

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington June 3, 2024

The regular meeting of the Commission, of Public Utility District No. 1 of Chelan County, Washington, was held in the office of the District, 203 Olds Station Road, Wenatchee, Washington, on June 3, 2024, at the hour of 10:00 am, pursuant to proper notice.

Commissioners present: Steve McKenna, President
Garry Arseneault
Randy Smith
Kelly Allen

Staff present: John Stoll, Acting General Manager
Charles von Reis, Acting General Counsel
Rebekah Neumann, Clerk of the Board
Various staff

Call to Order

- President McKenna called the meeting to order at 10:00am

Pledge of Allegiance and Safety/HPI Minute

- Allison Bergstrom, Senior Enterprise Risk Management Specialist, led the pledge and provided information on hiking and travel safety

Agenda

- Resolutions 13 and 15 were moved to the consent agenda; the agenda was approved as revised

Liability Insurance Alternative

- Ron Gibbs, Insurance and Risk Management Manager, provided information on captive insurance
- Unprecedented market conditions
- Expect de-energization plan to be required in future years; some companies will currently not provide a quote without one
- Captive insurance provides the District with access to reinsurance options and greater flexibility in structuring the program to the District's advantage during insurance negotiations for this year and in future years
- The results of our comprehensive evaluation indicate the District would be best positioned to address current and future volatility in wildfire liability insurance markets with a Cell Captive membership
- Commissioners gave a head nod of support to pursue captive insurance

Fire Safety Outage Management / Public Safety Power Shutoff Update and Outreach

- Rachel Hansen, Senior Communications Strategist, and Chris McDarment, System Operations and Coordination Manager, gave an update on wildfire mitigation
- Reviewed program drivers, risk assessment maps, fire mitigation actions, safety outage protocols and communications plan
- Plan objectives include:

- Protect life and property
- Reduce the risk of ignition from electrical equipment
- Invest in best practices to protect customers from the impacts of large-scale litigation
- The safety outage protocols are supported by several local fire districts and emergency partners
- Several Entiat-area residents expressed opposition to the use of public safety power shutoffs due to the lack of cell coverage in the Entiat valley and other hardships

Public Power Benefit (PPB) Program and Funding

- Felicity Saberhagen, Business Manager Strategy & Stakeholder Office, and Dave Nelson, Manager Strategic Financial Planning, gave an update on the PPB program
- Reviewed the current program funding, summarized Board feedback from the May 20th meeting, discussed financial criteria and funding, confirmed the Board's direction and reviewed next steps
- Plan to return to the June 17th meeting with a resolution that incorporates the Board's feedback

Fifth Street Redevelopment

- David Lodge, Project Management Manager, provided an overview of key terms of a purchase and sale agreement with the Music Theatre of Wenatchee (MTW) for purchase of 29,000 square feet of the southern portion of the Fifth Street campus
- Appraised value and proposed purchase price is \$546,000
- Vicki Michael and John Mausser, MTW, both expressed appreciation for Commissioners and staff for their work on the redevelopment; MTW is excited to bring value to downtown with their expansion

Manager Items

- Ron Slabaugh, Water and Wastewater Manager, reported on the sale of a small piece of property by the Regional Water System to Douglas County for a transportation project; purchase price is \$15,200
- Justin Cornea, Network Operations Supervisor, provided information on an upcoming project to replace Optical Network Terminals (ONTs) on our fiber network
 - Have experienced issues with the first generation ONTs; this project will replace ~4,000 of those devices

Recess @ 11:55am; Reconvene @ 1:00pm

Consent Agenda

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

- Minutes of the May 17, 2024 Special Meeting and May 20, 2024 Regular Meeting
- Vouchers: Accounts Payable Summary Report dated May 28, 2024:
 - Vouchers totaling \$43,775,321.92;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period May 14, 2024 through May 27, 2024 in the amount of \$77,627.16.
 - Approval of the net Payroll, Warrant Nos. 238464 through 238478 and Advice Nos. 778165 through 779004 for the pay period ending May 19, 2024 in the amount of \$2,703,863.63.
 - Approval of Warrant Nos. 31370 through 31432 totaling \$35,438.71 for claim payments from the workers' compensation self-insurance fund for the period ending May 27, 2024.
 - Approval of Parks Reservation System customer refunds for the period May 14, 2024 through May 27, 2024 in the amount of \$35.00.
- Resolution 10. A RESOLUTION RATIFYING FIELD WORK ORDER NO. 1-4, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 20-29 WITH MI-TECH SERVICES, INC. OF FOND DU LAC, WISCONSIN AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE
- Resolution 13. A RESOLUTION AUTHORIZING THE GENERAL MANAGER OF THE DISTRICT TO EXECUTE A TASK AUTHORIZATION SERVICES AGREEMENT (SA-TA NO. 24-13611) WITH PACIFIC ENGINEERING & DESIGN, PLLC OF WENATCHEE, WASHINGTON FOR PROFESSIONAL ENGINEERING SERVICES SUPPORT

- Resolution 15. A RESOLUTION DECLARING TOTAL RESOURCE MANAGEMENT, INC. OF ALEXANDRIA, VA AS THE SOLE SOURCE SUPPLIER OF TOTAL RESOURCE MANAGEMENT MAXIMO PRIME SUBSCRIPTION FOR AN INTEGRATED SOLUTION OF RULESMANAGER SE, AND ANNUAL SUPPORT AND MAINTENANCE OF THE MAXIMO SOFTWARE SUITE

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Allen

To approve the consent agenda as revised to include Resolutions 13 and 15

Approved: Unanimously

Resolution 11

- Tony Nelson, Director Central Maintenance, and Lance Knudtson, Fleet Services Supervisor, presented Resolution 11
- Resolution 11. A RESOLUTION AUTHORIZING AMENDMENT NO. 3 TO SERVICES AGREEMENT (SA NO. 21-11618) WITH PISTON SERVICE OF WENATCHEE DOING BUSINESS AS JERRY'S AUTO SUPPLY FOR THE PROVISION OF OPERATIONAL SERVICES AND STAFFING OF THE DISTRICT'S FLEET SERVICES PARTS WAREHOUSE

Resolution 12

- Lance Beyer, Project Manager, presented Resolution 12
- Resolution 12. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NO. 1 AND APPROVING FIELD WORK ORDER/CHANGE ORDER NO. 2 FOR THE JUMPOFF RIDGE SWITCHYARD AND TRANSMISSION LINE CONSTRUCTION (BID NO. 23-12828) WITH MICHELS PACIFIC ENERGY, INC. OF TUMWATER, WASHINGTON

Resolution 14

- Debra Vaughn, Strategic Financial Planning Analyst, presented Resolution 14
- Resolution 14. A RESOLUTION RESTATING AND REVISING POLICIES AND DELEGATING AUTHORITY REGARDING CAPITAL BUDGET APPROVAL AND BUDGET REVISIONS AND RESCINDING RESOLUTION NO. 09-13433

MOTION

Moved by: Commissioner Arseneault

Seconded by: Commissioner Allen

To approve Resolutions 11, 12, and 14, as presented

Approved: Unanimously

Capital Budget Revision – North Shore Getaway

- Gary Rice, Principal Project Manager, presented a capital budget revision for the North Shore Substation

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Allen

To increase the Total Project Budget for capital project DS140005, North Shore Substation, in the amount of \$900,000 for a revised total project budget of \$10,759,630 with no change to the overall 2024 Distribution capital budget

Approved: Unanimously

Commissioner Travel

- Lisa Sanders, Legal Office Administrator, reviewed upcoming Commissioner travel

Commission Items

- Special Meeting

MOTION

Moved by: Commissioner Arseneault

Seconded by: Commissioner Smith

To set a special meeting on Tuesday, June 18, 2024 @ 5:30pm at Jacks at the Market, 1004 F Street SW, Quincy, for the purpose of a Mid-C General Managers and Commissioners meeting

Approved: Unanimously

- Commissioner Smith recently attended Plain Safety Day with Rachel Hansen; engagement was impressive

Follow up on Delegation of Action Items from Previous Meetings

- Chris Blayne will provide an estimate of the number of full time versus seasonal homes in the South Shore Lake Chelan fiber expansion area – info provided on 5/23/24

Follow up on Delegation of Action Items from 5/17/24 Board workshop

- Mark Mullins will provide information on: – info provided via email on 5/29/24
 - How much would rates have to increase to realize a 1.1 operating ratio in Water, Wastewater, and Fiber
 - The real cost of each system
 - Add growth/expansion line to system liquidity graphs
 - Show connections vs. percentage growth for rate planning

Follow up on Delegation of Action Items from 5/20/24 Board meeting

- None

Delegation of Action Items

- Dave Nelson will provide information on a historical look at PPB funding criteria to demonstrate a 10% allocation

Executive Session

- President McKenna convened an executive session at approximately 1:40pm 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 45 minutes.


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


There being no other business, the meeting was adjourned at 2:15pm


 Vice President


 Commissioner


 President


 Secretary


 Commissioner