnings of \$1,771.23 for the period November 1, 2021 through November 30, 2021.
- f. Approval of Parks Reservation System customer refunds for the period October 12, 2021 through October 27, 2021 in the amount of \$25.00.

11. A RESOLUTION AUTHORIZING FINAL ACCEPTANCE OF PERFORMANCE UNDER BID NO. 20-37 WITH AXIOM DIVISION 7, INC. OF LYNDEN, WASHINGTON FOR THE RE-ROOF OF ROCK ISLAND COTTAGE ROOFS AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE

Regular Agenda

12. A RESOLUTION APPROVING BID ADVERTISEMENT, AWARD AND CONTRACT SIGNATURE FOR HYDRO GENERATION MECHANICAL SITE LABOR (BID NO. 21-30)

13. A RESOLUTION APPROVING BID ADVERTISEMENT, AWARD AND CONTRACT SIGNATURE FOR HYDRO GENERATING UNIT SHOP MACHINING (BID NO. 21-31)

14. A RESOLUTION DECLARING AN EMERGENCY PURSUANT TO RCW 54.04.070 AND 39.04.280 AND AUTHORIZING THE GENERAL MANAGER TO CONTRACT FOR DISTRIBUTION TRANSFORMERS

15. Fiber Budget Revision

Proposed motion: Move to revise the Fiber System Capital Budget for the Public Power Benefit fiber expansion by \$1.2M to establish a project budget for the Dry Lake area of Manson (FDT-178) of \$1.2M

16. Manager Items

REGULAR COMMISSION MEETING AGENDA

November 1, 2021

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17. Commission Travel

18. Commission Items

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

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)

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

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING FINAL ACCEPTANCE OF PERFORMANCE UNDER BID NO. 20-37 WITH AXIOM DIVISION 7, INC. OF LYNDEN, WASHINGTON FOR THE RE-ROOF OF ROCK ISLAND COTTAGE ROOFS AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE

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.

On November 16, 2020, the District entered into a contract (Bid No. 20-37) with Axiom Division 7, Inc. (Contractor) of Lynden, Washington for Re-Roof Rock Island Cottage Roofs, in the amount of \$62,101.00 This contract was advertised for public bid and was awarded as required by RCW 54.04.070 and .080

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 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 No. 1, which is on file in the offices of the District and summarized as follows:

Field Work Order No.	Amount
1. Extend Completion Date	\$0.00
Total	\$0.00

Field Work Order No. 1 did not change the contract price of \$62,101.00 (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 September 29, 2021. 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. 20-37 was completed on September 29, 2021, 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 1st day of November 2021.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION APPROVING BID
ADVERTISEMENT, AWARD AND CONTRACT
SIGNATURE FOR HYDRO GENERATION
MECHANICAL SITE LABOR (BID NO. 21-30)

FACTUAL BACKGROUND AND REASONS FOR ACTION

Bid 21-30 – Hydro Generation Mechanical Site Labor is a unit price contract to satisfy an anticipated need for recurring labor, equipment and consumable materials to repair, overhaul, or rehabilitate the District’s hydro-electric generating equipment.

Resolution No. 17-14215 requires Commission approval of bids and Authorization to invite bids that are estimated to exceed \$3,000,000. Bidding documents for Bid No. 21-30, including specifications are being prepared by the District and once complete will be on file in the offices of the District.

Resolution No. 17-14215 requires Commission approval to Award bids estimated to exceed \$3,000,000. The Engineer’s Estimate for Bid No. 21-30 is \$5,000,000 with a 15% contingency for a total of \$5,750,000.

District staff recommends that Bid No. 21-30 is in the best interest of the District and that said documents be approved and that the invitation for bid be published.

District staff also recommends that is in the District’s best interest to authorize staff to Award Bid No. 21-30 in an amount not to exceed \$5,750,000, excluding sales tax, and authorize the General Manager to enter into contract(s) with the lowest responsive and responsible bidder(s).

The General Manager of the District has reviewed District 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 bidding documents (Bid No. 21-30) for Hydro Generation Mechanical Site Labor are hereby approved and the General Manager of the District is hereby authorized to invite sealed proposals for furnishing said labor and materials.

Section 2. The Commission hereby authorizes staff to Award Bid No. 21-30 for Hydro Generation Mechanical Site Labor to the lowest responsive and responsible

bidder(s) in an amount not to exceed \$5,750,000, excluding sales tax. Furthermore, the General Manager of the District is hereby authorized to enter into contract(s) with the lowest responsive and responsible bidder(s). A copy of the contract(s) will be on file in the offices of the District.

DATED this 1st day of November 2021.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION APPROVING BID
ADVERTISEMENT, AWARD AND CONTRACT
SIGNATURE FOR HYDRO GENERATING UNIT
SHOP MACHINING (BID NO. 21-31)

FACTUAL BACKGROUND AND REASONS FOR ACTION

Bid 21-31 – Hydro Generating Unit Shop Machining is a unit price contract to satisfy an anticipated need for recurring shop welding and machining of hydro-electric generating equipment such as headcovers, turbine and generating guide bearings, blade trunnion bushings, generator and turbine shafts, wicket gates, gate operating rings, etc. The scope includes repair of existing parts and allows replacement of components with an individual price of not more than \$150,000 if replacement is more cost effective.

Resolution No. 17-14215 requires Commission approval of bids and Authorization to invite bids that are estimated to exceed \$3,000,000. Bidding documents for Bid No. 21-31, including specifications are being prepared by the District and once complete will be on file in the offices of the District.

Resolution No. 17-14215 requires Commission approval to Award bids estimated to exceed \$3,000,000. The Engineer's Estimate for Bid No. 21-31 is \$3,000,000 with a 15% contingency for a total of \$3,450,000.

District staff recommends that Bid No. 21-31 is in the best interest of the District and that said documents be approved and that the invitation for bid be published.

District staff also recommends that is in the District's best interest to authorize staff to Award Bid No. 21-31 in an amount not to exceed \$3,450,000, excluding sales tax, and authorize the General Manager to enter into contract(s) with the lowest responsive and responsible bidder(s).

The General Manager of the District has reviewed District 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 bidding documents (Bid No. 21-31) for the Hydro Generating Unit Shop Machining are hereby approved and the General Manager of the District is hereby authorized to invite sealed proposals for furnishing said labor and materials.

Section 2. The Commission hereby authorizes staff to Award Bid No. 21-31 for the Hydro Generating Shop Machining to the lowest responsive and responsible bidder(s) in an amount not to exceed \$3,450,000, excluding sales tax. Furthermore, the General Manager of the District is hereby authorized to enter into contract(s) with the lowest responsive and responsible bidder(s). A copy of the contract(s) will be on file in the offices of the District.

DATED this 1st day of November 2021.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION DECLARING AN EMERGENCY
PURSUANT TO RCW 54.04.070 AND 39.04.280 AND
AUTHORIZING THE GENERAL MANAGER TO
CONTRACT FOR DISTRIBUTION TRANSFORMERS**FACTUAL BACKGROUND AND REASONS FOR ACTION**

The ability to procure distribution transformers and keep those transformers in inventory is imperative to the District's ability to meet its core function of providing electricity to the residents and businesses within its service territory. The District has historically satisfied this critical need by securing competitive bids.

On April 6, 2020, the District executed a contract with Electric Research and Manufacturing Cooperative, Inc. (ERMCO) pursuant to Bid No. 19-74 for the procurement of 25 kVA and 50 kVA distribution transformers.

As a result of the COVID19 pandemic, supply chain challenges including product availability, extreme price volatility, and unreliable delivery timeframes have resulted in the inability of ERMCO to meet the District's distribution transformer needs. Current delivery lead times are more than fifty (50) weeks on transformer orders and are not stabilizing. For comparison, prior to the pandemic the lead times for the same transformers was twelve (12) weeks.

Earlier this summer, the District placed an order for 500 transformers for delivery in September, 2021. Shortly after placing the order the District was informed that due to supply chain challenges the District would only be allocated 305 transformers for all of 2022; a nearly 40% reduction in the quantity ordered. In response the District revised its order to 270 transformers for immediate delivery, reserving 25 units for a later date with the hope of ERMCO expediting fulfillment of the larger order. ERMCO has not provided delivery dates for these transformers.

Separately, and to address the immediate need for transformers, the District recently submitted an order for 30 transformers to ERMCO for anticipated delivery in September, 2021. The District has been notified that production of these transformers will not begin until December, 2021, for possible delivery in January, 2022. The District has also submitted a second order for 30 additional transformers with an uncertain delivery date in March of 2022.

An emergency is an unforeseen circumstance beyond our control that (a) presents a real and immediate threat to District's essential functions; or (b) will likely result in material loss or damage to property or persons.

The District's inventory of distribution transformers is critically low. There is an immediate need for additional inventory. Staff is hopeful that the inventory will

be sufficient to meet emergency needs through the end of the year. There is no excess inventory for non-emergent needs. Staff is evaluating all options, but even if all orders were filled and the District received its allocation of 305 transformers for 2022, the delivery dates are uncertain and too late. Additionally, the District's forecasted need exceeds the 305 transformer allocation given.

Additionally, as a winter peaking utility with winter approaching and temperatures falling, staff is concerned that without immediately securing additional transformers the current inventory could be insufficient to respond to emergencies.

Pursuant to RCW 54.04.070 and 39.04.280, the District is authorized to contract without advertising for bids and without complying with normal bidding requirements in the event of an emergency.

District staff recommends that it is in the best interest of the District to declare that an emergency exists and that competitive bidding requirements to provide distribution transformers be waived.

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, WASHINGTON, as follows:

Section 1. The Commission declares an emergency exists requiring immediate procurement of distribution transformers so that the District can continue to perform the essential function of providing electricity and to preserve the health and safety of its customer-owners.

Section 2. The competitive bidding requirements are hereby waived due to the existence of said emergency.

Section 3. The General Manager is authorized to negotiate and execute a contract or contracts for the required work at the lowest responsible price practicable under the circumstances. A copy of said contract(s) will be on file in the offices of the District.

Dated this 1st day of November 2021.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal