NORTHERN WASCO COUNTY PEOPLE’S UTILITY DISTRICT  
REGULAR SESSION  
SEPTEMBER 19, 2017

PRESENT:  Howard Gonser, President  
Dan Williams, Vice President  
Connie Karp, Secretary  
Clay Smith, Director  

ABSENT:  Roger Howe, Treasurer  

President Gonser called the Regular Session to order at 6:00 p.m.  

The following individuals were present during the Regular Session:

NWCPUD Staff: Roger Kline, General Manager; Paul Titus, Principal Engineer & 
Strategic Asset Planner; Kathy McBride, Executive Assistant; Harvey Hall, Chief 
Financial Officer/Director of Finance & Enterprise Risk; Becky Holce, Senior Financial 
Analyst; Pat Morehart, Operations & Engineering Manager; Kevin McCarthy, 
Emergency Management & Special Projects; Justin Brock, Power Analyst; Cyndi 
Gentry, Director of Corporate Services; and Lana Egbert, Senior Financial Analyst.  

Visitors: None  

PUBLIC COMMENT PERIOD  

There was no public comment.  

TRUSTEES MEETING  

MEETING OF THE BOARD OF TRUSTEES OF THE NORTHERN WASCO COUNTY 
PEOPLE’S UTILITY DISTRICT PROFIT SHARING PLAN  

Trustees present: Dan Williams, Clay Smith, Howard Gonser, Connie Karp, Paul Titus 
and Kathy McBride.  

The Board of Trustees considered the approval of the Plan Loan Program Agreements 
for Northern Wasco County People’s Utility District’s 401(K) Profit Sharing Plan and 
457(B) Plan.  

Plan Administrator Becky Holce stated that the changes being made to the Plan Loan 
Program Agreements are required to bring the District’s Agreements into alignment with 
new Internal Revenue Service (IRS) regulations. The updated Plan Loan Program
Agreements will also address inconsistencies between the terms of the Plan Loan Program Agreement and the recently Restated Adoption Agreement, and to clarify the process of defaulting and/or offsetting a loan.

{{Trustee Dan Williams moved to adopt Resolution #04-2017 in the matter of approving the updated Northern Wasco County People’s Utility District Plan Loan Program Agreement for the 401(K) Profit Sharing Plan and Resolution #05-2017 in the matter of approving the updated Northern Wasco County People’s Utility District Plan Loan Program Agreement for the 457(B) Plan. Trustee Paul Titus seconded the motion.

Trustee Clay Smith felt that the Trustees should vote on each Resolution separately.

A vote was called for. The motion passed by a vote of five to one; Trustees Howard Gonser, Dan Williams, Connie Karp, Paul Titus and Kathy McBride voted yes, while Trustee Clay Smith voted no.}}

Some brief discussion occurred regarding interest rates and loan fees.

There being no further business the Trustee's meeting was adjourned at 6:05 p.m.

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**CONTRACT REVIEW BOARD – NOTICE OF INTENT TO AWARD THE TAYLOR LAKE 230 kV TIE-CONSTRUCTION CONTRACT**

At 6:06 p.m. the Board of Directors convened as the District’s Contract Review Board.

Principal Engineer & Strategic Asset Planner Paul Titus reported that the Board has the Contract Award Recommendation Memorandum from Kurt Conger, Assistant General Manager/Director of Power Resources, regarding the Contract award of the Invitation to Bid for the 230 kV Tie-Construction Project. A copy of Conger’s Memorandum is hereto attached and marked as Exhibit 1.

Titus stated that the 230 kV transmission line will feed one of the District's customers at the Port of The Dalles Chenoweth Subdivision. This is needed to install a shoo-fly for Bonneville Power Administration (BPA) to construct Quenett Creek Substation and for the permanent service to Taylor Lake.

Titus noted that the customer requesting the service is funding the project and the funds have already been received by the District. This Project will not include all costs. The District is not able to do a site evaluation until staff receives clearances from BPA to
proceed. This Project is mostly for the line work, setting the towers and stringing the conductors through the necessary structures as needed.

Titus updated the Board that the towers are being galvanized in Houston. The towers are scheduled to be delivered on time.

Titus informed the Board that three companies responded to the Invitation to Bid. Michels Power was the apparent low bidder. Staff is recommending that the Board make a motion to award the Contract for the 230 kV Tie-Construction Project to Michels Power after successful contract negotiations for construction services.

Some discussion occurred after Directors Williams and Smith raised some questions regarding the Project.

It was noted during the discussion that the biggest hurdle in nailing down a completion date is the National Environmental Protection Act (NEPA) Categorical Exclusion process, which is currently holding back the Project.

{{Director Smith moved to award the Invitation to Bid 230 kV Tie-Construction Project Contract to Michels Power after successful contract negotiations for construction services, as recommended by staff. Director Karp seconded the motion; it was then passed unanimously.}}

At approximately 6:09 p.m. the Board adjourned as the Contract Review Board to return to Regular Session.

**CONSENT AGENDA**

Items contained in the consent portion of the Agenda includes the following:

- Regular Session Minutes of August 22, 2017
- August Outage Report
- Energy Management/Marketing Report
- Checks/Vouchers
- Northern Wasco County People’s Utility District Restated Audit for December 31, 2016 and 2015
- Restated January Financial Report
- Restated February Financial Report
- Restated March Financial Report
- Restated April Financial Report
- Restated May Financial Report
- August Financial Report
• August Write Offs

The Board considered the approval of the September 19, 2017 Consent Agenda.

{{Director Williams moved to approve the September 19, 2017 Consent Agenda as presented. Director Smith seconded the motion; it was then passed unanimously.}}

General Manager Roger Kline expressed staff’s appreciation when questions are brought up early enough for staff to respond back to the Director with answers to their questions prior to a scheduled Board Meeting.

DIVISION UPDATES

Operations & Engineering Manager Pat Morehart reported on the following:

Engineering:

- Approximately 460 lights have been converted from the yard light system to the outdoor light system, representing roughly 21% of the lights in the District.
- As reported last month, the District’s staking Engineers and the District Engineering Intern inspected the lights and inventoried the installation. The lights are then cataloged into UPN and the mapping system.
- Accounts associated with the lights are noted for a future letter explaining any changes that may be made to the customer’s bill in the future.
- At this point in time, no changes have been made to customers’ outdoor lighting bills.
- The Tygh Valley Rebuild Project consists of rebuilding the transmission line from the District’s Tygh Valley Substation to the top of Wamic Market Grade. The Project calls for a rebuild of approximately 125 power poles, roughly five miles. Within the next couple of weeks, the engineering should be completed for the Project. The Project will then be ready for Request for Proposals (RFPs) and a presentation to the Board.

Some discussion occurred regarding the Tygh Valley Rebuild Project after a question was raised by President Gonser.

Morehart further reported as follows:

- Engineering Associate Nathan Ericksen has been working on load calculations for the commercial retail loop, which is an underground circuit feeding the businesses in the Safeway, Walgreens and Shari’s Restaurant areas.
Staff began looking at individual loads on the transformers and primary cable after the failure of the Safeway Store transformer.

Staff has discovered some future potential transformer loading issues as the newly constructed buildings become occupied and open for business.

At the August Board Meeting, it was reported that staff was studying the report that had been prepared to address Oregon Public Utility Commission violations at the Port of The Dalles Marina. Staff has completed their review and are preparing to put out a Request for Proposals for engineering, procurement and construction services due to the scope of the project.

Operations:

OSMOSE, District Pole Inspection Contractor, is completing the Public Utility Commission (PUC) inspections on 10% of the District System that they have been tasked with.

As of September 8th, OSMOSE has inspected 1,802 poles, with 24 poles being rejected representing 1.3% of the total poles inspected.

There are numerous corrections to address, as well as joint use issues.

National Metering has completed the CT Metering Upgrade Project. This work brought the services up to standard to accommodate the future Advanced Metering Infrastructure (AMI) Meter System Project.

From August 1st through September 11th a total of 86 tree trimming service orders have been closed out.

For the month, Trees Inc., District Tree Contractor, has worked in the following areas: Chenowith/Browns Creek; West Scenic Drive; Wamic; Orchard Road; Fifteen Mile; and Three Mile.

There has been no accidents or property damage to report since Trees Inc has been under contract with the District.

A tailgate and safety meeting is held daily before any tree trimming work is started.

Trees Inc. is prepared for fire danger; the contract crew carries a pick-ax, shovel and portable backpack water fire extinguisher. They use a blanket to put over the weeds so the exhaust from their equipment won’t catch anything on fire.

Some discussion occurred regarding tree trimming services being provided under contract with Trees Inc.

Morehart further reported as follows:

Staff are busy with the operation and maintenance of the District’s electrical system.

The District is advertising for a Journeyman Lineman. As of today, the District has received two applications.
The Utility Worker Position has been filled inhouse. Jeff Handley, Lead Meter Reader, is moving into that position once the new Limited Duration Meter Reader employee is on board and is trained.

Currently there are 119 open work orders and 153 open service orders. The rate in which these work and service orders come in is overwhelming to the line crew who is busy performing operation and maintenance (O&M) on the District’s electrical system.

Morehart provided the Board with a snap shot of the work week of September 4th-8th for Engineering and Operations Staff in providing O&M services. It was noted that the crew is working on 111 Public Utility Commission (PUC) inspections on the underground facilities for 2016, and 143 inspections on the underground facilities for 2017.

Morehart stated that the crew does an excellent job on any task that is handed to them, but the capital projects become backlogged and the urgent projects takes precedence. Morehart is therefore working with the Engineering Department to put together another block of projects to bring before the Board of Directors next month for another $150,000 to put a dock crew on to clean up back logged work orders and capital projects before the end of the year.

Some of the larger identified projects are as follows: Celilo Neutral; Hazel Dell Orchard; 18th Street Back Lot Line Pole Replacement; Highway 197 Underpass Project; Fifteen Mile Regulator Bank Build; First and Webber Part 1 and 2; and the Second Street Feeder Terminations.

Some discussion occurred after a question was raised by Director Williams regarding who pays for the work on Second Street. The Board was informed by staff that the District pays for it; it is a part of the franchise agreement. The District needs to relocate our facilities if they interfere with City services.

Kline noted that staff communicated to the Board last year that the District is built to support operations and maintenance. The District does not have enough staff to handle a backlog of projects, so the District goes out to the market place. There will be times when staff will need to come to the Board with proposed projects to source out to catch up on required work.

Finance:

Chief Finance Officer/Director of Finance & Enterprise Risk Harvey Hall reported as follows:

- The August Financial Report reflects another positive month for almost $200,000.
- The District’s net for the year is now at -$293,000.
The value of The Dalles Fishway output for the month of August is $156,000. Back in June the output’s value was $34,000 and $97,000 for July. Residential load was robust, while primary customer sales continue to remain strong. The District’s largest primary customer’s load was pushing up around 40 aMW during July and August.

Director Smith asked if the District is seeing any increase in efficiency at the McNary Fishway Plant.

Kline reported that staff is scheduling six (6) aMW, which is one extra MW.

**Presentation on Preliminary 2018 Budget with BPA Rate Impact:**

Hall stated that staff has spent a lot of time pulling together the Preliminary 2018 Budget, which includes the Bonneville Power Administration (BPA) rate impact. Staff is still digesting this information. A refresh of the Load Resource Energy (LRE) Model was performed. The results from the refresh are not included in this Preliminary 2018 Budget. The Preliminary 2018 Budget does not assume any rate change; it does however include the increase in BPA’s power and transmission rates.

Some discussion occurred regarding the Preliminary 2018 Budget.

Hall presented to the Board a handout entitled “NWC PUD O&M Cost Type By Percent”. A copy of said handout is hereto attached and marked as Exhibit 2.

Highlights of Hall’s presentation, regarding this handout, are as follows:

- The District’s rates from BPA went up 6.2%.
- Hall referred the Board to the pie chart in his handout. Of the District’s cost, 69% is tied up with power purchases and 9% for transmission costs.
- The Preliminary Budget presumes no rate increase, which will result in a $300,000 loss.
- The District’s Preliminary Budget also includes $600,000 in temporary revenue. This revenue will go away once BPA’s Quenett Creek Substation is completed.
- It is anticipated that BPA’s Quenett Creek Substation will be completed sometime in 2018 or early 2019.
- A meeting was held last week with EES Consulting. Additional financial information was provided to EES Consulting for the consultant to update the District’s Cost of Service Analysis (COSA).
- Next month the Board will be provided with the updated COSA, which will show the rate impact by customer class.

Some discussion occurred during and after Hall’s presentation.
Director Williams pointed out during the presentation, that the Preliminary 2018 Budget includes the increase in BPA’s power rates to the expense side, but no adjustment has been made to rates on the revenue side of the budget.

**Introduction to Enterprise Risk Management (ERM):**

Hall presented to the Board a handout entitled “Enterprise Risk Management”. A copy of said handout is hereto attached and marked as Exhibit 3.

Hall went over the handout at this time.

During the presentation, Hall stated that the District is already doing risk management, but it is best done across the company. The District is looking at following the Enterprise Risk Management process by taking the principles and applying them in the framework as shown on Page 4 of the handout.

Some discussion occurred after Hall’s presentation.

**Power Resources:**

Principal Engineer & Strategic Asset Planner Paul Titus, reporting for Assistant General Manager/Director of Power Resources Kurt Conger who is out sick, reported as follows:

- October 2017, is the start of BPA’s Fiscal Year 2018.
- The District has a 7 aMW above high-water mark obligation with BPA.
- The District entered into a contract for 25 MWs with Chelan PUD.
- The District will be remarketing the excess position of 18 MWs back to Chelan PUD on a month to month basis.
- As to The Dalles Fishway output, bids have been solicited. Portland General Energy (PGE) has had the output for the last four years, but they were not interested in the offering.
- 3 Phases Renewables was the winning bidder.
  - Ice Mid-C Daily Index for the energy
  - Same as previous contract
  - RECs at $1.15/MWh
  - Transmission at $1.45/MWh
  - The dollar amounts have been included in the budget assumptions and the Load Resource Energy (LRE) Model.

Some discussion occurred regarding the sale of the output from The Dalles Fishway Plant and the District’s Renewable Energy Credits (RECs).
Corporate Services:

Approval of a Contract with Radcomp for Server Infrastructure Replacement:

Director of Corporate Service Cyndi Gentry went over her memorandum regarding contract approval for server replacement with Radcomp for the cost of $85,909. A copy of said memorandum is hereto attached and marked as Exhibit 4.

Some discussion occurred after questions were raised by President Gonser and Director Williams.

Gentry responded by stating that the server was budgeted for and General Counsel James Foster has reviewed the proposed contract with Radcomp.

Kline stated that Radcomp is a service provider in the area. Skamania County Public Utility District has a contract with Radcomp.

{Director Williams moved to approve the District entering into a Contract with Radcomp for the Server Replacement Project at a cost of $85,909. Director Karp seconded the motion; it was then passed unanimously.}

Declaration of Emergency Procurement:

Kline reported to the Board that IT System Administrator Jon Larsen has resigned his position effective September 22, 2017. The District will be without any IT support.

Gentry distributed to the Board her memorandum requesting a Declaration of Emergency Procurement, which would authorize staff to establish an emergency procurement contract with Radcomp to provide IT support and services in the interim. A copy of said memorandum is hereto attached and marked as Exhibit 5.

Gentry reported that Larsen will still be available to the District two to four hours per week. The District's IT Intern Christian Cunningham is now getting a school credit for his work at the District. Cunningham has been doing a great job for the District.

Gentry stated that the District needs IT support so staff reached out to Radcomp yesterday. She has not received any dollar amount back from Radcomp as to the cost that would be charged for systems monitoring and maintenance, and technical support services.

Kline noted that the approval of this emergency procurement will allow staff to take the time to develop a plan.

Some discussion occurred.
Director Smith moved to declare that an emergency exists due to the resignation of the District’s IT System Administrator and that staff is authorized to enter into an emergency procurement contract with Radcomp as authorized under the Emergency Procurement and Services provisions of the District’s Public Contracting Rules and Procedures. Director Williams seconded the motion.

Some discussion occurred.

Gentry stated that she will know more next week about Larsen’s availability to assist the District.

Kline stated that he would not expect more than 30 days for staff to bring a plan forward for the Board’s consideration.

A vote was called for. The motion passed unanimously.

Gentry further reported as follows:

**Conservation Potential Study:**

- The Conservation Potential Study was sent out for bid to three organizations. Only one of the three has responded, which is EES Consulting.
- The Conservation Potential Study has been budgeted for expenditure and General Counsel James Foster has advised staff that the Study must be put out for bid.

Some discussion occurred regarding the Conservation Potential Study.

**NRECA Benefit Insurance Renewals:**

- The District’s rate for the NRECA Medical Insurance Plans decreased for 2018.
- The benefits under the NRECA Medical Plan has improved. Hearing aid benefits and 24-hour access to Teladoc were either enhanced or added.

Some discussion occurred regarding the District’s Health Insurance benefits.

**General Manager:**

General Manager Roger Kline reported as follows:

- Kline is very appreciative of the District’s staff and public power in general. There have been a lot of natural disasters, such as wildfires, hurricanes, etc. that
people are responding to. As to the Eagle Creek fire, Staff has asked our neighboring utilities how can we help.

- District staff has split out costs associated with the Board and General Counsel for the remainder of the year going forward.
- As the District continues to bring in opportunities for growth, we want to ensure that staff is providing the services on time and recognizing that change will occur over time.
- The District has talked about customer experience, both internal and external. The utility needs to be accessible to District customers. We want to provide our customers with the information they want, as well as in the manner they want.

General Counsel:

There will be no report from General Counsel James Foster since he is on vacation.

General Manager Roger Kline stated that he and General Counsel Foster had a conversation; Foster is supportive of the contract work that staff is doing.

NEW BUSINESS

Board Compensation:

President Gonser asked if the Board had any questions or comments regarding Board Compensation.

General Manager Roger Kline stated that every few years the District participates in surveys. Those organizations participating in the Northwest Public Power Association’s Board Compensation Survey were listed as part of the survey results.

Kline stated that staff has been preparing a preliminary budget for 2018. Staff felt that we were providing the Board plenty of time to decide on Board compensation to incorporate any changes in the proposed budget document. If no decision is made by the Board, the current compensation value going forward would remain the same.

Some discussion occurred regarding Board compensation.

Director Williams stated that he is open to modification of the Board’s compensation if it is the will of the Board of Directors.

Director Smith felt that this discussion should be deferred once again.
Some discussion occurred regarding per diem after a question was raised by Director Karp.

Hall stated that the issue of per diem was raised earlier by Amy Augustus, Lead Financial Analyst. A draft policy for a per diem for internal staff travels has been prepared by Augustus for management’s consideration. Hall feels that a per diem makes more sense.

President Gonser is not sure why the District hasn’t changed from a reimbursement process to a per diem.

Director Karp would like to see a per diem implemented since it will save so much work.

Director Smith feels a per diem makes sense as well.

Hall stated that the per diem would be for meals and incidentals only.

Some discussion occurred on Board compensation.

It was a consensus amongst Board Members that they would support a per diem for meals and incidental expenses.

Director Smith stated that it has been a long time since there has been an increase in the Board’s per diem. He feels it needs to be adjusted up.

Director Williams stated that when he became a Board Member six years ago the Director’s Monthly Fee went from $400 to $425 per month and the per diem went from $125 per day to $150 per day.

Director of Corporate Services Cyndi Gentry stated that the per diem can be changed at any Board Meeting.

President Gonser stated during the discussion that the District’s customers just had a 9.1% increase in their rates and are potentially facing another rate increase. President Gonser is not willing to change the Board compensation; it needs to be left where it is currently.

Some further discussion occurred. The matter was tabled until next month when General Counsel James Foster is present.

It is the Board’s understanding if no decision is made on Board compensation at the October Board Meeting, then the proposed 2018 Budget will include the current level of Board compensation.
Special Procurement and Exemption Request – Convergint Technologies:

General Manager Roger Kline stated that he wished to revisit with the Board of Directors the use of the District’s adopted Public Contracting Rules and Procedures that allow special procurements and exemptions. It is the intention of staff to utilize that exemption provision utilizing the current vendor without formal contract solicitation as listed in Kline’s memorandum. A copy of General Manager Roger Kline’s memorandum is hereto attached and marked as Exhibit 6.

Kline went over the memorandum and his recommendation to revitalize the District’s physical security infrastructure and systems utilizing the current vendor.

Some discussion occurred.

Kline noted that this work is a part of the District’s Capital Projects and is budgeted for expenditure.

{{Director Williams moved to approve the recommendation of General Manager Roger Kline to exempt from formal contract solicitation the revitalization of the District’s physical security infrastructure and systems utilizing the Special Procurement and Exemption provisions of the Public Contracting Rules and Procedures at a cost not to exceed $150,000.

Kline stated that he does not believe a motion is required.

The motion died for a lack of a second.}}

Director Smith commented that he felt that a motion was needed since there was a lot of money involved in this project.

***It was the consensus of the Board of Directors to approve the recommendation of General Manager Roger Kline to exempt from formal contract solicitation the revitalization of the District’s physical security infrastructure and systems utilizing the Special Procurement and Exemption provision of the Public Contracting Rules and Procedures at a cost not to exceed $150,000***.

Adoption of Amended Pole Contact Rates:

Hall informed the Board that every July 1st the Pole Contract Rates are amended by using the prior actuals to determine the amended rates. The District has only one customer whose rate changes on July 1st, which is Century Link. The other customers’ rates change on January 1st.
Hall noted that letters are sent out in June to District customers. There is a 60-day comment period before the proposed Amended Pole Contact Rates are brought before the Board of Directors.

Hall noted that the formula used to calculate the rates are set by the Oregon Public Utility Commission (PUC).

Some discussion occurred regarding what determines non-compliance.

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{{Director Smith moved to approve the following Amended Pole Contact Rates, effective July 1, 2017: Compliant Rate, $12.54 per contact; Non-Compliant Rate, $14.86 per contact. Director Karp seconded the motion; it was then passed unanimously.}}
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### OLD BUSINESS

**Board Effectiveness Checklist:**

Director Karp stated that a couple of Board Meetings ago she and President Gonser volunteered to review the current Board Effectiveness Checklist with the American Public Power Association (APPA) Governing for Excellence Criteria for Board Self-Evaluation. Both Directors reviewed both documents and then discussed them. Director Karp and President Gonser both agree that this is a big job and that it would be best to include the entire Board in the process.

Director Karp will be attending some Board trainings next month which will enhance her knowledge. Director Karp feels that she will be able to come back and speak about what she feels should be included on the Board Effectiveness Checklist after the training.

A lengthy discussion occurred.

President Gonser suggested that the Board conduct a Work Session to go through this review process.

Director Williams felt that a subcommittee could go through both documents to come up with a recommended Board Effectiveness Checklist.

Director Karp liked the idea on conducting a Work Session.

Director Smith feels that the Checklist needs to be as simple as possible.
Kline stated that he does not feel the value is in the number of questions. It is having the dialogue on how the Board values the organization and what is being measured. The answers to those questions will determine how the Board would evaluate yourself each year.

Kline offered to assist the Board as needed.

Kathy McBride, Executive Assistant, was directed by the Board to establish a date and time for the Board to meet in a Work Session to review these two Board Evaluation Forms.

**BOARD REPORTS**

**Oregon People’s Utility District Association (OPUDA):**

No report was provided.

**Northwest Public Power Association (NWPPA):**

Director Smith reported that he did not attend the NWPPA Board meeting in September in Salt Lake City. The Board is working on House and Senate Bills that are appropriate for our region; specifically bills on vegetation management and cyber security.

Director Smith stated that NWPPA is in the black financially this year with 153 members. Director Smith’s current term as a Trustee is coming up for renewal; he is interested in serving an additional three-year term.

Some discussion occurred amongst the Board regarding said Trustee appointment and what organization makes that appointment.

Director Williams and President Gonser suggested that the NWPPA Trustee appointment be discussed at the upcoming OPUDA Board Meeting scheduled on September 29th.

**Energy Northwest Participants Review Board:**

Director Smith reported that the Columbia Generating Station, located behind the Grand Coulee and Chief Joseph Dams in Washington State, has been closed for almost 13 days. A steam value malfunctioned. The unit was repaired on September 2, 2017 only to 75% capacity.
The Energy Northwest Participants Review Board is scheduled to meet on October 25th and 26th, 2017.

**NEMS, NESC NEIS Board:**

Kline noted that Assistant General Manager/Director of Power Resources Kurt Conger was unable to physically attend the meeting since Interstate 84 (I-84) was closed due to the fire in the Columbia River Gorge. Conger participated in the meeting by telephone.

Kline also pointed out that the District has met with all major service organizations in The Dalles. He feels it has been a positive experience.

**APPROVAL OF FUTURE MEETINGS/TRAVEL/OR RELATED MATTERS**

- October 4, PPC Forum - Clay Smith and Howard Gonser
- October 5, PPC Executive Committee - Clay Smith, Howard Gonser and Connie Karp
- October 11, NRECA Director Duties & Liabilities Training – Connie Karp and Roger Howe
- October 12, NRECA Board Operations & Process Training – Connie Karp and Roger Howe
- October 20, OPUDA Meeting – Clay Smith, Howard Gonser, Dan Williams and Connie Karp

**EXECUTIVE SESSION**

There was no need to conduct the Executive Session, so no Executive Session was held.

Kline reported to the Board that the State of Oregon has appealed the Court’s decision regarding the Energy Supplier Assessment (ESA) Lawsuit.

There being no further business the meeting adjourned at 8:30 p.m.

ATTEST:

President

Secretary
CONTRACT AWARD RECOMMENDATION MEMORANDUM

Memorandum

To: Contract Review Board of the District

From: Kurt Conger, Assistant General Manager, Director of Power Resources

Date: September 19, 2017

Subject: Staff Recommendation for Contract Award of “ITB 230 kV Tie-Construction”

Submitted herewith for your review and concurrence is the award recommendation for the above referenced Invitation to Bid (ITB).

The 230 kV Tie-Construction project will consist of assembling and installing steel towers, conductors and ground loops for the L0380 Delivery Point project, a 230 kV transmission tie line from the to-be-constructed BPA Quenett Creek Substation, to the new data center project in the Columbia Gorge Industrial Center. Key points about the project:

- The contract is for certain materials and construction services only.
- The ITB 230 kV Tie-Construction project is associated with the ITB 230 kV Tie-Tower procurement of the steel towers that have a long-lead time for manufacturing.
- Construction services will commence once a NEPA Categorical Exclusion determination by BPA is completed (expected in mid-October 2017).
- The L0380 Delivery Point 230 kV Tie Line interconnection facilities will be owned, operated and maintained by NWCPUD.
- The 230 kV Tie Line facilities connect the proposed BPA Quenett Creek Substation and TLK1 data center substation.
- The 230 kV Tie is estimated to be completed by the end of 2017.

Pursuant to the District’s public contracting rules, NWCPUD staff developed solicitation documents to obtain bids for construction services, specific to the assembly and installation of five spans of 230 kV transmission tie line.

On August 18, 2017, NWCPUD issued solicitation documents to obtain bids for construction services. The objective of the ITB is to contract with a qualified and experienced construction contractor that can assemble and install five spans of 230 kV transmission line including: four (4) self-supporting steel tower structures, phase conductors, ground loops and underground conduit. To ensure this objective was met, the ITB was issued with non-cost technical evaluation criteria as addressed by the requirements of the ITB. Three (3) responses were received by the bid deadline and opened on September 12, 2017. All bids received are qualified based on the non-cost technical criteria.

The bids were then evaluated by a cross departmental team. Based on the above objective, the following evaluation process was prepared.
EVALUATION PROCESS

All bids were first examined to determine whether they met all the requirements of the ITB. A point and weight system was then used to evaluate the bids by taking the points assigned to a category item and multiplying by the category item’s weight.

Non-Cost Criteria

1. Project Team Experience and Qualifications
2. Contractor Experience
3. Availability of Resources

Total

Weight

40%
40%
20%
100%

1. Project Team Experience and Qualifications: These criteria dealt with the Contractor and project team’s qualifications to perform the work.

2. Contractor Experience: These criteria dealt with the Contractor’s past performance in completing projects of similar size and scope, past performance, and construction services that were performed for governmental agencies.

3. Availability of Resources: These criteria dealt with the Contractor’s ability to meet the District’s proposed timeline and availability of staff to support the project.

Value Score Ranking: This ranking dealt with the total overall score divided by the bid price.

The spreadsheet attached hereto as Exhibit No. 1 details the scoring for each submitted bid.

RECOMMENDATION

After its evaluation, staff recommends that the construction contract be awarded to Michels Power. While other respondents also offered good overall bids, Michels can provide the construction services with equal expertise at a lower overall cost. Based on their bid and experience, Michels offers the best value in supporting the needs of NWCPUD. In the matrix below, Michels is Company 1.

With concurrence of the Board, staff will enter into negotiations with Michels to conclude a contract for construction services.
### EXHIBIT NO. 1

**EVALUATION SCORING FOR ITB 230 kV Tie-Construction, Construction Services**

<table>
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<th>Criteria</th>
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<th>Company 2</th>
<th>Company 3</th>
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<tr>
<td>Ranking:</td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost</th>
<th>Company 1</th>
<th>Company 2</th>
<th>Company 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bid Price</td>
<td>$214,930</td>
<td>$436,050</td>
<td>$158,000</td>
</tr>
<tr>
<td>Value Score</td>
<td>0.4653</td>
<td>0.2293</td>
<td>0.3139</td>
</tr>
<tr>
<td>Value Score Ranking</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>
NWC PUD O&M COST TYPE BY PERCENT

- Power Purchases: 69%
- Transmission: 9%
- Distribution: 7%
- Customer Service: 5%
- Generation: 3%
- A&G: 7%
BPA Power and Transmission Rate changes since BP-10
(Adapted from NRU staff presentation on BPA rates for BP-18)

<table>
<thead>
<tr>
<th>Rate Period</th>
<th>Tier 1 Average Net Cost ($/MWh)</th>
<th>% Change from Previous Rate Period</th>
<th>From BP-10 to BP-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 (proxy)</td>
<td>26.81</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>28.90</td>
<td>7.8%</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>31.50</td>
<td>9.0%</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>33.75</td>
<td>7.1%</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>35.57</td>
<td>5.4%</td>
<td>32.7%</td>
</tr>
</tbody>
</table>

*2010 proxy rate developed using BPA's stated rate increase of 7.8% in BP-12 compared to the previous rate period

NT Transmission Rates (kW/month)

<table>
<thead>
<tr>
<th>Rate Period</th>
<th>NT rate</th>
<th>SCD for NT</th>
<th>&quot;Effective NT rate&quot;</th>
<th>Base Charge</th>
<th>Load Shaping Charge</th>
<th>&quot;Effective NT rate&quot;</th>
<th>% Change from Previous Rate Period</th>
<th>From BP-10 to BP-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td></td>
<td></td>
<td></td>
<td>1.298</td>
<td>0.367</td>
<td>1.665</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
<td>1.298</td>
<td>0.367</td>
<td>1.665</td>
<td></td>
<td>0.0%</td>
</tr>
<tr>
<td>2014</td>
<td>1.742</td>
<td>0.302</td>
<td>2.041</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>22.6%</td>
</tr>
<tr>
<td>2016</td>
<td>1.735</td>
<td>0.350</td>
<td>2.085</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.2%</td>
</tr>
<tr>
<td>2018</td>
<td>1.727</td>
<td>0.376</td>
<td>2.103</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.9%</td>
</tr>
</tbody>
</table>
Enterprise Risk Management

What is Risk?

Don’t we already manage it?

“Enterprise Risk Management (ERM)” is:

- A process for an organization to better understand and report potential risk exposures and risk mitigation
- The discipline of examining the impact of potential financial, operational, regulatory, environmental, legal, safety and reputation risks on an organization
- A method to incorporate risk analysis into decision-making
Evolving Risk Management

To The Enterprise Level

Enterprise Risk Management
Integrated Perspective on Business Risk
- Operations
- Safety
- Hazard
- Financial
- Strategic
- Reputation
- Regulatory/Legal

Integrated Risk
Merging of Financial and Hazard Solutions

Portfolio Modeling
Finance
- Market
- Operations

Process Discipline
Risk Management
(Audit)

Traditional
Insurance
(Hazard)

Breadth Of Risks Considered

Where We Are
Time
Where We Can Go
A proposed approach to managing risk across the District

Critical Components of ISO 31000

The principles provide the foundation and describe the qualities of effective risk management in an organization.

The framework manages the overall process and its full integration into the organization.

The process for managing risk focuses on individual or groups of risks, their identification, analysis, evaluation and treatment.

Monitoring & review, continual improvement and communication occur throughout.

From ANSI/ASSE/ISO 31000
How the proposed ERM approach would work

**Principles**
- Creates value
- Integral part of organizational processes
- Part of decision making
- Explicitly addresses uncertainty
- Systematic, structured & timely
- Based on best available info
- Tailored
- Takes human & cultural factors into account
- Transparent & inclusive
- Dynamic, iterative & responsive to change
- Facilitates continual improvement & enhancement of the org

**Framework**
- Mandate & Commitment
- Design framework for managing risk
- Continually improve the framework
- Implement risk management
- Monitor and review the framework

**RM Process**
- Establish the context
- Risk assessment
  - Risk identification
  - Risk analysis
  - Risk evaluation
  - Risk treatment
- Communicate and consult
- Monitor and review
DATE: September 13, 2017  
TO: PUD Board of Directors  
FROM: Cyndi Gentry  
SUBJECT: Contract Approval: Server replacement

We have received three bids for our initial server replacement, and recommend hiring Radcomp for this project.

1. Radcomp, $85,909  
   a. Estimates 100 hours in services, at $139 per hour  
   b. HP hardware  
      i. If needed, replacement parts can be delivered in hours  
   c. Located in White Salmon, Washington

2. Polar Systems, $98,732  
   a. Estimates 100-150 hours in services, at $185 per hour  
   b. Dell hardware  
      i. If needed, replacement parts can be delivered in days  
   c. Located in West Linn, Oregon

3. BEVA, $109,557  
   a. Estimates 120-150 hours in services, at $220 per hour  
   b. Dell hardware  
   c. Located in Norcross, Georgia
DATE: September 18, 2017

TO: PUD Board of Directors

FROM: Cyndi Gentry, SPHR, SHRM-SCP

SUBJECT: Declaration of Emergency Procurement

In accordance with ORS 279A.065, ORS279A.025, 279B.080, 279B.145, 279C.335(5); 279C.380(4) and all applicable PUD Rules:
The Board may approve award of a public contract for goods, services, or work as an emergency procurement.

Emergency means circumstances that:
   A. Could not have been reasonably foreseen;
   B. Create a substantial risk of loss, damage or interruption of services or a substantial threat to property, public health, welfare or safety; and
   C. Require prompt execution of a contract to remedy the condition. (See ORS 279A.010((1)(f))

Such circumstances may also include, but are not limited to:
   (a) PUD moving forward as quickly as possible to prevent interruption to vital services, restoration of vital services, or to
   (b) Prevention of loss to PUD,
   (c) Protection of the quality of services, or
   (d) Other circumstances necessary to responsibly carry out PUD's services to its customers

279B.145 Finality of determinations. The determinations under ORS 279B.055 (3) and (7), 279B.060 (3) and (10), 279B.075, 279B.080, 279B.085 and 279B.110 (1) are final and conclusive unless they are clearly erroneous, arbitrary, capricious or contrary to law.

NATURE OF THE EMERGENCY:
The Systems Administrator is leaving the PUD. For an undetermined time, he will be available for a very few hours per week to assist with project and strategic planning. It is imperative that the PUD have no break in IT support and services. We request permission to contract with Radcomp for systems monitoring and maintenance, and technical support. We have contacted Radcomp, and are waiting for their proposal.

Emergency Contracted Services will be needed while the PUD determines the long-term IT support staffing strategy.
DATE: September 12, 2017

TO: Directors Gonser, Howe, Karp, Smith & Williams

FROM: Roger M. Kline, General Manager

SUBJECT: Special Procurement & Exemption Request – Convergint Technologies

Background

The existing physical access control system, video surveillance and recording, camera/monitoring, and intrusion detection alarm system (Lenel) requires a system upgrade of both hardware and software. It has been in place since 2008 and most of its components are past their expected end-of-life.

This system and its components were identified as lacking by internal PUD staff and during the independent third party Security audit completed in December of 2016. “There hasn’t been a consistent investment and updating to current end-of-life / out-of-support systems through equipment replacement and version upgrades and there is a risk of potential catastrophic failure of deployed electronic security systems” (Aaronson Security Services, 2016).

Convergint Technologies www.convergint.com is a known reputable provider of physical and electronic security services. They are a Nationally recognized integrator of the Lenel Technology and they were the original vendor and service provider for our system, as well as one of the few providers of these services in our region.

Issue

In accordance with (IAW) NWCPUD Resolution 02-2014 Adoption of Amended Public Contracting Rules and Prescribing Rules for Procedure for Public Contracting Section E “Special Procurements and Exemptions” included herein, I am requesting exemption to revitalize our physical security system(s) utilizing the current vendor without formal contract solicitation.

The total expected dollar amount for this procurement is $150,000.00 which utilizes preferred pricing available through the National Joint Powers Alliance (NJPA) contracting instrument https://www.njpacoop.org/cooperative-purchasing/contracts-general/technology-security-communication-solutions/convergint-technologies-llc/ This action would be consistent with other specialty acquisitions at the District. I am confident this will result in a lowest cost solution as well as a successful, quality project completion.

Recommendation

The General Manager recommends Board approval to revitalize our physical security infrastructure
and systems utilizing the contracting instrument and policy authorities outlined above.
WHEREAS, Northern Wasco County People's Utility District ("District") is an Oregon Special District which is subject to Oregon's public contracting rules; and

WHEREAS, ORS 279A.065(5) provides that a local contracting agency may adopt its own rules of procurement for public contract that:

(A) Specifically state that the model rules adopted by the Attorney General do not apply to the contracting agency; and

(B) Prescribe the rules of procedure that the contracting agency will use for public contracts, which may include portions of the model rules adopted by the Attorney General.

WHEREAS, the District has identified the need to amend their Public Contracting Rules to bring the rules into compliance with revised Oregon Revised Statutes and Oregon Administrative Rules.

NOW, THEREFORE, BE IT RESOLVED:

1. That, except as otherwise provided herein, the District hereby adopts the provisions of ORS 279A, 279B and 279C, and the Oregon Attorney General's Model Public Contracting Rules ("Model Rules") as the contracting rules for the District, as such Model Rules now exist or are later modified.

2. That the District affirmatively adopts the Public Contracting Rules described in Exhibit A, which is attached to this Resolution and incorporated herein by reference.
The Rules described in Exhibit A shall be in addition to, and shall supersede any conflicting provisions in, the Model Rules.

3. That the District shall regularly review changes in the Public Contracting Code and the Model Rules to ensure that the Rules adopted in Exhibit A are consistent with current law.

APPROVED AND ADOPTED this 25th day of February, 2014.

[Signature]
President

ATTEST:

[Signature]
Secretary
A. Definitions. The following words and phrases shall mean:

(1) Public Contract: Procurement. Any purchase, lease, rent or sale by the District of personal property, public improvements or services other than agreements which are exclusively for personal service.

(2) Public Improvement. Any construction, re-construction or major renovation of improvements on real property by or for the District. "Public improvement" does not include emergency work, minor alteration, ordinary repair or maintenance necessary in order to preserve a public improvement.

(3) Board (or Contracting Agency): the Contract Review Board of the District.

(4) Emergency. Circumstances that could not have been reasonably foreseen that create a substantial risk of loss, damage, interruption of services or threat to the public health or safety that require prompt execution of a contract to remedy the condition.

(5) Request for Proposal. The solicitation of competitive proposals, or offers, to be used as a basis for making an acquisition, or entering into a contract wherein specification and price will not necessarily be the predominant award criteria.

B. Personal Services (except architects, engineers, land surveyors, and related services as defined in OAR 137-048-0110).

(1) Pursuant to ORS 279A.055, the District’s Local Contract Review Board has defined “Personal Services” as follows:

“Personal Services” shall include those that require specialized technical, creative, professional or communication skills or talents, unique and specialized knowledge, or the exercise of discretionary judgment, and for which the quality of the service depends on attributes that are unique to the service provider. Such services shall include, but are not limited to: attorneys; accountants; auditors; computer programmers; artists; designers; performers; building/grounds maintenance; janitorial; and consultants. The General Manager or designee shall have the authority to determine whether a particular service is a “personal service” under this definition.
(2) Procedure for Awarding Personal Services Contracts shall be as follows:

By the method (competitive bid or request for proposals) criteria set forth for each individual personal services solicitation. Price is a factor, but is not the predominant award criteria. Other factors/criteria may consist of firm and personnel experience on similar projects, adequacy of equipment and physical plant, sources of supply, availability of key personnel, financial capability, past performance, safety records, project understanding, proposed methods of construction, proposed milestone dates, references, service and related matters that affect cost or quality.

C. Personal Services of Architects, Engineers, Land Surveyors, and related services as defined in OAR 137-048-0110.

(1) Pursuant to ORS 279C.100 and OAR 137-048-0100, the District’s Local Contract Review Board has adopted the definitions pertaining to the procurement of Architectural, Engineering, Land Surveying, and related services under these referenced rules.

(2) Procedures for awarding personal services contracts under this section shall be as follows:

By the methods identified in OAR 137-048-0100 et seq. generally, and must be based, unless specifically indicated otherwise, upon the qualifications of the Consultant. See ORS 279C.110(1). More specifically, there are three possible processes, and their procedures and pre-requisites are identified in the Model Rules under OAR 137-048-0200 (Direct Appointment), OAR 137-048-0210 (Informal Selection Procedure), and OAR 137-048-0220 (Formal Selection Procedure). Attachment I, Qualified Bidder Selection Process Determination Diagram is attached to assist reviewers in navigating the selection criteria for these three processes.

(3) Under OAR 137-048-0200(1), the Board may enter into a Contract directly with a Consultant without pursuing a qualification-based solicitation under the following circumstances:

(a) Emergency: the Board Agency finds that an Emergency exists (see OAR 137-048-0200(1)(a));

(b) Small Estimated Fee: The Estimated Fee to be paid under the Contract does not exceed $100,000 (see OAR 137-048-0200(1)(b)); or
(c) The services have been substantially described, planned or otherwise previously studied in an earlier Contract with the same Consultant and are rendered for the same Project as the services rendered under the earlier contract, and the Board used a formal selection procedure in effect at the time the Board selected the Consultant for the earlier project or Consultant will be assisting the Board by providing analysis, testing, testimony or similar services where the project is reasonably anticipated to be the subject of a claim (see OAR 137-048-0200(1)(e)).

(4) Under OAR 137-048-0210 and ORS 279C.110, the Board may use the Informal Selection Procedure, provided that the Contract for Services is less than $250,000.

(5) Under OAR 137-048-0220, the Board must use the Formal Selection Procedures if the Contract for professional services exceeds $250,000, unless the Board declares an Emergency as allowed by law or the Board requires the Consultant to work on the same project as the services render under an earlier Contract and the Board meets the criteria specified in OAR 137-048-0200(1)(e).

D. Delegation.

(1) The Board of Directors delegates to the General Manager or his/her designee the authority and responsibility to interpret and implement the policy of the District in regards to public purchasing and contracting or recommending to the Board of Directors when appropriate, a course of action.

E. Special Procurements and Exemptions.

(1) All contracts shall be based upon competitive bids except:

(a) Contracts made with, or the cost of which is provided by, other public agencies or the Federal Government.

(b) Contracts for any item which is available only through one company, firm or individual.

(c) In any case where the interest or property of the District probably would suffer material injury by delay or would be materially benefited by immediate purchase or contract, (See ORS 279B.080).

(2) The Board may by resolution exempt other contracts from competitive bidding as per ORS 279C.335(2).
F. **Procurements Under $5,000.**

(1) When the amount of the contract/procurement does not exceed $5,000, the District should, where feasible, obtain competitive quotes as per ORS 279C.335(1)(c).

G. **Intermediate Procurements of Goods and Services.**

(1) **Generally.** For procurement of goods and services greater than $5,000 and less than or equal to $150,000, a contract agency may award a contract as an Immediate Procurement pursuant to ORS 279B.070.

(2) **Written Solicitations.** For immediate procurements, the contracting agency shall seek at least three informally solicited competitive price quotes or proposals. If these quotes or proposals are not reasonably available, fewer will suffice, but the contracting agency shall make a written record of the effort made to obtain the quotes or proposals.

(3) **Negotiations.** A contracting agency may negotiate with a proposer to clarify its quote, bid or proposal or to effect modifications that will make the quote, bid, or proposal accessible or make the quote, bid or proposal more advantageous to the contracting agency.

(4) **Amendments.** A contracting agency may amend a Public Contract awarded as an intermediate procurement in accordance with OAR 137-047-0800 and OAR 137-047-0270(3), but the cumulative amendments shall not increase the total Contract price to a sum that is greater than $150,000.00 or twenty-five percent (25%) of the original contract price, whichever is greater.

H. **Methods for Awarding Contracts Using Request for Proposals Process for Goods and Services under ORS 279B.060.**

(1) The District may, at its discretion, use Request for Proposals competitive procurement methods subject to the following conditions:

(a) Contractual requirements are stated clearly in the solicitation document. The form contract included in the solicitation document shall describe the methods by which the contractor shall competitively select other contractors and subcontractors to perform the work of the improvement. Further, the contract may require the contractor to describe completely the methods by which the contractor and its affiliated entities, if any, either have or will compete to perform portions of the work of the improvement.
(b) Evaluation criteria to be applied in awarding the contract and the role of an evaluation committee, if used, are stated clearly in the solicitation document. Criteria used to identify the proposal that best meets the public contracting needs may include but are not limited to cost, quality, service, compatibility, produce reliability, operating efficiency, expansion potential, experience relevant to the improvement to be constructed (if applicable), and time required to commence and complete the improvement (if applicable).

(c) The solicitation document clearly states all compliant processes and remedies available.

(d) The solicitation document states the provisions made for persons interested in responding to the Request for Proposals to comment on any specifications which they feel limit competition.

(e) The selection process shall not inhibit competition or encourage favoritism and will result in cost savings to the District.

(f) The District shall prepare written findings to support the use of the Request for Proposals. The findings must address as many of the following items as are applicable:

(1) The District has competitively bid an improvement and failed to receive a responsive, responsible bid within the cost estimate it established;

(2) There are expected substantial savings on direct construction costs;

(3) The District needs to have use of the project within the stated project schedule and there will be program and cost consequences if the required use is delayed;

(4) The complexity, special circumstances or unique character of the project requires coordination of multiple disciplines;

(5) The use of value engineering through the co-operation among the architect/engineer, contractor and the District is important to the project's delivery on time and within budget; and

(6) There are other factors which demonstrably affect cost.
I. Competitive Bidding Contracts; Bidding and Bonding Exemptions.

(1) Exemption Declaration. Pursuant to ORS 279C.335 and this rule, a Contracting Agency may declare that circumstances exist that require prompt execution of a Public Improvement Contract for public improvement projects. The declaration shall be made at an administrative level consistent with the Contracting Agency’s internal policies, by a written declaration that describes the circumstances creating the emergency and the anticipated harm from failure to enter into a Public Improvement contract. The exemption declaration shall exempt the Public Improvement Contract from the competitive bidding requirements of ORS 279C.335(1) and shall thereafter be kept on file as a public record. Exemption procurements and contracts shall be received and affirmed by the Board at the next earliest opportunity.

(2) Competition for Contracts. The contracting agency shall ensure competition for an Exemption Contract as reasonable and appropriate under the circumstances, and may include written requests for offers, oral requests for offers or direct appointment without competition in cases of extreme necessity, in whatever solicitation time periods the contracting agency considers reasonable in responding to the circumstance.

(3) Contract Award. Any contract awarded under this rule must be awarded within 60 days after declaration, unless an extension is granted under ORS 279C.335(5).

(4) Contract Scope. Although no dollar limitation applies to exemption contracts, the scope of the contract must be limited to work that is necessary and appropriate as described in the declaration.

(5) Contract Modification. Exemption contracts may be modified by change order or amendment to address the conditions described in the original declaration or an amended declaration that further describes additional work necessary and appropriate for the circumstances.

(6) Excusing Bonds. Pursuant to ORS 279C.380(4) and this rule, the exemption declaration may also state that the contracting agency waives the requirement of furnishing a performance bond and payment bond for the public improvement contract. After making such a declaration the bonding requirements are excused for the procurement.

J. Emergency Procurements and Services. (ORS 279B.080)

(1) The head of a contracting agency, or a person designated under ORS 279A.075, may make or authorize others to make emergency procurements of goods or services in an emergency. The contracting agency shall document the nature of the emergency and describe the method used for the selection of the particular contractor.
(2) For an emergency procurement of construction services that are not public improvements, the contracting agency shall ensure competition for a contract for the emergency work that is reasonable and appropriate under the emergency circumstances. In conducting the procurement, the contracting agency shall set a solicitation time period that the contracting agency determines to be reasonable under the emergency circumstances and may issue written or oral requests for offers or make direct appointments without competition in cases of extreme necessity.

(3) Such emergency procurements and contracts shall be received and affirmed by the Board at the next earliest opportunity.

K. Disposal of Surplus Property.

(1) **Real Property:** Land and/or buildings no longer used by or useful to the District may be sold or transferred in a manner approved by the District’s Board of Directors. The use of appraised value, market value and/or salvage value shall be used to sell and/or dispose of the property in a manner deemed in the best interest of the District and its customers (community). The sale or disposal of property may be on a competitive or negotiated basis as determined by the Board given the facts and circumstances surrounding the sale and the property involved.

(2) **Vehicles:** Trucks, pickups, trailers, tractors and similar vehicles and road/off-road equipment no longer of reliable use to the District, but operationally functional, may be traded in as part of a purchase transaction or sold on a competitive basis as approved by the Board. Non-operational and/or worn out vehicles and equipment may be scrapped for its scrap value if that is the best method of disposal and is of equal or greater economic value to the District.

(3) **Equipment and Tools:** As a requirement of the purchase of tools, hand tools, smaller non-vehicular equipment, gas or electric powered tools or equipment, electronic and/or computer type equipment tools and components; the replaced item should first be traded in for replacement of that particular item or reasonable replacement of other tools and/or equipment. If the piece of equipment or tool is not tradable with the transaction for replacement and is not technologically, mechanically or otherwise obsolete, it may be sold for a fair market value or donated to a school, education facility or other non-profit entity for the purpose of education and/or training.

In those instances where equipment and/or tools are kept by the District for the purpose of providing parts for keeping operational other equipment, any unnecessary or useful pieces/part should be recycled and/or disposed of in an environmentally acceptable manner. Donation of all or part to education and/or other training facilities is permitted.
L. **Sole Source Procurements (ORS 279B.075).**

1. **Generally.** A contracting agency may award a public contract without competition as a sole-source procurement pursuant to the requirements of ORS 279B.075.

2. **Public Notice.** A contracting agency shall give public notice for contracts/procurements in excess of $150,000 of the contracting review authority's determination that the goods or services or class of goods or services are available from only one source in a manner similar to public notice of competitive sealed bids under ORS 279B.055(4). The public notice shall describe the goods or services to be acquired by a sole-source procurement, identify the prospective contractor and include the date, time and place that protests are due. The contracting agency shall give such public notice at least fourteen (14) days before award of the contract.

3. **Protest.** An affected person may protest the contract review authority's determination that the goods or services or class of goods or services are available from only one source in accordance with OAR 137-047-0710.

M. **Negotiation with Lowest Bidder When All Bids For Public Improvement Contract Exceed Cost Estimate.**

1. **Generally.** In accordance with ORS 279C.340, if all responsible bids from responsible bidders on a competitively bid project exceed the contracting agency's cost estimate, prior to contract award, the contracting agency may negotiate value engineering and other options with the responsible bidder submitting the lowest, responsive bid in an attempt to bring the project within the contracting agency's cost estimate.

N. **Protests Relating to Procurement of Goods and Services.**

1. If a bidder or proposer wishes to protest the procurement process, the contents of a solicitation document related to a cooperative procurement, or the award or proposed award of an original contract, the bidder or proposer shall direct the protest to the administering contracting agency, and the bidder or proposer shall make such protest in accordance with ORS 279B.400 through ORS 279B.425.
QBS Process Determination

Is this an emergency?
- No
- Yes

Does the project involve any of these design professionals?
- Architecture
- Engineering
- Photogrammetric mapping
- Land surveying
- Transportation planning

Yes
- Must use QBS

No
- QBS not required

Is project over $250,000 in professional services? (+/- $2,500,000 construction cost)
- Yes
- No

Yes
- Must use formal QBS with public posting/publishing of an RFQ

No
- Is project over $100K in professional service fees?
- Yes
- No

Yes
- Can do informal QBS, RFQ's from five firms using roster of pre-approved firms or can do formal if desired

No
- Can direct appoint, or can do formal or informal selection if desired