

A G E N D A
GRANT COUNTY PUBLIC UTILITY DISTRICT
30 C Street SW – Commission Meeting Room
Ephrata, Washington
COMMISSION MEETING
Tuesday, April 23, 2024

An Executive Session may be called at any time for purposes authorized
by the Open Public Meetings Act

- 8:30 a.m.** Executive Session
- 9:00 a.m.** Commission Convenes
Review and Sign Vouchers
Calendar Review
- 9:30 a.m.** Reports from staff
- 12:00 Noon** Lunch
- 1:00 p.m.** Safety Briefing
Pledge of Allegiance
Attendance
Public requests to discuss agenda items/non-agenda items
Correspondence
Business Meeting

1. Consent Agenda

Approval of Vouchers

Meeting minutes of April 9, 2024

2. Regular Agenda

Motion authorizing the General Manager/CEO to execute Change Order No. 8 to Contract 130-08756 with North Sky Communications, LLC for Fiber Optic Design and Construction, increasing the not-to-exceed contract amount by \$9,500,000.00 for a new contract total of \$96,500,000.00 and resetting the delegated authority levels to the authority granted to the General Manager/CEO per Resolution No. 8609 for charges incurred as a result of Change Order No. 8. (3476)

Motion authorizing the General Manager/CEO to execute Contract 270-12016 with Mercer International, Inc. for a total not-to-exceed contract amount of \$1,078,345.03. (3477)

3. Review Items For Next Business Meeting

XXXX – Resolution Implementing Senate Bill 5268 and Superseding Resolution No. 8922 to Adopt New RCWs 39.04.151 and 39.04.152 Governing Small Works and Direct Contract Provisions

4. Reports from Staff (if applicable)

Adjournment

CONSENT AGENDA

Draft – Subject to Commission Review

REGULAR MEETING OF PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY

April 9, 2024

The Commission of Public Utility District No. 2 of Grant County, Washington, convened at 8:30 a.m. at Grant PUD's Main Headquarters Building, 30 C Street SW, Ephrata, Washington and via Microsoft Teams Meeting / +1 509-703-5291 Conference ID: 614 157 417# with the following Commissioners present: Tom Flint, President; Terry Pyle, Vice-President; Larry Schaapman, Secretary; Judy Wilson, Commissioner (via Microsoft Teams and conference call specific to executive sessions) and Nelson Cox, Commissioner.

An executive session was announced at 8:30 a.m. to last until 8:55 a.m. to review performance of a public employee pursuant to RCW 42.30.110(1)(g), to discuss pending litigation pursuant to RCW 42.30.110(1)(i) and to discuss lease or purchase of real estate if disclosure would increase price pursuant to RCW 42.30.110(1)(b). The executive session concluded at 8:55 a.m. and the regular session resumed.

The Commission convened to review vouchers and correspondence.

The Commission calendar was reviewed.

The Commission recessed at 9:28 a.m.

The Commission resumed at 9:30 a.m.

An executive session was announced at 9:30 a.m. to last until 10:00 a.m. to review performance of a public employee with legal counsel present pursuant to RCW 42.30.110(1)(g) and to discuss pending litigation with legal counsel pursuant to RCW 42.30.110(1)(i). The executive session concluded at 10:00 a.m. and the regular session resumed.

A round table discussion was held regarding the following topics: BPA staff recommendation to join SP Markets+ (day ahead market); Grant PUD Power Delivery recognized for exceptional Energy Information Administration (EIA) data as result of achieving top quartile System Average Interruption Duration Index (SAIDI) targets; and request from local potato grower group for a tour of either Wanapum or Priest Rapids dam.

Shannon Lowry, Manager of License Compliance and Lands Services, provided the License Compliance and Lands Services Program Report.

Jeremy Coleman, Project Manager, provided a status update and overview of the North Sky fiber optic design and construction contract.

Terry McKenzie, Senior Manager of Wholesale Fiber, provided the Fiber Business Report.

Trade association and committee reports were reviewed.

The Commission recessed at 11:10 a.m.

The Commission resumed at 11:15 a.m.

An executive session was announced at 11:15 a.m. to last until 12:55 p.m. to review performance of a public employee pursuant to RCW 42.30.110(1)(g), to discuss pending litigation with legal counsel present pursuant to RCW 42.30.110(1)(i) and to discuss lease or purchase of real estate with legal counsel present if disclosure would increase price pursuant to RCW 42.30.110(1)(b). The executive session concluded at 12:55 p.m. and the regular session resumed.

Pete Romano, and Todd Thomas, both of Quincy, Washington, addressed the Commission regarding ongoing permitting and liability insurance concerns for installation of a community dock located adjacent to the Columbia Cliffs community. In addition, Mr. Romano provided documentation regarding RCW 4.24.210 and dock liability requirements of both Chelan and Douglas County PUDs.

Correspondence was noted as received from an anonymous sender and an email was noted as received from Frenchman Hills Farms, *'on behalf of the Grant County Concerned Citizens Against the Route 4b Transmission Line Project'*, regarding opposition to Route 4B of the Wanapum to Mountain View transmission line.

Consent agenda motion was made Mr. Cox and seconded by Mr. Pyle to approve the following consent agenda items:

Payment Number	141617	through	142037	\$11,475,305.80
Payroll Direct Deposit	235434	through	236248	\$2,573,409.92
Payroll Tax and Garnishments	20240403A	through	20240403B	\$1,123,241.95

Meeting minutes of March 26, 2024.

Special meeting minutes of April 1, 2024.

After consideration, the above consent agenda items were approved by unanimous vote of the Commission.

Resolution No. 9048 relative to adopting a revised schedule of non-bargaining unit positions was presented to the Commission. Motion was made by Mr. Cox and seconded by Mr. Pyle to approve Resolution No. 9048. After consideration, the motion passed by unanimous vote of the Commission.

RESOLUTION NO. 9048

A RESOLUTION ADOPTING A REVISED SCHEDULE OF NON-BARGAINING UNIT POSITIONS AND SUPERSEDING RESOLUTION NO. 8971

Recitals

1. Resolution No. 8971 adopted September 14, 2021, increased the Non-Unit Salary Plan by 10%.
2. Pursuant to RCW 54.16.100 the Grant PUD Manager recommends the Commission adopt the scale of salaries to be paid for the different classes of service as set forth in the attached Exhibit A.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington, as follows:

Section 1. The salary plan as set forth in Exhibit A is hereby approved and adopted.

Section 2. The Manager is authorized to make temporary changes in the salary plan of non-bargaining unit employees under their direction, until revision of the salary plan by Grant PUD's Commission, to resolve individual situations such as the addition of new job tiles or grade changes for existing job titles.

Section 3. Resolution No. 8971 is hereby superseded, and this resolution supersedes any other resolutions which are inconsistent with this resolution.

BE IT FURTHER RESOLVED that Resolution No. 8971 is hereby superseded.

PASSED AND APPROVED by the Commission of Public Utility District No. 2 of Grant County, Washington, this 9th day of April, 2024.

Motion was made by Mr. Cox and seconded by Mr. Schaapman authorizing the General Manager/CEO, on behalf of Grant PUD, to sign Real Estate Purchase and Sale Agreement between Grant County, a political subdivision of the State of Washington and Public Utility District No. 2 of Grant County, Washington a municipal corporation for the acquisition of certain parcels of land consisting of

approximately 34 acres, more or less, and commonly known as a portion of Grant County Assessor Parcel No. 16-0866-002 in Sections 22, 23, Township 21, Range 26 East, W.M., Grant County, Washington, in the amount of \$525,000.00. After consideration, the motion passed by unanimous vote of the Commission.

The Commissioners reviewed future agenda items.

The Commission recessed at 2:23 p.m.

The Commission resumed at approximately 2:30 p.m.

Rhiannon Fronsman, Project Manager, and Fallon Long, Managing Director of Integrated Operational Services, presented the Commission with a signed purchase and sale agreement as authorized by Motion 3475.

There being no further business to discuss, the Commission adjourned at 2:34 p.m. on April 9 and reconvened on Tuesday, April 16 at 8:30 a.m. at Grant PUD’s Main Headquarters Building, 30 C Street SW, Ephrata, Washington for the purpose of attending a workshop and any other business that may come before the Commission with the following Commissioners present: Tom Flint, Terry Pyle, Larry Schaapman, Judy Wilson, and Nelson Cox. A copy of the notice of adjournment was posted to the Grant PUD website.

Executive Session

The Commission Recessed at [redacted] p.m.

The Commission resumed at 6:00 p.m. at the Moses Lake Civic Center, 401 S Balsam Street, Moses Lake, Washington.

The Commission attended a rate stakeholder engagement meeting.

There being no further business to discuss, the April 9, 2024 meeting officially adjourned at [redacted] p.m. on April 16, 2024

Tom Flint, President

ATTEST:

Larry Schaapman, Secretary

Terry Pyle, Vice President

Judy Wilson, Commissioner

Nelson Cox, Commissioner

REGULAR AGENDA

For Commission Review – 04/09/2024

Motion was made by _____ and seconded by _____ authorizing the General Manager/CEO to execute Change Order No. 8 to Contract 130-08756 with North Sky Communications, LLC for Fiber Optic Design and Construction, increasing the not-to-exceed contract amount by \$9,500,000.00 for a new contract total of \$96,500,000.00 and resetting the delegated authority levels to the authority granted to the General Manager/CEO per Resolution No. 8609 for charges incurred as a result of Change Order No. 8.

North Sky

MEMORANDUM

02/15/2024

TO: Richard Wallen, General Manager/CEO

VIA: Jeff Grizzel, Chief Operating Officer
Julie Pyper, Chief Administrative Officer
Aaron Kuntz, Senior Manager EPMO
Allen Chatriand, Manager EPMO
Travis Wiser, Project Services Supervisor

FROM: Jeremy Conner, Project Manager

SUBJECT: Contract 130-08756 Change Order No. 8, Fiber Optic Design and Construction Services 2019-2024

Purpose:

To request Commission approval of Change Order No. 8 to Contract 130-08756 in the amount of \$9,500,000.00 for a new total contract Not to Exceed price of \$96,500,000.00. This is intended to provide funding for the completion of the project, to continue with North Sky Communications, LLC (NSC) for Fiber Optic Design and Construction.

Discussion:

The original contract was awarded on December 11, 2018. NSC continues to design and build out fiber in areas of the County that are designated for connectivity. The District is managing the activities and expenses of NSC.

Funding for this contract was originally set at \$10,000,000.00 in 2019 with the intent to add additional funding via change order on an approximately annual basis. At the beginning of 2020 an additional \$10,500,000.00 was added via Change Order 1. Change Order 2 was administrative - and did not change the terms or financial amounts. Also, in 2020 Change Order 3 was approved in the amount of \$13,400,00.00. In 2021 Change Order 4 was approved in the amount of \$18,400,000.00. Change Order 5 in 2022 was approved in the amount of \$18,400,000.00. Also, in 2022 Change Order 6 was approved to extend the contract through 2024. Change Order 7 in 2023 was approved in the amount of \$16,300,000.00

Justification:

The District is committed to completing and maintaining a sustainable wholesale fiber optic network to all the people of Grant County per Strategic Plan Objective 7. Since the expansion is a major project that has a definable end, the District uses contract labor and equipment to accomplish the task rather than increase and decrease staff levels. This is a six-year contract that helps maintain a stable contract workforce and reduce overall procurement costs.

Financial Considerations:

Summary of Total Contract Spend

Items	2019 Invoices	2020 Invoices	2021 Invoices	2022 Invoices	2023 Invoices
Completion Prior Builds ML5 & George	\$1,052,653.50	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance Support	\$78,760.33	\$0.00	\$53,218.11	\$37,499.57	\$3,892.26
Work Orders	\$0.00	\$169,783.52	\$432,656.15	\$403,319.25	\$202,623.04
Fiber Drops	\$1,723,739.81	\$2,769,423.94	\$3,864,712.83	\$3,036,752.94	\$3,388,565.20
Fiber Buildout Project (40 Areas)	\$6,983,101.87	\$13,893,867.34	\$13,482,633.81	\$13,107,581.91	\$12,769,987.79
Annual Totals without tax	\$9,838,255.51	\$16,833,074.80	\$17,833,220.90	\$16,585,153.67	\$16,365,068.29

1. Per the NSC contract a 3% increase went into effect January 1, 2024
2. NSC continues to fulfil the high demand for Customer Connection requests while still maintaining full efforts towards the construction of the Fiber Expansion.
3. Field Engineering was completed in 2022 and Design was completed in 2023.

There is adequate budget to support this change order.

Change Order History: See included change order table.

Legal Review: See included email.

Recommendation: Commission approval of Change Order No. 8 to Contract 130-08756 in the amount of \$9,500,000.00 with North Sky Communications, LLC for Fiber Optic Design and Construction.

From: [Jeremy Conner](#)
To: [Patrick Bishop](#)
Subject: FW: Contract# 130-08756, Change Order 8 | Fiber Optic Design and Construction Services | Commission Memo Approval Request
Date: Thursday, March 28, 2024 2:13:32 PM

Jeremy Conner

Fiber Project Manager

DESK 509.793.1551

EXT. 4183

CELL 509.398.2048

EMAIL jconner@gcpud.org



grantpud.org

From: Jeff Grizzel <jgrizzel@gcpud.org>
Sent: Thursday, March 14, 2024 12:41 PM
To: Jeremy Conner <jconner@gcpud.org>; Beau Schwab <bschwab@gcpud.org>; Julie Pyper <jpyper@gcpud.org>; Aaron Kuntz <akuntz@gcpud.org>; Allen Chatriand <achatrand@gcpud.org>; Travis Wiser <twiser@gcpud.org>
Subject: RE: Contract# 130-08756, Change Order 8 | Fiber Optic Design and Construction Services | Commission Memo Approval Request

I approve.

Jeff

From: Jeremy Conner <jconner@gcpud.org>
Sent: Thursday, March 14, 2024 11:13 AM
To: Beau Schwab <bschwab@gcpud.org>; Jeff Grizzel <jgrizzel@gcpud.org>; Julie Pyper <jpyper@gcpud.org>; Aaron Kuntz <akuntz@gcpud.org>; Allen Chatriand <achatrand@gcpud.org>; Travis Wiser <twiser@gcpud.org>
Subject: RE: Contract# 130-08756, Change Order 8 | Fiber Optic Design and Construction Services | Commission Memo Approval Request

Yes, I approve.

Thank You,

Jeremy Conner

Fiber Project Manager

DESK 509.793.1551

EXT. 4183

CELL 509.398.2048

EMAIL jconner@gcpud.org



grantpud.org

From: Beau Schwab <bschwab@gcpud.org>

Sent: Thursday, March 14, 2024 10:54 AM

To: Jeff Grizzel <jgrizzel@gcpud.org>; Julie Pyper <jpyper@gcpud.org>; Aaron Kuntz <akuntz@gcpud.org>; Allen Chatriand <achatrand@gcpud.org>; Travis Wiser <twiser@gcpud.org>; Jeremy Conner <jconner@gcpud.org>

Subject: Contract# 130-08756, Change Order 8 | Fiber Optic Design and Construction Services | Commission Memo Approval Request

Greetings All,

We need to request your approvals to move Contract 130-08756 Change Order No. 8 with North Sky Communications to the next Commission Packet (4/11/2024 submission date).

Can each of you please respond with approval to this email as a sign off on the attached memo.

[Link to C365 Dashboard for Change Order No. 8](#)

Thank you,

Beau Schwab

Procurement Officer II

EMAIL bschwab@gcpud.org

ADDRESS 14352 Hwy 243 S Bldg. 6, Beverly, WA 99321



From: [Jeremy Conner](#)
To: [Patrick Bishop](#)
Subject: FW: Contract# 130-08756, Change Order 8 | Fiber Optic Design and Construction Services | Commission Memo Approval Request
Date: Thursday, March 28, 2024 2:14:39 PM

Jeremy Conner

Fiber Project Manager

DESK 509.793.1551

EXT. 4183

CELL 509.398.2048

EMAIL jconner@gcpud.org



grantpud.org

From: Julie Pyper <jpyper@gcpud.org>
Sent: Tuesday, March 19, 2024 11:09 AM
To: Beau Schwab <bschwab@gcpud.org>; Jeff Grizzel <jgrizzel@gcpud.org>; Aaron Kuntz <akuntz@gcpud.org>; Allen Chatriand <achatriand@gcpud.org>; Travis Wiser <twiser@gcpud.org>; Jeremy Conner <jconner@gcpud.org>
Subject: RE: Contract# 130-08756, Change Order 8 | Fiber Optic Design and Construction Services | Commission Memo Approval Request

I approve. Thank you and take care, Jules

Julie E. Pyper

Chief Administrative Officer

BUSINESS ADVANCEMENT OFFICE (FORMERLY ENTERPRISE PROJECT PORTFOLIO MANAGEMENT)
PORTFOLIO MANAGEMENT STRATEGY DEVELOPMENT | **EMPLOYEE EXPERIENCE** APPRENTICESHIP AND WORKFORCE DEVELOPMENT ORGANIZATIONAL DEVELOPMENT LEARNING AND DEVELOPMENT |
ENTERPRISE PROJECT MANAGEMENT OFFICE ENTERPRISE TECHNOLOGY FACILITIES & PROJECT SERVICES POWER DELIVERY POWER PRODUCTION | **OPERATIONAL EXCELLENCE** ORGANIZATIONAL CHANGE MANAGEMENT INTERNAL COMMUNICATIONS CORRECTIVE ACTION PROGRAM CONTINUOUS IMPROVEMENT

MOBILE 509-906-0665

EMAIL jpyper@gcpud.org



grantpud.org

OUR VALUES Safety | Innovation | Service | Teamwork | Respect | Integrity | Heritage

From: Beau Schwab <bschwab@gcpud.org>

Sent: Thursday, March 14, 2024 10:54 AM

To: Jeff Grizzel <jgrizzel@gcpud.org>; Julie Pyper <jpyper@gcpud.org>; Aaron Kuntz <akuntz@gcpud.org>; Allen Chatriand <achatrand@gcpud.org>; Travis Wiser <twiser@gcpud.org>; Jeremy Conner <jconner@gcpud.org>

Subject: Contract# 130-08756, Change Order 8 | Fiber Optic Design and Construction Services | Commission Memo Approval Request

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Thank you,

Beau Schwab

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EMAIL bschwab@gcpud.org

ADDRESS 14352 Hwy 243 S Bldg. 6, Beverly, WA 99321



grantpud.org

From: [Jeremy Conner](#)
To: [Patrick Bishop](#)
Subject: FW: Contract# 130-08756, Change Order 8 | Fiber Optic Design and Construction Services | Commission Memo Approval Request
Date: Thursday, March 28, 2024 2:14:59 PM

Jeremy Conner

Fiber Project Manager

DESK 509.793.1551

EXT. 4183

CELL 509.398.2048

EMAIL jconner@gcpud.org



grantpud.org

From: Aaron Kuntz <Akuntz@gcpud.org>
Sent: Tuesday, March 19, 2024 11:12 AM
To: Beau Schwab <bschwab@gcpud.org>; Jeff Grizzel <Jgrizzel@gcpud.org>; Julie Pyper <Jpyper@gcpud.org>; Allen Chatriand <achatriand@gcpud.org>; Travis Wiser <Twiser@gcpud.org>; Jeremy Conner <Jconner@gcpud.org>
Subject: RE: Contract# 130-08756, Change Order 8 | Fiber Optic Design and Construction Services | Commission Memo Approval Request

I approve it.

*Aaron Kuntz
Senior Manager Enterprise Project Management Office
Grant County PUD
509-306-9099*

From: Beau Schwab <bschwab@gcpud.org>
Sent: Thursday, March 14, 2024 10:54 AM
To: Jeff Grizzel <Jgrizzel@gcpud.org>; Julie Pyper <Jpyper@gcpud.org>; Aaron Kuntz <Akuntz@gcpud.org>; Allen Chatriand <achatriand@gcpud.org>; Travis Wiser <Twiser@gcpud.org>; Jeremy Conner <Jconner@gcpud.org>
Subject: Contract# 130-08756, Change Order 8 | Fiber Optic Design and Construction Services | Commission Memo Approval Request

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[Link to C365 Dashboard for Change Order No. 8](#)

Thank you,

Beau Schwab

Procurement Officer II

EMAIL bschwab@gcpud.org

ADDRESS 14352 Hwy 243 S Bldg. 6, Beverly, WA 99321



From: [Jeremy Conner](#)
To: [Patrick Bishop](#)
Subject: FW: Contract# 130-08756, Change Order 8 | Fiber Optic Design and Construction Services | Commission Memo Approval Request
Date: Thursday, March 28, 2024 2:14:25 PM

Jeremy Conner

Fiber Project Manager

DESK 509.793.1551

EXT. 4183

CELL 509.398.2048

EMAIL jconner@gcpud.org



grantpud.org

From: Allen Chatriand <achatriand@gcpud.org>
Sent: Thursday, March 14, 2024 1:48 PM
To: Beau Schwab <bschwab@gcpud.org>; Jeff Grizzel <jgrizzel@gcpud.org>; Julie Pyper <jpyper@gcpud.org>; Aaron Kuntz <akuntz@gcpud.org>; Travis Wiser <twiser@gcpud.org>; Jeremy Conner <jconner@gcpud.org>
Subject: RE: Contract# 130-08756, Change Order 8 | Fiber Optic Design and Construction Services | Commission Memo Approval Request

I approve

From: Beau Schwab <bschwab@gcpud.org>
Sent: Thursday, March 14, 2024 10:54 AM
To: Jeff Grizzel <jgrizzel@gcpud.org>; Julie Pyper <jpyper@gcpud.org>; Aaron Kuntz <akuntz@gcpud.org>; Allen Chatriand <achatriand@gcpud.org>; Travis Wiser <twiser@gcpud.org>; Jeremy Conner <jconner@gcpud.org>
Subject: Contract# 130-08756, Change Order 8 | Fiber Optic Design and Construction Services | Commission Memo Approval Request

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Thank you,

Beau Schwab

Procurement Officer II

EMAIL bschwab@gcpud.org

ADDRESS 14352 Hwy 243 S Bldg. 6, Beverly, WA 99321



From: [Jeremy Conner](#)
To: [Patrick Bishop](#)
Subject: FW: Contract# 130-08756, Change Order 8 | Fiber Optic Design and Construction Services | Commission Memo Approval Request
Date: Thursday, March 28, 2024 2:13:09 PM

Jeremy Conner

Fiber Project Manager

DESK 509.793.1551

EXT. 4183

CELL 509.398.2048

EMAIL jconner@gcpud.org



grantpud.org

From: Travis Wiser <Twiser@gcpud.org>
Sent: Thursday, March 14, 2024 10:56 AM
To: Beau Schwab <bschwab@gcpud.org>; Jeff Grizzel <Jgrizzel@gcpud.org>; Julie Pyper <Jpyper@gcpud.org>; Aaron Kuntz <Akuntz@gcpud.org>; Allen Chatriand <achatriand@gcpud.org>; Jeremy Conner <Jconner@gcpud.org>
Subject: Re: Contract# 130-08756, Change Order 8 | Fiber Optic Design and Construction Services | Commission Memo Approval Request

Yes, I approve.

Travis Wiser

From: Beau Schwab <bschwab@gcpud.org>
Sent: Thursday, March 14, 2024 10:53 AM
To: Jeff Grizzel <Jgrizzel@gcpud.org>; Julie Pyper <Jpyper@gcpud.org>; Aaron Kuntz <Akuntz@gcpud.org>; Allen Chatriand <achatriand@gcpud.org>; Travis Wiser <Twiser@gcpud.org>; Jeremy Conner <Jconner@gcpud.org>
Subject: Contract# 130-08756, Change Order 8 | Fiber Optic Design and Construction Services | Commission Memo Approval Request

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[Link to C365 Dashboard for Change Order No. 8](#)

Thank you,

Beau Schwab

Procurement Officer II

EMAIL bschwab@gcpud.org

ADDRESS 14352 Hwy 243 S Bldg. 6, Beverly, WA 99321



CHANGE ORDER
NO. 8

Pursuant to Section GC-11, the following changes are hereby incorporated into this Contract:

- A. Description of Change: Increase the Contract Price.
- B. Time of Completion: The completion date shall remain December 31, 2024.
- C. Contract Price Adjustment: As a result of this Change Order, the not to exceed Contract Price shall be increased by the sum of \$9,500,000.00 plus applicable sales tax. This Change Order shall not provide any basis for any other payments to or claims by the Contractor as a result of or arising out of the performance of the work described herein. The new total revised maximum Contract Price is \$96,500,000.00, including changes incorporated by this Change Order.
- D. Except as specifically provided herein, all other Contract terms and conditions shall remain unchanged.

Public Utility District No. 2
of Grant County, Washington

North Sky Communications, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____



Change Order Table

Contract Title: Fiber Optic Design and Construction Services 2019-2023

Contract No.	130-08756	Award Date:	12/14/2018
Project Manager:	Jeremy Conner	Original Contract Amount:	\$10,000,000.00
District Representative (If Different):		Original Contract completion:	12/31/2023
Contractor:	North Sky Communications, LLC	Total CO Cost Change Amt	\$86,500,000.00

CO#	Change Description	Approved by	Executed Date	Revised Completion Date	Cost Change Amount	Revised Contract Amount	Authority Level Tracking
1	Increase the not to exceed Contract Price.	Comm	12/11/19	N/A	\$10,500,000.00	\$20,500,000.00	\$10,500,000.00
2	Revise Exhibit "B" Rate Schedule to add one labor classification and three equipment classifications.	Dept Mgr	06/03/30	N/A	\$0.00	\$20,500,000.00	\$0.00
3	Increase the not to exceed Contract Price.	Comm	07/29/20	N/A	\$13,400,000.00	\$33,900,000.00	\$13,400,000.00
4	Increase the not to exceed Contract Price.	Comm	05/03/21	N/A	\$18,400,000.00	\$52,300,000.00	\$18,400,000.00
5	Increase the not to exceed Contract Price.	Comm	04/26/22	N/A	\$18,400,000.00	\$70,700,000.00	\$18,400,000.00
6	Extend the Contract Completion Date and Revise Exhibit "B" Rate Schedule to add rates for work in year 2024.	Dept Mgr	12/15/22	12/31/24	\$0.00	\$70,700,000.00	\$0.00
7	Increase the not to exceed Contract Price.	Comm	06/14/23	N/A	\$16,300,000.00	\$87,000,000.00	\$16,300,000.00
8	Increase the not to exceed Contract Price.	Comm		N/A	\$9,500,000.00	\$96,500,000.00	\$9,500,000.00
Total Change Order Cost Change Amount					86,500,000.00		

For Commission Review – 04/09/2024

Motion was made by _____ and seconded by _____ authorizing the General Manager/CEO to execute Contract 270-12016 with Mercer International, Inc. for a total not-to-exceed contract amount of \$1,078,345.03.

Mercer International

MEMORANDUM

03/18/2024

TO: Rich Wallen, General Manager/Chief Executive Officer

VIA: Jeff Grizzel, Chief Operating Officer
Rey Pulido, Director of Power Production
Dale Campbell, Senior Engineering Manager of Power Production
Jason Michelbook, Power Production Mechanical Engineering Manager

FROM: Joseph Key, Project Manager

SUBJECT: Award of Contract 270-12016 (Purchase of 7 remaining OWS units)

Purpose: To request Commission approval of single-source Contract 270-12016 with Mercer International, Inc. for a total sum of \$1,078,345.03. This Contract shall supply 7 of the remaining Oil Water Separator (OWS) tank units and accessories, each having a unit price of \$154,049.29. These OWS units will be installed adjacent to Priest Rapids generating units P01-P03, P05-P06, & P09-P10.

Discussion: Each Oil Water Separator (OWS) system is designed to treat all turbine sump water before it is drained into the station sump. The primary sources of potential oil discharge in the turbine unit include—but are not limited to—the wicket gate servomotors, the turbine and generator guide bearings, and the thrust bearing. Since it is at the lowest point of the unit’s inner head cover, any oil contamination from these sources will inevitably drain into the turbine sump.

The turbine sump is primarily designed to collect the constant flow of turbine shaft seal lubrication and cooling water. As such, it must be constantly pumped into the station sump. To prevent the pollution of the station sump—and by extension, the Columbia River—the OWS tank provided by Mercer International, Inc. filters out both minor and major oil contamination.

There are a number of contributing factors that warrant this project:

1. **Environmental:** Grant PUD is committed to protecting the Columbia River, its ecosystems, and the surrounding environment at large. In the event of an oil leak or spill, these OWS systems will serve as the first line of defense to prevent contamination from ever reaching the river.
2. **Regulatory:** At the time of this writing, there is currently no pressure or guidance from FERC or other regulatory agencies to install OWS systems at the District’s hydroelectric facilities. However, implementing these industry-leading measures prepares the District for any future regulatory guidance. Outside of this, activist organizations such as Columbia Riverkeeper have and will continue to negotiate with the District to take additional steps towards protecting and enhancing the Columbia River.
3. **Labor:** During each of the unit rehab outages for the Turbine Upgrade project, the OWS tank is installed and plumbed by the Voith labor crew. This is standby work that can be completed whenever crews have availability, so it does not negatively impact the critical path of the Turbine Upgrade project. A large benefit to this approach is that no secondary outages are needed, which would incur considerable costs due to lost generation capacity and the use of District labor crews.

Oil Water Separator (OWS) systems have already been installed outside 3 of the rehabbed units at Priest Rapids (P08, P04, & P07). The plan to install OWS systems at each unit commenced after the start of the PR Turbine Upgrade, so no OWS tanks have yet been installed at P09 & P02. Secondary outages will need to be taken in the future to allow for District labor crews to complete the work on these 2 units retroactively.

To date, the procurement strategy for the 3 OWS units was to use one single-source contract and two PO's. Now that the units have been in service and the District has a good understanding of the required scope, it is logical to purchase the remaining units under one contract.

In order for each OWS installation to fall within the respective outage window, every subsequent tank must be delivered no more than 15 months apart. The delivery schedule of Contract 270-12016 is summarized as follows:

- P01 unit delivery shall not exceed *3 months of Contract execution or drawing approval.
- Delivery of each subsequent unit will not exceed 12 months.
- All 7 units must be delivered by December 31, 2030.
- Following District issuance of Notice to Proceed (NTP), the Contractor may deliver units ahead of schedule—see “Delivery Estimate” column.

OWS Tank Delivery Schedule		
Unit	Delivery Deadline	Delivery Estimate
P01	*August 2024	July 2024
P06	August 2025	November 2024
P03	August 2026	May 2025
P05	August 2027	November 2025
P10	August 2028	May 2026
P09	August 2029	November 2026
P02	August 2030	May 2027
*Note: For P01, an August 2024 deadline is based off an estimated submittal approval of May 2024.		

Justification: Mercer International, Inc. was selected as the sole-source for this Contract. To determine the benefit to the District, the following criteria must be considered.

1. Unit Standardization: The first 3 OWS tanks (P09, P04, and P07) were purchased from Mercer. For purposes of standardization, the equipment for the remaining 7 units should be the same as the existing units. Among other things, this allows for part interchangeability and consistent procedures for Operations & Maintenance (O&M).
2. Design Features: After an investigation of over 13 other OWS manufacturers, it was determined that Mercer was the only company that provided OWS tanks with all of the required design features. These include a motorized oil skimmer (filters out minor contamination), a proprietary filtration design that is both effective and provides ease of maintenance, and an overflow chamber (protects against an uncontrolled oil release).

3. Schedule: The immediate schedule concern is ensuring that the Contract will be approved in time so that the OWS tank for P01 can be delivered within the current outage window. The District has an existing relationship with Mercer International, which accelerates the procurement process. Pursuing another manufacturer(s) would result in considerable delays, and the District would not have the benefit of items 1 & 2 above.

The converse decision must also be considered—what are the consequences if this Contract is not approved as proposed? The following must be considered:

- The District would lose out on the chance to use the already available Voith labor crews. This would require secondary outages which results in lost generation and additional District labor costs.
- The District would lose out on Mercer’s fixed price offer. This competitive deal is time-critical—Mercer is able to keep costs to the District low because the Contract allows them to fabricate and delivery the units on an accelerated schedule, which allows them to keep their own costs low. Due to market conditions and past trends, it is expected that the OWS units will undergo considerable cost escalations in the future—see “Financial Considerations” for details.

Financial Considerations: The purchases included in this Contract are included in the 2024 budget and the forecast for 2024-2030. The Cost Center is EB1100 and the Initiative ID is IN209. The Project ID’s are 103746, 103749 through 103752, and 103769 through 103770.

To date, the purchases of OWS units were as follows:

- P08: Single-Source Contract 270-09715 – Unit Price: \$79,940.00
- P04: Single-Source Purchase Order PO27903 – Unit Price: \$98,500.00
- P07: Single-Source Purchase Order PO30990 – Unit Price: \$119,995.00

The cost adjustments across the first 3 OWS tank purchases can be explained by changing market conditions, including labor and material indices. This represents a 23% increase in cost from the 1st to the 2nd unit, and a 22% increase from the 2nd to the 3rd unit. All 3 tanks were nearly identical in specification, with 5052 aluminum as the primary tank material. Following some investigations in 2024, it was discovered that the aluminum tanks were undergoing galvanic corrosion. This issue underwent investigation, resulting in proposed solutions to mitigate corrosion. These solutions include adding anodic protection (“sacrificial” magnesium anodes) and polymer coatings in high-corrosion areas.

For the remaining 7 units, it was decided that the tank material would be upgraded from 5052 aluminum to 304L stainless steel. This material has significantly higher corrosion resistance, which will increase the overall life of the OWS tank and reduce the number of maintenance cycles compared to the aluminum product. However, 304L stainless steel is marginally more expensive than 5052 aluminum, which contributes to the increased unit price of \$154,049.29. If the same linear trend of the previous 3 units were to continue, it would be expected that a 4th aluminum unit would cost around 23% more than the 3rd one. However, a new stainless steel unit only costs 28% more than the previous aluminum one, which indicates that the material upgrade only contributes to a 5% cost increase. This upgrade has a considerable return on investment, because the total cost to maintain, repair, and eventually replace aluminum tanks would far exceed this marginal initial cost increase.

Due to the Contract’s structure, this fixed unit price of \$154,049.29 will not be subject to additional cost escalations, estimated at increasing 23% from unit to unit. Again, if cost escalations continued linearly,

the price for this component could total nearly \$2.2-million for the remaining 7 units, which is over double the Contract fixed price of \$1,078,345.03.

The fixed price of the Contract incentivizes the Contractor to manufacture and deliver units on an accelerated schedule. The cost escalation was built into Mercer's quote, so adjustment language for labor, materials, and other market indices was not included. As such, Mercer is carrying the risk of how the market will bear out. In order for the District to maintain this advantageous financial position, it is in the best interest of the District to approve the award of this Contract and its proposed delivery schedule, permitting the early fabrication and delivery of units as the Contractor has availability. Including all 7 remaining units on a single Contract ensures a fixed price for each unit, regardless of future market conditions.

Contract Specifics: The unit cost includes the OWS tank along with a spare parts package provided by Mercer. Payment for each unit is "Net 30"—due within 30 days of when the invoice is received following delivery. Each OWS tank provided by Mercer is subject to a 1-year warranty.

Recommendation: Commission approval to award Contract 270-12016 to Mercer International, Inc. for a total sum of \$1,078,345.03

Legal Review: See attached e-mail(s).

From: [Joseph Key](#)
To: [Rebecca Diaz](#)
Subject: Fwd: Revised Memo for Contract 270-12016
Date: Thursday, March 21, 2024 2:32:49 PM

FYI

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From: Jeff Grizzel <Jgrizzel@gcpud.org>
Sent: Thursday, March 21, 2024 2:16:19 PM
To: Stuart Hammond <Shammon@gcpud.org>; Joseph Key <jkey@gcpud.org>; Jason Michelbook <jmichel@gcpud.org>; Dale Campbell <Dcampbe@gcpud.org>; Rey Pulido <Rpulido@gcpud.org>
Cc: Joseph Boitano <Jboitan@gcpud.org>
Subject: RE: Revised Memo for Contract 270-12016

Thanks Stuart – I appreciate the additional information. I spoke with Rey and Dale and I'm comfortable with the memo as written.

Jeff

From: Stuart Hammond <Shammon@gcpud.org>
Sent: Thursday, March 21, 2024 9:54 AM
To: Jeff Grizzel <Jgrizzel@gcpud.org>; Joseph Key <jkey@gcpud.org>; Jason Michelbook <jmichel@gcpud.org>; Dale Campbell <Dcampbe@gcpud.org>; Rey Pulido <Rpulido@gcpud.org>
Cc: Joseph Boitano <Jboitan@gcpud.org>
Subject: RE: Revised Memo for Contract 270-12016

Jeff, I also had a discussion with Joseph on the Sole Source since I haven't been involved with this contract for several years. The linked Authorization provides some additional information in case you haven't already seen it,

Thanks, Stuart

<https://gcpud.sharepoint.com/sites/Contracts/ccicontractdocuments/12016/93660/SoleSourceContractAuthorizationSigned.pdf>

From: Jeff Grizzel <Jgrizzel@gcpud.org>
Sent: Thursday, March 21, 2024 9:30 AM
To: Joseph Key <jkey@gcpud.org>; Jason Michelbook <jmichel@gcpud.org>; Dale Campbell <Dcampbe@gcpud.org>; Rey Pulido <Rpulido@gcpud.org>
Cc: Stuart Hammond <Shammon@gcpud.org>; Joseph Boitano <Jboitan@gcpud.org>
Subject: RE: Revised Memo for Contract 270-12016

Joseph – I'm generally comfortable with the memo but have a question about the sole source nature of the contract. I've texted Rey and Dale and am hoping to connect with them sometime today for a quick discussion about that. As soon as we're able to talk, I'll get back to you with my approval.

From: [Joseph Key](#)
To: [Rebecca Diaz](#)
Subject: Fwd: Revised Memo for Contract 270-12016
Date: Wednesday, March 20, 2024 4:53:10 PM

Please see responses from Dale, Jason, and Rey that serve as their signatures. Can I pass it on to you to send to ELT?

Thanks!

Joseph

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From: Rey Pulido <Rpulido@gcpud.org>
Sent: Wednesday, March 20, 2024 4:39:38 PM
To: Jason Michelbook <jmichel@gcpud.org>; Dale Campbell <Dcampbe@gcpud.org>; Joseph Key <jkey@gcpud.org>
Cc: Jeff Grizzel <Jgrizzel@gcpud.org>; Stuart Hammond <Shammon@gcpud.org>; Joseph Boitano <Jboitan@gcpud.org>
Subject: RE: Revised Memo for Contract 270-12016

Thanks for the opportunity to review. I am comfortable with edit. Thank you Joseph.

Take Care,

Rey Pulido

Director of Power Production

OFFICE 509.764.0500

EXT. 3128

CELL 509-393-6900

EMAIL rpulido@gcpud.org



From: Jason Michelbook <jmichel@gcpud.org>
Sent: Wednesday, March 20, 2024 4:33 PM
To: Dale Campbell <Dcampbe@gcpud.org>; Joseph Key <jkey@gcpud.org>; Rey Pulido <Rpulido@gcpud.org>
Cc: Jeff Grizzel <Jgrizzel@gcpud.org>; Stuart Hammond <Shammon@gcpud.org>; Joseph Boitano <Jboitan@gcpud.org>
Subject: Re: Revised Memo for Contract 270-12016

Nice job Joesph. No further comments. Please use this email as my approval/signature.

Jason

From: Dale Campbell <Dcampbe@gcpud.org>
Sent: Wednesday, March 20, 2024 4:23:28 PM
To: Joseph Key <jkey@gcpud.org>; Jason Michelbook <jmichel@gcpud.org>; Rey Pulido <Rpulido@gcpud.org>
Cc: Jeff Grizzel <Jgrizzel@gcpud.org>; Stuart Hammond <Shammon@gcpud.org>; Joseph Boitano <Jboitan@gcpud.org>
Subject: RE: Revised Memo for Contract 270-12016

Thanks Joseph for the edits. No additional edits from me. Please use this e-mail in lieu of my initials on the memo.

Dale

From: Joseph Key <jkey@gcpud.org>
Sent: Wednesday, March 20, 2024 2:03 PM
To: Jason Michelbook <jmichel@gcpud.org>; Dale Campbell <Dcampbe@gcpud.org>; Rey Pulido <Rpulido@gcpud.org>
Cc: Jeff Grizzel <Jgrizzel@gcpud.org>; Stuart Hammond <Shammon@gcpud.org>; Joseph Boitano <Jboitan@gcpud.org>
Subject: RE: Revised Memo for Contract 270-12016

Edited some of the projected costs per review.

Thanks!

Joseph Key
Engineer
Mechanical Engineering & Asset Management

OFFICE 509.764.1453
EXT. 3339
EMAIL jkey@gcpud.org



grantpud.org

From: Dale Campbell <Dcampbe@gcpud.org>
Sent: Tuesday, March 19, 2024 3:58 PM
To: Joseph Key <jkey@gcpud.org>
Cc: Rey Pulido <Rpulido@gcpud.org>; Jason Michelbook <jmichel@gcpud.org>; Jeff Grizzel

<Jgrizzel@gcpud.org>; Stuart Hammond <Shammon@gcpud.org>; Joseph Boitano
<Jboitan@gcpud.org>

Subject: Revised Memo for Contract 270-12016

Rey, Jason and I reviewed and revised the memo for your consideration. Please use this email as our initials on the memo.

We simplified the memo to include only the necessary information for the commission approval.

You are clear to send the memo through procurement for ELT review.

Regards,

Dale Campbell

Senior Engineering Manager of Power Production

CELL 509.430.5821

OFFICE 509.793.1597

EMAIL dale.campbell@gcpud.org



grantpud.org

PURCHASE CONTRACT

This Purchase Contract (“Contract”), effective upon full execution, is by and between Public Utility District No. 2 of Grant County, Washington (“District”) and Mercer International, Inc. (“Contractor”);

W I T N E S S E T H:

That parties hereto for the considerations set forth in this Contract and the Exhibits hereto (collectively, the “Contract Documents”) agree as follows:

1. SCOPE OF SUPPLY

The Contractor shall supply seven Priest Rapids Oil Water Separators and accessories (P01-P03, P05-P06, and P09-P10) (the “Unit(s)”) manufactured in accordance with Exhibit “C” Quotation #MI-23218-3 dated January 3, 2024 and these Contract Documents.

2. DELIVERY/DELIVERY SCHEDULE

The Contractor shall deliver the first Unit within three months of Contract execution or the District’s approval of Contractor’s general drawings submittal, whichever is later. Delivery of subsequent units will be by issue of Notice to Proceed (Exhibit “B”) by the District Representative. Delivery of each unit will not exceed 12 months from delivery of previous unit. All seven units will be delivered by December 31, 2030. Contractor may deliver any and all Unit(s) ahead of schedule.

Delivery shall be F.O.B. Priest Rapid Dam. This shall mean that the Contractor will pay the cost of transportation to have the Units "free on board" to the Priest Rapids Dam located at 29086 Highway 243 S, Mattawa, WA 99349. It also shall mean that the title and risk of loss do not pass until the Units have been inspected and moved from the conveyance. The Contractor shall deliver the Units on or before the dates specified in these Contract Documents; failure to do so may result in damage to the District.

3. SHIPPING AND NOTIFICATION INSTRUCTIONS

All Units shall be suitably packed to ensure against damage from weather or transportation and in accordance with the requirements of common carriers. The delivery address and Contract number shall be clearly marked on the outside of all packaging. Each shipment must be accompanied by a packing list, which shall reference the Contract number and include item descriptions, part numbers, and quantities. Any bills of lading, shipping order or the like shall also contain the above listed information.

Advance notification of shipment of the equipment/material is required. Contractor shall notify the District Representative at (509) 764-1453, Ext. 3339 48 hours prior to delivery of shipment. Failure by the Contractor to provide the advance notification specified herein may result in delays in unloading and receipt. The costs of all such delays shall be charged to the Contractor's account.

District receiving hours are Monday through Thursday, 6:30 a.m. – 12:00 p.m. and 12: 30 p.m. – 3:30 p.m. No deliveries will be received on District observed holidays or during any other times unless specific prior arrangements have been made with the District's Warehouse Foreman. District observed holidays are as follows: New Year's Day, President’s Day, Memorial Day, Independence Day, Labor Day, Veteran's Day, Thanksgiving Day, and Christmas Day. If a holiday falls on

Saturday, it will be observed on the previous Friday. If a holiday falls on a Sunday, it will be observed on the following Monday.

In the event of a cancellation of this Contract by the District for the Units to be provided, the District will reimburse the Contractor 25% of the balance due remaining on the Contract Price in settlement for the Contractor's financial damages. The Contractor shall retain title and ownership of any Units, materials, equipment, or work in progress associated with the Contract and not already paid for by the District. There shall be no other reimbursements or remedies by either Party in the event of a cancellation of this Contract.

4. PAYMENT

The District agrees to pay the Contractor a unit price of \$154,049.29 for each of the Units to be provided for a total sum of \$1,078,345.03, plus applicable Washington State Sales Tax in accordance with these Contract Document. The Contractor may submit an invoice for payment following each delivery of a Unit, which conforms to the Contract Documents. The invoice shall contain detailed information identifying the number of units actually furnished multiplied by the applicable unit price. The invoice shall be submitted for District verification and approval. Payment will be made to the Contractor within 30 days after District's receipt of a properly completed invoice or receipt of conforming goods or services, whichever is later.

Invoices shall include the Contract number (270-12016) and be addressed as follows:

Public Utility District No. 2
of Grant County, Washington
Attn: Accounts Payable
PO Box 878
Ephrata, WA 98823

Phone: (509) 793-1450
E-mail: AccountsPayable@gcpud.org

5. PAYMENTS WITHHELD

The District may withhold the whole or part of any payment to such extent as may be reasonably necessary to protect itself from loss on account of:

- A. Defective or damaged work not remedied or warranties not met.
- B. Claims filed or reasonable evidence indicating filing of claims against the Contractor.
- C. Failure of the Contractor to make payments properly to Subcontractors or for materials, labor, or equipment.
- D. A reasonable doubt that the Contract can be completed for the balance then unpaid.
- E. Damage to or loss of District-furnished materials or District property.

The District shall notify the Contractor if any payment, or portion of any payment, is withheld for any of the reasons above, or for missing documentation or items incorrectly invoiced. Notification shall be made in accordance with Section 16.

6. INDEMNITY

- A. Contractor shall defend, indemnify and hold harmless the District and its representatives (which shall be deemed to include the District's directors, officers, employees and agents) from and against any and all liabilities, claims, losses, damages or expenses of any type or kind, including reasonable legal fees, and expert witness fees, which may be incurred or sustained by the District or its representatives by reason of any act, omission, misconduct, negligence, or default on the part of the Contractor or arising in connection with the supplies, material or equipment to be furnished pursuant to these Contract Documents.
- B. Contractor's indemnification obligation shall not apply to liability for damages arising out of bodily injury to persons or damage to property caused by the negligence of the District or its agents or employees and not attributable to any act or omission on the part of the Contractor. In the event of damages to person or property caused by or resulting from the concurrent negligence of District or its agents or employees and the Contractor or its agents or employees, the Contractor's indemnity obligation shall apply only to the extent of the Contractor's (including that of its agents and employees) negligence.
- C. Contractor acknowledges that by entering into a contract with the District, he or she has mutually negotiated the above indemnity provisions with the District for each Unit. Contractor's indemnity and defense obligations as to each Unit shall survive 365 days after each of the Units are delivered and accepted by the District.

7. LAWS, REGULATIONS, PERMITS

The Contractor represents that it is familiar with, and shall be governed by and comply with, all federal, state and local statutes, laws, ordinances, and regulations including amendments and changes as they occur. The Contractor and any Subcontractors shall be responsible for insuring that its employees fully comply with the District's Code of Ethics, a copy of which is available at the District's offices.

All written instruments, agreements, specifications and other writing of whatsoever nature which relate to or are a part of this Contract shall be construed, for all purposes, solely and exclusively in accordance and pursuant to the laws of the State of Washington. The rights and obligations of the District and Contractor shall be governed by the laws of the State of Washington. Venue of any action filed to enforce or interpret the provisions of this Contract shall be exclusively in the Superior Court, County of Grant, State of Washington or the Federal District Court for the Eastern District of Washington at the District's sole option. In the event of litigation to enforce the provisions of this Contract, the prevailing party shall be entitled to reasonable legal fees in addition to any other relief allowed.

8. DAMAGES

Any claims arising under the Contract by the Contractor shall be made in writing to the District Representative no later than ten days after the beginning of the event or occurrence giving rise to the claim. Failure to make written claim prior to the time specified in the Contract Documents shall constitute waiver of any such claim.

9. WARRANTY

The Contractor agrees that all materials and equipment furnished pursuant to the Contract shall be free from all inherent defects in design, workmanship and material. The Parties agree that the manufacturer's standard warranty shall become a part of the Contract and is found in Exhibit "D". The Contractor shall immediately upon receiving notice from the District repair or replace any materials or equipment which, under normal and proper use, prove defective within one year from the date of delivery to the District. The warranty provided herein is in addition to and not in lieu of manufacturer's standard warranty attached as Exhibit "D".

If at any time prior to the expiration of the one-year warranty period, Contractor or District discovers any defect in such design, materials or workmanship in the Units, the Contractor shall, upon written notice from the District given within a reasonable time after discovery, correct such defects to the satisfaction of the District by redesigning, repairing or replacing the defective work at a time acceptable to District.

Contractor shall not be liable to the District either in contract or in tort (including negligence or strict liability) for any consequential damages, including but not limited to the District's loss of profits, its loss of revenue or its cost or replacement power.

10. CHANGES IN WORK

Without invalidating the Contract, the District may make changes by altering, adding or deducting from the work, and/or make changes in the drawings and specifications requiring changes in the work and/or materials and equipment to be furnished under this Contract; provided such additions, deductions or changes are within the general scope of the Contract. Except as provided herein, no official, employee, agent or representative of the District is authorized to approve any change in this Contract and it shall be the responsibility of the Contractor before proceeding with any change, to satisfy itself that the execution of the written Change Order has been properly authorized on behalf of the District. The District's management has limited authority to approve Change Orders. The current level and limitations of such authority are set forth in District Resolution No. 8609 which may be amended from time to time. Otherwise, only the District's Board of Commissioners may approve changes to this contract.

Charges or credits for the work covered by the approved changes shall be determined by one or more, or a combination of the following methods, at the District's option:

- A. Unit prices specified.
- B. An agreed lump sum. When requested, Contractor shall provide a detailed proposal for evaluation by the District, including, as applicable:
 - 1. Detailed proposed labor categories, hours, and rates.
 - 2. Specific materials and quantities.
 - 3. Equipment and equipment hours.
 - 4. Administrative cost and profit.
- C. The actual cost related to the change of:

1. Labor, including foreman, only for employees who will work directly on the work covered by the Change Order.
2. Materials entering permanently into the work.
3. The ownership or rental cost of plant and equipment during the time of use on the project.
4. Power and consumable supplies for the operation of power equipment.
5. Insurance.
6. Social Security and old age and unemployment contributions.
7. To the sum of Items 1, 2, 4, 5, and 6 inclusive, there shall be added a fixed fee of 40%. The fee shall be compensation to cover the cost of supervision, overhead, bond, profit and any other general expenses.

When a change is ordered by the District, as provided herein, a Change Order shall be executed by the District and the Contractor before any Change Order work is performed. The District shall not be liable for any payment to Contractor, or claims arising therefrom, for Change Order work which is not first authorized in writing as set forth in this section. All terms and conditions contained in the Contract Documents shall be applicable to Change Order work. Change Orders shall be issued on the form attached as Exhibit "A" and shall specify any change in time required for completion of the work caused by the Change Order and, to the extent applicable, the amount of any increase or decrease in the Contract Price. The Contractor shall not be responsible for any delays or damages resulting from the District's delay in reviewing and approving Change Orders.

If Contractor believes that any requirement, direction, instruction, interpretation, determination, or decision of the District described in a Change Order entitles Contractor to an adjustment in the Contract Price or time for performance and the Contractor and District cannot agree on the appropriate adjustment(s), then Contractor shall submit a claim as provided in Section 8 of this Contract. Notwithstanding the submission of any such claim, Contractor shall proceed without delay to perform the work described in the Change Order.

11. TAXES

- A. Except for the Washington State retail sales and use taxes as may be levied upon the Contract, pursuant to RCW Chapters 82.08 and 89.12, the Contract Price includes and the Contractor shall have the full exclusive liability for the payment of all taxes, levies, duties and assessments of every nature due and payable in connection with this Contract or its employees and Subcontractors performing work related to this Contract.
- B. Washington State retail sales tax and use taxes levied upon this Contract pursuant to RCW Chapters 82.08 and 82.12 are excluded from the rates and if applicable will be reimbursed as follows:
 1. If the Contractor has, or is required to have a valid Washington State sales tax identification number, the identification number shall be furnished to the District upon request. The Contractor shall make payment of any Washington State retail sales and use taxes due and Contractor shall be reimbursed by the District for the same. Contractor shall be solely responsible for any interest or penalties arising from late or untimely payment of said taxes.

2. If the Contractor is not required to have a valid Washington State sales tax identification number, it shall notify the District of the same. In such event, the District, after receiving proper invoices from Contractor, shall make payment of said Washington State retail sales and use taxes levied upon this Contract to the Washington State Department of Revenue.

12. NON-WAIVER

No waiver of any provision of this Contract, or any rights or obligations of either party under this Contract, shall be effective, except pursuant to a written instrument signed by the party or parties waiving compliance, and any such waiver shall be effective only in the specific instance and for the specific purpose stated in such writing. The failure of either party to require the performance of any term of this Contract or the waiver of either party of any breach under this Contract shall not operate or be construed as a waiver of any other provision hereof, nor shall it be construed as a waiver of any subsequent breach by the other party hereto.

13. PUBLIC RECORDS ACT

The District is subject to the disclosure obligations of the Washington Public Records Act of RCW 42.56. The Contractor expressly acknowledges and agrees that its quote(s) and any information Contractor submits with its quote(s) is subject to public disclosure pursuant to the Public Records Act or other applicable law and the District may disclose Contractor's proposal and/or accompanying information at its sole discretion in accordance with its obligations under applicable law.

14. ASSIGNMENT

The Contractor shall not assign this Contract or any interest in or part thereof, or any monies due or to become due hereunder, without the prior written approval of the District. Any costs to the District associated with the assignment may be deducted from amounts due to the Contractor.

15. INSPECTION

On reasonable notice to the Contractor, the District Representative, their assistants, and inspectors shall have access to all places where materials are being manufactured or prepared for use under these Contract Documents and they shall have full access to facilities for unrestricted inspection during working hours of such materials, equipment and work. The District Representative, their assistants, and inspectors shall be authorized to record their observations in any manner reasonable, including but not limited to recording by photographs.

The District Representative shall be kept informed of the production schedules so that inspections may be adequately performed. The Contractor shall give timely notice of any changes to the production schedule requiring inspection. Examination of questioned work may be ordered by the District Representative, and, if so ordered, the work must be uncovered or made accessible by the Contractor. If such work is found to be in accordance with the Contract Documents, the District shall pay the costs of examination and restoration. If such work is found not to be in accordance with the Contract Documents, the Contractor shall bear such cost and expedite such necessary corrections.

16. NOTICES

Any notice or other communication under this Contract given by either party shall be sent via email to the email address listed below, or mailed, properly addressed and stamped with the required postage, to the intended recipient at the address and to the attention of the person specified below and shall be deemed served when received and not mailed. Either party may from time to time change such address by giving the other party notice of such change.

<p><u>District</u> Joseph Key Public Utility District No. 2 of Grant County, Washington PO Box 878 14352 Highway 243 S Building 6 Beverly, WA 99321 (509) 750-6031 jkey@gcpud.org</p>	<p><u>Contractor</u> David Goding Mercer International, Inc. 113 Bar Woods Drive PO Box 65 Deer Isle, Maine 04627 (973) 543-9000 dgoding@mercerows.com</p>
---	--

For purposes of technical communications (including those provided in Sections 5 and 8) and work coordination only, the District designates Joseph Key as its representative. Said individual shall have no authority to authorize any activity which will result in any change in the amount payable to Contractor. Such changes, if any, must be by written Change Order issued in accordance with Section 10 to be valid and binding on the District.

17. ACTIVITIES ON DISTRICT PREMISES

If Contractor or any of its Subcontractors or suppliers of any tier performs any activities on premises owned, leased, possessed or controlled by the District, Contractor shall:

- A. Take all precautions which are necessary to prevent injury to persons and damage to any property or the environment in connection with such activities;
- B. Release, defend, indemnify and hold harmless the District and its officers, agents, and employees from all claims, losses, harm, liabilities, damages, costs and expenses, including but not limited to reasonable attorney's fees that may arise in connection with such activities; and
- C. Maintain in effect at all times during performance of such activities Commercial General Liability insurance (including blanket contractual) with limits not less than \$1,000,000 per occurrence; and automobile liability for all vehicles used under the contract for bodily injury, and property damage with limits not less than \$1,000,000 per accident. Without limiting the generality of the foregoing, Contractor assumes potential liability for acts brought by Contractor's employees, Subcontractors or suppliers of any tier.
- D. Upon request, the Contractor shall promptly furnish to District such certificates of insurance and other evidence of the insurance required under this section naming the District as Additional Insured. The District shall have the right but not the obligation of prohibiting the Contractor or its Subcontractors from entering District premises until such certificates have been provided as evidence of compliance with these requirements.

18. PHYSICAL SECURITY

If any performance under this Contract is to be conducted on District facilities or worksites, it shall be the responsibility of the Contractor to ensure that its employees and those of its Subcontractors are informed of and abide by the District's Security Policies as if fully set out herein a copy of which shall be provided to the Contractor by the District Representative at the preconstruction meeting or prior to beginning work. Without limiting the foregoing, Contractor and its employees shall be required to:

- A. Keep all external gates and doors locked at all times and interior doors as directed.
- B. Visibly display ID badges on their person at all times.
- C. Stay out of unauthorized areas or in authorized areas outside of authorized work hours, without express authorization from the District.
- D. Provide proper notification to the appropriate parties, and sign in and out upon entry and exit to secured locations. If unsure of who to notify, Contractor shall contact the District Representative.
- E. Immediately notify the District if any of Contractor's employees no longer need access or have left the Contractor's employment.
- F. Immediately report any lost or missing access device to the District Representative. A minimum charge will be assessed the Contractor in the amount of \$50.00 per badge and the fee for lost or non-returned keys may include the cost to re-key the plant facilities. The Contractor is strictly prohibited from making copies of keys.
- G. Not permit 'tailgating' through any controlled access point (i.e. person(s), authorized or unauthorized, following an authorized person through an entry point without individual use of their issued ID badge or key).
- H. Return all District property, including but not limited to keys and badges, to the District Representative when an individual's access to the facility is no longer needed.
- I. Guest Wireless: The District provides Guest Wireless Internet access to contractors and vendors that need to conduct business in support of the District from personally owned mobile devices such as laptops and smart phones. Contractor personnel are responsible for exercising good judgment regarding appropriate use of information, electronic devices, and network resources.

The Contractor and any Subcontractors shall comply with the safety requirements of these Contract Documents and all District policies pertaining to COVID-19 located at <https://www.grantpud.org/for-contractors>.

The District reserves the right to conduct or to require contractor to conduct criminal background checks on its employee(s) before granting such individuals access to restricted areas of District facilities or protected information. Criminal background checks may be conducted in such depth as the District reasonably determines to be necessary or appropriate for the type of access to be granted. The cost of such background checks shall be borne by the Contractor.

Contractor's personnel accepting clearances, superintendents, and foreman will be required to attend a safe clearance procedure training class and Contractor's orientation class prior to starting field work. Classes may last up to two hours.

19. SECURITY, SAFETY AWARENESS TRAINING, DAM SAFETY AWARENESS TRAINING, AND TRANSMISSION AND DISTRIBUTION ACCESS TRAINING

Prior to receiving access to any District facilities, all Contractors, Contractor's employees, Subcontractors and Subcontractor's employees, material suppliers and material supplier's employees, or any person who will be engaged in the work under this Contract that requires access to District facilities, shall be required to take and pass the District's Security and Safety Awareness training before being issued a security access badge to access District facilities. Under no circumstances will the failure of any Contractor or Subcontractor employee to pass the required training, be grounds for any claim for delay or additional compensation.

The Safety and Security Awareness training is available online and is a 20-30 minute training. The training is located at: <https://www.grantpud.org/for-contractors>. All contractors and their employees are required to successfully complete Safety and Security Awareness training before coming onsite. The Security and Safety certificates should be emailed directly to SecurityTrainingCerts@gcpud.org.

District Representative shall ensure that Contractor's employees, subcontractor's and subcontractor's employees have completed and submitted the certificate of completion for the training in a timely manner to avoid any delay in execution of the work. All such certificates shall be submitted before any security access badges will be issued.

If applicable, Dam Safety Awareness Training is required for Contractors who are performing work in and around Priest Rapids and Wanapum Dams and are badged. The training is available online only and is a 20-30 minute training. Contractor shall ensure that its employees, Subcontractors and Subcontractor's employees have completed, passed and printed the certificate of completion for the training in a timely manner to avoid any delay in execution of the work. All such certificates shall be submitted to the District Representative before any security access badges will be issued.

If applicable, Transmission and Distribution Access Training is required for Contractors, or their Subcontractors, who may hold a clearance or hotline hold order as part of performance of work under this Contract. The training is available online only and is a 20-30 minute training. Contractor shall ensure that its employees, Subcontractors and Subcontractor's employees have completed, passed and printed the certificate of completion for the training in a timely manner to avoid any delay in execution of the work. All such certificates shall be submitted to the District Representative before any security access badges will be issued.

If you are uncertain which of the above courses you or your employees must complete, please contact your District Representative.

IN WITNESS WHEREOF, the parties hereto have executed this Contract under their several seals the day and year first above written; the name and corporate seal of each corporate party hereto being hereto affixed and these presents being duly executed in two counterparts by the proper officers of each thereunto duly authorized, each of which counterparts shall without proof or accounting for the other counterparts, be deemed an original Contract.

Public Utility District No. 2
of Grant County, Washington

Mercer International, Inc.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT "A"
CHANGE ORDER
NO. __

Pursuant to Section 10, the following changes are hereby incorporated into this Contract:

- A. Description of Change:

- B. Time of Completion: The revised completion date shall be _____.
OR
The completion date shall remain _____.

- C. Contract Price Adjustment: As a result of this Change Order, the not to exceed Contract Price shall remain unchanged (be increased/decreased by the sum of \$_____ plus applicable sales tax). This Change Order shall not provide any basis for any other payments to or claims by the Contractor as a result of or arising out of the performance of the work described herein. The new total revised maximum Contract Price is \$_____, including changes incorporated by this Change Order.

- D. Except as specifically provided herein, all other Contract terms and conditions shall remain unchanged.

Public Utility District No. 2
of Grant County, Washington

Mercer International, Inc.

Accepted By: _____

Accepted By: _____

Name of Authorized Signature
Title

Name of Authorized Signature
Title

Date: _____

Date: _____

EXHIBIT "B" - NOTICE TO PROCEED

To: Mercer International, Inc.
4 Mountainside Road
Mendham, NJ 7945

Project Name:

Date of Award:

You are hereby notified to commence delivery on unit ____ of the above referenced project, delivery shall be made on or before _____, 20_____. All required work, including labor and specified materials, shall be in full compliance with the terms and conditions contained in the Small Works Contract Documents referenced above, which are herein incorporated by this reference.

Public Utility District No. 2
of Grant County, Washington

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT "C" – QUOTATION MI-23218-3

January 3, 2024



Tech Spec

Mr. Joseph Key
Grant County PUD
14353 Highway 243 South, Building 6
Beverly, WA 99321
(509)754-5088 x3339
jkey@gcpud.org

Compliance Master™
Oil/Water/Solids Separator

Multi-Pack™ Field Adjustable
High-Performance Coalescer

Priest Rapids Dam

Provide seven (7) identical Mercer International, Inc. **Compliance Master** oil/water/solids separators with **Multi-Pack** coalescers, Model MI-75-S4 rated at 75 gpm maximum each. Units are rectangular, gravity-displacement, #304L stainless steel separator tanks with nominal dimensions of 8'-5" length x 3'-8" width x 6'-4" height, designed for nominal 60-micron removal of .88 specific gravity oils at 60F. The following standard features shall be included for each unit:

- **Multi-Pack** coalescer featuring removable and adjustable coalescer plates, offering field adjustment capabilities for attaining the highest possible efficiency with the lowest practical maintenance requirements. Down to 5/16" plate gap capability. Factory equipped with 5/8" right angle plate gap. Coalescer frame is 304L stainless steel and the coalescer plates are our proprietary composite material.
- Inlet chamber for initial flow equalization.
- Removable two-stage inlet distribution baffle.
- Coarse oil/solids separating zone.
- Adjustable gravity product skimmer pipe.
- Four (4) by-pass prevention baffles.
- Large inverted "V" solids/sludge holding chamber, 55° incline angle.
- Four (4) 2" sludge/solids outlet fittings & drain fittings with ball valves, quick connects and caps.
- Removable outlet distribution baffle.
- Adjustable outlet weir & baffle system.
- Level indicator for high liquid level and high oil level in separator,
- Integral oil holding compartment with high level control.
- Continuous mechanical skimmer with thermal protection.
- NEMA 12 enclosure as specified.
- Pre-wiring of all instrumentation to unit-mounted panel.
- Removable multi-piece top covers with handles.

(Continued on page 2)

Total Price Delivered.....\$999,115.00 USD

✓	Optional	Price (USD)
<input type="checkbox"/>	Upgrade tank shell and Coalescer frame from 304L to 316L	\$94,045.00 for all seven
<input type="checkbox"/>	Spare <i>Multi-Pack</i> TM coalescer	\$30,745.00 ea. Multi-Pack
<input type="checkbox"/>	Replacement coalescer plate set, 5/8" gap.	\$11,785.00 per each OWS
<input checked="" type="checkbox"/>	Spare parts package (Oil scrapers kit, skimmer tube, 2 floats, 2 oil skim boots, 4 coalescer flow-stops)	\$1,750.00 per each OWS
<input checked="" type="checkbox"/>	24 anode mounting clips, tabs and or/or studs (design supplied by Mercer and approved by client), for future magnesium anodes.	\$9,280.00 for all seven
<input checked="" type="checkbox"/>	"Bath Tub Ring" epoxy coating on interior side main weldment, nominal ring height shall be 6-7" (vertical) along waterline, in OWS compartment & clearwell.	\$27,950.00 for all seven
<input checked="" type="checkbox"/>	Passivate the complete interior tank, all welds and interior walls	\$29,750.00 for all seven

Payment Terms: PO to be broken into seven identical line items. Each line item shipped can be billed independent of the other line items, once shipped, net 30 after delivery.

Delivery: FOB Jobsite. Each new unit may require up to 16-20 weeks to fabricate (shop volume dependent) after receipt of approved general arrangements drawings. Mercer will supply submittals for approval at placement of PO and the approved submittal will cover all units. As of our backlog at this time, the first unit will be delivered within 3 months of the PO being issued, assuming Order is issued this month.

Thank you for this opportunity to supply this quotation, we'd be happy to answer any questions that you may have regarding this quotation for your specific application.

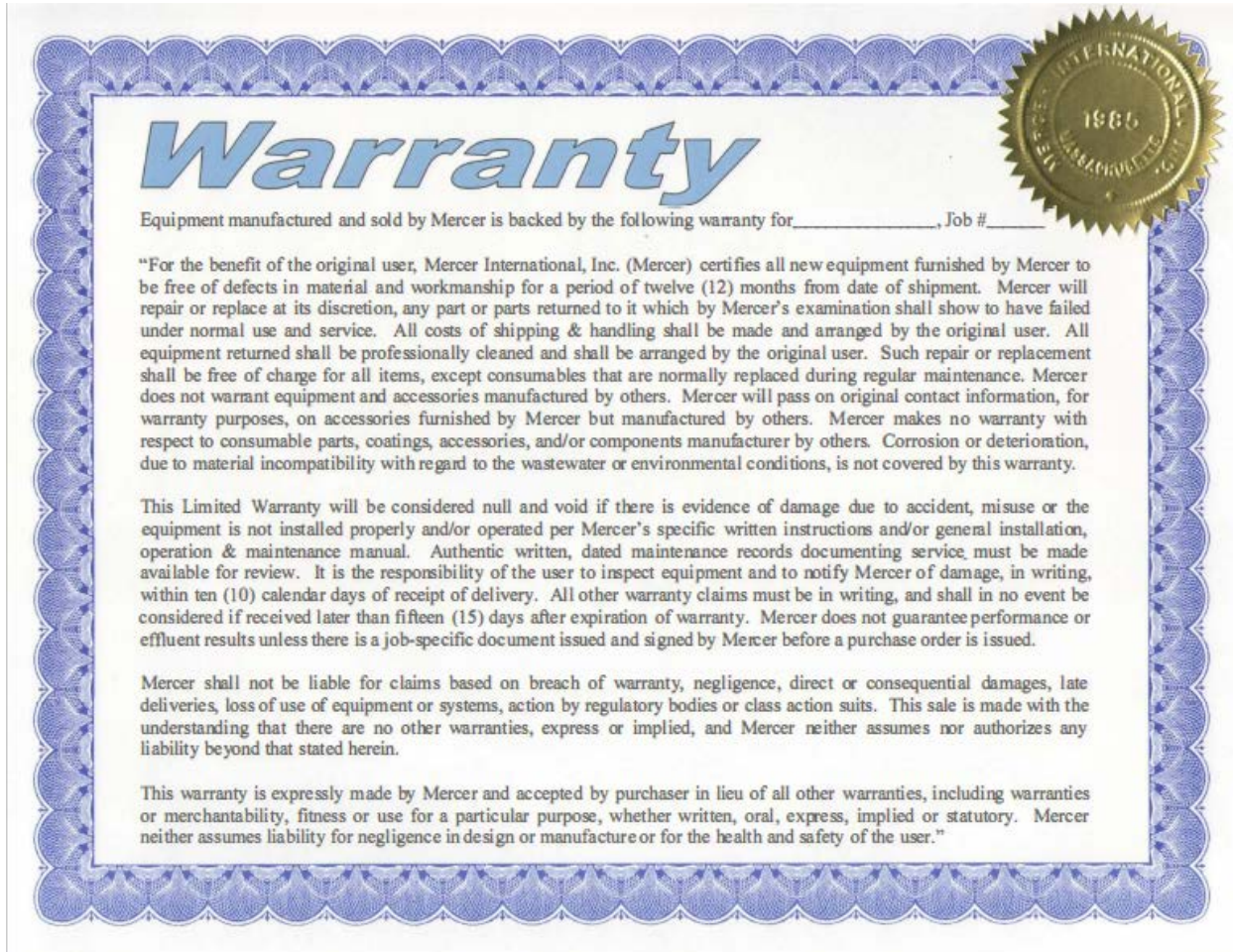
Very truly yours,



Andre Ellman
 Director of Business Development

Joseph Key notes:
 -Total with options (7x units): \$1,078,345.00
 -Per unit cost: \$154,049.29

EXHIBIT "D"
EXAMPLE MERCER'S STANDARD EQUIPMENT WARRANTY



Warranty


Equipment manufactured and sold by Mercer is backed by the following warranty for _____, Job # _____

"For the benefit of the original user, Mercer International, Inc. (Mercer) certifies all new equipment furnished by Mercer to be free of defects in material and workmanship for a period of twelve (12) months from date of shipment. Mercer will repair or replace at its discretion, any part or parts returned to it which by Mercer's examination shall show to have failed under normal use and service. All costs of shipping & handling shall be made and arranged by the original user. All equipment returned shall be professionally cleaned and shall be arranged by the original user. Such repair or replacement shall be free of charge for all items, except consumables that are normally replaced during regular maintenance. Mercer does not warrant equipment and accessories manufactured by others. Mercer will pass on original contact information, for warranty purposes, on accessories furnished by Mercer but manufactured by others. Mercer makes no warranty with respect to consumable parts, coatings, accessories, and/or components manufacturer by others. Corrosion or deterioration, due to material incompatibility with regard to the wastewater or environmental conditions, is not covered by this warranty.

This Limited Warranty will be considered null and void if there is evidence of damage due to accident, misuse or the equipment is not installed properly and/or operated per Mercer's specific written instructions and/or general installation, operation & maintenance manual. Authentic written, dated maintenance records documenting service must be made available for review. It is the responsibility of the user to inspect equipment and to notify Mercer of damage, in writing, within ten (10) calendar days of receipt of delivery. All other warranty claims must be in writing, and shall in no event be considered if received later than fifteen (15) days after expiration of warranty. Mercer does not guarantee performance or effluent results unless there is a job-specific document issued and signed by Mercer before a purchase order is issued.

Mercer shall not be liable for claims based on breach of warranty, negligence, direct or consequential damages, late deliveries, loss of use of equipment or systems, action by regulatory bodies or class action suits. This sale is made with the understanding that there are no other warranties, express or implied, and Mercer neither assumes nor authorizes any liability beyond that stated herein.

This warranty is expressly made by Mercer and accepted by purchaser in lieu of all other warranties, including warranties or merchantability, fitness or use for a particular purpose, whether written, oral, express, implied or statutory. Mercer neither assumes liability for negligence in design or manufacture or for the health and safety of the user."



For Commission Review – 04/23/2024

RESOLUTION NO. XXXX

A RESOLUTION IMPLEMENTING SENATE BILL 5268 AND SUPERSEDING RESOLUTION NO. 8922 TO ADOPT NEW RCWs 39.04.151 AND 39.04.152 GOVERNING SMALL WORKS AND DIRECT CONTRACT PROVISIONS

Recitals

1. In its 2023 Regular Session, the Washington State Legislature passed Second Substitute Senate Bill 5268 allowing use of the small works roster bidding procedures to award contracts for work with an estimated cost of \$350,000.00 or less and the direct contract procedures to award contracts for work with an estimated cost of less than \$150,000.00.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington, hereby authorize as follows:

Section 1: Small Works and Direct Contract procedures may be used for awarding contracts for work with an estimated cost as authorized by RCW 39.04.152, as it may be amended from time to time in the future; and

Section 2: The General Manager/CEO delegation levels, for the purpose of approving small works and direct contracts, shall be limited to \$350,000.00 and less than \$150,000.00, respectively; and

Section 3: The General Manager/CEO is authorized to revise the District's Small Works and Direct Contract Program policies and procedures as appropriate and as authorized by RCW 39.04, as it may be amended from time to time in the future; and

Section 4: This resolution shall rescind and supersede Resolution No. 8922 and any other prior related resolutions, to the extent that they conflict with this resolution.

PASSED AND APPROVED by the Commission of Public Utility District No. 2 of Grant County, Washington, this 14th day of May 2024.

President

ATTEST:

Secretary

Vice President

Commissioner

Commissioner

MEMORANDUM

April 10, 2024

TO: Rich Wallen, General Manager/Chief Executive Officer

VIA: Fallon Long, Managing Director of Integration Operational Services 
Patrick Bishop, Senior Manager of Procurement/Warehouse 

FROM: Lori Englehart-Jewell, Supply Chain Supervisor - Procurement 

SUBJECT: Revised Small Works Roster RCWs Governing Small Works and Direct Contract Provisions

Purpose: To revise the RCWs reference governing small works bidding procedures, including the addition of awarding through a direct contract process to be consistent with Second Substitute Senate Bill 5268.

Discussion: The Washington State Legislature passed Second Substitute Senate Bill 5268, revising the RCW number governing small works bidding procedures and adding an option to award small public works projects with an estimated cost less than \$150,000, not including sales tax, through a direct contract process to small businesses as defined in the bill.

The Commission delegates the approval of small works contracts to the General Manager. The attached Resolution provides that authorization, including the addition of direct contracting, and supersedes all prior resolutions.

Second Substitute Senate Bill 5268 goes into effect July 1, 2024.

Recommendation: Commission approval to revise the RCWs reference governing small works bidding procedures, including the addition of awarding through a direct contract process to be consistent with Second Substitute Senate Bill 5268.

Legal Review: See attached e-mail.