Provide Update of Ongoing Work

- Financial Modeling
- Predesign Efforts
- Conceptual Plans and Renderings

Initiate Formal Public Outreach

- Engagement Schedule
- In-Person Opportunities
- Online Opportunities
- Gathering Feedback
Strategic Plan Core Goals
Provide the best, for the most, for the longest

• **Provide Best Financial Value to Customer-Owners**
  - Provide best life-cycle cost
  - Maximize productivity
  - Maximize cost predictability

• **Provide Best Service to Customer-Owners**
  - Create one-stop customer service location
  - Provide optimum location for countywide service

• **Enhance Safety**
  - Provide the highest level of safety for employees, customer-owners and visitors at PUD facilities

2015 District Strategic Plan
“Our first priority is reinvesting in our core, value-creating assets: the hydropower projects, distribution systems, facilities and people”

Asset Management
Buildings account for 16% of Chelan PUD’s asset base. We cannot ignore or continue to treat our facilities as a low priority in providing superior customer service, as well as clean and reliable public power
Why
Customer Service Benefit

Proposed Olds Station Site

- Located at the “hub” of the three major transportation arteries that serve Chelan County
  - Highway 2/97 – Cashmere & Leavenworth
  - Highway 97A – Entiat & Chelan
  - Highway 285 – Wenatchee
- Located closest to the center point of the PUD’s customer base
- Only site of adequate size to accommodate fully consolidated Service Center Operations
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Customer Service Response

Current Condition

Industry Standard

Why

Customer Service Benefit
Travel Costs Analysis

- More than 70% of service trips are north of the current headquarters
- District Staff are spread among three locations (HQ, Hawley & CTC)
- Total trips and cost per trip were annualized to determine total cost including all labor and vehicle costs
- Annual savings for locating operations and administration in the Olds Stations area are estimated at more than $750,000 per year.

Staff Trips

- **Distance 1** - HQ to Hawley Street (AM)
- **Distance 2** - HQ to CTC
- **Distance 3** - Hawley St to CTC
- **Distance 4** - HQ to Hawley St (PM)
### HQ Scenario Evaluation

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<table>
<thead>
<tr>
<th>Option Finalists</th>
<th>Financial Summary and District Goals for Long Term Strategic Facilities Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>50 year Present Cost</td>
</tr>
<tr>
<td>Status Quo</td>
<td>≥ $138 M</td>
</tr>
<tr>
<td>Redevelop In Place</td>
<td>≥ $148 M</td>
</tr>
<tr>
<td>Permanent Split</td>
<td>≥ $141 M</td>
</tr>
<tr>
<td>10-year Split</td>
<td>≥ $128 M</td>
</tr>
<tr>
<td>Consolidated</td>
<td>$124 M</td>
</tr>
</tbody>
</table>

Note: ≥ Is used where full cost estimates were not developed for new scope items but would be equal to or greater than the consolidated option.
Why

Funding

In 2017 and 2018, a total of $50 Million was placed in a Board-directed fund designated for facilities improvements.
Staff tested the sensitivity of the financial model to key assumptions. The rankings were consistent and Consolidation’s superiority is robust.

- **Discount rate must approach 10%** before Consolidation loses
- **Productivity and travel savings** must both be reduced by **75%** before Consolidation begins to falter
- **Cost of construction** would have to increase almost **15%** beyond forecasted escalation to dislodge Consolidation as the cost-effective recommendation
Takeaways
Consolidation is superior to the other options because:

Quantitatively: Dollars and Cents

- **Travel Savings** and **Productivity**: optimized in one location; split facilities can’t achieve the same value in travel and productivity
- **System Replacements** and **Maintenance**: less expensive and more predictable in new facilities
- **Economies of Scale**: One larger project on one undeveloped site in Olds Station

Qualitatively:

- **Resilience** and **Adaptability**: Olds Station property offers the most flexibility for responding to variation and unknowns
- **Residual Value**: new facilities will still have value in 2066
- **Co-location**: inherent benefit of having field crews, supervisors and management/administration working together at one location
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**Why**

Strategic Facilities Plan

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**Tail vs. Dog**

---

**CUSTOMER OPERATION:**
- LINEMAN
- FOREMAN
- SERVICEMAN
- EQUIPMENT OPERATORS
- FLAGGING
- SYSTEM OPS/CREW DISPATCH
- TOOL ROOM
- FLEET
- WATER/WASTEWATER
- SAFETY
- SYSTEM ENGINEERING
- SUBSTATION WIREFMAN
- FIBER
- CSE
- WAREHOUSE

---

**Service Center location**
- is based on best location for employees providing customer service.

**Management location**
- is based on proximity to employees.
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**Why**

Strategic Facilities Plan

**Updates Influencing Scenario Selection**

Existing Hawley Street Property
- Proposed Confluence Parkway
- Proposed McKittrick underpass
- Expanded substation capacity

Increased Physical Security Requirements
- Critical operations cannot remain in current location long-term

Updated Financial Analysis
- Validates conclusion that consolidation provides best 50-year net cost

Fifth St. Campus Redevelopment Planning
- Initiated process to provide redevelopment options
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How

Site Plan

Operational Excellence

Site Flow
How

Design Inspiration

Interpreting the Chelan County Region in the Architecture

- The river
- The dams
- The orchards
- The geology
- The climate
- The people
- Our stewardship

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How
“Shaping our utility to do the best, for the most, for the longest”
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How

Achieving energy efficiency

Results of solar heating study guides design.
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How

Horizontal Sun Shade Study
On South and E/W
Milestone Schedule

Chelan County PUD Service Center
PROJECT MILESTONE SCHEDULE
FEBRUARY 2019

2019 2020 2021 2022

JAN  FEB  MAR  APR  MAY  JUN  Q3  Q4  Q1  Q2  Q3  Q4  Q1  Q2  Q3  Q4

PLANNING
Pre-Design
Public Outreach
GC/CM Procurement

PROPOSED EXECUTION
Design
Construction
Occupancy

Board Action

"Shaping our utility to do the best, for the most, for the longest"
Public Outreach Plan and Schedule

- Jan. 17 – Citizen Advisory Committee
- Feb. 19 – Board Presentation – Launch public outreach
- Feb. 19 - Radio, newspaper, social media and website (including links to previous information/videos/studies)
- Feb. 19 – March 15 – Presentations at Service Clubs, Civic Groups, City/Port/Community Council meetings
- March 18-25 – Open House events
  - Cashmere, Chelan, Entiat, Leavenworth, Wenatchee
  - Opportunity for Board Members to engage
- April 1 – Board Presentation – present public feedback on Service Center options
Feedback from Customer Advisory Committee

Design Development
- Remember this is the entry to the City of Wenatchee
- Balance aesthetics and costs
- Opportunity for all Chelan County communities to participate

Decision Making
- CAC members sought more information on consolidation vs split campus options
- Focus on timing and effects of decision

Redevelopment Planning
- Continue to work on plan outcomes throughout the process
- Look for “early victory” potential in site redevelopment
Recent and Upcoming Activities

General Contractor Construction Manager (GC/CM)

- Jan 24 - Unanimous approval from State Project Review Committee
  - Received praise from Committee Chair for Chelan PUD’s commitment to new delivery methods
- Procuring GC/CM Partner - 4-5 month process
- **March 4 Board Meeting** – Approval of request for qualifications (RFQ)
- Present GC/CM Agreement to Board in **June** for approval
Results of Ongoing Work

Financial Modeling – Refreshed and consistent with previous information
Conceptual Design Work – Continuing to inform outreach efforts

Formal Public Outreach

Initiating today
Presentation to civic and governmental groups starting immediately
Open house meetings scheduled
Online resources in place
Radio/Newspaper dates scheduled
Will be gathering feedback throughout process

QUESTIONS?
Appendix
“Shaping our utility to do the best, for the most, for the longest”
“Shaping our utility to do the best, for the most, for the longest”

How
“Shaping our utility to do the best, for the most, for the longest”
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