

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

REGULAR COMMISSION MEETING

NOVEMBER 18, 2019

STUDY SESSION

10:00 AM

1. Pledge of Allegiance and Safety Minute – Curtis Cole
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. Staff Recognition
5. 2020 Plan of Finance
6. 2020-2021 Conservation Targets
7. Annual Fees and Charges Update

BUSINESS SESSION

1:00 PM

8. Public Hearing – 2020 Budget Update

Consent Agenda

9. Minutes of the November 4, 2019 Regular Meeting
10. Vouchers: Accounts Payable Summary Report dated November 13, 2019:
 - a. Vouchers totaling \$6,731,943.36;
 - b. Approval of Customer Deposit Returns and Conservation Incentive payments for the period October 30, 2019 through November 12, 2019 in the amount of \$36,690.65;

- c. Approval of the net Payroll, Warrant Nos. 236753 through 236773 and Advice Nos. 683246 through 684030 for the pay period ending 10/27/2019 in the amount of \$2,123,931.07;
 - d. Approval of Warrant Nos. 26162 through 26181 totaling \$9,589.26 for claim payments from the workers' compensation self-insurance fund for the period ending November 12, 2019.
11. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NO. B-02 AND APPROVING EXECUTION OF FIELD WORK ORDER/CHANGE ORDER NO. B-03 WITH LYDIG CONSTRUCTION, INC OF SPOKANE VALLEY, WA FOR ADDING C-19 BUILDING AND REVISED SITE UTILITIES TO THE GENERAL CONTRACTOR CONSTRUCTION MANAGER (GCCM) SERVICES FOR THE ROCK ISLAND HYDROELECTRIC SUPPORT FACILITY IMPROVEMENTS PROJECT

Regular Agenda

12. A RESOLUTION DECLARING ABB, INC OF PRINCETON, NEW JERSEY AS THE SOLE SOURCE SUPPLIER FOR THE MATERIALS AND EQUIPMENT NECESSARY FOR THE GENERATOR BREAKER REBUILD AND REPAIR FOR ROCK ISLAND AND AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A CONTRACT WITH ABB, INC FOR 1) THE PURCHASE OF THE MATERIALS AND EQUIPMENT NECESSARY TO THE GENERATOR BREAKER REBUILD AND REPAIR AND 2) FOR THE REBUILD AND REPAIR WORK
13. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO EXECUTE INDIVIDUAL TASK AUTHORIZATIONS UNDER INTERAGENCY AGREEMENT SA NO. 15-123 WITH WASHINGTON DEPARTMENT OF FISH AND WILDLIFE TO OPERATE THE FISH HATCHERY PROGRAMS REQUIRED IN THE LICENSES FOR THE ROCKY REACH, ROCK ISLAND, AND LAKE CHELAN HYDROELECTRIC PROJECTS
14. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO AN INTERAGENCY AGREEMENT (SA NO. 19-10432) WITH WASHINGTON DEPARTMENT OF FISH AND WILDLIFE TO PERFORM HATCHERY MONITORING AND EVALUATION ACTIVITIES REQUIRED IN THE LICENSES FOR ROCKY REACH AND ROCK ISLAND HYDROELECTRIC PROJECTS FOR CALENDAR YEAR 2020
15. Manager Items
16. Commission Items
17. Follow-up on Delegation of Action Items from Previous Board Meeting
18. Delegation of Action Items

REGULAR COMMISSION MEETING AGENDA

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19. 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.

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

21. 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/CHANGE ORDER NO. B-02 AND APPROVING EXECUTION OF FIELD WORK ORDER/CHANGE ORDER NO. B-03 WITH LYDIG CONSTRUCTION, INC OF SPOKANE VALLEY, WA FOR ADDING C-19 BUILDING AND REVISED SITE UTILITIES TO THE GENERAL CONTRACTOR CONSTRUCTION MANAGER (GCCM) SERVICES FOR THE ROCK ISLAND HYDROELECTRIC SUPPORT FACILITY IMPROVEMENTS PROJECT

FACTUAL BACKGROUND AND REASONS FOR ACTION

On April 2, 2018, by Resolution No. 18-14232, the Commission of the District 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 included 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.

On August 20, 2018, by Resolution No. 18-14257, the Commission of the District authorized the General Manager to enter into a contract (RFP No. 18-33) with Lydig Construction for the Rock Island Improvement phase. This contract, known as the A133, governs the general terms between the District and Lydig and the not to exceed dollar amount of \$220,000.00 for pre-construction services.

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

On October 7, 2019 by Resolution No. 19-14388, The Commission of the District authorized the General Manager to execute FWO/CO B-01 with Lydig Construction for a not to exceed amount of \$275,000.00 for adding the C-19 Building sitework, which resulted in a revised total contract price of \$20,325,830.00.

FWO/CO No. B-02 modified the Contract with the following changes: (1) additional work at the water reservoir; (2) revision to the C-22 Building canopies; (3) additional foundation work on the C-22 Building; (4) schedule delays caused by C-22 Building Foundation revisions, and (5) ordering the elevator for the C-19 Building because of a long lead time for delivery. The cost of these modifications was

\$175,237.00 which resulted in a new revised not to exceed total contract price of \$20,501,067.00. District staff has executed FWO/CO B-02 and it is on file in the offices of the District.

District staff and Contractor negotiated costs to Build C-19 Building and revised site utilities. District staff recommends execution of FWO/CO No. B-03 with Lydig for a not to exceed price of \$6,294,692.00 to build C-19 Building and revised site utilities. The revised overall Contract Amount for the Rock Island Dam Improvements after execution of FWO/CO No. B-03 will be \$26,795,759.00

The Rock Island Facilities capital budget is \$33,895,111.00. To include the C-19 Building, revised site utilities and miscellaneous items such as consultant services, office furniture, and five percent contingency the total project budget needs to increase \$4,200,000 for a new capital budget total amount of \$38,095,111

ACTION

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

Section 1. The Commission finds that Field Work Order/Change Order No. B-02 was properly executed pursuant to the authority delegate by Resolution No. 17-14215 and said Field Work Order/Change Order is formally acknowledged and ratified.

Section 2. The General Manager of the District is hereby authorized to execute FWO/CO No. B-03 for adding the C-19 Building and revised site utilities with Lydig Construction, Inc. for Rock Island Dam Improvements for a price not to exceed \$6,294,692.00 and increases the total contract price to \$26,795,759.00. A copy of the contracts will be on file in the offices of the District.

Section 3. The project capital budget for Rock Island Facilities is hereby revised to \$38,095,111.

DATED this 18th day of November 2019.

President

ATTEST:

Vice President

Secretary

Commissioner

Seal

Commissioner

RESOLUTION NO. _____

A RESOLUTION DECLARING ABB, INC OF PRINCETON, NEW JERSEY AS THE SOLE SOURCE SUPPLIER FOR THE MATERIALS AND EQUIPMENT NECESSARY FOR THE GENERATOR BREAKER REBUILD AND REPAIR FOR ROCK ISLAND AND AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A CONTRACT WITH ABB, INC FOR 1) THE PURCHASE OF THE MATERIALS AND EQUIPMENT NECESSARY TO THE GENERATOR BREAKER REBUILD AND REPAIR AND 2) FOR THE REBUILD AND REPAIR WORK

FACTUAL BACKGROUND AND REASONS FOR ACTION

The existing generator circuit breakers for Rock Island were manufactured, provided and commissioned by ABB in the early 2000s. Routine maintenance on the breakers' contacts and SF6 gas chambers have been performed by District personnel with the assistance of ABB. The hydraulic operators are in need of rebuilding, and the purchase of a spare operator is necessary to reduce outages associated with operator rebuild. The circuit breakers are essential to operation of the turbine-generating units.

Staff has reviewed the scope of materials, equipment and work required for the rebuild repair, and the design and construction of the existing breakers. Staff has determined that the materials, equipment and work necessary to the rebuild and repair of the generator circuit breakers is clearly and legitimately available only from a single source of supply, ABB, Inc. of Princeton New Jersey (the original supplier). The District has received a letter from ABB stating that they are the only supplier of the parts and equipment necessary to the rebuild and repair and they offer the same price to the District that they offer to peer utilities for similar products and scope.

The proposed contract includes two components. The first component is for the parts and equipment necessary to rebuild and repair the generator breaker and for the purchase of one spare actuator. The second is for the rebuild and repair work, testing, warranty and field service for the generator breaker. The contract covers a total of 8 circuit breaker operators. The work will be provided as part of the planned unit overhaul outages. The spare operator will allow the first operator to be sent to the shop for rebuild work, enabling the unit to remain in service during rebuild. That rebuilt operator will be used for the next unit, and the sequence repeated for each of the eight units.

ABB field service engineers are the only ones trained to perform certified work on the ABB breakers in the US. ABB does not use any third-parties or provide the training necessary to perform the work to any third-parties.

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 materials and equipment.

District staff has determined that it would be in the best interest of the District to designate ABB, Inc. as the sole source supplier for the materials and equipment necessary to the generator circuit breaker rebuild and repair of the Rocky Island generator circuit breakers.

District staff has determined that it would be in the best interest of the District to enter into a contract with ABB to provide 1) the materials and equipment necessary to the generator circuit breaker rebuild and repair of the Rock Island circuit breakers including a spare operator and 2) for the rebuild and repair of the generator circuit breakers in an total Contract amount not to exceed \$800,000.00. Staff also recommends that the bidding requirements of RCW 54.04.070 be waived.

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 ABB Inc. of Princeton New Jersey to be the sole source supplier of the materials and equipment necessary to the generator circuit breaker rebuild and repair work for Rock Island.

Section 2. The bid requirements of RCW 54.04.070 are hereby waived due to the designation of ABB Inc. as the sole source supplier of the materials and equipment necessary to the generator circuit breaker rebuild and repair work for Rocky Island.

Section 3. The General Manager or his designee is authorized to enter into a contract with ABB Inc. for 1) the purchase of the materials and equipment necessary to the generator circuit breaker rebuild and repair work for Rock Island and 2) for the rebuild and repair work at a total contract cost not to exceed \$800,000.00 without prior Commission approval. A copy of the contract will be on file in the offices of the District.

Dated this 18th day of November 2019.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO EXECUTE INDIVIDUAL TASK AUTHORIZATIONS UNDER INTERAGENCY AGREEMENT SA NO. 15-123 WITH WASHINGTON DEPARTMENT OF FISH AND WILDLIFE TO OPERATE THE FISH HATCHERY PROGRAMS REQUIRED IN THE LICENSES FOR THE ROCKY REACH, ROCK ISLAND, AND LAKE CHELAN HYDROELECTRIC PROJECTS

FACTUAL BACKGROUND AND REASONS FOR ACTION

Resolution No. 17-14215 requires that the Commission, by resolution, authorize Service Agreements that exceed \$500,000.

Public Utility District No. 1 of Chelan County, Washington (District) owns and operates the Rocky Reach, Rock Island, and Lake Chelan Hydroelectric Projects. The District's operation of these projects is governed by the licenses granted by the Federal Energy Regulatory Commission (FERC). These licenses require the District, or its designated agents, to operate hatchery facilities to meet fish production obligations.

The District has a current agreement with Washington Department of Fish and Wildlife (WDFW) to operate its hatcheries to meet FERC production obligations through December 31, 2020. The current agreement provides for annual reviews of the tasks to be performed by WDFW to ensure compliance with FERC obligations and continued cost-effectiveness. District staff also reviews billings and work completed prior to making any payments. Individual task authorizations for 2019 will expire on December 31, 2019.

Based on historic performance and the evaluation of proposed future services, District staff have determined that (1) WDFW is the best qualified contractor at this time to continue to operate the District's hatcheries and produce fish to meet the District's FERC production obligations and (2) that the costs proposed by WDFW for the services are fair and reasonable. District staff recommends entering into new task authorizations with WDFW to continue required hatchery operations through December 31, 2020. The total costs for the hatchery operation services to be provided by WDFW through December 31, 2020 shall not exceed \$3,289,487.

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 execute individual task authorizations with Washington Department of Fish and Wildlife for hatchery operations in an amount not to exceed \$3,289,487 through December 31, 2020 without prior Commission approval. A copy of the agreement and task authorizations with WDFW are on file in the offices of the District.

Section 2. The Board of Commissioners acknowledges the considerable increase in the proposed cost of services for hatchery operations as compared to 2019. Thus, the Board of Commissioners directs Staff to evaluate alternative contracting opportunities to operate hatchery facilities to ensure the District is continuing to receive quality results while paying a fair and reasonable price for services. Staff will report the results of the alternatives analysis to the Board of Commissioners in 2020.

DATED this 18th day of November 2019.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO AN INTERAGENCY AGREEMENT (SA NO. 19-10432) WITH WASHINGTON DEPARTMENT OF FISH AND WILDLIFE TO PERFORM HATCHERY MONITORING AND EVALUATION ACTIVITIES REQUIRED IN THE LICENSES FOR ROCKY REACH AND ROCK ISLAND HYDROELECTRIC PROJECTS FOR CALENDAR YEAR 2020

FACTUAL BACKGROUND AND REASONS FOR ACTION

Resolution No. 17-14215 requires that the Commission, by resolution, authorize Service Agreements that exceed \$500,000.

Public Utility District No. 1 of Chelan County, Washington (District) owns and operates the Rocky Reach and Rock Island Hydroelectric Projects. The District's operation of these projects is governed by the licenses granted by the Federal Energy Regulatory Commission (FERC) through the license articles and the District's Rocky Reach and Rock Island Habitat Conservation Plans (HCPs).

The Rock Island and Rocky Reach HCPs require the District, or its designated agents, to monitor and evaluate the success of the District's hatchery programs and provide information to the District and the HCP Hatchery Committees to adaptively manage these programs. The HCP Hatchery Committees-approved *2020 Chelan County PUD Hatchery Monitoring and Evaluation Implementation Plan* defines tasks that are used to inform and evaluate the goals and objectives set forth in the *Monitoring and Evaluation Plan for PUD Hatchery Programs: 2017 Update*.

Based on historic performance and the evaluation of proposed future services, the District staff have determined that (1) WDFW is the most qualified contractor at this time to conduct hatchery monitoring and evaluation tasks outlined in the *2020 Chelan County PUD Hatchery Monitoring and Evaluation Implementation Plan* to meet the District's HCP hatchery monitoring and evaluation obligations and (2) that the costs proposed by WDFW for the services are fair and reasonable. District staff recommends entering into a service agreement with WDFW to provide hatchery monitoring and evaluation services through December 31, 2020. The total cost for the monitoring and evaluation services to be provided by WDFW shall not exceed \$1,093,205.00 in 2020.

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, as follows:

Section 1. The General Manager of the District is hereby authorized to enter into a Services Agreement with Washington Department of Fish and Wildlife to conduct hatchery monitoring and evaluation activities through December 31, 2020 in an amount not to exceed \$1,093,205.00 without prior Commission approval. A copy of the Agreement is on file in the offices of the District.

Section 2. The Board of Commissioners acknowledges the considerable proposed cost of monitoring and evaluation services. Thus, the Board of Commissioners directs Staff to evaluate alternative contracting opportunities for monitoring and evaluating the District’s hatchery programs to ensure the District is continuing to receive quality results while paying a fair and reasonable price for services. Staff will report the results of the alternatives analysis to the Board of Commissioners in 2020.

DATED this 18th day of November 2019.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal