

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington November 7, 2022

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 November 7, 2022, at the hour of 10:00 am, pursuant to proper notice thereof.

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

Staff present: Kirk Hudson, General Manager
Katie Yount, Acting General Counsel
Rebekah Neumann, Clerk of the Board
Various staff

Guests present: Kelly Allen, Aurora Flores, Kevin Overbay, Julian Jensen, Josh Valle, Dorry Foster, Rana Wilcox, Lynn Wilcox, Steve Robinson, Linda Haglund, Tony Edwards, Sheldon Bernett, Kathy Emerick, Carnan Bergren, Chad Canon, Lisa Dowling, Mike Kaputa, Travis Hornby

Call to Order

- President McKenna called the meeting to order at 10:01am

Pledge of Allegiance and Safety/HPI Minute

- Alan Eastridge, Rocky Reach/Lake Chelan Maintenance Superintendent, led the pledge and provided information on tying Human Performance Improvement (HPI) principles to the volume and velocity of change

Agenda

- The agenda was approved as presented

Public Comment

- Fifth Street Campus Redevelopment
 - Linda Haglund, Wenatchee Downtown Association Director, expressed concern about the project; wants to make sure what happens here leaves a lasting legacy
 - Dorry Foster, YMCA CEO, thanked Commissioners for the process and noted the YMCA's deadline for development
 - Travis Hornby, Wenatchee City Council, thanked Commissioners for partnering with the City and Port on this project
 - Commissioners responded to comments and noted the importance of this project
- Rock Island Project

- Tony Edwards, Special Representative, Southwest Regional Council of Carpenters, met with GE last week to inquire about their labor force for the Rock Island project
- Mr. Edwards expressed concern about the staffing company GE plans to use at Rock Island
- Encouraged the use of local workers for the project, bringing prevailing wage jobs to the community

Quarterly District Performance Plan Update

(see Chelan PUD website for presentation)

- Managing directors reviewed Q3 metrics completed or delayed
- Kelly Boyd, Chief Financial and Risk Officer, noted a reinstated process to provide an approved variance to projects that we choose to complete on a different timeline
- 65% of metrics were completed or are on track

Quarterly Financial Review and Investment Report

(see Chelan PUD website for presentation)

- Mark Mullins, Director Enterprise Planning and Risk Analytics, and Heather Ireland, Treasurer, reported on third quarter results
- Year-end 2022 forecasts are better than budget
 - Q3 YTD results are better than budget by \$86M
 - Year-end forecasts anticipate higher revenues and some catch-up in operating expenses which will maintain bottom line, better than budget by \$89M
- Long-term financial metrics remain strong
 - Includes planned borrowing in the next five-year planning horizon to fund a portion of our capital spending program while maintaining our financial metrics
 - Inflation impacts are manageable and are continuing to be monitored and evaluated for future forecasts
 - Strong financial results further anchor the District's resiliency to weather future uncertainty in project scope, schedule, and a rising cost environment
- Stay the course with 2020-2024 Strategic Plan

2023 Plan of Finance

(see Chelan PUD website for presentation)

- Heather Ireland, Treasurer, updated Commissioners on Treasury topics and the 2023 plan of finance
- Provided an annual plan of finance update, board-designated funds update and upcoming board requests

Service Center Project Update

(see Chelan PUD website for presentation)

- Dan Frazier, Director Shared Services, and David Lodge, Project Management Manager, provided an update on the Service Center project
- Reviewed construction progress and challenges
- Cultural resource finds led District staff to reconsider approach and work collaboratively with the State and Tribes to develop a new plan for site treatment
- Construction delays impact the move-in plan and overall project costs; reviewed options for funding the increased project costs
- The project will still achieve the objectives and benefits for which it was built and create the best service for customer-owners
- The District is planning some drop-in sessions to share the status of the project and answer any questions

Confluence Parkway Due Diligence

(see Chelan PUD website for presentation)

- Working with the City on the terms for any potential land exchange

- Commissioners have completed their due diligence and do not need additional information until there is a decision point

Recess at 11:53am, Reconvene at 1:00pm

Malaga Park Update

(see Chelan PUD website for presentation)

- Chelan County Commissioner, Kevin Overbay, thanked Commissioners for their partnership
- Chelan County Director of Natural Resources, Mike Kaputa, and Natural Resource Specialist, Lisa Dowling, updated Commissioners on the proposed Malaga park
- Chelan County has entered into an Early Action Agreement with the District
- Reviewed project location along with proposed parcels to be purchased, draft 30% park design, community support, project cost sharing, schedule and next steps

Consent Agenda

(see Chelan PUD website for resolutions)

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

- Minutes of the October 17, 2022 Regular Meeting
- Vouchers: Accounts Payable Summary Report dated November 2, 2022:
 - Vouchers totaling \$24,521,686.61;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period October 12, 2022 through November 1, 2022 in the amount of \$112,173.41.
 - Approval of the net Payroll, Warrant Nos. 237965 through 237973 and Advice Nos. 743887 through 744711 for the pay period ending October 9, 2022 in the amount of \$ 2,448,145.26.
 - Approval of the net Payroll, Warrant Nos. 237974 through 237985 and Advice Nos. 744712 through 745516 for the pay period ending October 23, 2022 in the amount of \$ 2,383,547.96.
 - Approval of Warrant Nos. 28890 through 28942 totaling \$35,033.47 for claim payments from the workers' compensation self-insurance fund for the period ending October 31, 2022.
 - Approval of Parks Reservation System customer refunds for the period October 12, 2022 through November 1, 2022 in the amount of \$35.00.
- Resolution 13. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NO. 1, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 21-11 WITH RIDGELINE CUSTOM BUILDERS, LLC OF EAST WENATCHEE AND AUTHORIZING PAYMENT OF RETAINAGE

MOTION

Moved by: Commissioner Arseneault

Seconded by: Commissioner Smith

To accept the consent agenda as presented

Approved: Unanimously

Resolution 14

(see Chelan PUD website for resolutions)

- Mitchell Clark, Senior Project Manager, presented Resolution 14
- Resolution 14. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 3-07, 3-08, 3-09, 3-10, AND 3-11, AND APPROVING EXECUTION OF FIELD WORK ORDER/CHANGE ORDER NO. 3-12, FOR THE THIRD AND FOURTH UNITS UNDER CONTRACT NO. 14-22 WITH VOITH HYDRO, INC. OF YORK, PA FOR ROCKY REACH UNITS C-8 THROUGH C-11 TURBINE REPAIRS

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Bolz

To approve Resolution 14 as presented

Approved: Unanimously

Manager Item

- John Stoll, Managing Director Customer Utilities, gave a storm update
 - Had some impacts from the weather system over the weekend; biggest impact was on the pass with a tree in the line which was removed on Saturday
 - A fuse melted in the Forest Ridge area and there was another tree in the line near Chelan
 - Compared to the west side, we were very fortunate
 - We sent a crew over to help Snohomish PUD on Saturday and after completing weekend work here, we sent another crew to Snohomish PUD; both crews should be back by the end of the day Wednesday
 - Appreciated updates and efforts from Rachel Hansen, Dan Moser, and Cody Murdock

Public Hearing: 2023 Preliminary Budget Presentation

(see Chelan PUD website for presentation)

- Public hearing started at 1:29pm
- Dave Nelson, Manager Strategic Financial Planning, presented the 2023 preliminary budget
- Reviewed timeline, initial results and highlights, and next steps
- Kirk Hudson, General Manager, reviewed 20 new positions included in the budget; goal is to build staff capability and resiliency and eliminate single points of failure
- Public hearing ended at 2:01pm

Resolution 15

(see Chelan PUD website for resolutions)

- David Lodge, Project Management Manager, presented Resolution 15
- These change orders are covered in the project contingency and will not increase the project cost
- Resolution 15. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 13 THROUGH 17 FOR THE SERVICE CENTER PROJECT WITH ABSHER CONSTRUCTION COMPANY OF PUYALLUP, WA FOR CONSTRUCTION OF THE SERVICE CENTER PROJECT PURSUANT TO GENERAL CONTRACTOR/CONSTRUCTION MANAGER (GC/CM) CONTRACT NO. 18-91

MOTION

Moved by: Commissioner Bolz

Seconded by: Commissioner Congdon

To approve Resolution 15 as presented

Approved: Unanimously

Manager Items

- Jennifer Burns, Environmental and Cultural Resources Program Manager, shared that The Colville Confederated Tribes recently held a celebration dinner to honor their elders; at this event the District received a certificate of appreciation for protecting cultural properties
- Trina Heuchert, Fiber Customer Service Outreach Specialist, reported on the decommissioning of Wi-Fi provided during the pandemic
 - The original resolution suspended portions of the rate policy to allow Wi-Fi during COVID19 and is set to expire at the end of the year; Trina reviewed usage statistics
- Bob Shane, Managing Director Fiber and Telecom, gave an update on the fiber and telecom public power benefit process

- In follow up to the August presentation, Bob noted that staff is still gathering additional information
- A cross-functional group continues to review information in order to provide the best numbers, implementation plan, and related costs

Commissioner Travel

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

Commission Items

- Board Workshop and Tri-Commission Meeting

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Bolz

To set the following special meetings:

- On Monday, December 12, 2022 @ 9:00am for the purpose of holding a Board workshop
- On Tuesday, December 13, 2022 @ 1:00pm for the purpose of holding a Tri-Commission Meeting

Meetings will be held at Confluence Technology Center, 285 Technology Center Way, Wenatchee.

Approved: Unanimously

- Service Center Board Designated Fund

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Bolz

To direct staff to deposit an amount of \$25 million into the Board designated Headquarters/Service Center Strategic Facilities Fund. The fund was established per Board motion on April 3, 2017, for the purpose of investing in the Long-Term Strategic Facilities Plan.

Approved: Unanimously

Follow up on Delegation of Action Items from 10/17/22 Board meeting

- Kelly Boyd will provide the interest rate for debt on which we are making early payments – completed via email 10/19/22

Delegation of Action Items

- Katie Yount will determine whether there are local hiring requirements and requirements for apprentices on the Rock Island Dam modernization project. Katie will follow up with Tony Edwards, Special Representative, Southwest Regional Council of Carpenters.

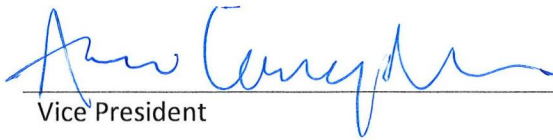
Executive Session

President McKenna convened an executive session at approximately 2:30pm 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), to consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price, as authorized by RCW 42.30.110(1)(b), to consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause the likelihood of decreased price, as authorized by RCW 42.30.110(1)(c) and to review the performance of a public employee, as authorized by RCW 42.30.110(1)(g) for approximately 2 hours.

Regular Session Reconvened at 4:28pm


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

There being no other business, the meeting adjourned at 4:28pm

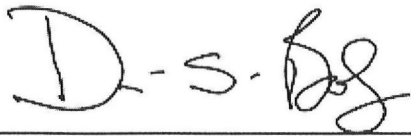

Vice President

Commissioner

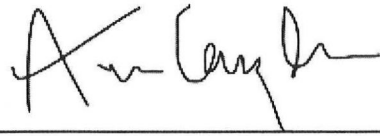

President


Secretary


Commissioner

Handwritten signature of Dennis Bolz in black ink, consisting of a large 'D', a hyphen, a smaller 'S', another hyphen, and a stylized 'Bz'.

Dennis Bolz - Board Member
Approved on 11/22/2022 4:37PM
PST

Handwritten signature of Ann Congdon in black ink, featuring a large 'A' followed by a cursive 'n Congdon'.

Ann Congdon - Board Member
Approved on 12/4/2022 4:37PM PST