

Southeast Alaska Power Agency Regular Meeting Minutes

Location: Wrangell, Alaska

Date: March 8 & 10, 2023

Start Time: March 8 - 1PM
March 10 - 9AM

Agenda Items

March 8, 2023

1) Call to Order

A. Roll Call.

Chairperson Sivertsen called the regular meeting to order at 1:00 p.m. AKST on March 8, 2023. The following directors and alternates were present, thus establishing a quorum of the board:

Directors	Present Electronically (E) In Person (IP)	Alternates	Present Electronically (E) In Person (IP)	Representing	Community
Bob Sivertsen	IP	Andy Donato	IP	Swan Lake	Ketchikan
Abby Bradberry	IP	Delilah Walsh	IP	Swan Lake	Ketchikan
Janalee Gage		Jeremy Bynum	IP	Swan Lake	Ketchikan
Jeff Good	IP	Mark Walker	IP	Tyee Lake	Wrangell
Bob Lynn	IP	Karl Hagerman	IP	Tyee Lake	Petersburg

The following SEAPA staff and counsel were present for all or part of the meeting:

Staff	Present Electronically (E) In Person (IP)	Staff/Counsel	Present Electronically (E) In Person (IP)
Robert Siedman, Acting CEO	IP	Sharon Thompson, EA/CA	IP
Clay Hammer, Operations Mgr.	IP	Marcy Graves, Admin. Asst.	IP
Ed Schofield, Power Sys. Sp.	E	Joel Paisner, SEAPA Counsel	IP
Kay Key, Controller	E		

B. Communications/Lay on the Table Items: None

C. Disclosure of Conflicts of Interest: None

2) Approval of the Agenda

Chairperson Sivertsen requested a motion to approve the Agenda.

> Motion

M/S (Lynn/Bradberry) to approve the Agenda. Following discussion on a motion by Mr. Lynn to amend the agenda to add Old Business Item 8 to discuss the CEO position, Mr. Lynn withdrew his motion to amend, and the motion to approve the Agenda, as presented, was approved unanimously by polled vote.

✓ Action
23-
1028



3) **Persons to be Heard:** None

4) **Review and Approve Minutes**

The Chair requested a motion to approve the minutes for the annual meeting held on January 26, 2023.

➤ Motion	M/S (Lynn/Bynum) to approve the Minutes of the annual meeting of January 26, 2023. The motion was approved unanimously by polled vote.	✓ Action 23-1029
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The Chair requested a motion to approve the minutes for the special meeting held on March 1, 2023.

➤ Motion	M/S (Lynn/Bradberry) to approve the Minutes of the special meeting of March 1, 2023. The motion was approved unanimously by polled vote.	✓ Action 23-1030
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5) **Staff Reports**

A. *Power System Specialist Report (Schofield)*

Mr. Schofield provided updates on the SEAPA Headquarters and Computer Maintenance Management Systems projects, FERC licensing tasks, and Swan Lake Debris Removal Winch issues.

B. *Operations Manager (Hammer)*
(i) *Projects Report for 03/8 & 03/10/2023 Board Meeting*

Mr. Hammer provided updates on the Wrangell Warehouse Fire Remediation, Tyee Circuit Switcher, Tyee Cargo Van, Tyee Cleveland Peninsula Helipad, Tyee TSV Bypass and Vent Valves and SEAPA ROV Projects.

(ii) *Plant Operations Review - First Quarter Report*

Mr. Hammer presented his first report on Plant Operation Reviews conducted during the first quarter of 2023. He reported the findings after inspections were performed on the generators, station service and substation, grounds/camp/dock, and dam/reservoir/gate, at the Swan Lake Plant. He also noted the maintenance and repairs that were completed at the plant. He reported findings following inspections at Tyee on the generators, station service/substation, and grounds/dock/penstock tunnel/airstrip, and discussed plant maintenance and repairs. He closed the report with a safety update.

The meeting recessed at 2:25 p.m. and resumed at 2:36 p.m.

6) **Acting CEO Report (Robert Siedman, P.E.)**

Mr. Siedman provided updates on safety, governmental affairs & external industry activities, bid results following bid solicitations, best practices and process improvements, and personnel recruitment.

7) **Financial Reports**

➤ Motion	M/S (Lynn/Bynum) to accept year-to-date financial statements through December 2022, and disbursements for December 2022, January 2023, and February 2023 totaling \$2,445,886.28, as presented. Following Mr. Siedman's review of the financial statements presented in the board packet and board discussion on the various reports presented, the motion was approved unanimously by polled vote.	✓ Action 23-1031
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The meeting recessed at 5:13 p.m.



On March 9, 2023, SEAPA Directors, staff, and counsel, toured the Agency's Wrangell Warehouse and Tye Hydroelectric Facility.

March 10, 2023

The meeting resumed at 9 a.m. on March 10, 2023.

8) New Business

The Chair requested a roll call. The same directors, staff, and counsel, that were present for the March 8 meeting were present on March 10.

The Chair reported there were no communications or lay on the table items.

A. *First Quarter Operations Plan Update (Siedman)*

Mr. Siedman reported that both the Swan and Tye Lake plants are in a very healthy condition, and elaborated on precipitation and lower-than-average temperatures. He provided the current model predictions from the International Research Institute and Climate Prediction Centers. He noted there is a high probability that SEAPA's reservoir levels will stay above the draft limits for 2023.

B. *Consideration of Contract Re Tye Circuit Switcher Replacement Project*

➤ Motion	M/S (Lynn/Bynum) to authorize staff to enter into a Contract with Electric Power Constructors, Inc. for the 2023 Tye Circuit Switcher Replacement Contract for the not-to-exceed value of \$337,300, subject to negotiation of the bid price, and further moved to increase the FY2023 Budget for RR23381 to \$337,300. The motion was approved unanimously by polled vote.	✓ Action 23- 1032
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C. *Discussion Re SEAPA 2023 Transmission Line Brushing Projects*

Mr. Siedman reported that the Agency solicited bids for SEAPA's Swan-Tye Intertie and Swan-Bailey Transmission Line brushing projects on January 23rd. Only one bid was received for each project. The sole bid for each project was rejected as they exceeded the Agency's budget. He discussed staff's strategy going forward.

D. *Executive Session Re Agency's CEO and Strategic Resiliency Plan as Relates to HSI*

➤ Motion	M/S (Lynn/Good) to recess into Executive Session to be conducted pursuant to SEAPA's Bylaws and Alaska Statute 44.62.310 for discussions with the Agency's attorney present related to hydrosite investigations, the immediate knowledge of which could have an adverse effect on the legal position of the Agency.	✓ Action 23- 1033
	I further move to recess into execute session to be conducted pursuant to SEAPA's Bylaws and Alaska Statute 44.62.310 for discussions related to a subject that could prejudice the reputation and character of any person, provided that the persons may request a public discussion.	

Mr. Bynum moved to amend the motion.

➤ Motion	M/S (Bynum/Bradberry) to amend the motion to recess into executive session to divide the two issues and act on them separately. The motion failed 3 to 2 with Directors Lynn, Good, and Sivertsen voting no, and Directors Bradberry and Bynum voting yes.	✓ Action 23- 1034
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The Chair requested a vote on the main motion as presented. The motion passed 4 to 1 with Directors Good, Sivertsen, Bynum, and Lynn voting in favor of the motion, and Director Bradberry voting against the motion.

The meeting recessed at 9:30 a.m. for the executive session. The meeting resumed into regular session at 12:32 p.m.

E. *Reserved for any Action/Discussion following Executive Session*

The Chair called the meeting back to order following the executive session, and announced that direction was given regarding hydrosite investigations. Mr. Lynn introduced the following motion:

➤ <i>Motion</i>	M/S (Lynn/Good) to proceed with negotiating a contract with SEAPA's Acting CEO, Robert Siedman, for the purpose of retaining Mr. Siedman as the Chief Executive Officer of the Southeast Alaska Power Agency. The motion passed 4 to 1 with Directors Bynum, Lynn, Good, and Sivertsen voting in favor of the motion, and Director Bradberry voting against the motion.	✓ Action 23- 1035
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The Chair announced he will be calling a special board meeting to discuss potential negotiations and what the board may want to consider regarding terms and conditions.

F. *Consideration of SEAPA Policy Handbook Updates*

➤ <i>Motion</i>	M/S (Lynn/Bynum) to authorize staff to accept the proposed revisions presented in the March 2023 Redlined Draft of SEAPA's March 2015 Policies and Procedures Handbook as presented at SEAPA's March 8 and 10, 2023 regular board meeting, and update the Table of Contents in the Handbook accordingly. Once the revisions are accepted and table of contents updated, the March 2023 Revised Policy Handbook shall be deemed as approved in its entirety.	✓ Action 23- 1036
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The board discussed staff's proposed revisions in the redlined draft of the Policy Handbook presented in the board packet. The following is a record of the adopted, excluded, and deferred revisions:

Pdf Page #	Section # / Proposed Change	Change Adopted	Change Excluded and/or Deferred	Comment
81	Section 1. History and Background of SEAPA. Delete last sentence of last paragraph in Section 1 that states: "In February 1998, the PMC set the wholesale power rate at 6.8 cents per kilowatt hour and that same rate is still in effect as of the writing of this revised policy manual in 2015."	X		Adopted: Wholesale Power Rate has changed. Deleting entire sentence will preclude inaccuracies as rate changes occur.
83	Section 1. History and Background of SEAPA. Under Key Agency Agreements and Documents , there is a list of six (6) key agreements and documents governing Agency actions related to the management, operation, maintenance, and repair of SEAPA's project. Of these six documents, staff requests that #4 be changed, and that #6 be deleted in its entirety, as follows:			



108	<p>Section 7: Agency Management and Staff:</p> <p>The first sentence only shall remain in Section 7. The remainder of the paragraph shall be deleted in its entirety. The following language shall be added to the paragraph:</p> <p>"The CEO will ensure appointments of agents or employees to assure compliance with any federal or state regulatory agencies."</p>	X		<p>Adopted: Remainder of paragraph deleted as SEAPA employees and titles change, and Swan Lake O&M Agreement with KPU no longer applies. New language added to assure compliance with all regulatory agencies. Board members suggested highlighted language.</p>						
109	<p>Section 7.1: Chief Executive Officer</p> <p>The 8th bullet point under Section 7.1 states: "Assures that the purchasing and operating utility or agencies are performing activities in a manner consistent with the Swan Lake O&M Agreement, power sales agreements and SEAPA policies and procedures" shall be deleted in its entirety.</p>	X		<p>Deletion Adopted: Language relates to KPU as the purchasing and operating utility and is no longer applicable due to termination of the Swan Lake O&M Agreement between SEAPA and KPU.</p>						
109	<p>Section 8: Delegations of Authority and Procurement Policy</p> <p>Section 8.1: Delegations of Authority Generally</p> <p>The last sentence of the paragraph states: "Such delegation shall be consistent with this Policy and Procurement Policy of the Agency adopted by motion on September 24, 2002.</p> <p>The following shall be added to the sentence:</p> <p>"and amended by motion on March 26, 2015, and further amended on _____, 2023."</p>		X	<p>Excluded and deferred until date the board approves all changes to the handbook by motion. The blank date serves as a placeholder pending that approval. The date of final approval of the handbook revisions will be inserted so the dates of all handbook revisions are memorialized.</p>						
111	<p>Section 8.2.4. Procedures for Contracts:</p> <p>Language in this section states: "<u>Procedures for Contracts \$100,000 or less for Budgeted Items and above \$100,000 for Non-Budgeted Items.</u>"</p> <p>The table under the above language states:</p> <table border="1" data-bbox="233 1360 824 1566"> <thead> <tr> <th>Procurement Value</th> <th>Approval Authority</th> </tr> </thead> <tbody> <tr> <td>\$100,000 or less for items budgeted in SEAPA's budget for that fiscal year in which such procurement contract is to be executed.</td> <td>CEO</td> </tr> <tr> <td>Over \$100,000 and for Non-Budgeted Items</td> <td>Motion or Resolution of the Board</td> </tr> </tbody> </table> <p>Staff proposed changing \$100,000 to \$200,000 or less for Budgeted Items, and above \$200,000 for Non-Budgeted Items based on inflation, supply chain disruptions, etc.</p>	Procurement Value	Approval Authority	\$100,000 or less for items budgeted in SEAPA's budget for that fiscal year in which such procurement contract is to be executed.	CEO	Over \$100,000 and for Non-Budgeted Items	Motion or Resolution of the Board		X	<p>Excluded and deferred to a later board meeting for discussion.</p>
Procurement Value	Approval Authority									
\$100,000 or less for items budgeted in SEAPA's budget for that fiscal year in which such procurement contract is to be executed.	CEO									
Over \$100,000 and for Non-Budgeted Items	Motion or Resolution of the Board									

Section 8.2.5 states: Procedures for Goods Purchase, Construction Services Contracts, and Professional Services Contracts, including Open Consultant Services Contracts provided that such contracts are for budgeted items or items previously approved by the Board. The table under this language states:

Procurement Value	Procedure
\$50,000 or less	May be made on the open market without the necessity of competitive bidding, or solicitation. Notwithstanding the foregoing, the CEO or other authorized SEAPA personnel shall use reasonable efforts to secure such Procurement Contracts at the most reasonable price available in the market at the time of procurement.
Over \$50,000 - \$75,000	Oral price quotations from at least three (3) qualified persons or vendors
Over \$75,000 - \$100,000	Option of: (i) submitting an RFP to at least three (3) prospective qualified vendors, which shall generate at least three responses from such vendors, or (ii) follow competitive bidding procedures set forth in paragraph 7, below, in this Policy.
Over \$100,000	Competitive bidding procedures set forth in paragraph 7, below.

111-112 The table below shows changes suggested by staff to the procurement values in the above table, based on inflation, supply chain disruptions, etc.

Procurement Value	Procedure
\$150,000 or less	May be made on the open market without the necessity of competitive bidding, or solicitation. Notwithstanding the foregoing, the CEO or other authorized SEAPA personnel shall use reasonable efforts to secure such Procurement Contracts at the most reasonable price available in the market at the time of procurement.
Over \$50,000 - \$75,000	Oral price quotations from at least three (3) qualified persons or vendors
Over \$150,000 - \$200,000	Option of: (i) submitting an RFP to at least three (3) prospective qualified vendors, which shall generate at least three responses from such vendors, or (ii) follow competitive bidding procedures set forth in paragraph 7, below, in this Policy.

X Procurement value of \$150,000 or less **excluded and deferred** to a later board meeting for discussion.

X

Deletion of "Over \$50,000- \$75,000 for oral price quotations from at least three (3) qualified persons or vendors" **adopted** as three oral price quotations are rarely received.

X

Procurement value over \$150,000-\$200,000 **excluded and deferred** to a later board meeting for discussion.



	Over \$200,000	Competitive bidding procedures set forth in paragraph 7, below.		X	Procurement value over \$200,000 excluded and deferred to a later board meeting for discussion.
114	<p><u>Section 8. Competitive Bidding Not Required.</u> Notwithstanding any other provision of this Policy, the following may be purchased or contracted for without competitive bidding or soliciting quotations:</p> <p>Section 8.4(ii) states: "that which causes substantial duplication in maintenance, expertise or training or the stocking of parts, materials, supplies, or replacements. Any purchase which is to be excluded from competitive bidding by the authority of this subparagraph which exceeds \$100,000 must first be approved by the board."</p> <p>Staff proposed changing dollar amount to \$200,000.</p>			X	Change Excluded and deferred to a later board meeting for discussion.
114-115	<p>Section 8.11. Emergency procurements; provided that (i) the CEO must first declare an emergency and notify the Board of such (if practical); (ii) the CEO approves those Procurement Contracts for Two Hundred Fifty Thousand Dollars (\$250,000.00) or less without any approval or solicitation process; and (iii) the CEO seeks the approval of the Chairperson or Vice Chairperson of SEAPA for Procurement Contracts exceeding Fity Thousand Dollars (\$250,000.00) ... ".</p> <p>Correct typo to "Fifty".</p>			X	Adopted to correct typo.
115	<p><u>Section 9. Acquisition of Real Property Interest.</u></p> <p>Section 9.1. "No real property may be acquired by SEAPA without first being specifically approved by the Board. No lease or easement to use land may be acquired by SEAPA for a payment in excess of Fifteen Thousand Dollars (\$15,000.00) without first being specifically approved by the Board."</p> <p>Staff proposed changing dollar amount from \$15,000 to \$25,000 and adding "if the total" language as follows:</p> <p>Section 9.1. "No real property may be acquired by SEAPA without first being specifically approved by the Board. No lease or easement to use land may be acquired by SEAPA for a payment if the total is in excess of Twenty-five Thousand Dollars (\$25,000.00) without first being specifically approved by the Board."</p>			X	Adopted to increase dollar amount from \$15,000 to \$25,000 and adding new " if the total " language as demonstrated.

115	<p>Section 11. <u>Sale or Other Disposition of Personal Property Interest.</u></p> <p>Section 11.1 states: "The CEO may sell or otherwise dispose of any surplus, obsolete or unneeded supplies, materials, equipment or other personal property with a value of Five Thousand Dollars (\$5,000.00) or less, by giving notice of each proposed disposition in such manner as the CEO deems reasonable and appropriate; provided, however, the CEO shall not be required to give notice if the cost of giving notice exceeds the value of the supplies, materials, equipment, or other personal property."</p> <p>Staff proposed increasing the dollar value from \$5,000 to \$10,000.</p>		X	Change excluded and deferred pending discussion with Controller whether increase conflicts with capitalization policy.
115	<p>Section 11.2 states: "No supplies, materials, equipment or other personal property of a value of more than Five Thousand Dollars (\$5,000.00) may be sold or otherwise disposed of until the Board has declared, by motion or resolution, such property surplus, obsolete, unneeded, or that the transaction is otherwise in the best interest of SEAPA.</p> <p>Staff proposed increasing the dollar value from \$5,000 to \$10,000.</p>		X	Change excluded and deferred pending discussion with Controller whether increase conflicts with capitalization policy.
116	<p>Section 9. Agency Insurance</p> <p>Delete the last sentence in the first paragraph of Section 9 that states:</p> <p>"The Operator of the Agency's Swan Lake facility is obligated under an O&M Agreement to carry workers compensation insurance, comprehensive general liability insurance, and additional liability insurance related to its O&M activities at the facility."</p>	X		Adopted: Swan Lake O&M Agreement with KPU no longer applies.
116	<p>Section 9.1: "The Insurance Plan covers four (4) areas: insurance coverages currently carried by the Agency; insurance requirements of the operating utility as contained in the O&M Agreement for the Agency's Swan Lake facility, maintenance of an insurance component within the Self-Insured Risk Fund (developed by an Independent Engineering Consultant), and other related considerations.</p> <p>Staff proposed changing four (4) to three (3) and deleting " insurance requirements of the operating utility as contained in the O&M Agreement for the Agency's Swan Lake facility"</p>	X		<p>Adopted: Swan Lake O&M Agreement with KPU no longer applies.</p> <p>With deletion of Swan Lake O&M Agreement language, the number of areas covered by the Insurance Plan changes from four (4) to three (3).</p>

116	9.1.2: " <u>Operation and Maintenance Agreement Insurance Requirement</u> . The Operator of the Agency's Swan Lake project, pursuant to the existing agreement with the Agency, requires it to maintain appropriate insurance coverages for its activities, and are primary to the Agency coverages."	X	Adopted: Swan Lake O&M Agreement with KPU no longer applies.
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Motion	M/S (Bynum/Lynn) to amend the main motion to exclude those items that the Board agreed to defer to a later date. The motion was approved unanimously by polled vote.	✓ Action 23-1037
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The Chair requested a vote on the main motion. The main motion was adopted, as amended, and approved unanimously by polled vote.

G. *Consideration of Project Manager Recruitment*

Motion	M/S (Lynn/Sivertsen) to authorize the Agency's CEO to recruit and hire a full-time Project Manager to provide support for all SEAPA facilities within the salary range of \$112,500 to \$169,500 annually based on the successful candidate's skills and experience.	✓ Action 23-1038
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Mr. Siedman elaborated on the information provided in the board packet regarding the position.

Motion	M/S (Bynum/Bradberry) to postpone the project manager recruitment until such time as SEAPA has an approved contract with the CEO.	✓ Action 23-1039
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Following discussion, Mr. Siedman announced he would provide the board with an organizational chart for SEAPA at the next board meeting. The Chair requested a vote on the amendment to the main motion to postpone the main motion. The motion passed four to one with Directors Good, Bradberry, Sivertsen, and Bynum voting in favor of the postponement, and Director Lynn voting against the postponement.

9) **Next Meeting Dates**

The Chair announced a special board meeting would be held March 21, 2023 to discuss CEO contract negotiations, and that April 7th may be a separate special board meeting date to discuss brushing contracts. The next regular meeting is scheduled for June 22, 2023 in Ketchikan.

10) **Director Comments**

Directors exchanged various comments.

11) **Adjourn**

Motion	M/S (Abby/Good) to adjourn the meeting. After hearing no objections, the Chair declared the meeting adjourned.	✓ Action 23-1040
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The meeting adjourned at 1:56 p.m.

Signed:

Secretary/Treasurer

Attest:

Chairperson

