AGENDA
May 24, 2022
4:30 p.m.

The public is invited to attend in person or via Zoom.

Join our meeting https://skagitpud.zoom.us/j/83210220786?pwd=cTNTQW10c3UrQ3kzdW5kbGJWdVNsUT09
Meeting ID: 832 1022 0786
Passcode: 160890
Or dial: 1-253-215-8782

Please turn your audio and video off during the meeting. Use the "Raise Hand" feature if you would like to
speak during Audience Comments.

If you have a question or comment for the Board, please submit it by 5 p.m. the Monday prior to the meeting by
calling (360) 848-4460 or send an email to pud@skagitpud.org

PLEDGE OF ALLEGIANCE

CONSENT AGENDA
1. Approval of Agenda 5/24/2022
2. Approval of Minutes 5/10/2022 Regular Meeting
3. Ratification of Vouchers 5/17/2022
4. Voucher Approval 5/24/2022
5. Project Acceptance
   a. Curtis Street Development, Sedro-Woolley, WA
   b. Project Cascade, Burlington, WA

AUDIENCE COMMENTS

OLD BUSINESS
6. Manager’s Report
7. Human Resources Department Update

NEW BUSINESS
8. Resolution 2293-22 Life Insurance for Retirees and Update to Policy #1011 Retired
   Employees Health and Welfare Plan – Action
9. Potential cancellation of June 14 Board Meeting – Action
10. Judy Reservoir to Mount Vernon Transmission Line Project Phase 2, Change Order No.4
    – Action

INFORMATION
11. State Funding Approval - Alger 1-5 Waterline Relocation
12. Judy Reservoir Data Report

COMMISSIONER COMMENTS

ADJOURNMENT
MINUTES OF THE REGULAR MEETING OF THE COMMISSION
PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON

May 10, 2022

The regular meeting of the Commission of Public Utility District No. 1 was held in the Aqua Room of the utility located at 1415 Freeway Drive, Mount Vernon, Washington, with masks and social distancing.

The meeting was called to order at 4:30 p.m. Commissioners in attendance were: Joe Lindquist, president; Germaine Kornegay, vice president; and Andrew Miller, secretary.

Also, in attendance were: George Sidhu, Shannon Patino, Luis Gonzalez, Mark Semrau, Nick Semrau, Mark Handzlik, Jay Sedivy, Sam Shipp, Bill Trueman, Pete Gilbert, Mike Fox

Participating remotely were: Kathy White, Alistair Boudreaux, Sally Saxton, Ryan Anderson

Commissioner Lindquist led the Pledge of Allegiance.

CONSSENT AGENDA
Commissioner Kornegay moved to approve the Consent Agenda for May 10, 2022, as presented.

1. Approval of Agenda 5/10/22
2. Approval of Minutes: 4/26/22 Regular Meeting
3. Ratification of Voucher 5/3/2022 No. 3030 ($167,547.48)
   Accounts Payable Voucher No. 23461-235219 ($113,213.87)
   Electronic Funds Transfer ($54,333.61)
4. Voucher Approval 5/10/22 No. 3031 ($875,895.63)
   Accounts Payable Voucher No. 23520-23579 ($80,943.94)
   Electronic Funds Transfer ($211,125.29)

The motion passed unanimously.

AUDIENCE COMMENTS
None.

OLD BUSINESS
5. Manager’s Report: General Manager Sidhu provided an update on the following:
   • Tie-Ins: The tie-ins for the transmission line near the Raw Water Pump Station started today and are on schedule to be completed this evening. The process involved temporary water shut offs for customers in impacted areas.
   • Disconnections: There were 50 disconnections scheduled for this week and almost two full cycles have been completed.
   • Cybersecurity Tabletop Exercise: Department of Homeland Security is hosting a Cybersecurity Tabletop Exercise on Thursday, May 12, 2022 that is meant for state water and wastewater utilities to improve industry knowledge on threats, impacts, response plans, and coordination.
   • PNWS AWWA Conference: The PNWS AWWA conference held in Tacoma from April 27 – 29 was well attended and comprised of several good sessions. Unfortunately, Skagit PUD did not win the great tasting water contest.
   • Updated policy on work schedules: Manager Sidhu is working with HR Manager White to put together the updated policy regarding work schedules to incorporate remote work. The policy is anticipated to be completed in the next month.
6. Engineering Department Update: Engineering Manager Handzlik provided an update on administrative work, annual distribution loss reporting, annual summary of cross-connections, and projects including the Northstar – Cityworks Integration, 2021 Water System Plan Limited Update, Burkland Road, Raw Water Pump Station, JRMV Transmission Line, New Campus Building, Panorama Tank, and other projects. Any questions asked were addressed during the presentation.
NEW BUSINESS
7. Resolution 2292-22 Approval of the 2021 Water System Limited Update – Action
   Engineering Manager Handzlik presented Resolution 2292-22 Approval of the 2021 Water System Limited Update and requested the adoption of the resolution and approval of the plan. Commissioner Kornegay moved to approve Resolution 2292-22.

   The motion passed unanimously.

INFORMATION
8. Judy Reservoir Data Report
9. Recent News Articles

COMMISSIONER COMMENTS
Commissioner Kornegay commented on the PNWS AWWA conference and how beneficial attending the conference was especially checking out the tradeshow and talking with vendors.

EXECUTIVE SESSION
At this time, Commissioner Lindquist recessed the regular meeting to discuss a potential litigation per RCW 42.30.110(i)(ii) for an approximate duration of 15-30 minutes. The regular meeting was adjourned at 4:58 p.m.

ADJOURNMENT
Having no further business to come before the board, Commissioner Lindquist moved for adjournment. The motion passed, and the May 10, 2022, meeting was adjourned at 5:38 p.m..

ATTEST

Joe Lindquist, President
Andrew Miller, Secretary
Germaine Kornegay, Vice President
As of May 17, 2022

We, the undersigned Board of Commissioners of Public Utility District No. 1 of Skagit County, Washington, do hereby certify that the merchandise and /or services hereinafter specified have been received and are hereby approved for payment in the amount of $1,502,912.50 this 17th day of May, 2022.

The total is comprised of the following:

Accounts Payable voucher No. from 23580 through 23646 in the amount of $1,345,966.44, Electronic Funds Transfer in the amount of $156,946.06. Payroll Electronic Funds Transfers and checks No. through in the amount of $0.00.

Attest:

Date: 05/16/2022

<table>
<thead>
<tr>
<th>Voucher</th>
<th>Claimant</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>23580</td>
<td>ALTUS TRAFFIC MANAGEMENT LLC</td>
<td>3,853.28</td>
</tr>
<tr>
<td>23581</td>
<td>AQUATIC INFORMATICS INC</td>
<td>377.00</td>
</tr>
<tr>
<td>23582</td>
<td>ASSOCIATION OF WASH CITIES</td>
<td>2,840.00</td>
</tr>
<tr>
<td>23583</td>
<td>BANNER BANK</td>
<td>1,212.92</td>
</tr>
<tr>
<td>23584</td>
<td>BROOK WILBORN</td>
<td>221.47</td>
</tr>
<tr>
<td>23585</td>
<td>BYK CONSTRUCTION</td>
<td>837.50</td>
</tr>
<tr>
<td>23586</td>
<td>Cities Digital Inc</td>
<td>793.32</td>
</tr>
<tr>
<td>23587</td>
<td>CDW GOVERNMENT INC</td>
<td>7,161.57</td>
</tr>
<tr>
<td>23588</td>
<td>CINTAS</td>
<td>546.72</td>
</tr>
<tr>
<td>23589</td>
<td>CITY OF MOUNT VERNON</td>
<td>1,290.49</td>
</tr>
<tr>
<td>23590</td>
<td>COMCAST BUSINESS</td>
<td>213.52</td>
</tr>
<tr>
<td>23591</td>
<td>CORE AND MAIN LP</td>
<td>2,696.12</td>
</tr>
<tr>
<td>23592</td>
<td>DELL MARKETING L.P.</td>
<td>321.24</td>
</tr>
<tr>
<td>23593</td>
<td>EDGE ANALYTICAL INC</td>
<td>88.00</td>
</tr>
<tr>
<td>23594 - EDI</td>
<td>EMPOWER RETIREMENT</td>
<td>710.00</td>
</tr>
<tr>
<td>23595</td>
<td>EUROFINS EATON ANALYTICAL LLC</td>
<td>37.00</td>
</tr>
<tr>
<td>23596</td>
<td>EXPERIAN INFORMATION SOLUTIONS</td>
<td>703.64</td>
</tr>
<tr>
<td>23597</td>
<td>FARMERS EQUIPMENT CO</td>
<td>155.81</td>
</tr>
<tr>
<td>23598</td>
<td>FOOD SERVICES INC</td>
<td>37.05</td>
</tr>
<tr>
<td>23599</td>
<td>FRONT DESK</td>
<td>405.00</td>
</tr>
<tr>
<td>23600</td>
<td>GCR TIRES AND SERVICE</td>
<td>172.22</td>
</tr>
<tr>
<td>23601</td>
<td>GEO ENGINEERS INC</td>
<td>7,201.75</td>
</tr>
<tr>
<td>23602</td>
<td>Gwen Kim Choy</td>
<td>46.29</td>
</tr>
<tr>
<td>23603</td>
<td>HD FOWLER COMPANY INC</td>
<td>12,912.69</td>
</tr>
<tr>
<td>23604</td>
<td>HERC RENTALS INC</td>
<td>598.56</td>
</tr>
<tr>
<td>23605</td>
<td>HONEY BUCKET</td>
<td>212.00</td>
</tr>
<tr>
<td>Voucher</td>
<td>Claimant</td>
<td>Amount</td>
</tr>
<tr>
<td>---------</td>
<td>-----------------------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>23606</td>
<td>ICONIX WATERWORKS (US) INC</td>
<td>2,000.15</td>
</tr>
<tr>
<td>23607</td>
<td>IDEAL RENT-ALL</td>
<td>2,716.66</td>
</tr>
<tr>
<td>23608</td>
<td>INTEGRA CHEMICAL CO</td>
<td>4,111.56</td>
</tr>
<tr>
<td>23609</td>
<td>INTERNATIONAL DIOXIDE INC</td>
<td>4,594.60</td>
</tr>
<tr>
<td>23610</td>
<td>JP AUTOMOTIVE</td>
<td>31.40</td>
</tr>
<tr>
<td>23611</td>
<td>KAYE- SMITH ENTERPRISES INC</td>
<td>112.30</td>
</tr>
<tr>
<td>23612</td>
<td>KNOWBE4 INC</td>
<td>4,785.60</td>
</tr>
<tr>
<td>23613</td>
<td>LARRY JENSEN</td>
<td>974.31</td>
</tr>
<tr>
<td>23614</td>
<td>LAUTENBACH INDUSTRIES INC</td>
<td>135.80</td>
</tr>
<tr>
<td>23615</td>
<td>LAKESIDE INDUSTRIES INC</td>
<td>8,016.19</td>
</tr>
<tr>
<td>23616</td>
<td>LILLIAN NELSON</td>
<td>90.42</td>
</tr>
<tr>
<td>23617</td>
<td>LINDE GAS &amp; EQUIPMENT INC</td>
<td>2,160.50</td>
</tr>
<tr>
<td>23618</td>
<td>MARTIN MARIETTA MATERIALS</td>
<td>512.31</td>
</tr>
<tr>
<td>23619</td>
<td>MATERIALS TESTING &amp; CONSULTING</td>
<td>947.50</td>
</tr>
<tr>
<td>23620</td>
<td>MAXWELL FLACH</td>
<td>172.79</td>
</tr>
<tr>
<td>23621</td>
<td>MCMASTER-CARR SUPPLY CO</td>
<td>84.12</td>
</tr>
<tr>
<td>23622</td>
<td>MILES SAND &amp; GRAVEL</td>
<td>2,080.96</td>
</tr>
<tr>
<td>23623</td>
<td>MURRAYSMITH INC</td>
<td>18,300.00</td>
</tr>
<tr>
<td>23624</td>
<td>AUTO VALUE</td>
<td>8.54</td>
</tr>
<tr>
<td>23625</td>
<td>OLIVER HAMMER INC</td>
<td>238.90</td>
</tr>
<tr>
<td>23626</td>
<td>ORKIN LLC</td>
<td>79.42</td>
</tr>
<tr>
<td>23627</td>
<td>PACIFIC SECURITY</td>
<td>322.18</td>
</tr>
<tr>
<td>23628</td>
<td>PAPE MACHINERY INC</td>
<td>243.37</td>
</tr>
<tr>
<td>23629</td>
<td>REISNER DISTRIBUTOR INC</td>
<td>15,168.51</td>
</tr>
<tr>
<td>23630</td>
<td>SCARSELLA BROS INC</td>
<td>1,225,670.03</td>
</tr>
<tr>
<td>23631</td>
<td>SEDRO WOOLLEY AUTO PARTS INC</td>
<td>567.99</td>
</tr>
<tr>
<td>23632</td>
<td>SIERRA PACIFIC</td>
<td>958.33</td>
</tr>
<tr>
<td>23633</td>
<td>SKAGIT COUNTY PUBLIC WORKS</td>
<td>704.03</td>
</tr>
<tr>
<td>23634</td>
<td>STEVE JOHANNSON</td>
<td>91.27</td>
</tr>
<tr>
<td>23635</td>
<td>THOMAS BRAWLEY</td>
<td>188.41</td>
</tr>
<tr>
<td>23636</td>
<td>TIMMONS GROUP INC</td>
<td>1,290.00</td>
</tr>
<tr>
<td>23637</td>
<td>TMG SERVICES INC</td>
<td>1,829.91</td>
</tr>
<tr>
<td>23638</td>
<td>U S BANK CORPORATE PAYMENT SYS</td>
<td>199.99</td>
</tr>
<tr>
<td>23639</td>
<td>USA BLUEBOOK</td>
<td>186.90</td>
</tr>
<tr>
<td>23640</td>
<td>UTILITIES UNDERGROUND LOCATION</td>
<td>657.90</td>
</tr>
<tr>
<td>23641</td>
<td>Van Putten Septic, Inc.</td>
<td>244.13</td>
</tr>
<tr>
<td>23642</td>
<td>WA STATE DEPT OF LABOR &amp;</td>
<td>149.00</td>
</tr>
<tr>
<td>23643 - EDI</td>
<td>WA STATE DEPT OF RETIREMENT</td>
<td>152,264.82</td>
</tr>
<tr>
<td>23644</td>
<td>ASTOUND BUSINESS SOLUTIONS LLC</td>
<td>275.44</td>
</tr>
<tr>
<td>23645</td>
<td>WILLOW SUTHERLAND</td>
<td>129.86</td>
</tr>
<tr>
<td>23646 - EDI</td>
<td>ZIPLY FIBER</td>
<td>3,971.24</td>
</tr>
</tbody>
</table>

1,502,912.50
May 24, 2022

Board of Commissioners
Public Utility District No. 1 of Skagit County
1415 Freeway Drive
Mount Vernon, WA 98273

RE: Project Acceptance

Name of Project: Curtis Steet Development
Reference: C.O. #5099  Project #3831
Location: Sedro-Woolley
Developer: Grandview North LLC
Contractor: E&D Excavating, Inc.

Commissioners:

The District has approved the plans and specifications and has inspected the installation of the new water plant within the above project. The Engineering Department has received satisfactory pressure and bacteriological test results. All documentation for this project has been completed.

I recommend that the Commission accept this project.

Respectfully submitted,

Mark C. Handzlik, P.E.
Engineering Manager

Enclosures: Map

cc: George Sidhu, P.E., General Manager
    Michael E. Demers, Engineering Technician
This map was created from available public records and existing map sources, not from field surveys. While great care was taken in this process, maps from different sources rarely agree as to the precise location of geographic features. The relative positioning of map features to one another results from combining different map sources without field verification.

The PUD #1 of Skagit County disclaims any warranty of merchantability or warranty of fitness of this map for any particular purpose, either expressed or implied. No representation or warranty is made concerning the accuracy, currency, completeness or quality of data depicted on this map. Any user of this map assumes all responsibility for use thereof, and further agrees to hold the PUD #1 of Skagit County harmless from any damage, loss, or liability arising from the use of this map.
May 24, 2022

MEMORANDUM

Board of Commissioners
Public Utility District No. 1 of Skagit County
1415 Freeway Drive
Mount Vernon, WA 98273

RE: Project Acceptance

Name of Project: Project Cascade
Reference: C.O. #5077 Project #3806
Location: Burlington
Developer: AML Burlington, LLC
Contractor: Interwest Construction Inc.

Commissioners:

The District has approved the plans and specifications and has inspected the installation of the new water plant within the above project. The Engineering Department has received satisfactory pressure and bacteriological test results. All documentation for this project has been completed.

I recommend that the Commission accept this project.

Respectfully submitted,

Mark C. Handzlik, P.E.
Engineering Manager

Enclosures: Map

cc: George Sidhu, P.E., General Manager
    Michael E. Demers, Engineering Technician
This map was created from available public records and existing map sources, not from field surveys. While great care was taken in this process, maps from different sources rarely agree as to the precise location of geographic features. The relative positioning of map features to one another results from combining different map sources without field verification.

The PUD #1 of Skagit County disclaims any warranty of merchantability or warranty of fitness of this map for any particular purpose, either expressed or implied. No representation or warranty is made concerning the accuracy, currency, completeness or quality of data depicted on this map. Any user of this map assumes all responsibility for use thereof, and further agrees to hold the PUD #1 of Skagit County harmless from any damage, loss, or liability arising from the use of this map.
May 24, 2022

MEMORANDUM

TO: George Sidhu, P.E., General Manager

FROM: Kathy White, Human Resources Manager

SUBJECT: Resolution 2293-22 and Revised Policy #1011 Retired Employees’ Health and Welfare Plan

Requested Action:
Approve and sign Resolution #2293-22, and approve and authorize General Manager to sign revised Policy #1011.

Background:
As outlined in updates to the Board over the past year, TrueBenefits was enlisted to assist with a benefits program evaluation. As a result of the evaluation, it was determined that a richer benefit structure could be provided for all PUD employees with some administrative changes. The enriched benefit structure includes a new provider and a network for dental insurance, a higher base term life insurance amount for all employees along with the ability to purchase a higher amount of additional term life insurance, and long-term disability insurance.

To provide these expanded and updated benefits for all employees, it was cost-prohibitive to continue to offer retirees continuation of the group life insurance plan. However, there will be a portability option for retirees to continue their life insurance at rates and provisions established by the insurer. This does not affect the ability of retirees to continue the health and welfare benefits as established in Policy #1011 Retired Employees Health and Welfare Plan.

Policy #1011 Revisions
It was necessary to make some updates to this policy that provide clarification on eligibility and formatting. In addition, there have been changes to the law regarding dependent eligibility that needed to be updated. Revisions were also made to clarify the eligibility of retirees for life insurance and to add the stipulation on the portability option.

Resolution #2293-22
To increase the base amount of life insurance for employees, it was necessary to update Resolution #2293-22 to reflect the increase in the base amount from $10,000 to $50,000 per employee. Additional information was added to reflect the new portability option for the life insurance.
The PUD has three retirees who are currently insured on the life insurance. Adding the retirees to the new insurance policy would be extremely cost-prohibitive and would limit options to providing an updated benefit for all current and future employees. For these reasons, the PUD has opted to self-insure the life insurance benefit for retirees. This allows the PUD to provide a higher benefit for all current employees, but at the same time provide the same benefit the three retirees originally opted into. Since the life insurance benefit will be taxable as income because the PUD is not an insurance provider, the PUD will “gross-up” taxes, so the retirees receive a full death benefit.

**Financial Impact:**
Making the benefit program revisions as outlined above will result in cost savings for the PUD. Switching life insurance carrier and implementing a dental preferred provider network will result in premium savings that will allow the PUD to provide a richer benefit program and cover the costs to self-insure the three retirees on the life insurance. There is no financial impact to the PUD at this time.

kmw

Enclosures: 1. Resolution 2293-22  
2. Resolution 758  
2. Policy #1011 *Retired Employees Health and Welfare Plan Revisions*
RESOLUTION NO. 2293-22

A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, ESTABLISHING THE AMOUNT OF LIFE INSURANCE TO BE PROVIDED FOR EACH EMPLOYEE OF THE DISTRICT, AS AUTHORIZED IN RESOLUTION NO. 756, AND DESIGNATING THE ADDITIONAL AMOUNT OF LIFE INSURANCE AVAILABLE TO THE COMMISSIONERS AND ALL OTHER EMPLOYEES.

WHEREAS, Resolution No. 756, authorized Public Utility District No. 1 of Skagit County, Washington, hereafter referred to as the "District," to enter into a Life Insurance program offered through the Pacific Underwriters Corporation, Insurance agent for the District,

WHEREAS, in 2021 the District engaged TrueBenefits to review the District’s benefit program, including life insurance benefits for employees and Commissioners,

WHEREAS, that at the time of this Resolution there are three retirees currently insured on the life insurance (hereinafter referred to as “retirees”), and the District has determined it is more cost effective to self-insure the previous life insurance benefit (hereinafter referred to as “benefit”) for these retirees.

BE IT RESOLVED that the District will contribute the premium cost for $50,000.00 of base Term Life insurance with a provision for Accidental Death and Dismemberment (AD&D) Insurance for each employee, including the Commissioners and

BE IT FURTHER RESOLVED that Commissioners and employees of the District may purchase additional life insurance coverage through the insurance broker that exceeds the $50,000 coverage paid for by the District. Such additional coverage will be purchased at premium rates provided by the current insurer and broker. Limitations on the total allowed level of life insurance coverage will be established by the General Manager, and

BE IT FURTHER RESOLVED that the District will self-insure the benefit for only the three retirees referenced above at the amount of $10,000 per retiree, and

BE IT FURTHER RESOLVED that the benefit provided to the three retirees will be paid out by the District upon the death of each retiree to the beneficiary listed as a taxable amount (as required by law), and

BE IT FURTHER RESOLVED that the benefit will be “grossed-up” for taxes so each net benefit will be as close to the $10,000 of base life insurance as possible. The calculation will be based on any applicable tax percentages and requirements in effect at the time of each payment, and

BE IT FURTHER RESOLVED that the retirees will continue to make the same premium payments to the District, which will be a requirement for the District to provide the aforementioned benefit. Any lapses in premium payments that exceed 10 days will result in cancellation of this benefit, and

BE IT FURTHER RESOLVED that retired employees and Commissioners will have the option to continue any life insurance provided through a portability option with the insurance company, at rates and provisions established by the insurance company, and

BE IT FURTHER RESOLVED that the aforementioned changes will go into effect on the 1st of June, 2022. and

BE IT FURTHER RESOLVED that this Resolution supersedes Resolution No. 1466-89, 2192-12, and all prior resolutions that pertain to, or may be in conflict with the aforesaid subject matter EXCEPT Resolution No. 756, which shall remain in effect.
AGENDA ITEM #8

ADOPTED by the Commission of Public Utility District No. 1 of Skagit County, Washington, at a regular meeting held this 24th day of May 2022.

Joseph Lindquist, President

Germaine Kornegay, Vice President

ATTEST

Andrew Miller, Secretary
RESOLUTION No. 758

A RESOLUTION PROVIDING FOR THE PAYMENT OF THE ACCIDENT & SICKNESS, AND LIFE INSURANCE PROGRAM AS PROVIDED IN RESOLUTION No. 756.

WHEREAS, the District has contracted for and obtained a program for Accident & Sickness, and Life Insurance, as provided by Resolution No. 756, and

WHEREAS, a sufficient number of the District's employees have indicated a desire to participate in the program, and

WHEREAS, it appears to be to the best interest of the District to absorb the cost of the Accident & Sickness insurance, and the cost of $1,000 Life Insurance premium for each employee (including commissioners),

NOW, THEREFORE, BE IT RESOLVED that the District contribute the cost of the premium for the Accident & Sickness Insurance and the cost of the first $1,000 of Life Insurance premium for each employee (including commissioners), and

BE IT FURTHER RESOLVED that those employees in the positions of Manager, Auditor, Senior Engineer and Superintendent be enabled to carry $5,000 each under the Life Insurance program (all over $1,000 to be at their individual expense), and

BE IT FURTHER RESOLVED that the commissioners of the District be enabled to carry $10,000 each under the Life Insurance program (all over $1,000 to be at their individual expense).

ADOPTED by the Commissioners of Public Utility District No. 1 of Skagit County, Washington, this 26th day of November, 1962.

[Signature]
President
Retired Employees’ Health and Welfare Plan
Policy #1011

In accordance with the authority granted by Board Resolution No. 2160-09, a Retired Employees’ Health and Welfare Plan, as described below, is hereby established for Public Utility District No. 1 of Skagit County.

Policy:
It is the policy of Public Utility District No. 1 of Skagit County (the District) that all employees who are vested members in the Public Employees Retirement System (PERS) who leave the employment of the District (and are eligible to immediately receive benefits under PERS) are eligible to remain a part of the District’s health and welfare medical and dental insurance plan offered through the Public Utilities Risk Management System (PURMS) and any other designated insurance broker by the District PUD.

Furthermore, it is the intent of the District to extend this policy to include Commissioners who are not vested members in PERS but meet the eligibility criteria established below.

Eligibility:
The medical and dental insurance benefit is provided to District employees who separate from service and are eligible to receive a retirement benefit from the State of Washington Public Employees Retirement System (PERS Plans 1, 2 or 3) at the time of separation. The statutory regulations are as follows:

- Plan 1: Any age with 30 or more service credit years; age 55 or older with 25 service credit years; age 60 or older with at least 5 service credit years; or
- Plan 2: Age 65 or older with at least five service credit years; age 55 with at least 20 service credit years; or
- Plan 3: Age 65 with at least 10 service credit years; age 55 with five service credit years including 12 service credit months earned after age 54; five service credit years that were earned under Plan 2 and transferred to PERS Plan 3 before June 1, 2003.

If Washington State adopts changes to the statutory ages and or service credit requirements necessary to retire under Plans 1, 2 or 3, those ages and service credit requirements shall govern eligibility for the purposes of this policy.

Board of Commissioners:
Members of the Board of Commissioners who serve at least one (1) six-year term and have been re-elected for a second term of office shall be eligible for coverage under this policy. Commissioners who meet the eligibility requirements of this paragraph shall be referred to as retirees.

Spouse and Dependents:
The surviving spouse of a retiree who is covered at the time of the retiree’s death may continue his/her coverage until the time of the surviving spouse’s death. A new spouse to a surviving spouse is not eligible for this coverage. In the event of a divorce after retirement the spouse of the retired employee will not be eligible to remain on the District’s plan. COBRA benefits will be offered to the divorced spouse according to statutory regulations. A new spouse to a currently covered retiree is not eligible to be added to the District’s plan.
Unmarried dependent children of a retiree who are under the age of 26 and are covered at the time of the retiree’s death may continue their coverage until their 26th birthday, at which time they will be offered COBRA benefits. Exceptions to this may be made applicable to any current federal or state laws if a child is disabled or otherwise retains eligibility for coverage. Unmarried dependent children of a retiree who is between the ages of 19 and 23, and who are covered at the time of the retiree’s death may continue their coverage until their 23rd birthday as long as they are enrolled as a full-time student, i.e., enrolled for a minimum of 12 credit hours per quarter or semester for three quarters or two semesters during an academic year.

Any federal or state law changes to the statutory coverage requirements for dependents will be applied as per current regulations, and those shall govern eligibility for the purposes of this policy.

One-Time Election:
Eligible employees-retirees leaving employment with the District will be given a one-time option to stay in the District’s medical and dental plan. This election of coverage must be made by the separation date of service. This option only applies to the medical and dental benefits, but does not apply to the District’s life insurance, long term disability coverage, or any other benefits provided unless otherwise stipulated. Retirees may opt to continue the life insurance or other additional benefits individually if a portability and continuation option is provided, subject to any current stipulations and rates as provided by each applicable insurer.

Coverage by another Health Plan:
If the retiree gains coverage under a medical plan as a result of their own or a spouse’s employment, coverage under this plan for the retiree, spouse, and dependents shall become secondary until such time as the other coverage is terminated.

When the retiree and/or his/her spouse become eligible for Medicare, coverage under PURMS shall become secondary to Medicare, regardless of whether the individual actually enrolls in any Medicare program. This means the health benefit coverage provided through PURMS will be substantially reduced when Medicare eligibility occurs. Individuals should refer to the Skagit PUD Health Benefits Plan (available online and through PURMS) for additional information on reduced benefits and exclusions regarding Medicare.

Cost:
The cost of this plan shall be based upon the Experience Rate premiums provided to the District by the Public Utilities Risk Management System (PURMS) insurance providers. The premium shall remain constant for the calendar year of January 1 through December 31 of each year based upon the District’s Experience Claims for the period of November 1 through October 31 of the preceding year, or as otherwise calculated by individual insurers per their established policies. The Experience Rate premiums will be rounded up to the nearest $5.00 increment.

Covered individuals who are eligible to enroll in Medicare will receive a reduced Medicare premium (established by PURMS and any other applicable insurers), regardless of whether the individual has enrolled in any Medicare plan. The District does not track Medicare enrollment and has no control over Medicare eligibility.

Notification of premium amounts will be mailed to retirees in December for the coming year. The notice will include a reminder to retirees that at age 65 upon Medicare eligibility, plan benefits and premiums will be reduced.

The reduced Medicare premiums shall be established on the same time period as the regular premium. Premiums must be continuous from the date of retirement to the date of death in order to maintain eligibility. Coverage lapses are not allowed. Premiums must be paid in advance of the coverage period and may either be paid in full for a one year-period or on a monthly basis via automatic bank account
withdrawal. Monthly payments are due to the District by the last business day of each month for the following month’s coverage.

Cancellation:
Failure to make payments within 10 days of this due date is subject to termination of coverage, and re-enrollment following cancellation due to non-payment of premiums on a timely basis is not allowed.

<table>
<thead>
<tr>
<th>Former Title/Policy #</th>
<th>Resolution No. 2002-03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Approval Date</td>
<td>May 5, 2009. X XXXXXXX</td>
</tr>
<tr>
<td>Effective Date</td>
<td>May 5, 2009. X XXXXXXX</td>
</tr>
<tr>
<td>Revision Date</td>
<td>December 8, 2009. X XXX</td>
</tr>
<tr>
<td>General Manager Signature</td>
<td>//on file//</td>
</tr>
<tr>
<td>Date</td>
<td>12/09/09</td>
</tr>
</tbody>
</table>

Revision No.: 21
In accordance with the authority granted by Board Resolution No. 2160-09, a Retired Employees’ Health and Welfare Plan, as described below, is hereby established for Public Utility District No. 1 of Skagit County.

Policy:
It is the policy of Public Utility District No. 1 of Skagit County (the District) that all employees who are vested members in the Public Employees Retirement System (PERS) who leave the employment of the District (and are eligible to immediately receive benefits under PERS) are eligible to remain a part of the District’s health and welfare medical and dental insurance plan offered by the District.

Furthermore, it is the intent of the District to extend this policy to include Commissioners who are not vested members in PERS but meet the eligibility criteria established below.

Eligibility:
The medical and dental insurance benefit is provided to District employees who separate from service and are eligible to receive a retirement benefit from the State of Washington Public Employees Retirement System (PERS Plans 1, 2 or 3) at the time of separation. The statutory regulations are as follows:

- **Plan 1:** Any age with 30 or more service credit years; age 55 or older with 25 service credit years; age 60 or older with at least 5 service credit years; or
- **Plan 2:** Age 65 or older with at least five service credit years; age 55 with at least 20 service credit years; or
- **Plan 3:** Age 65 with at least 10 service credit years; age 55 with five service credit years including 12 service credit months earned after age 54; five service credit years that were earned under Plan 2 and transferred to PERS Plan 3 before June 1, 2003.

If Washington State adopts changes to the statutory ages and or service credit requirements necessary to retire under Plans 1, 2 or 3, those ages and service credit requirements shall govern eligibility for the purposes of this policy.

Board of Commissioners:
Members of the Board of Commissioners who serve at least one (1) six-year term and have been re-elected for a second term of office shall be eligible for coverage under this policy. Commissioners who meet the eligibility requirements of this paragraph shall be referred to as retirees.

Spouse and Dependents:
The surviving spouse of a retiree who is covered at the time of the retiree’s death may continue his/her coverage until the time of the surviving spouse’s death. A new spouse to a surviving spouse is not eligible for this coverage. In the event of a divorce after retirement the spouse of the retired employee will not be eligible to remain on the District’s plan. COBRA benefits will be offered to the divorced spouse according to statutory regulations. A new spouse to a currently covered retiree is not eligible to be added to the District’s plan.
Dependent children of a retiree who are under the age of 26 and are covered at the time of the retiree’s death may continue their coverage until their 26th birthday, at which time they will be offered COBRA benefits. Exceptions to this may be made applicable to any current federal or state laws if a child is disabled or otherwise retains eligibility for coverage.

Any federal or state law changes to the statutory coverage requirements for dependents will be applied as per current regulations, and those shall govern eligibility for the purposes of this policy.

One-Time Election:
Eligible retirees leaving employment with the District will be given a one-time option to stay in the District’s medical and dental plan. This election of coverage must be made by the separation date of service. This option only applies to the medical and dental benefits, but does not apply to the District’s life insurance, long term disability coverage, or any other benefits provided unless otherwise stipulated. Retirees may opt to continue the life insurance or other additional benefits individually if a portability and continuation option is provided, subject to any current stipulations and rates as provided by each applicable insurer.

Coverage by another Health Plan:
If the retiree gains coverage under a medical plan as a result of their own or a spouse’s employment, coverage under this plan for the retiree, spouse, and dependents shall become secondary until such time as the other coverage is terminated.

When the retiree and/or his/herspouse become eligible for Medicare, coverage under PURMS shall become secondary to Medicare, regardless of whether the individual actually enrolls in any Medicare program. This means the health benefit coverage provided through PURMS will be substantially reduced when Medicare eligibility occurs. Individuals should refer to the Skagit PUD Health Benefits Plan (available online and through PURMS) for additional information on reduced benefits and exclusions regarding Medicare.

Cost:
The cost of this plan shall be based upon the Experience Rate premiums provided to the District by the insurance providers. The premium shall remain constant for the calendar year of January 1 through December 31 of each year based upon the District’s Experience Claims for preceding year, or as otherwise calculated by individual insurers per their established policies. The Experience Rate premiums will be rounded up to the nearest $5.00 increment.

Covered individuals who are eligible to enroll in Medicare will receive a reduced Medicare premium (established by PURMS and any other applicable insurers), regardless of whether the individual has enrolled in any Medicare plan. The District does not track Medicare enrollment and has no control over Medicare eligibility.

Notification of premium amounts will be mailed to retirees in December for the coming year. The notice will include a reminder to retirees that upon Medicare eligibility, plan benefits and premiums will be reduced.

The reduced Medicare premiums shall be established on the same time period as the regular premium. Premiums must be continuous from the date of retirement to the date of death in order to maintain eligibility. Coverage lapses are not allowed. Premiums must be paid in advance of the coverage period and may either be paid in full for a one year-period or on a monthly basis via automatic bank account withdrawal. Monthly payments are due to the District by the last business day of each month for the following month’s coverage.

Cancellation:
Failure to make payments within 10 days of this due date is subject to termination of coverage, and re-enrollment following cancellation due to non-payment of premiums on a timely basis is not allowed.

<table>
<thead>
<tr>
<th>Former Title/Policy #:</th>
<th>Resolution No. 2002-03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Approval Date:</td>
<td>May 5, 2009</td>
</tr>
<tr>
<td>Effective Date:</td>
<td></td>
</tr>
<tr>
<td>Revision Date:</td>
<td>Revision No.: 2</td>
</tr>
<tr>
<td>General Manager Signature:</td>
<td>Date:</td>
</tr>
</tbody>
</table>
May 24, 2022

MEMORANDUM

TO: George Sidhu, P.E., General Manager
FROM: Mark Handzlik, P.E., Engineering Manager
SUBJECT: Judy Reservoir to Mount Vernon Transmission Line Phase 2 Change Order 4 Authorization

Requested Action
Authorize the General Manager to execute Change Order No. 4 to the Judy Reservoir to Mount Vernon Transmission Line Phase 2 contract with Scarsella Bros., Inc. in the amount of $541,634.61.

Background
The Judy Reservoir to Mount Vernon Transmission Line Phase 2 (JRMV) project replaces the District’s 24-inch diameter concrete cylinder pipe, built in 1961, with a new 36-inch diameter welded steel transmission line. The construction contract was awarded to Scarsella Bros., Inc on March 9, 2021, in the amount of $35,661,728.44.

The existing transmission line is 60 years old and has suffered three breaks in the last 18 months. These breaks are evidence that the existing pipe has exceeded its useful life. Having reliable transmission lines is vital to support the water utility needs of our customers and the District’s mission to provide high quality water services. The JRMV project is an essential project identified in the District’s Capital Improvement Plan (CIP) and approved water system plan.

The project includes installation of approximately 1,900 feet of 5/8-inch wall, 36-in diameter welded steel pipe by way of a Horizontal Directional Drill (HDD) technique. During the construction of the bore hole, a harder soil profile was encountered than was anticipated and represented in the bid package. This harder soil profile is considered a differing site condition for which the contractor has claimed compensation adjustment.

The District and contractor calculate a time impact of 12.6 days. The cost of labor, equipment and materials for this additional, unanticipated duration is $541,634.61. Attached is a breakdown summary of the costs. Resolution of the issues encountered during pullback of the HDD pipe is pending.
Fiscal Impact
The original contract award was in the amount of $35,661,728.44. Including previously approved change orders and proposed Change Order No.4, the revised contract amount will be $36,452,864.96.

Funding for the project will come from low-interest loans through the Public Works Board and the Drinking Water State Revolving Fund totaling $33,994,164.00.

mch

Enclosures: 1. Change Order No. 4
2. Cost Summary
Change Order No.  4

Original Contract Amount (incl. Tax): $35,661,728.44
Previously Approved Changes (incl. Tax) $249,501.91
Total Before This Change Order: $35,911,230.35
This Change Order (incl. Tax): $541,634.61
New Contract Amount (incl. Tax): $36,452,864.96
Original Substantial Completion Date: 19-May-22
New Substantial Completion Date: 36,452,864.96

This Change Order covers the contract modification hereunder described. All other terms and conditions remain unchanged.

<table>
<thead>
<tr>
<th>Description of Changes</th>
<th>Bid Item Amount</th>
<th>Time Change in Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDD Differing Site Conditions</td>
<td>$499,202.41</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>$499,202.41</td>
<td>$</td>
</tr>
</tbody>
</table>

Total This Change w/o Tax $499,202.41
Total Tax 8.50% $42,432.20
Total This Change with Tax $541,634.61
Contract Total to Date $36,452,864.96
With this Change Order, the Contract Amount shall be increased (decreased) by the sum of $541,634.61 and the Contract Time shall be extended (- reduced) by 0 Calendar/Working days.

It is understood and agreed that the acceptance of this Change Order by the Contractor constitutes an accord and satisfaction and represents payment in full both as to time and money for all costs arising out of, or incidental to, the above described change to the Contract including any and all delay and impact resulting from this change in Work. Owner and Contractor reserve all rights and defenses regarding claims for delay and/or damage arising from the failed pipe pullback that occurred on April 27, 2022, including but not limited to pipe installation, retrieval and replacement, which is a separate claim and occurrence from the Work included in this Change Order.

SCARSELLA BROS., INC.

By: Robert Scarsella
Title: Vice President
Date: 44700

Signature: ________________________________
<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
<th>Qty</th>
<th>Unit Rate (Day)</th>
<th>Duration</th>
<th>Requested</th>
<th>Approved</th>
<th>Extended Price</th>
<th>Reference Material</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor</td>
<td>Antonio Medina</td>
<td>1.0</td>
<td>$599.28</td>
<td>12.00</td>
<td>$7,191.36</td>
<td>$6,946.03</td>
<td></td>
<td>Certified Payroll</td>
</tr>
<tr>
<td>Labor</td>
<td>Chris Crough</td>
<td>1.0</td>
<td>$1,055.44</td>
<td>12.00</td>
<td>$12,665.28</td>
<td>$11,550.94</td>
<td></td>
<td>Certified Payroll</td>
</tr>
<tr>
<td>Labor</td>
<td>Marcos Herrera</td>
<td>1.0</td>
<td>$599.28</td>
<td>12.00</td>
<td>$7,191.36</td>
<td>$6,946.03</td>
<td></td>
<td>Certified Payroll</td>
</tr>
<tr>
<td>Labor</td>
<td>Jesus Uribe</td>
<td>1.0</td>
<td>$700.59</td>
<td>12.00</td>
<td>$8,406.92</td>
<td>$7,921.83</td>
<td></td>
<td>Certified Payroll</td>
</tr>
<tr>
<td>Labor</td>
<td>Eugenio Gonzalez</td>
<td>1.0</td>
<td>$634.59</td>
<td>12.00</td>
<td>$7,614.92</td>
<td>$7,201.83</td>
<td></td>
<td>Certified Payroll</td>
</tr>
<tr>
<td>Labor</td>
<td>Frank Boots (Local)</td>
<td>1.0</td>
<td>$632.28</td>
<td>12.00</td>
<td>$7,587.36</td>
<td>$7,159.43</td>
<td></td>
<td>Certified Payroll</td>
</tr>
<tr>
<td>Labor</td>
<td>Daniel Greg</td>
<td>1.0</td>
<td>$1,105.44</td>
<td>12.00</td>
<td>$13,265.68</td>
<td>$12,315.04</td>
<td></td>
<td>Certified Payroll</td>
</tr>
<tr>
<td>Labor</td>
<td>Steve Marzinho</td>
<td>1.0</td>
<td>$1,105.44</td>
<td>12.00</td>
<td>$13,265.68</td>
<td>$12,315.04</td>
<td></td>
<td>Certified Payroll</td>
</tr>
<tr>
<td>Labor</td>
<td>Michelle Hors</td>
<td>1.0</td>
<td>$834.00</td>
<td>12.00</td>
<td>$10,008.00</td>
<td>$9,360.00</td>
<td></td>
<td>Certified Payroll</td>
</tr>
<tr>
<td>Labor</td>
<td>Michael Moritz</td>
<td>1.0</td>
<td>$834.00</td>
<td>12.00</td>
<td>$10,008.00</td>
<td>$9,360.00</td>
<td></td>
<td>Certified Payroll</td>
</tr>
</tbody>
</table>

**HDD Equipment - Subtotal:** $492,465.76 $385,573.80

**HDD Equipment - Subtotal:** $541,955.61

**HDD Equipment - Subtotal:** $637,595.42

**HDD Equipment - Subtotal:** $41,711.85

**HDD Equipment - Subtotal:** $32,658.10

**HDD Equipment - Subtotal:** $492,465.76

**HDD Equipment - Subtotal:** $385,573.80

**HDD Equipment - Subtotal:** $221,441.00

**HDD Equipment - Subtotal:** $202,538.44

**Labor Costs - Subtotal:** $221,441.00

**Labor Costs - Subtotal:** $202,538.44

**Total: $614,384.40**
May 16, 2022

George Sidhu
Skagit PUD
1415 Freeway Drive
Mount Vernon, WA 98273

Dear: George:

Congratulations! Governor Inslee recently signed the 2022 Supplemental State Capital Budget, which includes an appropriation of $250,000.00 for the Alger I-5 Waterline Relocation. The Department of Commerce, which will administer the project, will retain three percent (up to a maximum of $50,000) to cover our administrative costs. Accordingly, your net grant award will be $242,500.00.

Prior to receiving funds, your organization will need to fulfill the following requirements:

- Provide documentation of your organization’s financial ability to complete the project. All funds from sources other than the state must be expended, raised, or secured by documented pledges or loans.
- For nonprofit grantees, any property relevant to the project must be owned or secured by a long-term lease that remains in effect for a minimum of ten years following the final payment date. A lien on owned property is also required when receiving grants of $250,000 or more.
- Prevailing wages must be paid for all construction labor costs incurred as applicable.
- Review by the Washington State Department of Archaeology and Historic Preservation and any affected Tribes (Governor’s Executive Order 21-02).
- Your project may also need to comply with the state’s LEED green buildings standards (RCW 39.35D).

Soon you will receive the Contract Readiness Survey form and 21-02 Cultural Resources Review instructions, these are the pre-contract conditions that need to be completed, please complete and submit as soon as possible. The contracting process is not initiated until the pre-contracting conditions have been met.

Enclosed is Infrastructure Projects Program Guidelines to assist you with the process. If you need additional information, please contact your Project Manager, Lena Moore, at 360.764.0632 or lena.moore@commerce.wa.gov or me at 360.704.9435 or by email connie.rivera@commerce.wa.gov.

Sincerely,

Connie Rivera, Infrastructure Section Manager
Community Assistance & Research Unit
May 12 Elevation: 459.20 (ft)
May 19 Elevation: 460.40 (ft)
Change in Elevation: 1.20
Spillway Elevation: 465.10
Stream Inflow YTD: 360.12 MG
Skagit River YTD: 271.62 MG
5-YEAR
JUDY RESERVOIR ELEVATIONS

5-Year Range
2021
2022

5/20/2022