

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington August 3, 2020

The regular meeting of the Commission, of Public Utility District No. 1 of Chelan County, Washington, was held in the office of the District, 327 N. Wenatchee Avenue, Wenatchee, Washington, on August 3, 2020, at the hour of 10:00 am, pursuant to proper notice thereof.

Commissioners present: Garry Arseneault, President (by phone)
Dennis Bolz (by phone)
Ann Congdon (by phone)
Steve McKenna (by phone)
Randy Smith (by phone)

Staff present: Steve Wright, General Manager
Erik Wahlquist, General Counsel
Rebekah Garfein, Clerk of the Board
Various staff

Call To Order

- President Arseneault called the meeting to order at 10:03am

Pledge of Allegiance and Safety/HPI Minute

- Tracy Yount, Interim Director of Safety and HPI, led the pledge of allegiance and provided information on how an HPI mindset helps us put defenses in place to protect employees

Agenda

- The agenda was approved as presented

Customer Satisfaction Survey Results

(see Chelan PUD website for presentation)

- Alex Dunn, Strategies 360, reviewed results of the 2020 Stakeholder Survey
- Over 500 customer-owners were surveyed with demographics matching census data for the county
- Overall satisfaction is 86% satisfied or very satisfied
- Comments were largely positive; comments that noted areas for improvement were categorized with the topics of rates, policies, and reliability being most common
- Comments of improvement opportunities have been assigned for follow up

Quarterly District Performance Plan Status Update

(see Chelan PUD website for presentation)

- Managing Directors updated Commissioners on performance plan metrics
- About half of the metrics are delayed due to COVID19

Quarterly Financial Review and Investment Report

(see Chelan PUD website for presentation)

- Mark Mullins, Director of Enterprise Planning and Risk Analytics, presented the second quarter financial review and investment report
- Bottom-line results through Q2 are better than budget
 - COVID19 has had offsetting impacts through Q2 with lower retail revenues in the commercial sector (lower customer usage) and lower long-term cost-based power contract revenue (lower hydro costs) more than offset by lower operating costs due to slowed project schedules and adapting work to COVID19 requirements
- Forecasted bottom-line results for the year are better than budget
 - Anticipating lower retail revenues to continue as a result of COVID19, but expecting operating expenses to catch up closer to budget resulting in the forecasted bottom line to be more in line with budget expectations
 - Slight adjustments have been made to forecasts as a result of COVID19, but still learning the overall impacts; project schedules are anticipated to be impacted more than overall project costs, so timing of expenditures may be shifted out to later periods as compared to forecast at budget
- District financial metrics are being met with borrowing expected in 2022 to fund a portion of capital spending
- Stay the course with new 2020-2024 strategic goals; will need to continue to be nimble in adjusting to COVID19

Quarterly Fish and Wildlife Update

(see Chelan PUD website for presentation)

- Alene Underwood, Fish and Wildlife Manager, and Von Pope, Senior Wildlife Biologist, provided an update on the fish and wildlife program
- Osprey nest monitoring program
 - Von noted that the number of osprey are increasing and reported on nest locations
 - Nests cause increasing risk to the transmission and distribution system
- Habitat Conservation Plan – Rock Island Confirmation Study
 - The Rocky Reach study has been deferred until 2022; the Rock Island Study is on track for 2021
- Alene reported on the 2020 fish passage counts, compared to the 10-year average at the same point in time

Recessed at 11:59am and Reconvened at 1:01pm

Consent Agenda

(see Chelan PUD website for resolutions)

President Arseneault presented the consent agenda, which included the following items:

- Minutes of the July 20, 2020 Regular Meeting
- Vouchers: Accounts Payable Summary Report dated July 29, 2020:
 - Vouchers totaling \$14,514,873.20;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period July 15, 2020 through July 28, 2020 in the amount of \$40,384.50;
 - Approval of the net Payroll, Warrant Nos. 237116 through 237133 and Advice Nos. 697980 through 698766 for the pay period ending 07/19/2020 in the amount of \$2,083,274.37;
 - Approval of Warrant Nos. 26784 through 26798 totaling \$3,811.60 for claim payments from the workers' compensation self-insurance fund for the period ending July 27, 2020.
- Resolution 11. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1 AND 2, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 19-18 WITH PURCELL P & C, LLC DBA PURCELL PAINTING & COATINGS OF TUKWILA, WASHINGTON FOR THE ROCKY REACH CAISSON UPPER CHAMBER PAINT AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE

- Resolution 12. A RESOLUTION AUTHORIZING FINAL ACCEPTANCE OF PERFORMANCE UNDER BID NO. 19-20 WITH NORTH CASCADES HEATING & AIR CONDITIONING, INC. OF ENTIAT, WASHINGTON FOR THE NETWORK NODE BUILDINGS HVAC UPGRADES AND AUTHORIZING PAYMENT OF RETAINAGE

Moved by: Commissioner Smith
Seconded by: Commissioner Bolz
To approve the consent agenda as presented
Approved: Unanimously

Resolution 13

(see Chelan PUD website for resolution)

- Dan Frazier, Director of Shared Services, and David Lodge, Project Manager II, reviewed Resolution 13
- The cost is about \$100k less than previously reported; 78% of this work will be awarded to local contractors
- A virtual ground-breaking ceremony will be live on the District's Facebook page, August 5 @ Noon
- Resolution 13. A RESOLUTION AUTHORIZING THE ISSUANCE OF A GUARANTEED MAXIMUM PRICE AMENDMENT (GMP AMENDMENT) TO ABSHER CONSTRUCTION COMPANY OF PUYALLUP, WA TO PROVIDE SITEWORK CONSTRUCTION TO THE GENERAL CONTRACTOR CONSTRUCTION MANAGER (GC/CM) SERVICES FOR THE SERVICE CENTER PROJECT

Moved by: Commissioner Smith
Seconded by: Commissioner McKenna
To approve Resolution 13 as presented
Approved: Unanimously

Public Power Benefit (PPB) Fiber Acceleration Assessment

(see Chelan PUD website for presentation)

- Bob Shane, Interim Managing Director of Fiber and Telecom, gave an update on accelerating the Public Power Benefits fiber expansion program
- Bob, along with other staff, completed a high-level assessment of accelerating the fiber expansion program, in response to the 2020-2024 Strategic Plan
- The assessment supports acceleration on a portion of the buildout by two years, focusing on:
 - South shore of Lake Chelan - North of state park to 25 Mile Creek
 - Manson - Dry Lake Road
 - Entiat River Valley up to Ardenvoir
 - Lower Blewett Pass - Highway 97/2 junction to end of Campbell Road
- Will require the use of external contractors; overall additional project cost is \$2M

Infrastructure Cost Recovery Approach

(see Chelan PUD website for presentation)

- Lindsey Mohns, Customer Utilities Business Manager, reviewed the recommended approach to recover infrastructure costs
- A contractor is evaluating fees; the District is at the edge of capacity in some areas and it can be difficult to determine true costs due to variations in the system
- Infrastructure cost recovery options will be presented for Board consideration; the Board will consider fairness and equity

Manager Items

- Lindsey Mohns, Customer Utilities Business Manager, provided a COVID19 Customer Impacts Update
 - Customer Service Reps are contacting customers with past due residential accounts
 - Significant effort has been put into contacting commercial customers since this report was prepared

- Staff recommended actions were reviewed, which are in compliance with the Governor's prohibition of late fees and disconnects
- Evaluating options to resume credit and collection procedures for non-residential customers
- John Stoll, Managing Director of Customer Utilities, gave an update on the recent Colockum Fire
 - Initially, the system was modified to prohibit automatic reclosing; continue to be mindful of how we manage the system as many in that area use electric water pumps
 - Some poles were lost and the power was ultimately disconnected; power was back on around noon the following day
- Ron Slabaugh, Water and Wastewater Manager, reported on the East Wenatchee water expansion
 - East Wenatchee had requested to add 1,000 acres to their area at the Regional Coordinating Committee meeting; there was general agreement, provided they pay for the required amendment to the regional comprehensive plan and the addendum to the regional water plan with the Department of Health
 - Our feedback has been incorporated into the regional comprehensive plan agreement addendum and will come to the Board for approval at a future meeting
- Kirk Hudson, Managing Director of Generation and Transmission, reported on a recent Chelan River rescue
 - The District filed a ramp rate deviation report for spill levels in the Chelan Gorge with Federal Energy Regulatory Commission (FERC) on July 22 related to the rescue of 4 individuals
 - Six young men hiked across the Chelan River Gorge; when the water level rose, only 2 were able to make it back across
 - Chelan Fire and Rescue, PUD Security, PUD employees, and the Chelan Sheriff helped to get river flows down so the remaining 4 could be rescued by ladder
 - All 4 were successfully rescued; good reminder that the Chelan River Gorge can be dangerous and to honor the no trespassing and warning signs
- Justin Erickson, Managing Director of District Services, provided an update on Parks and COVID19 mitigation strategies
 - With encouragement to be outside during the COVID19 pandemic, we have seen incredibly high usage throughout our facilities, especially in the Chelan area
 - Long lines at Beebe campground and large crowds at Riverwalk and Powerhouse parks
 - The District has made operational changes to address these concerns; added temporary restroom facilities and additional signage regarding social distancing
 - These changes are consistent with state park responses in our region in response to overcrowding
 - The District has evaluated and implemented improvements to the HVAC systems to mitigate airborne transmission of COVID19
 - The percentage of outside air has been increased and filters are being upgraded to MERV13 where technically feasible
 - Will incorporate these improvements at facilities under construction or undergoing major rehabilitation
 - Bipolar ionization is also being implemented; the first ionization unit will be installed in the Service Building on the 5th Street campus
- Steve Wright, General Manager, noted that hands-free temperature takers have been installed around the District

Commission Travel

- Lisa Sanders, Legal Administrative Assistant, reviewed upcoming Commissioner travel

Follow Up on Delegation of Action Items from the 7/20/20 Board Meeting

- Rebekah Garfein will remove the tracking of constituent communications from the Board's Balance Scorecard - completed

Delegation of Action Items from Previous meetings

- Erik Wahlquist will outline potential tariff impacts to contracts and who carries that risk – completed by email 7/20/20
- Catherine Willard will follow up with Commissioner Congdon with additional Skaha hatchery information – completed 7/22/20

Delegation of Action Items

- Erik Wahlquist will provide additional information on local improvement district bonds as a funding option for infrastructure cost recovery

Executive Session

President Arseneault convened an executive session at approximately 2:33pm 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) for approximately 20 minutes.

Regular Session Reconvened at 2:53pm

President Arseneault stated no votes were taken and no decisions were made during Executive Session

There being no other business, the meeting adjourned at 2:53pm.

President



Vice President

Secretary

Commissioner

Commissioner



CHELAN COUNTY

Do you approve the 08-03-20 minutes?:

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Approved By:

Garry Arseneault on 8/26/20 9:28AM Pacific Time (US & Canada)

Approved By:

Dennis Bolz on 8/19/20 11:01AM Pacific Time (US & Canada)

Approved By:

Ann Congdon on 8/24/20 3:49PM Pacific Time (US & Canada)

Approved By:

Randy Smith on 8/31/20 1:28PM Pacific Time (US & Canada)