

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

REGULAR COMMISSION MEETING

DECEMBER 19, 2022

STUDY SESSION

10:00 AM

1. Pledge of Allegiance and Safety/HPI Minute – Adam Gormley
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. Safety Investigation Recommendations Follow-up
5. Public Comment

BUSINESS SESSION

Consent Agenda

6. Minutes of the December 5, 2022 Regular Meeting and December 13, 2022 Special Meeting
7. Vouchers: Accounts Payable Summary Report dated December 14, 2022:
 - a. Vouchers totaling \$16,129,058.84;
 - b. Approval of Customer Deposit Returns and Conservation Incentive payments for the period November 30, 2022 through December 13, 2022 in the amount of \$131,125.25.
 - c. Approval of the net Payroll, Warrant Nos. 238009 through 238020 and Advice Nos. 747115 through 747898 for the pay period ending December 04, 2022 in the amount of \$ 2,408,961.56.
 - d. Approval of Warrant Nos. 29023 through 29066 totaling \$11,759.57 for claim payments from the workers' compensation self-insurance fund for the period ending December 12, 2022.

8. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1, 2, 3, 4, 5, 6 AND 7 AND AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER CONTRACT NO. 20-05 WITH VOITH HYDRO, INC. OF YORK, PENNSYLVANIA

Regular Agenda

9. A RESOLUTION AUTHORIZING AMENDMENT NO. 19 TO SERVICES AGREEMENT (SA-TA NO. 15-151) WITH TCF ARCHITECTURE PLLC. TO PROVIDE LONG TERM STRATEGIC FACILITIES PLAN
10. A RESOLUTION AUTHORIZING AMENDMENT NO. 1 TO INTERAGENCY SERVICES AGREEMENT (CONTRACT NO. 19-10432) WITH WASHINGTON STATE DEPARTMENT OF FISH AND WILDLIFE TO PROVIDE HATCHERY MONITORING AND EVALUATION SERVICES
11. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO AN INTERAGENCY AGREEMENT (CONTRACT NO. 22-12399) WITH WASHINGTON STATE 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
12. A RESOLUTION AUTHORIZING AN AMENDMENT TO SERVICES AGREEMENT (SA NO. 20-11327) WITH RH2 ENGINEERING, INC. TO PROVIDE PROFESSIONAL ENGINEERING SERVICES
13. A RESOLUTION AUTHORIZING AN AMENDMENT TO SERVICES AGREEMENT (SA NO. 21-11980) WITH APFS, LLC TO PROVIDE TECHNICAL PROJECT MANAGEMENT RESOURCES
14. A RESOLUTION REJECTING ALL BIDS AND DECLARING THAT NO BIDS WERE RECEIVED FOR SUPPLY OF SUBSTATION POWER TRANSFORMERS (BID NO. 22-12422) AND AUTHORIZING THE SUPPLY OF SUBSTATION POWER TRANSFORMERS BE OBTAINED BY NEGOTIATION
15. A RESOLUTION REJECTING THE BID OF GENERAL PACIFIC, INC. OF FAIRVIEW, OREGON AND ACCEPTING THE BID OF WESCO OF PORTLAND, OREGON (BID NO. 22-12425) FOR THE SUPPLY OF 115 KV AND 230 KV CONDUCTOR AND SHIELD WIRE
16. A RESOLUTION APPROVING A THIRD ADDENDUM TO TEMPORARY WATER RIGHT MITIGATION AGREEMENT BETWEEN THE REGIONAL WATER SYSTEM MEMBERS AND CROWN COLUMBIA WATER RESOURCES, LLC
17. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO NEGOTIATE AND EXECUTE A WATER SYSTEM TRANSFER AGREEMENT WITH THE PESHASTIN WATER DISTRICT

REGULAR COMMISSION MEETING AGENDA

December 19, 2022

Page 3

18. Capital Budget Revision

Proposed motion: To increase the Total Project Budget and 2022 current year budget amount for capital project 2XXX0100, UG transformers, in the amount of \$500,000 for a revised total project budget of \$2 million, and to decrease the 2022 underground cable replacement (DSXX0003) budget by the same amount, enabling a shift in spending between capital projects with no change to the overall 2022 Distribution capital budget.

19. Manager Items

20. Commission Items

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

22. Delegation of Action Items

23. 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.

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

25. 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) for ___ minutes

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

RESOLUTION NO. _____

A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1, 2, 3, 4, 5, 6 AND 7 AND AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER CONTRACT NO. 20-05 WITH VOITH HYDRO, INC. OF YORK, PENNSYLVANIA

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 19, 2020, the District entered into contract No. 20-05 with Voith Hydro, Inc. (Contractor) of York, Pennsylvania for Rocky Reach C2-C7 Wicket Gate Servomotor Refurbishment, in the amount of \$907,825.80. This contract was awarded by negotiation as authorized by the District Commission by Resolution No. 20-14432 dated March 2, 2020.

The work in Field Work Order Nos. 1, 2, 3, 4, 5, 6 and 7 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, 2, 3, 4, 5, 6 and 7, which are on file in the offices of the District and summarized as follows:

| Field Work Order No. | | Amount |
|-----------------------------|---|-----------------------|
| 1. | C-3 Servomotor Additional Work | \$18,697.00 |
| 2. | Extend Contract Time for Unit C-6 Servomotors | n/a |
| 3. | Extend Contract Time for Unit C-4 Servomotors | n/a |
| 4. | Extend Contract Time for Unit C-4 Servomotors | n/a |
| 5. | Extend Contract Time for Unit C-4 Servomotors | n/a |
| 6. | Extend Contract Time for Unit C-4 Servomotors | n/a |
| 7. | Reconciliation for Unit Price Items | (\$146,698.03) |
| Total | | (\$128,001.03) |

Field Work Order Nos. 1, 2, 3, 4, 5, 6 and 7 result in a net decrease in the contract price of \$128,001.03 for a new revised total contract price of \$779,824.77(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 November 8, 2022.

The General Manager of the District concurs with staff's recommendations that the District accept the work performed by the Contractor and ratify Field Work Order Nos. 1, 2, 3, 4, 5, 6 and 7.

ACTION

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

Section 1. Field Work Order Nos. 1, 2, 3, 4, 5, 6 and 7 to Contract No. 20-05 with Voith Hydro, Inc. for the work specified above, which will result in a net decrease in the contract price of \$128,001.03, for a total revised contract price of \$779,824.77, plus Washington State sales tax, is hereby ratified.

Section 2. All the contract work required under Contract No. 20-05 was completed on November 8, 2022 and the same is hereby accepted.

DATED this 19th day of December 2022.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AMENDMENT
NO. 19 TO SERVICES AGREEMENT (SA-TA NO.
15-151) WITH TCF ARCHITECTURE PLLC. TO
PROVIDE LONG TERM STRATEGIC FACILITIES
PLAN

FACTUAL BACKGROUND AND REASONS FOR ACTION

Resolution No. 16-14011 dated January 4, 2016 authorized a Services Agreement (SA-TA No. 15-151) with TCF Architecture PLLC to provide Long Term Strategic Facilities Plan, in an amount not to exceed \$980,000.

Resolution No. 17-14141 dated May 15, 2017 authorized an additional amount of \$208,000, for an amended not-to-exceed amount of \$1,188,000.

Resolution No. 17-14188 dated November 6, 2017 authorized an additional amount of \$4,000,000, for an amended not-to-exceed amount of \$5,188,000.

Resolution No. 19-14315 dated February 4, 2019 authorized an additional amount of \$6,000,000, for an amended not-to-exceed amount of \$11,188,000.

Resolution No. 19-14387 dated October 7, 2019 authorized an additional amount of \$9,500,000, for an amended not-to-exceed amount of \$20,688,000.

Resolution No. 21-14525 dated February 1, 2021 authorized an additional amount of \$2,000,000, for an amended not-to-exceed amount of \$22,688,000.

District staff has identified the need for additional services for construction administration services. Resolution No. 17-14215 requires that the Commission, by resolution, authorize Service Agreements and Amendments when the total contract price exceeds \$500,000.

District staff recommends that it is in the best interest of the District to amend Services Agreement No. 15-151 with TCF Architecture PLLC in the amount of \$1,600,000, for a total revised contract price not to exceed \$24,288,000.

The General Manager 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, WASHINGTON as follows:

Section 1. The General Manager is hereby authorized to execute Amendment No. 19 to Services Agreement (SA-TA No. 15-151) with TCF Architecture PLLC to provide the additional services identified above. The revised contract price will not exceed \$24,288,000 without prior Commission approval. A copy of the Amendment is on file in the offices of the District.

DATED this 19th day of December 2022.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AMENDMENT
NO. 1 TO INTERAGENCY SERVICES AGREEMENT
(CONTRACT NO. 19-10432) WITH WASHINGTON
STATE DEPARTMENT OF FISH AND WILDLIFE
TO PROVIDE HATCHERY MONITORING AND
EVALUATION SERVICES

FACTUAL BACKGROUND AND REASONS FOR ACTION

Resolution No. 17-14215 requires that the Commission, by resolution, authorize Service Agreements and Amendments when the total contract price exceeds \$500,000.

The Rock Island and Rocky Reach Habitat Conservation Plans (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. On November 18, 2019, by Resolution No. 19-14400, the Commission of the District approved an Interagency Services Agreement (Contract No. 19-10432) with Washington State Department of Fish and Wildlife ("WDFW") to provide hatchery monitoring and evaluation services, in an amount not to exceed \$1,093,205.

On December 7, 2020, by Resolution No. 20-14504, the Commission of the District authorized Amendment No. 1, increasing the not to exceed amount by \$1,141,969 for a new not to exceed amount of \$2,235,174 and extended the contract end date to December 31, 2021.

On November 15, 2021 by Resolution 21-14597, the Commission of the District authorized Amendment No. 2, increasing the not to exceed amount by \$1,167,673 for a new not to exceed amount of \$3,402,847 and extending the contract end date to December 31, 2022.

District staff has identified the need for continued hatchery monitoring and evaluation services. District staff recommends that it is in the best interest of the District to amend Interagency Services Agreement No. 19-10432 with WDFW to extend the expiration date through December 30, 2023 and increase the not to exceed amount by \$1,049,460 for a total revised contract price not to exceed \$4,452,307.

The General Manager 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 General Manager or his designee is hereby authorized to enter into five-year Interagency Agreement (Contract 22-12399) with Washington Department of Fish and Wildlife for hatchery operations in an amount not to exceed \$19,929,146 without prior Commission approval. A copy of the Agreement will be on file in the offices of the District.

DATED this 19th day of December 2022.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO AN INTERAGENCY AGREEMENT (CONTRACT NO. 22-12399) WITH WASHINGTON STATE 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) through the license articles and the District's Rocky Reach, Rock Island and Chelan Habitat Conservation Plans (HCPs).

Resolution No. 15-13396 approved a five-year Agreement with the Washington Department of Fish and Wildlife (WDFW) for the operation of the District's hatchery facilities to meet FERC production obligations through December 31, 2021. Resolution No. 21-14596 extended this Interagency Agreement for continued services through December 31, 2022.

Based on historic performance and evaluation of the proposed future services, District staff has determined that (1) WDFW is the best qualified contractor to continue to operate the District's hatcheries which includes performing all activities required to meet the annual production requirements to fulfill the District's FERC obligations and (2) the costs proposed by WDFW for the services are fair and reasonable.

It is District staff's recommendation that it is in the best interest of the District to enter into a five-year Interagency Agreement with WDFW for the above-described services. Services shall be provided when and as requested by the District, according to written task orders which define the scope, budget and schedule for individual tasks. No work shall be undertaken by WDFW without a written task order. The total cost for the Services to be provided by WDFW pursuant to the Interagency Agreement shall not exceed \$19,929,146.

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 or his designee is hereby authorized to enter into five-year Interagency Agreement (Contract 22-12399) with Washington Department of Fish and Wildlife for hatchery operations in an amount not to exceed \$19,929,146 without prior Commission approval. A copy of the Agreement will be on file in the offices of the District.

DATED this 19th day of December 2022.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AN
AMENDMENT TO SERVICES AGREEMENT (SA
NO. 20-11327) WITH RH2 ENGINEERING, INC. TO
PROVIDE PROFESSIONAL ENGINEERING
SERVICES

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District entered into a Services Agreement (SA No. 20-11327) on May 17, 2021, with RH2 Engineering, Inc. to provide design engineering, in an amount not to exceed \$319,130. The District has executed amendments increasing the total not to exceed amount to \$415,621.

District staff has identified the need for additional services to support construction activities including programming, startup and testing of control systems and development of operation and maintenance manuals. Resolution No. 17-14215 requires that the Commission, by resolution, authorize Amendments to Service Agreements when the Amendment increases the total contract price to over \$500,000.

District staff recommends that it is in the best interest of the District to amend SA No. 20-11327 with RH2 Engineering, Inc. in the amount of \$400,000, for a total revised contract price not to exceed \$815,621.

The General Manager 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, WASHINGTON as follows:

Section 1. The General Manager is hereby authorized to execute an Amendment to SA No. 20-11327 with RH2 Engineering, Inc. to provide the additional services identified above. The revised contract price will not exceed \$815,621 without prior Commission approval. A copy of the Amendment is on file in the offices of the District.

DATED this 19th day of December 2022.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AN
AMENDMENT TO SERVICES AGREEMENT (SA
NO. 21-11980) WITH APFS, LLC TO PROVIDE
TECHNICAL PROJECT MANAGEMENT
RESOURCES

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District entered into a Services Agreement (SA No. 21-11980) on March 22, 2022 with APFS, LLC to provide Technical Project Management Resources, in an amount not to exceed \$250,000. Amendment 1 increased the not to exceed amount to \$499,000.

District staff has identified the need for additional services for new and ongoing supplemental technical program management resources. Ongoing program management support for the District's Field Workforce Management and Customer Self Service initiatives are expected to continue through 2023. District staff also expects to utilize these services to supplement additional technology specific program management efforts through 2024. Resolution No. 17-14215 requires that the Commission, by resolution, authorize Amendments to Service Agreements when the Amendment increases the total contract price to over \$500,000.

District staff recommends that it is in the best interest of the District to amend SA No. 21-11980 with APFS, LLC to extend the Agreement to 2024, and increase the not to exceed amount by \$1,500,000, for a total revised contract price not to exceed \$1,999,000.

The General Manager 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, WASHINGTON as follows:

Section 1. The General Manager is hereby authorized to execute an Amendment to SA No. 21-11980 with APFS, LLC to provide the additional services identified above. The revised contract price will not exceed \$1,999,000 without prior Commission approval. A copy of the Amendment is on file in the offices of the District.

DATED this 19th day of December 2022.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION REJECTING ALL BIDS AND DECLARING THAT NO BIDS WERE RECEIVED FOR SUPPLY OF SUBSTATION POWER TRANSFORMERS (BID NO. 22-12422) AND AUTHORIZING THE SUPPLY OF SUBSTATION POWER TRANSFORMERS BE OBTAINED BY NEGOTIATION

FACTUAL BACKGROUND AND REASONS FOR ACTION

The Commission of Public Utility District No. 1 of Chelan County, by Resolution No. 22-14684 adopted on August 1, 2022, approved advertisement and award of the Supply of Substation Power Transformers for the Jumpoff Ridge Switchyard (Bid No. 22-12422).

Sealed proposals were invited and published in accordance with RCW 54.04.070 and said bids were opened on December 8, 2022 at 11:00 a.m. Pacific Time in the offices of the District.

Three (3) bids were received (excluding sales tax) as tabulated on Exhibit A attached. The bid proposals all included material changes to the terms and conditions of the bid.

District staff is of the opinion that the bids were non-responsive and should be rejected. Resolution No. 17-14215 requires that the rejection of bids must come before the Commission for action when staff is recommending an action other than rebidding.

Pursuant to RCW 54.04.080, the District may procure the work on the open market and negotiate a contract rather than re-advertising if no bids are received. District staff recommends that, due to time constraints and project requirements, the Substation Power Transformers be procured by negotiation, rather than re-advertising for bids.

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 bids received to furnish Substation Power Transformers (Bid No. 22-12422) are rejected. District staff is authorized to obtain the Substation Power

Transformers by negotiation and the General Manager (or his designee) is authorized to execute contract documents for the same with acceptable terms and conditions.

DATED this 19th day of December 2022.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

EXHIBIT A**Bid Tabulation****Bid No. 22-12422 –****Supply of Substation Power Transformers****December 8, 2022, 11:00AM
Utility Services Conference Room****Estimate of Work: \$15,300,000**Opened by: **Minh Dang**Recorded by: **Pamela Peer**

| Bidder Name City, State | Bid Bond/ Cashier's Check | Schedule A Bid Amt | Schedule B Bid Amt |
|--|--|-------------------------------|-------------------------------|
| Virginia Transformer Corporation Roanoke, VA | Bid Bond | \$10,856,664.00 | \$4,241,995.00 |
| WEG Transformers USA LLC Washington, MO | Bid Bond | \$12,726,826.00 | \$4,198,883.00 |
| Pennsylvania Transformer Technology Inc. Canonsburg, PA | Bid Bond | \$13,112,442.00 | \$5,092,050.00 |

RESOLUTION NO. _____

A RESOLUTION REJECTING THE BID OF GENERAL PACIFIC, INC. OF FAIRVIEW, OREGON AND ACCEPTING THE BID OF WESCO OF PORTLAND, OREGON (BID NO. 22-12425) FOR THE SUPPLY OF 115 KV AND 230 KV CONDUCTOR AND SHIELD WIRE

FACTUAL BACKGROUND AND REASONS FOR ACTION

On November 2, 2022, an invitation for sealed bids was published in accordance with RCW 54.04.070 and Resolution No. 17-14215 to provide 115 kV and 230 kV Conductor and Shield Wire for Jumpoff Ridge Substation. Bid proposals were opened on December 1, 2022, at 2:00p.m., in the offices of the District. Three bids were received (excluding sales tax) as tabulated on Exhibit A attached.

The bid by General Pacific, Inc. did not meet the required lead time and included material changes to the terms and conditions of the bid. This bid should be rejected as non-responsive.

District staff has determined that the bid of Wesco of Portland, Oregon in the amount of \$419,968.70 (excluding sales tax) is the lowest responsive and best bid in compliance with the plans and specifications for Bid No. 22-12425. This bid meets all statutory requirements. Resolution No. 17-14215 requires that the rejection of the apparent low dollar bidder must come before the Commission for action.

District staff recommends awarding Bid No. 22-12425 to Wesco of Portland, Oregon.

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 bid submitted by General Pacific, Inc. of Fairview, Oregon did not meet the minimum requirements specified in the contract documents and is hereby rejected.

Section 2. The bid submitted by Wesco of Portland, Oregon is the lowest responsible and best bid in compliance with the plans and specifications to provide the 115 kV and 230 kV Conductor and Shield Wire for Jumpoff Ridge Substation. The General Manager of the District is hereby authorized to enter into a contract with

Wesco in the amount of \$419,968.70, excluding sales tax. A copy of the contract will be on file in the offices of the District.

DATED this 19th day of December 2022

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION APPROVING A THIRD ADDENDUM
TO TEMPORARY WATER RIGHT MITIGATION
AGREEMENT BETWEEN THE REGIONAL WATER
SYSTEM MEMBERS AND CROWN COLUMBIA
WATER RESOURCES, LLC**FACTUAL BACKGROUND AND REASONS FOR ACTION**

The District entered into a Water Contract – Regional Water System (“Contract”) with the City of Wenatchee and the East Wenatchee Water District to collectively form the Regional Water System (“Regional”) effective January 1, 1999. The Contract was subsequently amended pursuant to a First Amendment to Water Contract – Regional Water System on June 23, 2008 and a Second Amendment to Water Contract – Regional Water System on August 17, 2020.

In 2012, Regional purchased additional water rights from the Pioneer Water Users Association (“Pioneer”). In total, 6,186.71 acre-feet (1,769.63 acre-feet consumptive use) were purchased to provide continuous municipal supply.

The Regional members agreed to place the water rights into a temporary Trust Water Right for ten years (dating from August 27, 2012) to benefit instream flows because Regional did not have a present need for the additional water rights purchased for municipal supply.

A private company, Crown Columbia Water Resources, LLC (“Crown”), approached the Regional members requesting to use its water rights acquired from Pioneer on a temporary basis as mitigation for the issuance of new, temporary water rights by the Department of Ecology (“Ecology”).

Pursuant to Crown’s request, the Regional members entered into a Temporary Water Right Mitigation Agreement (“Temporary Agreement”) on May 17, 2016, which was effective through August 26, 2022. On January 14, 2021, the parties modified the Temporary Agreement via an Addendum (“First Addendum”) executed pursuant to Resolution No. 20-14517 dated December 21, 2020. The First Addendum included the following provisions:

- Regional extended the term of the temporary Trust Water Right through December 31, 2032.
- Crown entered a Mitigation Loan Agreement with Granite Farms, LLC (“Granite Farms”) effective March 20, 2020. Crown was authorized to use the Trust Water Right to meet a portion of the water use demands under the Mitigation Loan Agreement.

- Crown entered a Trust Water Right Agreement with Ecology, dated April 18, 2016, which was also utilized to provide additional irrigation water to Granite Farms.
- Crown's request utilized the entire consumptive use portion of the Trust Water Right, as well as 312 acre-feet non-consumptive use (based on an 85% consumptive use anticipated by the agricultural uses undertaken by Granite Farms), totaling 2,082 acre-feet.
- If a Water Budget Neutral ("WBN") water right is not issued by Ecology to Crown and Granite Farms for up to 2,082 acre-feet by December 31, 2021, the First Addendum shall terminate unless extended in writing and signed by the parties.
- Crown has the option to pursue a seasonal change application for the 2021 calendar year only by giving Regional written notice of this election on or before December 31, 2020.
- All other terms and conditions of the Temporary Agreement remain intact.

A WBN water right was not issued by Ecology to Crown and Granite Farms on or before December 31, 2021. Therefore, the parties extended the terms of the First Addendum to allow Granite Farms to use the Trust Water Right under the Temporary Agreement through December 31, 2022 by executing the Second Addendum to Temporary Water Right Mitigation Agreement ("Second Addendum") on February 11, 2022. The Second Addendum allowed Crown to pursue a seasonal change application for both the 2021 and 2022 calendar years by giving Regional written notice of this election on or before December 31, 2020 for the 2021 calendar year, and on or before December 31, 2021 for the 2022 calendar year. All other terms and conditions of the Temporary Agreement remained intact.

The proposed Third Addendum to Temporary Water Right Mitigation Agreement ("Third Addendum"), attached hereto as Exhibit 1 and incorporated herein, seeks to further extend the terms of the Second Addendum to allow Granite Farms to continue usage of the Trust Water Right under the Temporary Agreement through December 31, 2023. The Third Addendum would allow Crown to pursue a seasonal change application for the 2021, 2022, and 2023 calendar years by giving Regional written notice of this election on or before December 31 preceding the beginning of each respective calendar year specified above. All other terms and conditions of the Temporary Agreement shall remain intact.

The Regional members have been represented in these negotiations by Peter Fraley of the law firm Ogden Murphy Wallace, PLLC. District staff reviewed the proposed Third Addendum and recommend that it is in the best interest of the District to approve the Third Addendum.

The General Manager has reviewed the District staff's recommendation and concurs with 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 hereby approves the Third Addendum to Temporary Water Right Mitigation Agreement and authorizes the General Manager to execute said Third Amendment on behalf of the District as a member of the Regional Water System.

Section 2. The Commission hereby delegates to the General Manager, or his designee, the authority to execute any and all necessary and customary documents to take any and all necessary actions to effectuate the Third Addendum to Temporary Water Right Mitigation Agreement.

Dated this 19th day of December, 2022.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE GENERAL
MANAGER TO NEGOTIATE AND EXECUTE A
WATER SYSTEM TRANSFER AGREEMENT WITH
THE PESHASTIN WATER DISTRICT

FACTUAL BACKGROUND AND REASONS FOR ACTION

Pursuant to RCW 54.16.030, Public Utility District No. 1 of Chelan County (“District”) has the authority to acquire and operate waterworks and irrigation plants and systems for the purpose of furnishing inhabitants of the District with water for all uses.

Peshastin Water District (“PWD”), organized under RCW Title 57, owns and operates a Water System (the “System”) serving the residents and businesses in and around Peshastin, Chelan County, Washington.

PWD has requested that the District acquire and operate the System and believes that the System will be enhanced by the coordinated operation, maintenance and upgrades. The District owns and operates an electric distribution system and a wastewater collection and treatment system that overlaps the service area of the PWD System. The District also owns and operates other water systems within Chelan County. For these reasons, staff believes that District ownership and operation of PWD’s System is in the public interest and conducive to public health, welfare, and convenience.

The District has been working to understand the PWD System and drafting an acquisition agreement pursuant to which the District would acquire all assets of PWD and operate the System in the future. Due diligence and negotiations continue, but staff believe it is in the District’s best interests for the Commission to delegate to the General Manager the authority to negotiate and execute the transfer agreement, subject to the terms listed below.

Any final transfer agreement must substantially comply with the following terms:

- The District will not pay any monetary consideration for acquiring the assets of PWD but will pay outstanding PWD liabilities that encumber the assets to be transferred to the District. These liabilities will remain the obligation of the PWD service area. In turn, PWD will transfer all of its assets, including monetary assets and water rights, to the District to allow the District to continue operating the System.
- The agreement will contain a transition period of not less than six

months, after which the District will formally acquire the assets of PWD at closing. During this period, the District and PWD shall cooperate to ensure that all PWD customers are successfully integrated into District systems and that District has adequate operational experience with the System before taking over full operational responsibility.

- The District will have full authority and discretion to set water rates for customers of PWD following closing subject to applicable law.

District staff recommends the Commission delegate to the General Manager the authority to negotiate and execute a Water System Transfer Agreement with PWD consistent with the above terms.

The General Manager has reviewed the 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, WASHINGTON, as follows:

Section 1. The Commission finds that the District taking ownership of Peshastin Water District's System and continuing to operate the same is in the public interest and conducive to public health, welfare, and convenience.

Section 2. The Commission hereby delegates authority to the General Manager to negotiate and execute a Water System Transfer Agreement with Peshastin Water District upon such terms as he deems appropriate; provided, however, that such agreement shall be consistent with the general terms set forth above. Any deviation from these terms shall be brought to the Board for consideration.

Section 3. The Commission hereby delegates to the General Manager, or his designee, the authority to execute any and all necessary and customary additional documents and to take any and all necessary actions to effectuate the Water System Transfer Agreement with the Peshastin Water District.

Resolution No. _____
Page 3

Dated this 19th day of December 2022.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal