PLEDGE OF ALLEGIANCE

CONSENT AGENDA
   a. Approval of Minutes  02/28/17; 03/07/17
   b. Approval of Vouchers
   c. Project Acceptance – 30th Street Transmission Line Phase II

AUDIENCE COMMENTS

NEW BUSINESS
   ♦ Resolution No. 2243-17
      Appointing General Manager and Authorizing Employment Agreement for Same - Action

OLD BUSINESS
   ♦ Manager’s Report
   ♦ Lake Samish – Request for Water Service - Discussion

NEW BUSINESS Continued
   ♦ Resolution No. 2244-17 Granting the General Manager Authority to Enter into Washington
     State Department of Ecology Agreement No. WQC-2017 SCPUD1-00038 (Financial
     Assistance for Gilligan Creek Watershed Property Protection Project) – Potential Action
   ♦ Recommendation to Award Ductile Iron Pipe Bids - Action
   ♦ HDR Engineering - Mundt Creek Intake Improvements Project
      Work Order No. 15, Amendment No. 1 - Action
   ♦ 2017 Goal Setting for General Manager - Discussion

MISCELLANEOUS

COMMISSIONER COMMENTS

ADJOURNMENT

JUDY RESERVOIR ELEVATION
March 14, 2017

Board of Commissioners
Public Utility District No. 1 of Skagit County
Post Office Box 1436
1415 Freeway Drive
Mount Vernon, WA 98273-1436

RE: Project Acceptance

Name of Project: 30th Street Transmission Line Phase II
Reference: WO 15-03619 CO 4753
Location: Mount Vernon
Contractor: Interwest Construction, Inc.

Gentlemen:

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

I recommend that the Commission of the District accept this project.

Respectfully submitted,

[Signature]

Mark Handzlik, P.E.
Interim Engineering Manager

kac

Attachment: Vicinity Map

cc: George Sidhu, P.E., Interim General Manager
March 8, 2017

TO: Board of Commissioners

FROM: Peter Gilbert, District Counsel

SUBJECT: George Sidhu, Interim General Manager

The Board of Commissioners met in a scheduled executive session on March 7 in order to evaluate the performance of the Interim General Manager, George Sidhu, who has performed as Interim General Manager since the end of December 2015.

In the spring of 2016, the District undertook an executive search process for a General Manager, in which Sidhu emerged as a final candidate. However, the search process was postponed on June 14, 2016. Since that time, Mr. Sidhu has continued in the capacity of the Interim General Manager.

The Board undertook a comprehensive evaluation process in order to assess Sidhu’s leadership abilities. This process included meeting with individual management team members, as well as several other staff members and individuals to assist in their assessment of Sidhu’s performance, as well as salary discussion with Mr. Sidhu. The evaluation process was deemed successful.

Salary comparables were researched using several resources, including the Washington Public Utility District Association, Milliman Northwest Utilities Salary and Wage Survey, and the Association of Washington Cities Salary and Benefit Survey. After discussion, a draft employment agreement was prepared.

An agenda item for the March 14 Commission meeting will include a resolution to approve the appointment of Mr. Sidhu into the General Manager position and to approve the employment agreement.

kac
RESOLUTION NO. 2243-17

A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, APPOINTING A GENERAL MANAGER EFFECTIVE MARCH 14, 2017 AND AUTHORIZING AN EMPLOYMENT AGREEMENT WITH SAID MANAGER TO FIX HIS COMPENSATION IN COMPLIANCE WITH RCW 54.16.100

WHEREAS, effective June 28, 2016, the Commission determined that the Public Utility District would operate with an interim General Manager until a permanent replacement could be appointed; and

WHEREAS, the Commission decided that George Sidhu was qualified to act in that capacity and by Resolution No. 2233-16 he was appointed as Interim General Manager to act until such time as a permanent General Manager appointment was made; and

WHEREAS, the comprehensive evaluation of George Sidhu was undertaken by the Commission after which it was determined that he was qualified to be appointed the permanent General Manager.

NOW, THEREFORE, BE IT RESOLVED, that effective March 14, 2017, George Sidhu is hereby appointed General Manager.

BE IT FURTHER RESOLVED that the Commission has concluded that it is in the best interest of the District to enter into an Employment Agreement establishing the terms and conditions under which the General Manager is employed by the District.

BE IT FURTHER RESOLVED that the Employment Agreement between the District and the District’s General Manager dated March 14, 2017 is hereby approved and incorporated herein by reference.

Resolution No. 2233-16 is hereby rescinded.

ADOPTED by the Commission of Public Utility District No. 1 of Skagit County, Washington, at a regular open meeting held this 14th day of March, 2017.

______________________________
Robbie Robertson, President

______________________________
Eron Berg, Vice President

ATTEST

______________________________
Al Littlefield, Secretary
General Manager Employment Agreement

This Employment Agreement is entered into effective March 14, 2017, by and between the Public Utility District No. 1 of Skagit County (“District”) and Jagroop (George) S. Sidhu (“Employee”).

In consideration of the mutual covenants set forth herein, the parties agree to the following employment agreement:

Section 1: Duties
The District hereby agrees to employ Employee as the General Manager to perform the functions and duties specified in the applicable job description, and the Revised Code of Washington.

Section 2: Term of Employment
A. The term of this agreement is for three (3) years. Contract may be extended as described in Section 10 of this Agreement.
B. Nothing in this Agreement shall prevent, limit, or otherwise interfere with the right of the Board of Commissioners (“Board”) to terminate the services of the Employee, either with or without cause, at any time subject only to the provisions set forth in Section 3 of this Agreement.
C. Nothing in this Agreement shall prevent, limit, or otherwise interfere with the right of the Employee to resign for any reason at any time from his position with the District, subject only to the provisions set forth in Section 3 of this Agreement.

Section 3: Severance Pay/Salary Continuance
A. In the event Employee is terminated by the Board before the expiration of the term of employment and during such time that the Employee is willing and able to perform their duties under this Agreement, the District agrees to pay Employee salary continuance equal to one (1) month’s salary and health insurance premiums, plus one (1) month’s salary and health insurance premiums for every additional full year worked, to a maximum of five (5) month’s aggregate compensation. Said salary continuance shall be in addition to payment for all Employee accrued personal leave in accordance with current District personal leave policies.
B. However, in the event that Employee is terminated because of any illegal or grossly negligent act, or voluntarily resigns, the District shall have no obligation to pay any severance pay as detailed in this Section, but Employee shall be entitled to all the accrued personal leave detailed above.
C. In the event that the Employee is terminated and becomes employed within five (5) months of separation from the District, and in the event that such new employment includes health insurance coverage, the Employee shall notify the District to discontinue health insurance coverage. Failure to provide such notice may result in the District taking legal action to recover medical premiums and associated expenditures.
Section 4: Salary/Performance Reviews/Increases
Employee shall be considered a full-time salaried exempt District employee. The District agrees to pay Employee an annual base salary as detailed below, payable in installments at the same time as other employees of the District. In addition, the Board will review and evaluate Employee in accordance with criteria adopted by the District that may be modified from time to time as determined to be appropriate.

Annual salary is hereby established as follows:

Effective 03/14/17: One Hundred Fifty-Nine Thousand ($159,000)

A. After six (6) months of continuous employment as General Manager and annually thereafter, the Employee will be given a performance evaluation by the Board. The performance evaluation will include a reasonable evaluation of performance, in addition to an evaluation of previously agreed-upon goals between the Board and the Employee.

B. If the Board determines that the Employee’s job performance meets the criteria established, a salary adjustment based on performance may be implemented, which would be in addition to the cost-of-living (COLA) adjustment indicated in Item C below.

C. The Employee will be guaranteed any cost-of-living (COLA) adjustments commensurate with other employees at the District

Section 5: Personal Leave
Employee shall earn on a monthly basis the following amount of personal leave annually. Personal leave may be taken to the extent that the Employee has accrued sufficient time, subject to the needs of the District. Employee may carry over personal leave to the extent allowed under current District policies.

Personal Leave: 240 hours per year (30 days)

Section 6: Benefits
The Employee shall also receive all other benefits provided by the District to regular management employees as such benefits exist now or as modified in the future. The Employee shall also be entitled to elect other voluntary benefit options as they exist now or as they are modified in the future.

Section 7: Retirement
The District shall make regular contributions on behalf of the Employee to the Washington Public Employees Retirement System (PERS) as required by law.

Section 8: Professional Organizations
The District shall pay membership dues for the Employee for a Professional Engineer’s license from the Washington Department of Licensing and any other professional association and/or licensing dues as required.

Section 9: Car Allowance
The Employee will be given a monthly car allowance of four hundred dollars ($400.00). Said car allowance is in lieu of mileage reimbursement.
Section 10: Contract Continuances
If the District desires not to negotiate and/or renew a contract following the end of the term of this Agreement, written notification shall be provided to the Employee sixty (60) calendar days prior to the termination date of this Agreement, and severance provisions as outlined in Section 3 above will apply. Failing this notice, the Agreement shall be continued for another 12-month period.

Section 11: General Provisions
A. The text herein shall constitute the entire agreement between the parties.
B. This Agreement shall be binding upon and inure to the benefit of the heirs at law and executors of Employee.
C. The Employee’s rights under this agreement are non-assignable and the Employee’s duties under this Agreement are non-delegable.
D. Venue for any disputes arising out of this Agreement shall be Skagit County, State of Washington.
E. If any provisions, or portions thereof, contained in this Agreement is held unconstitutional, invalid or unenforceable, the remainder of this Agreement, or portion thereof, shall be deemed severable, shall not be affected, and shall remain in full force and effect.

DISTRICT: EMPLOYEE:
Public Utility District No. 1 of Skagit County Jagroop (George) S. Sidhu

By: _____________________________  ___________________________________
Commissioner Robbie Robertson Jagroop (George) S. Sidhu

By:
Commissioner Eron Berg

_____________________________
Commissioner Al Littlefield
March 10, 2017

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

FROM: Mark Handzlik, P.E., Interim Engineering Manager

BY: Bill Trueman, Environmental Services Coordinator

SUBJECT: Gilligan Creek Watershed Property Protection Project

The end result of the Gilligan Creek Watershed Property Protection Project is the purchase of property around the surface water intake at Gilligan Creek, an important source of water to Judy Reservoir. This project is included in the District’s 2017 budget, and financing is provided via a financial assistance loan awarded from Washington State Department of Ecology (Ecology) which includes a 25% forgiveness of principle used to acquire the land.

The financial assistance agreement with Ecology is ready for District signature. All significant details of the agreement have been successfully negotiated with Ecology. Prior to Ecology’s execution of the agreement, the District is required to pass a resolution authorizing the General Manager to enter into the agreement on the District’s behalf. By way of this memo, I recommend the attached resolution (No. 2244-17) authorizing the Interim General Manager to enter into the agreement with Ecology be presented to the commission for approval at the regular meeting scheduled for March 14, 2017. The following supporting documents are attached to provide the board with information related to the resolution:

- **Resolution No. 2244-17 authorizing the District to enter into the financial assistance agreement with Ecology**
- **Agreement No. WQC-2017-SCPUD1-00038**
  This is the final agreement for financial assistance from Ecology. Changes from the draft agreement transmitted to the board in February include language confirming mutual agreement on certain documents (described below and located on page 9 of the agreement), adding the Interim General Manager as signatory, and the addition of certain contract forms (cost and effectiveness analysis certification, federal funding data collection form, opinion of legal counsel).
- **Draft Deed of Right**
  This document will be executed following the property purchase to allow for enforcement of the conditions of the financial assistance agreement with Ecology. The District has successfully negotiated the terms of this document.
- **Draft Property Management Plan**
  The financial assistance agreement requires the District to submit a property management plan. Similar to the Deed of Right above, the District negotiated the initial draft of a property management plan. It is anticipated that the property management plan will be revised by the District following completion of the property purchase.

kac
RESOLUTION NO. 2244-17

A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, GRANTING THE GENERAL MANAGER AUTHORITY TO ENTER INTO WASHINGTON STATE DEPARTMENT OF ECOLOGY AGREEMENT NO. WQC-2017-SCPUD1-00038 (FINANCIAL ASSISTANCE FOR GILLIGAN CREEK WATERSHED PROPERTY PROTECTION PROJECT)

WHEREAS, Public Utility District No. 1 of Skagit County a duly formed special purpose district in the State of Washington to distribute potable water to the residents of Skagit County within its service area which currently totals approximately 65,000, and

WHEREAS, The District has multiple sources of raw water to supply its customers, and

WHEREAS, Gilligan Creek is the District’s primary source of water from the Caltus Mountain Watershed, and

WHEREAS, protection of this water source is critical to the operation and mission of the District as identified in the Cultus Mountain Watershed Management Plan, and

WHEREAS, the Commission passed a motion on August 23, 2016 authorizing the General Manager to enter into negotiations with property owners to purchase a particular piece of land for Gilligan Creek Watershed Property Protection, and

WHEREAS, the District’s staff under the direction of the General Manager applied to Washington State Department of Ecology (Ecology) for financial assistance through the Clean Water State Revolving Fund and the District was awarded funding through a low interest loan for property acquisition (Gilligan Creek Watershed Property Protection Project) in the amount of $1,590,000. The Project will improve water quality through property protection in the Gilligan Creek watershed in Skagit County.

NOW, THEREFORE, BE IT RESOLVED that the Commission grants to the General Manager the authority to enter into Ecology’s Water Quality Combined Financial Assistance Agreement No. WQC-2017-SCPUD1-00038. The General Manager may delegate to specific District employees such contracting authority as he considers reasonable for diligent administration of the Contract.

ADOPTED by the Commission of Public Utility District No. 1 of Skagit County, Washington, at a regular meeting held this 14th day of March, 2017.

Robbie Robertson, President

Eron Berg, Vice President

ATTEST

Al Littlefield, Secretary
Agreement No. WQC-2017-SCPUD1-00038

WATER QUALITY COMBINED FINANCIAL ASSISTANCE AGREEMENT

BETWEEN

THE STATE OF WASHINGTON DEPARTMENT OF ECOLOGY

AND

PUBLIC UTILITY DISTRICT NO.1 OF SKAGIT COUNTY

This is a binding Agreement entered into by and between the state of Washington, Department of Ecology, hereinafter referred to as “ECOLOGY,” and Public Utility District No.1 of Skagit County, hereinafter referred to as the “RECIPIENT,” to carry out with the provided funds activities described herein.

GENERAL INFORMATION

Project Title: Gilligan Creek Watershed Property Protection

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Cost:</td>
<td>$1,590,000.00</td>
</tr>
<tr>
<td>Total Eligible Cost:</td>
<td>$1,590,000.00</td>
</tr>
<tr>
<td>Ecology Share:</td>
<td>$1,590,000.00</td>
</tr>
<tr>
<td>Recipient Share:</td>
<td>$0.00</td>
</tr>
<tr>
<td>The Effective Date of this Agreement is:</td>
<td>11/01/2016</td>
</tr>
<tr>
<td>The Expiration Date of this Agreement is no later than:</td>
<td>10/31/2021</td>
</tr>
<tr>
<td>Project Type:</td>
<td>Nonpoint Source Activity</td>
</tr>
</tbody>
</table>

Project Short Description:
This project will improve water quality in the Skagit River through property acquisition or conservation easement in the Gilligan Creek watershed in Skagit County. This project will reduce risks of sediment delivery, chemical pollutions, temperature impacts, and landslides to the stream in addition to protecting a public water supply source.

Project Long Description:
The RECIPIENT operates a large public water system in Skagit County, Washington. The RECIPIENT intends to acquire property or a conservation easement surrounding the sanitary control area of a surface water diversion site on Gilligan Creek, a tributary to the Skagit River. Management of the property within the sanitary control area to maintain its long-term function as a forested area will reduce risks of sediment delivery, chemical pollution, temperature impacts, and landslides to the stream.

The 3,700 acre watershed for the drinking water diversion site is currently used for industrial forestry by
Weyerhaeuser Company and Washington Department of Natural Resources. As documented in the RECIPIENT’s 2013 Cultus Mountain Watershed Management Plan (watershed plan), sediment rates and landslides have increased with higher rates of clear-cut logging and forest road construction over the last decade. The watershed plan includes the RECIPIENT’s watershed control program related to the stream source for the Judy Reservoir Group A water system (Judy System). Gilligan Creek provides approximately forty percent of the source water for 65,000 customers using the Judy System.

A portion of a 549-acre parcel owned by Weyerhaeuser will be protected through purchase or a conservation easement. The acquisition area would include the existing surface water diversion facilities. Managing this area to maintain its long-term natural function as a forested area will reduce the risk of increased sediment delivery and landslides following clear-cut logging and road construction activities. Also, forest chemicals are commonly used by industrial landowners following clear-cut activities. The threat of this type of chemical use would be removed with protection of the area. The acquisition and forest management activity will be documented in the RECIPIENT’s next update to the watershed plan. Future activities would be in accordance with the property management plan created for the property.

This project is receiving forgivable principal loan funds because it qualifies as a Green Project Reserve (GPR) project under EPA’s guidance. It’s classification is “Green Infrastructure 1.2-10 Fee simple purchase of land or easements of land that has a direct benefit to water quality, such as riparian and wetland protection or restoration”.

Overall Goal:
This project will help protect and restore water quality in Washington by protecting a public water supply source from sediment delivery, landslides, temperature impacts and chemical applications.
## RECIPIENT INFORMATION

**Organization Name:** Public Utility District No.1 of Skagit County  
**Federal Tax ID:** 91-6001038  
**DUNS Number:** 020232864

**Mailing Address:** PO Box 1436  
Mount Vernon, WA 98273

**Physical Address:** 1415 Freeway Dr  
Mount Vernon, Washington 98273

**Organization Email:** mcconnell@skagitpud.org

### Contacts

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Title</th>
<th>Mailing Address</th>
<th>Email</th>
<th>Phone</th>
</tr>
</thead>
</table>
| **Project Manager**         | Bill Trueman                | Environmental Services Coordinator | P.O. Box 1436  
Mount Vernon, Washington 98273 | trueman@skagitpud.org          | (360) 424-7104               |
| **Billing Contact**         | Douglas McConnell           | Contract Administrator    | 1415 Freeway Drive  
PO Box 1436  
Mount Vernon, Washington 98273 | mcconnell@skagitpud.org        | (360) 848-2169               |
| **Authorized Signatory**    | George S Sidhu              | Interim General Manager   | P.O. Box 1436  
Mount Vernon, Washington 98273 | sidhu@skagitpud.org            | (360) 424-7104               |
ECOLOGY INFORMATION

Mailing Address:  Department of Ecology
                 Water Quality
                 PO BOX 47600
                 Olympia, WA 98504-7600

Physical Address:  Water Quality
                 300 Desmond Drive SE
                 Lacey, WA 98503

Contacts

<table>
<thead>
<tr>
<th>Project Manager</th>
<th>Kim Levesque</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Environmental Specialist 3</td>
</tr>
<tr>
<td></td>
<td>1440 - 10th St, Suite 102</td>
</tr>
<tr>
<td></td>
<td>Bellingham, Washington 98225</td>
</tr>
<tr>
<td></td>
<td>Email: <a href="mailto:klev461@ecy.wa.gov">klev461@ecy.wa.gov</a></td>
</tr>
<tr>
<td></td>
<td>Phone: (360) 594-6409</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Manager</th>
<th>Alissa Ferrell</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Section 319 Fund Coordinator and Financial Manager</td>
</tr>
<tr>
<td></td>
<td>PO Box 47600</td>
</tr>
<tr>
<td></td>
<td>Olympia, Washington 98504-7600</td>
</tr>
<tr>
<td></td>
<td>Email: <a href="mailto:alfe461@ecy.wa.gov">alfe461@ecy.wa.gov</a></td>
</tr>
<tr>
<td></td>
<td>Phone: (360) 407-6509</td>
</tr>
</tbody>
</table>
AUTHORIZING SIGNATURES

RECIPIENT agrees to furnish the necessary personnel, equipment, materials, services, and otherwise do all things necessary for or incidental to the performance of work as set forth in this Agreement.

RECIPIENT acknowledges that they had the opportunity to review the entire Agreement, including all the terms and conditions of this Agreement, Scope of Work, attachments, and incorporated or referenced documents, as well as all applicable laws, statutes, rules, regulations, and guidelines mentioned in this Agreement. Furthermore, the RECIPIENT has read, understood, and accepts all requirements contained within this Agreement.

This Agreement contains the entire understanding between the parties, and there are no other understandings or representations other than as set forth, or incorporated by reference, herein.

No subsequent modifications or amendments to this agreement will be of any force or effect unless in writing, signed by authorized representatives of the RECIPIENT and ECOLOGY and made a part of this agreement. ECOLOGY and RECIPIENT may change their respective staff contacts without the concurrence of either party.

This Agreement shall be subject to the written approval of Ecology’s authorized representative and shall not be binding until so approved.

The signatories to this Agreement represent that they have the authority to execute this Agreement and bind their respective organizations to this Agreement.

IN WITNESS WHEREOF: the parties hereto, having read this Agreement in its entirety, including all attachments, do agree in each and every particular and have thus set their hands hereunto.

Washington State
Department of Ecology

By: Heather R. Bartlett  Date
   Water Quality
   Program Manager

Public Utility District No.1 of Skagit County

By: George S Sidhu  Date
   Interim General Manager

Template Approved to Form by Attorney General's Office

Version 10/30/2015
SCOPE OF WORK

Task Number: 1  Task Cost: $0.00

Task Title: Project Administration/Management

Task Description:
A. The RECIPIENT shall carry out all work necessary to meet ECOLOGY grant or loan administration requirements. Responsibilities include, but are not limited to: maintenance of project records; submittal of requests for reimbursement and corresponding backup documentation; progress reports; and a recipient closeout report (including photos).

B. The RECIPIENT shall maintain documentation demonstrating compliance with applicable procurement, contracting, and interlocal agreement requirements; application for, receipt of, and compliance with all required permits, licenses, easements, or property rights necessary for the project; and submittal of required performance items.

C. The RECIPIENT shall manage the project. Efforts include, but are not limited to: conducting, coordinating, and scheduling project activities and assuring quality control. Every effort will be made to maintain effective communication with the RECIPIENT’s designees; ECOLOGY; all affected local, state, or federal jurisdictions; and any interested individuals or groups. The RECIPIENT shall carry out this project in accordance with any completion dates outlined in this agreement.

Task Goal Statement:
Properly managed and fully documented project that meets ECOLOGY’s grant or loan administrative requirements.

Task Expected Outcome:
* Timely and complete submittal of requests for reimbursement, quarterly progress reports, and RECIPIENT closeout report.
* Properly maintained project documentation

Recipient Task Coordinator: Bill Trueman

<table>
<thead>
<tr>
<th>Number</th>
<th>Description</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Quarterly Progress Reports</td>
<td></td>
</tr>
<tr>
<td>1.2</td>
<td>Recipient Closeout Report</td>
<td></td>
</tr>
<tr>
<td>1.3</td>
<td>Project Outcome Summary Report</td>
<td></td>
</tr>
</tbody>
</table>
SCOPE OF WORK

Task Number: 2  
Task Cost: $40,000.00

Task Title: Planning, Appraisal, Negotiation and Due Diligence

Task Description:

A. The RECIPIENT will coordinate the preparation and submittal of State Environmental Policy Act (SEPA) review and documentation.

B. The RECIPIENT will obtain an appraisal from a State Certified General Real Estate Appraiser. The appraisal must comply with the Uniform Standards of Professional Appraisal Practice (USPAP) and may not be a restricted-use report.

C. The RECIPIENT will obtain an independent review of the appraisal to confirm the value of record.

D. The RECIPIENT will submit documentation of land value and title that shows the type of ownership interest for the property that will be acquired.

E. The RECIPIENT will meet all cultural resource review process requirements as outlined in Appendix I of the Funding Guidelines State Fiscal Year 2017 for any ground disturbing activity. The RECIPIENT will provide appropriate documentation that these requirements were met to the ECOLOGY Project Manager. The RECIPIENT will develop and submit an Inadvertent Discovery Plan (IDP) to ECOLOGY and ensure that all contractors and subcontractors have a copy of the completed IDP prior to and while working on-site.

F. The RECIPIENT agrees to conduct title review, hazardous substances review, environmental assessment, baseline inventory, and any other due diligence and obtain ECOLOGY approval for any draft legal documents.

G. The RECIPIENT shall inspect, investigate, and conduct an environmental audit of the proposed acquisition site for the presence of hazardous substances, as defined in RCW 70.105D.020(10), and certify:

a. No hazardous substances were found on the site, or

b. Any hazardous substances found have been treated and/or disposed of in compliance with applicable state and federal laws, and the site deemed “clean.”

Nothing in this provision alters the RECIPIENT's duties and liabilities regarding hazardous substances as set forth in RCW 70.105D. The RECIPIENT will defend, protect and hold harmless ECOLOGY and any and all of its employees and/or agents, from and against any and all liability, cost (including but not limited to all costs of defense and attorneys' fees) and any and all loss of any nature from any and all claims or suits resulting from the presence of, or the release or threatened release of, hazardous substances on the property the RECIPIENT is acquiring.

H. The RECIPIENT will negotiate terms of sale of the property or conservation easement with Weyerhaeuser. The RECIPIENT agrees to respond to ECOLOGY comments prior to executing the terms of sale with the landowner.

Task Goal Statement:
The RECIPIENT will complete all environmental review, permitting, and due diligence and respond to Ecology

Version 10/30/2015
comments in a timely manner during the negotiations of the terms of sale with Weyerhaeuser.

Task Expected Outcome:
The final outcome of this task will be the negotiation of mutually acceptable terms for the sale of property or a conservation easement in order to protect water quality in Gilligan Creek.

Recipient Task Coordinator:    Bill Trueman

Planning, Appraisal, Negotiation and Due Diligence

Deliverables

<table>
<thead>
<tr>
<th>Number</th>
<th>Description</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>SEPA determination documentation if required.</td>
<td></td>
</tr>
<tr>
<td>2.2</td>
<td>Inadvertent Discovery Plan if conducting ground disturbing activity.</td>
<td></td>
</tr>
<tr>
<td>2.3</td>
<td>Property Appraisal</td>
<td></td>
</tr>
<tr>
<td>2.4</td>
<td>Review Appraisal and Notice of Fair Market Value to landowner.</td>
<td></td>
</tr>
<tr>
<td>2.5</td>
<td>Title Report and Commitment Checklist.</td>
<td></td>
</tr>
<tr>
<td>2.6</td>
<td>Hazardous Substances Certification and Environmental Site Assessment</td>
<td></td>
</tr>
<tr>
<td>2.7</td>
<td>Baseline documentation (conservation easements only).</td>
<td></td>
</tr>
<tr>
<td>2.8</td>
<td>Draft legal documents for ECOLOGY review.</td>
<td></td>
</tr>
</tbody>
</table>
SCOPE OF WORK

Task Number: 3  
Task Cost: $1,550,000.00

Task Title: Property or Conservation Easement Purchase

Task Description:
A. The RECIPIENT will acquire the property and ensure that property records and conveyance documents dedicate future use of the parcel for the purposes outlined in this agreement. The RECIPIENT understands that the purchase price of the property shall not be reimbursed by ECOLOGY prior to receipt of documentation of sale.

B. Conveyance of Rights to the State of Washington. Upon purchase of real property rights (both fee simple and lesser interests), the RECIPIENT will execute the document necessary to convey certain rights and responsibilities to ECOLOGY, on behalf of the State of Washington. The documents required will depend on the project type, the real property rights being acquired and whether or not those rights are being acquired in perpetuity (see options below). The RECIPIENT agrees to use language mutually agreed upon with ECOLOGY, to record the executed document in the County where the real property lies, and to provide a copy of the recorded document to ECOLOGY. The legal description of the real property rights purchased with funding assistance provided through this agreement (and protected by a recorded conveyance of rights to the State of Washington) shall be incorporated into the Agreement before final payment. The RECIPIENT and ECOLOGY mutually agree to use Deed of Right language submitted to ECOLOGY in a draft dated February 21, 2017. ECOLOGY approves the RECIPIENT's property management plan dated February 22, 2017.

1. Deed of Right. The Deed of Right conveys to the people of the state of Washington the right to preserve, protect, and/or use the property for public purposes consistent with the fund source. RECIPIENTs shall use this document when acquiring real property rights that include the underlying land. This document may also be applicable for those easements where the RECIPIENT has acquired a perpetual easement for public purposes.

2. Assignment of Rights. The Assignment of Rights document transfers certain rights such as access and enforcement to ECOLOGY. RECIPIENTs shall use this document when an easement or lease is being acquired for water quality and habitat conservation. The Assignment of Rights requires the signature of the underlying landowner and must be incorporated by reference in the easement document.

3. Easements and Leases. The RECIPIENT may incorporate required language from the Deed of Right or Assignment of Rights directly into the easement or lease document, thereby eliminating the requirement for a separate document. Language will depend on the situation; therefore, the RECIPIENT must obtain ECOLOGY approval on the draft language prior to executing the easement or lease.

C. The RECIPIENT shall not at any time convert any real property (including any interest therein) or facility acquired, developed, maintained, renovated, and/or restored pursuant to this Agreement to uses other than those purposes for which funds were approved without prior approval of ECOLOGY. For acquisition projects that are term limited, such as one involving a lease or a term-limited restoration, renovation or development project or easement, this restriction on conversion shall apply only for the length of the term, unless otherwise provided in written documents or required by applicable state or federal law. In such case, the restriction applies to such projects for the length of the term specified by the lease, easement, deed, or landowner agreement.

Task Goal Statement:
Version 10/30/2015
The RECIPIENT will oversee and manage purchase of property or a conservation easement in the vicinity of the sanitary control area of the Gilligan Creek Watershed. The RECIPIENT will communicate with Ecology in a timely fashion and provide Ecology with all requested project documentation.

**Task Expected Outcome:**
Completed purchase will protect lands in the sanitary control area of the Gilligan Creek Watershed from land use activities such as clearcut logging, chemical use, and forest road construction, except when consistent with the property management plan and Deed of Right. The RECIPIENT will create a property management plan.

**Recipient Task Coordinator:** Bill Trueman

**Property or Conservation Easement Purchase**

**Deliverables**

<table>
<thead>
<tr>
<th>Number</th>
<th>Description</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Signed and recorded deed or conservation easement.</td>
<td></td>
</tr>
<tr>
<td>3.2</td>
<td>Signed and recorded Deed of Right or Assignment of Rights.</td>
<td></td>
</tr>
<tr>
<td>3.3</td>
<td>Final title insurance policy.</td>
<td></td>
</tr>
<tr>
<td>3.4</td>
<td>Recorded legal survey and boundary line adjustment (if necessary).</td>
<td></td>
</tr>
<tr>
<td>3.5</td>
<td>District property management plan.</td>
<td></td>
</tr>
</tbody>
</table>
BUDGET

Funding Distribution EF170141

NOTE: The above funding distribution number is used to identify this specific agreement and budget on payment remittances and may be referenced on other communications from ECOLOGY. Your agreement may have multiple funding distribution numbers to identify each budget.

Title: CWSRF - SFY17
Type: Federal
Funding Source %: 100%
Description: Clean Water State Revolving Fund-This grant will provide additional capital for Washington’s Water Pollution Control Revolving Fund. This capital will be used to offer low interest loans to projects that will address the state's high priority water quality needs. The projects receiving financial assistance will generally protect and restore water quality and aquatic habitat.

Federal Awarding Agency: U.S. Environmental Protection Agency
Federal Awarding Agency Contact: Edward H. Chu
Federal Awarding Agency Phone: 206-553-0850
Federal Awarding Agency Email: Chu.Ed@epa.gov
Federal Awarding Agency Address: EPA Region 10, Mail Code: OMP-173, 1200 Sixth Avenue, Suite 900, Seattle WA 98101
CFDA Catalog Name: Capitalization Grants for State Revolving Fund

CFDA Number: 66.458
FAIN: 53000116
Research Grant: No
Federal Award Date: 08/12/2014
Total Federal Award Amount: $27,882,000.00

Federal Funds Obligated To Recipient: $397,500.00

Approved Indirect Costs Rate: Approved Rate Negotiated Between ECOLOGY and RECIPIENT: 0%
Recipient Match %: 0%
InKind Interlocal Allowed: No
InKind Other Allowed: No
Is this Funding Distribution used to match a federal grant? No

Version 10/30/2015
State Revolving Fund Forgivable Principal | Task Total
--- | ---
Planning, Appraisal, Negotiation and Due Diligence | $ 10,000.00
Property or Conservation Easement Purchase | $ 387,500.00

Total: $ 397,500.00
**BUDGET**

**Funding Distribution EL170140**

**NOTE:** The above funding distribution number is used to identify this specific agreement and budget on payment remittances and may be referenced on other communications from ECOLOGY. Your agreement may have multiple funding distribution numbers to identify each budget.

<table>
<thead>
<tr>
<th>Funding Title:</th>
<th>State Revolving Fund</th>
<th>Funding Type:</th>
<th>Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding Effective Date:</td>
<td>11/01/2016</td>
<td>Funding Expiration Date:</td>
<td>10/31/2021</td>
</tr>
</tbody>
</table>

**Funding Source:**

- **Title:** CWSRF - SFY17
- **Type:** Federal
- **Funding Source %:** 100%
- **Description:** Clean Water State Revolving Fund-This grant will provide additional capital for Washington's Water Pollution Control Revolving Fund. This capital will be used to offer low interest loans to projects that will address the state's high priority water quality needs. The projects receiving financial assistance will generally protect and restore water quality and aquatic habitat.

**Federal Awarding Agency:** U.S. Environmental Protection Agency

**Federal Awarding Agency Contact:** Edward H. Chu

**Federal Awarding Agency Phone:** 206-553-0850

**Federal Awarding Agency Email:** Chu.Ed@epa.gov

**Federal Awarding Agency Address:** EPA Region 10, Mail Code: OMP-173, 1200 Sixth Avenue, Suite 900, Seattle WA 98101

**CFDA Catalog Name:** Capitalization Grants for State Revolving Fund

- **CFDA Number:** 66.458
- **FAIN:** 53000116
- **Research Grant:** No
- **Federal Award Date:** 08/12/2014
- **Total Federal Award Amount:** $27,882,000.00

- **Federal Funds Obligated To Recipient:** $1,192,500.00

**Approved Indirect Costs Rate:**

<table>
<thead>
<tr>
<th>Recipient Match %:</th>
<th>Approved Rate Negotiated Between ECOLOGY and RECIPIENT: 0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>InKind Interlocal Allowed:</td>
<td>No</td>
</tr>
<tr>
<td>InKind Other Allowed:</td>
<td>No</td>
</tr>
</tbody>
</table>

**Is this Funding Distribution used to match a federal grant?** No
Effective Interest Rate: 2%   Interest Rate: 1%   Admin Charge: 1%
Terms: 20 years
Project Start Date: 11/01/2016   Project Completion Date: 10/31/2021
Estimated Initiation of Operation date:
Loan Security: Revenue Secure Lien Obligation of the Recipient
Final Accrued Interest: $
Final Loan Amount: $
Repayment Schedule Number: 2369

<table>
<thead>
<tr>
<th>State Revolving Fund</th>
<th>Task Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning, Appraisal, Negotiation and Due Diligence</td>
<td>$30,000.00</td>
</tr>
<tr>
<td>Property or Conservation Easement Purchase</td>
<td>$1,162,500.00</td>
</tr>
<tr>
<td>Project Administration/Management</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

Total: $1,192,500.00
Funding Distribution Summary

Recipient / Ecology Share

<table>
<thead>
<tr>
<th>Funding Distribution Name</th>
<th>Recipient Match %</th>
<th>Recipient Share</th>
<th>Ecology Share</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Revolving Fund</td>
<td>0.00 %</td>
<td>$0.00</td>
<td>$1,192,500.00</td>
<td>$1,192,500.00</td>
</tr>
<tr>
<td>State Revolving Fund</td>
<td>0.00 %</td>
<td>$0.00</td>
<td>$397,500.00</td>
<td>$397,500.00</td>
</tr>
<tr>
<td>Forgivable Principal</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$0.00</strong></td>
<td><strong>$0.00</strong></td>
<td><strong>$1,590,000.00</strong></td>
<td><strong>$1,590,000.00</strong></td>
</tr>
</tbody>
</table>

AGREEMENT SPECIFIC TERMS AND CONDITIONS

N/A

SPECIAL TERMS AND CONDITIONS

SECTION 1: DEFINITIONS

Unless otherwise provided, the following terms will have the respective meanings for all purposes of this agreement:

“Administration Charge” means a charge established in accordance with Chapter 90.50A RCW and Chapter 173-98 WAC, to be used to pay Ecology’s cost to administer the State Revolving Fund by placing a percentage of the interest earned in an Administrative Charge Account.

“Administrative Requirements” means the effective edition of ECOLOGY’s Administrative Requirements for Recipients of Ecology Grants and Loans at the signing of this agreement.

“Annual Debt Service” for any calendar year means for any applicable bonds or loans including the loan, all interest plus all principal due on such bonds or loans in such year.

“Average Annual Debt Service” means, at the time of calculation, the sum of the Annual Debt Service for the remaining years of the loan to the last scheduled maturity of the loan divided by the number of those years.

“Centennial Clean Water Program” means the state program funded from various state sources.

“Contract Documents” means the contract between the RECIPIENT and the construction contractor for construction of the project.

“Cost Effective Analysis” means a comparison of the relative cost-efficiencies of two or more potential ways of solving a water quality problem as described in Chapter 173-98-730 WAC.

“Defeasance” or “Defeasance” means the setting aside in escrow or other special fund or account of sufficient investments and money dedicated to pay all principal of and interest on all or a portion of an obligation as it comes due.

“Effective Date” means the earliest date on which eligible costs may be incurred.

Version 10/30/2015
“Effective Interest Rate” means the total interest rate established by Ecology that includes the Administrative Charge.

“Estimated Loan Amount” means the initial amount of funds loaned to the RECIPIENT.

“Estimated Loan Repayment Schedule” means the schedule of loan repayments over the term of the loan based on the Estimated Loan Amount.

“Equivalency” means projects designated by ECOLOGY to meet additional federal requirements.

“Final Accrued Interest” means the interest accrued beginning with the first disbursement of funds to the RECIPIENT through such time as the loan is officially closed out and a final loan repayment schedule is issued.

“Final Loan Amount” means all principal of and interest on the loan from the Project Start Date through the Project Completion Date.

“Final Loan Repayment Schedule” means the schedule of loan repayments over the term of the loan based on the Final Loan Amount.

“Forgivable Principal” means the portion of a loan that is not required to be paid back by the borrower.

“General Obligation Debt” means an obligation of the RECIPIENT secured by annual ad valorem taxes levied by the RECIPIENT and by the full faith, credit, and resources of the RECIPIENT.

“General Obligation Payable from Special Assessments Debt” means an obligation of the RECIPIENT secured by a valid general obligation of the Recipient payable from special assessments to be imposed within the constitutional and statutory tax limitations provided by law without a vote of the electors of the RECIPIENT on all of the taxable property within the boundaries of the RECIPIENT.

“Gross Revenue” means all of the earnings and revenues received by the RECIPIENT from the maintenance and operation of the Utility and all earnings from the investment of money on deposit in the Loan Fund, except (i) Utility Local Improvement Districts (ULID) Assessments, (ii) government grants, (iii) RECIPIENT taxes, (iv) principal proceeds of bonds and other obligations, or (v) earnings or proceeds (A) from any investments in a trust, Defeasance, or escrow fund created to Defease or refund Utility obligations or (B) in an obligation redemption fund or account other than the Loan Fund until commingled with other earnings and revenues of the Utility or (C) held in a special account for the purpose of paying a rebate to the United States Government under the Internal Revenue Code.

“Guidelines” means the ECOLOGY's Funding Guidelines that that correlate to the State Fiscal Year in which the project is funded.

“Initiation of Operation Date” means the actual date the Water Pollution Control Facility financed with proceeds of the loan begins to operate for its intended purpose.

“Loan” means the Washington State Water Pollution Control Revolving Fund Loan or Centennial Clean Water Fund (Centennial) Loan made pursuant to this loan agreement.

Version 10/30/2015
“Loan Amount” means either an Estimated Loan Amount or a Final Loan Amount, as applicable.

“Loan Fund” means the special fund of that name created by ordinance or resolution of the RECIPIENT for the repayment of the principal of and interest on the loan.

“Loan Security” means the mechanism by which the RECIPIENT pledges to repay the loan.

“Loan Term” means the repayment period of the loan.

“Maintenance and Operation Expense” means all reasonable expenses incurred by the RECIPIENT in causing the Utility to be operated and maintained in good repair, working order, and condition including payments to other parties, but will not include any depreciation or RECIPIENT levied taxes or payments to the RECIPIENT in lieu of taxes.

“Net Revenue” means the Gross Revenue less the Maintenance and Operation Expense.

“Original Engineer’s Estimate” means the engineer’s estimate of construction costs included with bid documents.

“Principal and Interest Account” means, for a loan that constitutes Revenue-Secured Debt, the account of that name created in the loan fund to be first used to repay the principal of and interest on the loan.

“Project” means the project described in this agreement.

“Project Completion Date” means the date specified in the agreement on which the Scope of Work will be fully completed.

“Project Schedule” means that schedule for the project specified in the agreement.

“Reserve Account” means, for a loan that constitutes Revenue-Secured Debt, the account of that name created in the loan fund to secure the payment of the principal of and interest on the loan.

“Revenue-Secured Debt” means an obligation of the RECIPIENT secured by a pledge of the revenue of a utility and one not a general obligation of the RECIPIENT.

“Risk-Based Determination” means an approach to sub-recipient monitoring and oversight based on risk factors associated to a RECIPIENT or project.

“Scope of Work” means the tasks and activities constituting the project.

“Section 319” means the section of the Clean Water Act that provides funding to address nonpoint sources of water pollution.

“Senior Lien Obligations” means all revenue bonds and other obligations of the RECIPIENT outstanding on the date of execution of this loan agreement (or subsequently issued on a parity therewith, including refunding obligations) or issued after the date of execution of this loan agreement having a claim or lien on the Gross Revenue of the Utility prior and superior to the claim or lien of the loan, subject only to Maintenance and Operation Expense.
“State WaterPollution Control Revolving Fund (Revolving Fund)” means the water pollution control revolving fund established by Chapter 90.50A.020 RCW.

“Termination Date” means the effective date of ECOLOGY’s termination of the agreement.

“Termination Payment Date” means the date on which the RECIPIENT is required to repay to ECOLOGY any outstanding balance of the loan and all accrued interest.

“Total Eligible Project Cost” means the sum of all costs associated with a water quality project that have been determined to be eligible for ECOLOGY grant or loan funding.

“Total Project Cost” means the sum of all costs associated with a water quality project, including costs that are not eligible for ECOLOGY grant or loan funding.

“ULID” means any utility local improvement district of the RECIPIENT created for the acquisition or construction of additions to and extensions and betterments of the Utility.

“ULID Assessments” means all assessments levied and collected in any ULID. Such assessments are pledged to be paid into the Loan Fund (less any prepaid assessments permitted by law to be paid into a construction fund or account). ULID Assessments will include principal installments and any interest or penalties which may be due.

“Utility” means the sewer system, stormwater system, or the combined water and sewer system of the RECIPIENT, the Net Revenue of which is pledged to pay and secure the loan.

SECTION 2: THE FOLLOWING CONDITIONS APPLY TO ALL RECIPIENTS OF WATER QUALITY COMBINED FINANCIAL ASSISTANCE FUNDING.

The Water Quality Financial Assistance Funding Guidelines are included in this agreement by reference and are available on ECOLOGY’s Water Quality Program website.

A. Architectural and Engineering Services: The RECIPIENT certifies by signing this agreement that the requirements of Chapter 39.80 RCW, “Contracts for Architectural and Engineering Services,” have been, or shall be, met in procuring qualified architectural/engineering services. The RECIPIENT shall identify and separate eligible and ineligible costs in the final architectural/engineering services contract and submit a copy of the contract to ECOLOGY.

B. Best Management Practices (BMP) Implementation: If the RECIPIENT installs BMPs that are not approved by ECOLOGY prior to installation, the RECIPIENT assumes the risk that part or all of the reimbursement for that activity may be delayed or ineligible. For more details regarding BMP Implementation, please reference the Water Quality Financial Assistance Funding Guidelines available on ECOLOGY’s Water Quality Program funding website.

C. Cultural Resources: The RECIPIENT shall:
1) The RECIPIENT shall comply with all applicable federal, state and local environmental laws, statutes, regulations, executive orders, and permits.

2) The RECIPIENT shall comply with Ecology’s Archaeological Resource and Historic Property review process. The RECIPIENT agrees that in no case shall construction activities, ground disturbance, or excavation of any kind, begin until provisions of this process are complied with. The RECIPIENT is responsible for developing a complete
Inadvertent Discovery Plan (IDP). The IDP must be immediately available upon request by any party. The IDP must be readily available and be implemented to address any discovery. The RECIPIENT shall implement the procedures in the IDP, and immediately notify ECOLOGY, the Department of Archeology and Historic Preservation (DAHP), and tribal representatives, if human remains, cultural, or archeological resources are discovered in the course of ground disturbing activities. For more details regarding requirements under this provision, please reference the Water Quality Financial Assistance Funding Guidelines available on ECOLOGY’s Water Quality Program funding website.

D. Electronic Fund Transfers: The RECIPIENT must register as a statewide vendor in order to receive payment reimbursement. Washington State’s Department of Enterprise Services (DES) issues all payments. DES maintains a central vendor file for Washington State agency use to process vendor payments. The RECIPIENT can complete the registration process online at: http://des.wa.gov/services/ContractingPurchasing/Business/VendorPay/Pages/default.aspx. This registration process allows the RECIPIENT to sign up for direct deposit payments, also known as electronic fund transfers (EFT). If the RECIPIENT has questions about the vendor registration process or setting up direct deposit payments contact DES Payee Help Desk at (360) 664-7779 or payeehelpdesk@des.wa.gov.

E. Equipment Purchase: Equipment not included in the scope of work or the Ecology approved construction plans and specifications, must be pre-approved by ECOLOGY’s project manager before purchase.

F. Funding Recognition: The RECIPIENT must inform the public about ECOLOGY or any EPA (see Section 3.B for Section 319 funded or Section 5.E for SRF funded projects) funding participation in this project through the use of project signs, acknowledgement in published materials, reports, the news media, websites, or other public announcements. Projects addressing site-specific locations must utilize appropriately sized and weather-resistant signs. Sign logos are available from ECOLOGY’s Financial Manager upon request.

G. Growth Management Planning: The RECIPIENT certifies by signing this agreement that it is in compliance with the requirements of Chapter 36.70A RCW, “Growth Management Planning by Selected Counties and Cities.” If the status of compliance changes, either through RECIPIENT or legislative action, the RECIPIENT shall notify ECOLOGY in writing of this change within 30 days.

H. Interlocal: The RECIPIENT certifies by signing this agreement that all negotiated interlocal agreements necessary for the project are, or shall be, consistent with the terms of this agreement and Chapter 39.34 RCW, “Interlocal Cooperation Act.” The RECIPIENT shall submit a copy of each interlocal agreement necessary for the project to ECOLOGY upon request.

I. Lobbying and Litigation: Costs incurred for the purposes of lobbying or litigation are not eligible for funding under this agreement.

J. Post Project Assessment Survey: The RECIPIENT agrees to participate in a brief survey regarding the key project results or water quality project outcomes and the status of long-term environmental results or goals from the project approximately three years after project completion. A representative from ECOLOGY’s Water Quality Program may contact the RECIPIENT to request this data. ECOLOGY may also conduct site interviews and inspections, and may otherwise evaluate the project, as part of this assessment.

K. Project Status Evaluation: ECOLOGY may evaluate the status of this project 18 months from the effective date of this agreement. ECOLOGY’s Project Manager and Financial Manager will meet with the RECIPIENT to review spending trends, completion of outcome measures, and overall project administration and performance. If the
RECIPIENT fails to make satisfactory progress toward achieving project outcomes, ECOLOGY may change the scope of work, reduce grant funds, or increase oversight measures.

L. Technical Assistance: Technical assistance for agriculture activities provided under the terms of this agreement shall be consistent with the current U.S. Natural Resource Conservation Service (“NRCS”) Field Office Technical Guide for Washington State. However, ECOLOGY may accept as eligible technical assistance, proposed practices, or project designs that do not meet these standards if approved in writing by the NRCS and ECOLOGY.

SECTION 3: THE FOLLOWING CONDITIONS APPLY TO SECTION 319 AND ONLY CENTENNIAL CLEAN WATER FUNDED PROJECTS BEING USED TO MATCH SECTION 319 FUNDS.

The RECIPIENT must submit the following documents to ECOLOGY before this agreement is signed by ECOLOGY:

1. Federal Funding Accountability and Transparency Act (FFATA) Form, available on the Water Quality Program website.
2. Clean Water Act Section 319 Initial Data Reporting Sheet or the “Section 319 Initial Data Reporting” form in EAGL.

A. Data Reporting: The RECIPIENT must complete the “Section 319 Initial Data Reporting” form in EAGL before this agreement can be signed by Ecology. This form is used to gather general information about the project.

B. Funding Recognition and Outreach: In addition to Section 2.F of these Terms and Conditions, the RECIPIENT shall provide signage that informs the public that the project is funded by EPA. The signage shall contain the EPA logo and follow usage requirements available at http://www2.epa.gov/stylebook/using-epa-seal-and-logo. To obtain the appropriate EPA logo or seal graphic file, the RECIPIENT may send a request to their Ecology’s Financial Manager.

To increase public awareness of projects serving communities where English is not the predominant language, RECIPIENTS are encouraged to provide their outreach strategies communication in non-English languages. Translation costs for this purpose are allowable, provided the costs are reasonable.

The RECIPIENT shall use the following paragraph in all reports, documents, and signage developed under this agreement:

“This project has been funded wholly or in part by the United States Environmental Protection Agency under an assistance agreement to the Washington State Department of Ecology. The contents of this document do not necessarily reflect the views and policies of the Environmental Protection Agency, nor does the mention of trade names or commercial products constitute endorsement or recommendation for use.”

C. Load Reduction Reporting: The RECIPIENT shall complete the “Section 319 Annual Load Reduction Reporting” form in EAGL by January 15 of each year and at project close-out. ECOLOGY may hold reimbursements until the RECIPIENT has completed the form. This form is used to gather information on pollutant load reductions for each best management practice (BMP) installed as a part of this project.

D. Time Extension: The RECIPIENT may request a one-time extension for up to 12 months. However, the time extension cannot exceed the time limitation established in EPA’s assistance agreement. In the event a time extension is requested and approved by ECOLOGY, the RECIPIENT must complete all eligible work performed under this agreement.
agreement by the expiration date.

SECTION 4: THE FOLLOWING CONDITIONS APPLY TO SECTION 319 AND STATE REVOLVING FUND (SRF) LOAN FUNDED PROJECTS ONLY.

A. Accounting Standards: The RECIPIENT shall maintain accurate records and accounts for the project (PROJECT Records) in accordance with Generally Accepted Accounting Principles (GAAP) as issued by the Governmental Accounting Standards Board (GASB), including standards related to the reporting of infrastructure assets or in accordance with the standards in Chapter 43.09.200 RCW “Local Government Accounting – Uniform System of Accounting”.

B. Audit Requirements: In accordance with 2 CFR 200.501(a), the RECIPIENT agrees to obtain a single audit from an independent auditor, if their organization expends $750,000 or more in total Federal funds in their fiscal year. The RECIPIENT must submit the form SF-SAC and a Single Audit Report Package within 9 months of the end of the fiscal year or 30 days after receiving the report from an independent auditor. The SF-SAC and a Single Audit Report Package MUST be submitted using the Federal Audit Clearinghouse’s Internet Data Entry System available at: https://harvester.census.gov/fac/collect/ddeindex.html. For complete information on how to accomplish the single audit submissions, go to the Federal Audit Clearinghouse Web site: http://harvester.census.gov/fac/.

C. Archaeological Resources and Historic Properties (Section 106): See Section 2.C of the terms and conditions of this agreement, the RECIPIENT shall comply with the additional requirements under section 106 of the National Historic Preservation Act (NHPA, 36 CFR 800).

D. Consultant Cap: The RECIPIENT shall ensure that loan or grant funds provided under this agreement to reimburse for costs incurred by individual consultants (excluding overhead) is limited to the maximum daily rate for Level IV of the Executive Schedule (formerly GS-18), to be adjusted annually. The Executive Schedule can be found at: https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/. This limit applies to consultation services of designated individuals with specialized skills who are paid at a daily or hourly rate. This rate does not include transportation and subsistence costs for travel performed. Contracts for services awarded using the procurement requirements in Subpart D of 2 CFR 200 are not affected by this limitation unless the terms of the contract provide the RECIPIENT with responsibility for the selection, direction, and control of the individuals who shall be providing services under the contract at an hourly or daily rate of compensation. See 2 CFR 1500.9 for additional information.

E. Data Universal Numbering System (DUNS) and Central Contractor Registration (CCR) Requirements: RECIPIENTs shall have a DUNS number. Unless exempted from this requirement under 2 CFR 25.110, the RECIPIENT must ensure that the organization’s information in the System for Award Management (SAM), https://www.sam.gov, is kept current through project closeout. This requires that the RECIPIENT reviews and updates the information at least annually after the initial registration, and more frequently if information changes.

F. Disadvantaged Business Enterprise (DBE): General Compliance, 40 CFR, Part 33. The RECIPIENT agrees to comply with the requirements of the Environmental Protection Agency’s Program for Utilization of Small, Minority, and Women’s Business Enterprises (MBE/WBE) 40CFR, Part 33 in procurement under this agreement.

Six Good Faith Efforts, 40 CFR, Part 33, Subpart C. The RECIPIENT agrees to make the following good faith efforts whenever procuring construction, equipment, services and supplies under this agreement. Records documenting compliance with the following six good faith efforts shall be retained:
1) Ensure Disadvantaged Business Enterprises are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local and Government RECIPIENTS, this shall include placing Disadvantaged Business Enterprises on solicitation lists and soliciting them whenever they are potential sources.

2) Make information on forthcoming opportunities available to Disadvantaged Business Enterprises and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by Disadvantaged Business Enterprises in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of thirty (30) calendar days before the bid or proposal closing date.

3) Consider in the contracting process whether firms competing for large contracts could subcontract with Disadvantaged Business Enterprises. For Indian Tribal, and State and Local Government RECIPIENTS, this shall include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by Disadvantaged Business Enterprises in the competitive process.

4) Encourage contracting with a consortium of Disadvantaged Business Enterprises when a contract is too large for one of these firms to handle individually.

5) Use services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.

6) If the prime contractor awards subcontracts, require the prime contractor to take the five good faith efforts steps in paragraphs 1 through 5 above.

The RECIPIENT agrees to submit ECOLOGY’s Contractor Participation Report Form D with each payment request.


Non-discrimination Provision. The RECIPIENT shall not discriminate on the basis of race, color, national origin or sex in the performance of this agreement. The RECIPIENT shall carry out applicable requirements of 40 CFR Part 33 in the award and administration of contracts awarded under EPA financial assistance agreements. Failure by the RECIPIENT to carry out these requirements is a material breach of this agreement which may result in the termination of this contract or other legally available remedies.

This does not preclude the RECIPIENT from enacting broader nondiscrimination protections.

The RECIPIENT shall comply with all federal and state nondiscrimination laws, including, but not limited to Title VI and VII of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and Chapter 49.60 RCW, Washington’s Law Against Discrimination, and 42 U.S.C. 12101 et seq, the Americans with Disabilities Act (ADA).

In the event of the RECIPIENT’s noncompliance or refusal to comply with any applicable nondiscrimination law, regulation, or policy, this agreement may be rescinded, canceled, or terminated in whole or in part, and the RECIPIENT may be declared ineligible for further funding from ECOLOGY. The RECIPIENT shall, however, be given a reasonable time in which to cure this noncompliance.

Version 10/30/2015
The RECIPIENT shall include the following terms and conditions in contracts with all contractors, subcontractors, engineers, vendors, and any other entity for work or services pertaining to this agreement.

“The Contractor will not discriminate on the basis of race, color, national origin or sex in the performance of this Contract. The Contractor will carry out applicable requirements of 40 CFR Part 33 in the award and administration of contracts awarded under Environmental Protection Agency financial agreements. Failure by the Contractor to carry out these requirements is a material breach of this Contract which may result in termination of this Contract or other legally available remedies.”

Bidder List, 40 CFR, Section 33.501(b) and (c). The RECIPIENT agrees to create and maintain a bidders list. The bidders list shall include the following information for all firms that bid or quote on prime contracts, or bid or quote subcontracts, including both MBE/WBEs and non-MBE/WBEs.

1. Entity's name with point of contact
2. Entity's mailing address, telephone number, and e-mail address
3. The procurement on which the entity bid or quoted, and when
4. Entity's status as an MBE/WBE or non-MBE/WBE

G. Electronic and information Technology (EIT) Accessibility: RECIPIENTs shall ensure that loan funds provided under this agreement for costs in the development or purchase of EIT systems or products provide individuals with disabilities reasonable accommodations and an equal and effective opportunity to benefit from or participate in a program, including those offered through electronic and information technology as per Section 504 of the Rehabilitation Act, codified in 40 CFR Part 7. Systems or products funded under this agreement must be designed to meet the diverse needs of users without barriers or diminished function or quality. Systems shall include usability features or functions that accommodate the needs of persons with disabilities, including those who use assistive technology.

H. Hotel-Motel Fire Safety Act: The RECIPIENT shall ensure that all space for conferences, meetings, conventions or training seminars funded in whole or in part with federal funds complies with the protection and control guidelines of the Hotel and Motel Fire Safety Act (15 USC 2225a, PL 101-391, as amended). Recipients may search the Hotel-Motel National Master List at http://www.usfa.dhs.gov/applications/hotel/ to see if a property is in compliance, or to find other information about the Act. Pursuant to 15 USC 2225a.

I. Trafficking In Persons: The RECIPIENT and RECIPIENT employees that are private entities shall not engage in forms of trafficking in persons during the period of time this agreement is effective. This includes, but is not limited to the procurement of a commercial sex act or forced labor. The RECIPIENT shall notify ECOLOGY immediately of any information received from any source alleging a violation under this provision.

SECTION 5: THE FOLLOWING CONDITIONS APPLY TO STATE REVOLVING FUND (SRF) LOAN FUNDED PROJECTS ONLY.

The RECIPIENT must submit the following documents/forms to ECOLOGY before this agreement is signed by ECOLOGY:

1. Opinion of RECIPIENT’s Legal Council
2. Authorizing Ordinance or Resolution
3. Federal Funding Accountability and Transparency Act (FFATA) Form
4. CWSRF Federal Reporting Information form available in EAGL
5. Fiscal Sustainability Plan Certification (only required if the project includes construction of a wastewater or stormwater facility construction)

A. Alteration and Eligibility of Project: During the term of this agreement, the RECIPIENT (1) shall not materially alter the design or structural character of the project without the prior written approval of ECOLOGY and (2) shall take no action which would adversely affect the eligibility of the project as defined by applicable funding program rules and state statutes, or which would cause a violation of any covenant, condition, or provision herein.

B. American Iron and Steel (Buy American): This loan provision applies to projects for the construction, alteration, maintenance, or repair of a “treatment works” as defined in the Federal Water Pollution Control Act (33 USC 1381 et seq.) The RECIPIENT shall ensure that all iron and steel products used in the project are produced in the United States. Iron and Steel products means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials. The RECIPIENT may request waiver from this requirement from the Administrator of the Environmental Protection Agency. The RECIPIENT must coordinate all waiver requests through ECOLOGY. This provision does not apply if the engineering plans and specifications for the project were approved by ECOLOGY prior to January 17, 2014. ECOLOGY reserves the right to request documentation of RECIPIENT'S compliance with this provision.

C. Authority of RECIPIENT: This agreement is authorized by the Constitution and laws of the state of Washington, including the RECIPIENT’s authority, and by the RECIPIENT pursuant to the authorizing ordinance or resolution. The RECIPIENT shall submit a copy of the authorizing ordinance or resolution to the ECOLOGY Financial Manager before this agreement shall be signed by ECOLOGY.

D. Fiscal Sustainability Plan Certification: The RECIPIENT shall submit a completed Fiscal Sustainability Plan Certification before this agreement is signed by ECOLOGY. The Fiscal Sustainability Plan Certification is available from the ECOLOGY Financial Manager or on the Water Quality Program website.

E. Funding Recognition and Outreach: In addition to Section 2.F of these Terms and Conditions, the RECIPIENT agrees to comply with the EPA SRF Signage Guidance in order to enhance public awareness of EPA assistance agreements nationwide. The signage guidance can be found at: http://www.ecy.wa.gov/programs/wq/funding/FundPrgms/CWSRF/SignageGuidanceJune2015.pdf.

F. Free Service: The RECIPIENT shall not furnish utility service to any customer free of charge if providing that free service affects the RECIPIENT's ability to meet the obligations of this agreement.

G. Insurance: The RECIPIENT shall at all times carry fire and extended coverage, public liability, and property damage, and such other forms of insurance with responsible insurers and with policies payable to the RECIPIENT on such of the buildings, equipment, works, plants, facilities, and properties of the Utility as are ordinarily carried by municipal or privately-owned utilities engaged in the operation of like systems, and against such claims for damages as are ordinarily carried by municipal or privately-owned utilities engaged in the operation of like systems, or it shall self-insure or participate in an insurance pool or pools with reserves adequate, in the reasonable judgment of the RECIPIENT, to protect it against loss.

H. Loan Interest Rate and Terms: This loan agreement shall remain in effect until the date of final repayment of the
loan, unless terminated earlier according to the provisions herein.

When the Project Completion Date has occurred, ECOLOGY and the RECIPIENT shall execute an amendment to this loan agreement which details the final loan amount (Final Loan Amount), and ECOLOGY shall prepare a final loan repayment schedule. The Final Loan Amount shall be the combined total of actual disbursements made on the loan and all accrued interest to the computation date.

The Estimated Loan Amount and the Final Loan Amount (in either case, as applicable, a “Loan Amount”) shall bear interest based on the interest rate identified in this agreement as the “Effective Interest Rate,” per annum, calculated on the basis of a 365 day year. Interest on the Estimated Loan Amount shall accrue from and be compounded monthly based on the date that each payment is mailed to the RECIPIENT. The Final Loan Amount shall be repaid in equal installments semiannually over the term of this loan “Loan Term” as outlined in this agreement.

I. Loan Repayment:

Sources of Loan Repayment

1. Nature of RECIPIENT’s Obligation. The obligation of the RECIPIENT to repay the loan from the sources identified below and to perform and observe all of the other agreements and obligations on its part contained herein shall be absolute and unconditional, and shall not be subject to diminution by setoff, counterclaim, or abatement of any kind. To secure the repayment of the loan from ECOLOGY, the RECIPIENT agrees to comply with all of the covenants, agreements, and attachments contained herein.

2. For General Obligation. This loan is a General Obligation Debt of the RECIPIENT.

3. For General Obligation Payable from Special Assessments. This loan is a General Obligation Debt of the RECIPIENT payable from special assessments to be imposed within the constitutional and statutory tax limitations provided by law without a vote of the electors of the RECIPIENT on all of the taxable property within the boundaries of the RECIPIENT.

4. For Revenue-Secured: Lien Position. This loan is a Revenue-Secured Debt of the RECIPIENT’s Utility. This loan shall constitute a lien and charge upon the Net Revenue junior and subordinate to the lien and charge upon such Net Revenue of any Senior Lien Obligations. In addition, if this loan is also secured by Utility Local Improvement Districts (ULID) Assessments, this loan shall constitute a lien upon ULID Assessments in the ULID prior and superior to any other charges whatsoever.

5. Other Sources of Repayment. The RECIPIENT may repay any portion of the loan from any funds legally available to it.

6. Defeasance of the Loan. So long as ECOLOGY shall hold this loan, the RECIPIENT shall not be entitled to, and shall not affect, an economic Defeasance of the loan. The RECIPIENT shall not advance refund the loan. If the RECIPIENT defeases or advance refunds the loan, it shall be required to use the proceeds thereof immediately upon their receipt, together with other available RECIPIENT funds, to repay both of the following:

(i) The Loan Amount with interest

(ii) Any other obligations of the RECIPIENT to ECOLOGY under this agreement, unless in its sole discretion

Version 10/30/2015
ECOLOGY finds that repayment from those additional sources would not be in the public interest.

Failure to repay the Loan Amount plus interest within the time specified in ECOLOGY’s notice to make such repayment shall incur Late Charges and shall be treated as a Loan Default.

7. Refinancing or Early Repayment of the Project. So long as ECOLOGY shall hold this loan, the RECIPIENT shall give ECOLOGY thirty days written notice if the RECIPIENT intends to refinance or make early repayment of the loan.

Method and Conditions on Repayments
1. Semiannual Payments. Notwithstanding any other provision of this agreement, the first semiannual payment of principal and interest on this loan shall be due and payable no later than one year after the project completion date or initiation of operation date, whichever comes first.

Thereafter, equal payments shall be due every six months.

If the due date for any semiannual payment falls on a Saturday, Sunday, or designated holiday for Washington State agencies, the payment shall be due on the next business day for Washington State agencies.

Payments shall be mailed to:

Department of Ecology
Cashiering Unit
P.O. Box 47611
Olympia WA 98504-7611

In lieu of mailing payments, electronic fund transfers can be arranged by working with ECOLOGY’s Financial Manager.

No change to the amount of the semiannual principal and interest payments shall be made without a formal amendment to this agreement. The RECIPIENT shall continue to make semiannual payments based on this agreement until the amendment is effective, at which time the RECIPIENT’s payments shall be made pursuant to the amended agreement.

2. Late Charges. If any amount of the Final Loan Amount or any other amount owed to ECOLOGY pursuant to this agreement remains unpaid after it becomes due and payable, ECOLOGY may assess a late charge. The late charge shall be one percent per month on the past due amount starting on the date the debt becomes past due and until it is paid in full.

3. Repayment Limitations. Repayment of the loan is subject to the following additional limitations, among others: those on defeasance, refinancing and advance refunding, termination, and default and recovery of payments.

4. Prepayment of Loan. So long as ECOLOGY shall hold this loan, the RECIPIENT may prepay the entire unpaid principal balance of and accrued interest on the loan or any portion of the remaining unpaid principal balance of the Loan Amount. Any prepayments on the loan shall be applied first to any accrued interest due and then to the outstanding principal balance of the Loan Amount. If the RECIPIENT elects to prepay the entire remaining unpaid balance and accrued interest, the RECIPIENT shall first contact ECOLOGY’s Revenue/Receivable Manager of the
J. Loan Security

Due Regard: For loans secured with a Revenue Obligation: The RECIPIENT shall exercise due regard for Maintenance and Operation Expense and the debt service requirements of the Senior Lien Obligations and any other outstanding obligations pledging the Gross Revenue of the Utility, and it has not obligated itself to set aside and pay into the loan Fund a greater amount of the Gross Revenue of the Utility than, in its judgment, shall be available over and above such Maintenance and Operation Expense and those debt service requirements.

Where collecting adequate gross utility revenue requires connecting additional users, the RECIPIENT shall require the sewer system connections necessary to meet debt obligations and expected operation and maintenance expenses.

Levy and Collection of Taxes (if used to secure the repayment of the loan): For so long as the loan is outstanding, the RECIPIENT irrevocably pledges to include in its budget and levy taxes annually within the constitutional and statutory tax limitations provided by law without a vote of its electors on all of the taxable property within the boundaries of the RECIPIENT in an amount sufficient, together with other money legally available and to be used therefore, to pay when due the principal of and interest on the loan, and the full faith, credit and resources of the RECIPIENT are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest.

Not an Excess Indebtedness: For loans secured with a general obligation pledge or a general obligation pledge on special assessments: The RECIPIENT agrees that this agreement and the loan to be made do not create an indebtedness of the RECIPIENT in excess of any constitutional or statutory limitations.

Pledge of Net Revenue and ULID Assessments in the ULID (if used to secure the repayment of this loan): For so long as the loan is outstanding, the RECIPIENT irrevocably pledges the Net Revenue of the Utility, including applicable ULID Assessments in the ULID, to pay when due the principal of and interest on the loan.

Reserve Requirement: For loans that are Revenue-Secured Debt with terms greater than five years, the RECIPIENT must accumulate a reserve for the loan equivalent to at least the Average Annual Debt Service on the loan during the first five years of the repayment period of the loan. This amount shall be deposited in a Reserve Account in the Loan Fund in approximately equal annual payments commencing within one year after the initiation of operation or the project completion date, whichever comes first.

“Reserve Account” means, for a loan that constitutes Revenue-Secured Debt, an account of that name created in the Loan Fund to secure the payment of the principal and interest on the loan. The amount on deposit in the Reserve Account may be applied by the RECIPIENT (1) to make, in part or in full, the final repayment to ECOLOGY of the loan amount or, (2) if not so applied, for any other lawful purpose of the RECIPIENT once the Loan Amount, plus interest and any other amounts owing to ECOLOGY, have been paid in full.

Utility Local Improvement District (ULID) Assessment Collection (if used to secure the repayment of the loan): All ULID Assessments in the ULID shall be paid into the loan Fund and used to pay the principal of and interest on the loan. The ULID Assessments in the ULID may be deposited into the Reserve Account to satisfy a Reserve Requirement if a Reserve Requirement is applicable.

K. Maintenance and Operation of a Funded Utility: The RECIPIENT shall at all times maintain and keep a funded Utility in good repair, working order and condition and also shall at all times operate the Utility and the business in an efficient manner and at a reasonable cost.
L. Opinion of RECIPIENT's Legal Counsel: The RECIPIENT must submit an “Opinion of Legal Counsel to the RECIPIENT” to ECOLOGY before this agreement shall be signed. ECOLOGY will provide the form.

M. Prevailing Wage (Davis-Bacon Act): The RECIPIENT agrees, by signing this agreement, to comply with the Davis-Bacon Act prevailing wage requirements. This applies to the construction, alteration, and repair of treatment works carried out in whole or in part with assistance made available by the State Revolving Fund as authorized by Section 513, title VI of the Federal Water Pollution Control Act (33 U.S.C. 1372). Laborers and mechanics employed by contractors and subcontractors shall be paid wages not less often than once a week and at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor.

The RECIPIENT shall obtain the wage determination for the area in which the project is located prior to issuing requests for bids, proposals, quotes or other methods for soliciting contracts (solicitation). These wage determinations shall be incorporated into solicitations and any subsequent contracts. The RECIPIENT shall ensure that the required EPA contract language regarding Davis-Bacon Wages is in all contracts and subcontracts in excess of $2,000. The RECIPIENT shall maintain records sufficient to document compliance with the Davis-Bacon Act, and make such records available for review upon request.

The RECIPIENT also agrees, by signing this agreement, to comply with State Prevailing Wages on Public Works, Chapter 39.12 RCW, as applicable. Compliance may include the determination whether the project involves “public work” and inclusion of the applicable prevailing wage rates in the bid specifications and contracts. The RECIPIENT agrees to maintain records sufficient to evidence compliance with Chapter 39.12 RCW, and make such records available for review upon request.

N. Litigation; Authority: No litigation is now pending, or to the RECIPIENT’s knowledge, threatened, seeking to restrain, or enjoin:

(i) the execution of this agreement; or

(ii) the fixing or collection of the revenues, rates, and charges or the formation of the ULID and the levy and collection of ULID Assessments therein pledged to pay the principal of and interest on the loan (for revenue secured lien obligations); or

(iii) the levy and collection of the taxes pledged to pay the principal of and interest on the loan (for general obligation-secured loans and general obligation payable from special-assessment-secured loans); or

(iv) in any manner questioning the proceedings and authority under which the agreement, the loan, or the project are authorized. Neither the corporate existence or boundaries of the RECIPIENT nor the title of its present officers to their respective offices is being contested. No authority or proceeding for the execution of this agreement has been repealed, revoked, or rescinded.

O. Representations and Warranties: The RECIPIENT represents and warrants to ECOLOGY as follows:

Application: Material Information. All information and materials submitted by the RECIPIENT to ECOLOGY in connection with its loan application were, when made, and are, as of the date the RECIPIENT signs this agreement, true and correct. There is no material adverse information relating to the RECIPIENT, the project, the loan, or this agreement known to the RECIPIENT which has not been disclosed in writing to ECOLOGY.
Existence; Authority. It is a duly formed and legally existing municipal corporation or political subdivision of the state of Washington or a federally recognized Indian Tribe. It has full corporate power and authority to execute, deliver, and perform all of its obligations under this agreement and to undertake the project identified herein.

Certification. Each payment request shall constitute a certification by the RECIPIENT to the effect that all representations and warranties made in this loan agreement remain true as of the date of the request and that no adverse developments, affecting the financial condition of the RECIPIENT or its ability to complete the project or to repay the principal of or interest on the loan, have occurred since the date of this loan agreement. Any changes in the RECIPIENT's financial condition shall be disclosed in writing to ECOLOGY by the RECIPIENT in its request for payment.

P. Sale or Disposition of Utility: The RECIPIENT shall not sell, transfer, or otherwise dispose of any of the works, plant, properties, facilities, or other part of the Utility or any real or personal property comprising a part of the Utility unless:

1. The facilities or property transferred are not material to the operation of the Utility, or have become unserviceable, inadequate, obsolete, or unfit to be used in the operation of the Utility or are no longer necessary, material, or useful to the operation of the Utility; or

2. The aggregate depreciated cost value of the facilities or property being transferred in any fiscal year comprises no more than three percent of the total assets of the Utility; or

3. The RECIPIENT receives from the transferee an amount equal to an amount which will be in the same proportion to the net amount of Senior Lien Obligations and this LOAN then outstanding (defined as the total amount outstanding less the amount of cash and investments in the bond and loan funds securing such debt) as the Gross Revenue of the Utility from the portion of the Utility sold or disposed of for the preceding year bears to the total Gross Revenue for that period.

4. Expressed written agreement by the DEPARTMENT. The proceeds of any transfer under this paragraph must be used (1) to redeem promptly, or irrevocably set aside for the redemption of, Senior Lien Obligations and to redeem promptly the loan, and (2) to provide for part of the cost of additions to and betterments and extensions of the Utility.

Q. Sewer-Use Ordinance or Resolution: If not already in existence, the RECIPIENT shall adopt and shall enforce a sewer-use ordinance or resolution. Such ordinance or resolution shall be submitted to ECOLOGY upon request.

The sewer use ordinance must include provisions to:

1) Prohibit the introduction of toxic or hazardous wastes into the RECIPIENT’s sewer system.
2) Prohibit inflow of stormwater.
3) Require that new sewers and connections be properly designed and constructed.

R. Termination and Default:

Termination and Default Events
1. For Insufficient ECOLOGY or RECIPIENT Funds. ECOLOGY may terminate this loan agreement for insufficient ECOLOGY or RECIPIENT funds.

2. For Failure to Commence Work. ECOLOGY may terminate this loan agreement for failure of the RECIPIENT to commence project work.

3. Past Due Payments. The RECIPIENT shall be in default of its obligations under this loan agreement when any loan repayment becomes 60 days past due.

4. Other Cause. The obligation of ECOLOGY to the RECIPIENT is contingent upon satisfactory performance in full by the RECIPIENT of all of its obligations under this loan agreement. The RECIPIENT shall be in default of its obligations under this loan agreement if, in the opinion of ECOLOGY, the RECIPIENT has unjustifiably failed to perform any obligation required of it by this loan agreement.

Procedures for Termination. If this loan agreement is terminated prior to project completion, ECOLOGY shall provide to the RECIPIENT a written notice of termination at least five working days prior to the effective date of termination (the “Termination Date”). The written notice of termination by the ECOLOGY shall specify the Termination Date and, when applicable, the date by which the RECIPIENT must repay any outstanding balance of the loan and all accrued interest (the “Termination Payment Date”).

Termination and Default Remedies

No Further Payments. On and after the Termination Date, or in the event of a default event, ECOLOGY may, at its sole discretion, withdraw the loan and make no further payments under this agreement.

Repayment Demand. In response to an ECOLOGY initiated termination event, or in response to a loan default event, ECOLOGY may at its sole discretion demand that the RECIPIENT repay the outstanding balance of the Loan Amount and all accrued interest.

Interest after Repayment Demand. From the time that ECOLOGY demands repayment of funds, amounts owed by the RECIPIENT to ECOLOGY shall accrue additional interest at the rate of one percent per month, or fraction thereof.

Accelerate Repayments. In the event of a default, ECOLOGY may, in its sole discretion, declare the principal of and interest on the loan immediately due and payable, subject to the prior lien and charge of any outstanding Senior Lien Obligation upon the Net Revenue. That is, the loan is not subject to acceleration so long as any Senior Lien Obligations are outstanding. Repayments not made immediately upon such acceleration will incur Late Charges.

Late Charges. All amounts due to ECOLOGY and not paid by the RECIPIENT by the Termination Payment Date or after acceleration following a default event, as applicable, shall incur late charges.

Intercept State Funds. In the event of a default event and in accordance with Chapter 90.50A.060 RCW, “Defaults,” any state funds otherwise due to the RECIPIENT may, at ECOLOGY’s sole discretion, be withheld and applied to the repayment of the loan.

Property to ECOLOGY. In the event of a default event and at the option of ECOLOGY, any personal property (equipment) acquired under this agreement may, in ECOLOGY’s sole discretion, become ECOLOGY’s property. In that circumstance, ECOLOGY shall reduce the RECIPIENT’s liability to repay money by an amount reflecting the fair
value of such property.

Documents and Materials. If this agreement is terminated, all finished or unfinished documents, data studies, surveys, drawings, maps, models, photographs, and reports or other materials prepared by the RECIPIENT shall, at the option of ECOLOGY, become ECOLOGY property. The RECIPIENT shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials.

Collection and Enforcement Actions. In the event of a default event, the state of Washington reserves the right to take any actions it deems necessary to collect the amounts due, or to become due, or to enforce the performance and observance of any obligation by the RECIPIENT, under this agreement.

Fees and Expenses. In any action to enforce the provisions of this agreement, reasonable fees and expenses of attorneys and other reasonable expenses (including, without limitation, the reasonably allocated costs of legal staff) shall be awarded to the prevailing party as that term is defined in Chapter 4.84.330 RCW.

Damages. Notwithstanding ECOLOGY’s exercise of any or all of the termination or default remedies provided in this agreement, the RECIPIENT shall not be relieved of any liability to ECOLOGY for damages sustained by ECOLOGY and/or the state of Washington because of any breach of this agreement by the RECIPIENT. ECOLOGY may withhold payments for the purpose of setoff until such time as the exact amount of damages due ECOLOGY from the RECIPIENT is determined.

S. User-Charge System: The RECIPIENT certifies that it has the legal authority to establish and implement a user-charge system and shall adopt a system of user-charges to assure that each user of the utility shall pay its proportionate share of the cost of operation and maintenance, including replacement during the design life of the project.

In addition, the RECIPIENT shall regularly evaluate the user-charge system, at least annually, to ensure the system provides adequate revenues necessary to operate and maintain the utility, to establish a reserve to pay for replacement, to establish the required Loan Reserve Account, and to repay the loan.

WATER QUALITY COMBINED FINANCIAL ASSISTANCE TERMS AND CONDITIONS LAST UPDATED ON 10/04/2016

GENERAL FEDERAL CONDITIONS

If a portion or all of the funds for this agreement are provided through federal funding sources or this agreement is used to match a federal grant award, the following terms and conditions apply to you.

A. CERTIFICATION REGARDING SUSPENSION, DEBARMENT, INELIGIBILITY OR VOLUNTARY EXCLUSION:
   1. The RECIPIENT/CONTRACTOR, by signing this agreement, certifies that it is not suspended, debarred, proposed for debarment, declared ineligible or otherwise excluded from contracting with the federal government, or from receiving contracts paid for with federal funds. If the RECIPIENT/CONTRACTOR is unable to certify to the statements contained in the certification, they must provide an explanation as to why they cannot.
   2. The RECIPIENT/CONTRACTOR shall provide immediate written notice to ECOLOGY if at any time the
RECIPIENT/CONTRACTOR learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.

3. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact ECOLOGY for assistance in obtaining a copy of those regulations.

4. The RECIPIENT/CONTRACTOR agrees it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under the applicable Code of Federal Regulations, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction.

5. The RECIPIENT/CONTRACTOR further agrees by signing this agreement, that it will include this clause titled “CERTIFICATION REGARDING SUSPENSION, DEBARMENT, INELIGIBILITY OR VOLUNTARY EXCLUSION” without modification in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

6. Pursuant to 2CFR180.330, the RECIPIENT/CONTRACTOR is responsible for ensuring that any lower tier covered transaction complies with certification of suspension and debarment requirements.

7. RECIPIENT/CONTRACTOR acknowledges that failing to disclose the information required in the Code of Federal Regulations may result in the delay or negation of this funding agreement, or pursuance of legal remedies, including suspension and debarment.

8. RECIPIENT/CONTRACTOR agrees to keep proof in its agreement file, that it, and all lower tier recipients or contractors, are not suspended or debarred, and will make this proof available to ECOLOGY before requests for reimbursements will be approved for payment. RECIPIENT/CONTRACTOR must run a search in <http://www.sam.gov> and print a copy of completed searches to document proof of compliance.

B. FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA) REPORTING REQUIREMENTS:

RECIPIENT/CONTRACTOR must complete the FFATA Data Collection Form (ECY 070-395) and return it with the signed agreement to ECOLOGY.

Any CONTRACTOR/RECIPIENT that meets each of the criteria below must report compensation for its five top executives using the FFATA Data Collection Form.

- Receives more than $25,000 in federal funds under this award.
- Receives more than 80 percent of its annual gross revenues from federal funds.
- Receives more than $25,000,000 in annual federal funds.

Ecology will not pay any invoices until it has received a completed and signed FFATA Data Collection Form. Ecology is required to report the FFATA information for federally funded agreements, including the required DUNS number, at www.fsrs.gov <http://www.fsrs.gov/> within 30 days of agreement signature. The FFATA information will be available to the public at www.usaspending.gov <http://www.usaspending.gov/>.

For more details on FFATA requirements, see www.fsrs.gov <http://www.fsrs.gov>.
GENERAL TERMS AND CONDITIONS

Pertaining to Grant and Loan Agreements With the state of Washington, Department of Ecology

1. ADMINISTRATIVE REQUIREMENTS
a) RECIPIENT shall follow the "Administrative Requirements for Recipients of Ecology Grants and Loans – EAGL Edition." [link]
b) RECIPIENT shall complete all activities funded by this Agreement and be fully responsible for the proper management of all funds and resources made available under this Agreement.
c) RECIPIENT agrees to take complete responsibility for all actions taken under this Agreement, including ensuring all subgrantees and contractors comply with the terms and conditions of this Agreement. ECOLOGY reserves the right to request proof of compliance by subgrantees and contractors.
d) RECIPIENT’s activities under this Agreement shall be subject to the review and approval by ECOLOGY for the extent and character of all work and services.

2. AMENDMENTS AND MODIFICATIONS
This Agreement may be altered, amended, or waived only by a written amendment executed by both parties. No subsequent modification(s) or amendment(s) of this Agreement will be of any force or effect unless in writing and signed by authorized representatives of both parties. ECOLOGY and the RECIPIENT may change their respective staff contacts and administrative information without the concurrence of either party.

3. ARCHAEOLOGICAL AND CULTURAL RESOURCES
RECIPIENT shall take reasonable action to avoid, minimize, or mitigate adverse effects to archeological and historic resources. The RECIPIENT must agree to hold harmless the State of Washington in relation to any claim related to historical or cultural artifacts discovered, disturbed, or damaged due to the RECIPIENT’s project funded under this Agreement.

RECIPIENT shall:
a) Contact the ECOLOGY Program issuing the grant or loan to discuss any Cultural Resources requirements for their project:
   • For capital construction projects or land acquisitions for capital construction projects, if required, comply with Governor Executive Order 05-05, Archaeology and Cultural Resources.
   • For projects with any federal involvement, if required, comply with the National Historic Preservation Act.
   • Any cultural resources federal or state requirements must be completed prior to the start of any work on the project site.
b) If required by the ECOLOGY Program, submit an Inadvertent Discovery Plan (IDP) to ECOLOGY prior to implementing any project that involves ground disturbing activities. ECOLOGY will provide the IDP form.
RECIPIENT shall:
   • Keep the IDP at the project site.
   • Make the IDP readily available to anyone working at the project site.
   • Discuss the IDP with staff and contractors working at the project site.
   • Implement the IDP when cultural resources or human remains are found at the project site.
c) If any archeological or historic resources are found while conducting work under this Agreement:
   • Immediately stop work and notify the ECOLOGY Program, the Department of Archaeology and Historic Preservation at (360) 586-3064, any affected Tribe, and the local government.
d) If any human remains are found while conducting work under this Agreement:
   • Immediately stop work and notify the local Law Enforcement Agency or Medical Examiner/Coroner’s Office, and then the ECOLOGY Program.

Version 10/30/2015
c) Comply with RCW 27.53, RCW 27.44.055, and RCW 68.50.645, and all other applicable local, state, and federal laws protecting cultural resources and human remains.

4. ASSIGNMENT
No right or claim of the RECIPIENT arising under this Agreement shall be transferred or assigned by the RECIPIENT.

5. COMMUNICATION
RECIPIENT shall make every effort to maintain effective communications with the RECIPIENT's designees, ECOLOGY, all affected local, state, or federal jurisdictions, and any interested individuals or groups.

6. COMPENSATION
a) Any work performed prior to effective date of this Agreement will be at the sole expense and risk of the RECIPIENT. ECOLOGY must sign the Agreement before any payment requests can be submitted.
b) Payments will be made on a reimbursable basis for approved and completed work as specified in this Agreement.
c) RECIPIENT is responsible to determine if costs are eligible. Any questions regarding eligibility should be clarified with ECOLOGY prior to incurring costs. Costs that are conditionally eligible require approval by ECOLOGY prior to expenditure.
d) RECIPIENT shall not invoice more than once per month unless agreed on by ECOLOGY.
e) ECOLOGY will not process payment requests without the proper reimbursement forms, Progress Report and supporting documentation. ECOLOGY will provide instructions for submitting payment requests.
f) ECOLOGY will pay the RECIPIENT thirty (30) days after receipt of a properly completed request for payment.
g) RECIPIENT will receive payment through Washington State Department of Enterprise Services’ Statewide Payee Desk. RECIPIENT must register as a payee by submitting a Statewide Payee Registration form and an IRS W-9 form at the website, http://www.des.wa.gov/services/ContractingPurchasing/Business/VendorPay/Pages/default.aspx. For any questions about the vendor registration process contact the Statewide Payee Help Desk at (360) 407-8180 or email payeehelpdesk@des.wa.gov.
h) ECOLOGY may, at its sole discretion, withhold payments claimed by the RECIPIENT if the RECIPIENT fails to satisfactorily comply with any term or condition of this Agreement.
i) Monies withheld by ECOLOGY may be paid to the RECIPIENT when the work described herein, or a portion thereof, has been completed if, at ECOLOGY's sole discretion, such payment is reasonable and approved according to this Agreement, as appropriate, or upon completion of an audit as specified herein.
j) RECIPIENT should submit final requests for compensation within thirty (30) days after the expiration date of this Agreement. Failure to comply may result in delayed reimbursement.

7. COMPLIANCE WITH ALL LAWS
RECIPIENT agrees to comply fully with all applicable federal, state and local laws, orders, regulations, and permits related to this Agreement, including but not limited to:
a) RECIPIENT agrees to comply with all applicable laws, regulations, and policies of the United States and the State of Washington which affect wages and job safety.
b) RECIPIENT agrees to be bound by all applicable federal and state laws, regulations, and policies against discrimination.
c) RECIPIENT certifies full compliance with all applicable state industrial insurance requirements.
d) RECIPIENT agrees to secure and provide assurance to ECOLOGY that all the necessary approvals and permits required by authorities having jurisdiction over the project are obtained. RECIPIENT must include time in their project timeline for the permit and approval processes.
ECOLOGY shall have the right to immediately terminate for cause this Agreement as provided herein if the RECIPIENT fails to comply with above requirements.
If any provision of this Agreement violates any statute or rule of law of the state of Washington, it is considered modified to conform to that statute or rule of law.

8. CONFLICT OF INTEREST
RECIPIENT and ECOLOGY agree that any officer, member, agent, or employee, who exercises any function or responsibility in the review, approval, or carrying out of this Agreement, shall not have any personal or financial interest, direct or indirect, nor affect the interest of any corporation, partnership, or association in which he/she is a part, in this Agreement or the proceeds thereof.

9. CONTRACTING FOR GOODS AND SERVICES
RECIPIENT may contract to buy goods or services related to its performance under this Agreement. RECIPIENT shall award all contracts for construction, purchase of goods, equipment, services, and professional architectural and engineering services through a competitive process, if required by State law. RECIPIENT is required to follow procurement procedures that ensure legal, fair, and open competition.
RECIPIENT must have a standard procurement process or follow current state procurement procedures. RECIPIENT may be required to provide written certification that they have followed their standard procurement procedures and applicable state law in awarding contracts under this Agreement.
ECOLOGY reserves the right to inspect and request copies of all procurement documentation, and review procurement practices related to this Agreement. Any costs incurred as a result of procurement practices not in compliance with state procurement law or the RECIPIENT's normal procedures may be disallowed at ECOLOGY’s sole discretion.

10. DISPUTES
When there is a dispute with regard to the extent and character of the work, or any other matter related to this Agreement the determination of ECOLOGY will govern, although the RECIPIENT shall have the right to appeal decisions as provided for below:
   a) RECIPIENT notifies the funding program of an appeal request.
   b) Appeal request must be in writing and state the disputed issue(s).
   c) RECIPIENT has the opportunity to be heard and offer evidence in support of its appeal.
   d) ECOLOGY reviews the RECIPIENT’s appeal.
   e) ECOLOGY sends a written answer within ten (10) business days, unless more time is needed, after concluding the review.

The decision of ECOLOGY from an appeal will be final and conclusive, unless within thirty (30) days from the date of such decision, the RECIPIENT furnishes to the Director of ECOLOGY a written appeal. The decision of the Director or duly authorized representative will be final and conclusive.
The parties agree that this dispute process will precede any action in a judicial or quasi-judicial tribunal.
Appeals of the Director's decision will be brought in the Superior Court of Thurston County. Review of the Director’s decision will not be taken to Environmental and Land Use Hearings Office.
Pending final decision of a dispute, the RECIPIENT agrees to proceed diligently with the performance of this Agreement and in accordance with the decision rendered.
Nothing in this Agreement will be construed to limit the parties’ choice of another mutually acceptable method, in addition to the dispute resolution procedure outlined above.

11. ENVIRONMENTAL DATA STANDARDS
   a) RECIPIENT shall prepare a Quality Assurance Project Plan (QAPP) for each project that collects or uses environmental measurement data. RECIPIENTS unsure about whether a QAPP is required for their project shall contact the ECOLOGY Program issuing the grant or loan. If a QAPP is required the RECIPIENT shall:
      • Use ECOLOGY’s QAPP Template provided by the ECOLOGY Program.
• Follow ECOLOGY’s Guidelines for Preparing Quality Assurance Project Plans for Environmental Studies, July 2004 (Ecology Publication No. 04-03-030).
• Submit the QAPP to ECOLOGY for review and approval before the start of the work.
  b) RECIPIENT shall submit environmental data that was collected on a project to ECOLOGY using the Environmental Information Management system (EIM), unless the ECOLOGY Program instructs otherwise. The data must be successfully loaded into EIM, find instructions at: http://www.ecy.wa.gov/eim.
  c) RECIPIENT shall follow ECOLOGY’s data standards when Geographic Information System (GIS) data is collected and processed. Guidelines for Creating and Accessing GIS Data are available at: http://www.ecy.wa.gov/services/gis/data/standards/standards.htm. RECIPIENT, when requested by ECOLOGY, shall provide copies to ECOLOGY of all final GIS data layers, imagery, related tables, raw data collection files, map products, and all metadata and project documentation.

12. GOVERNING LAW
This Agreement will be governed by the laws of the State of Washington, and the venue of any action brought hereunder will be in the Superior Court of Thurston County.

13. INDEMNIFICATION
ECOLOGY will in no way be held responsible for payment of salaries, consultant's fees, and other costs related to the project described herein, except as provided in the Scope of Work.
To the extent that the Constitution and laws of the State of Washington permit, each party will indemnify and hold the other harmless from and against any liability for any or all injuries to persons or property arising from the negligent act or omission of that party or that party's agents or employees arising out of this Agreement.

14. INDEPENDENT STATUS
The employees, volunteers, or agents of each party who are engaged in the performance of this Agreement will continue to be employees, volunteers, or agents of that party and will not for any purpose be employees, volunteers, or agents of the other party.

15. KICKBACKS
RECIPIENT is prohibited from inducing by any means any person employed or otherwise involved in this Agreement to give up any part of the compensation to which he/she is otherwise entitled to or receive any fee, commission, or gift in return for award of a subcontract hereunder.

16. MINORITY AND WOMEN’S BUSINESS ENTERPRISES (MWBE)
RECIPIENT is encouraged to solicit and recruit, to the extent possible, certified minority-owned (MBE) and women-owned (WBE) businesses in purchases and contracts initiated under this Agreement. Contract awards or rejections cannot be made based on MWBE participation; however, the RECIPIENT is encouraged to take the following actions, when possible, in any procurement under this Agreement:
  a) Include qualified minority and women's businesses on solicitation lists whenever they are potential sources of goods or services.
  b) Divide the total requirements, when economically feasible, into smaller tasks or quantities, to permit maximum participation by qualified minority and women's businesses.
  c) Establish delivery schedules, where work requirements permit, which will encourage participation of qualified minority and women's businesses.
  d) Use the services and assistance of the Washington State Office of Minority and Women's Business Enterprises (OMWBE) (866-208-1064) and the Office of Minority Business Enterprises of the U.S. Department of Commerce, as appropriate.

Version 10/30/2015
17. ORDER OF PRECEDENCE
In the event of inconsistency in this Agreement, unless otherwise provided herein, the inconsistency shall be resolved by giving precedence in the following order: (a) applicable federal and state statutes and regulations; (b) The Agreement; (c) Scope of Work; (d) Special Terms and Conditions; (e) Any provisions or terms incorporated herein by reference, including the "Administrative Requirements for Recipients of Ecology Grants and Loans"; and (f) the General Terms and Conditions.

18. PRESENTATION AND PROMOTIONAL MATERIALS
ECOLOGY reserves the right to approve RECIPIENT’s communication documents and materials related to the fulfillment of this Agreement:

a) If requested, RECIPIENT shall provide a draft copy to ECOLOGY for review and approval ten (10) business days prior to production and distribution.

b) RECIPIENT shall include time for ECOLOGY’s review and approval process in their project timeline.

c) If requested, RECIPIENT shall provide ECOLOGY two (2) final copies and an electronic copy of any tangible products developed.

Copies include any printed materials, and all tangible products developed such as brochures, manuals, pamphlets, videos, audio tapes, CDs, curriculum, posters, media announcements, or gadgets with a message, such as a refrigerator magnet, and any online communications, such as web pages, blogs, and twitter campaigns. If it is not practical to provide a copy, then the RECIPIENT shall provide a description (photographs, drawings, printouts, etc.) that best represents the item.

Any communications intended for public distribution that uses ECOLOGY’s logo shall comply with ECOLOGY’s graphic requirements and any additional requirements specified in this Agreement. Before the use of ECOLOGY’s logo contact ECOLOGY for guidelines.

RECIPIENT shall acknowledge in the communications that funding was provided by ECOLOGY.

19. PROGRESS REPORTING
a) RECIPIENT must satisfactorily demonstrate the timely use of funds by submitting payment requests and progress reports to ECOLOGY. ECOLOGY reserves the right to amend or terminate this Agreement if the RECIPIENT does not document timely use of funds.

b) RECIPIENT must submit a progress report with each payment request. Payment requests will not be processed without a progress report. ECOLOGY will define the elements and frequency of progress reports.

c) RECIPIENT shall use ECOLOGY’s provided progress report format.

d) Quarterly progress reports will cover the periods from January 1 through March 31, April 1 through June 30, July 1 through September 30, and October 1 through December 31. Reports shall be submitted within thirty (30) days after the end of the quarter being reported.

e) RECIPIENT shall submit the Closeout Report within thirty (30) days of the expiration date of the project, unless an extension has been approved by ECOLOGY. RECIPIENT shall use the ECOLOGY provided closeout report format.

20. PROPERTY RIGHTS
a) Copyrights and Patents. When the RECIPIENT creates any copyrightable materials or invents any patentable property under this Agreement, the RECIPIENT may copyright or patent the same but ECOLOGY retains a royalty free, nonexclusive, and irrevocable license to reproduce, publish, recover, or otherwise use the material(s) or property, and to authorize others to use the same for federal, state, or local government purposes.

b) Publications. When the RECIPIENT or persons employed by the RECIPIENT use or publish ECOLOGY information; present papers, lectures, or seminars involving information supplied by ECOLOGY; or use logos, reports, maps, or other data in printed reports, signs, brochures, pamphlets, etc., appropriate credit shall be given to ECOLOGY.

Version 10/30/2015
c) Presentation and Promotional Materials. ECOLOGY shall have the right to use or reproduce any printed or graphic materials produced in fulfillment of this Agreement, in any manner ECOLOGY deems appropriate. ECOLOGY shall acknowledge the RECIPIENT as the sole copyright owner in every use or reproduction of the materials.

d) Tangible Property Rights. ECOLOGY's current edition of "Administrative Requirements for Recipients of Ecology Grants and Loans," shall control the use and disposition of all real and personal property purchased wholly or in part with funds furnished by ECOLOGY in the absence of state and federal statutes, regulations, or policies to the contrary, or upon specific instructions with respect thereto in this Agreement.

e) Personal Property Furnished by ECOLOGY. When ECOLOGY provides personal property directly to the RECIPIENT for use in performance of the project, it shall be returned to ECOLOGY prior to final payment by ECOLOGY. If said property is lost, stolen, or damaged while in the RECIPIENT's possession, then ECOLOGY shall be reimbursed in cash or by setoff by the RECIPIENT for the fair market value of such property.

f) Acquisition Projects. The following provisions shall apply if the project covered by this Agreement includes funds for the acquisition of land or facilities:

1. RECIPIENT shall establish that the cost is fair value and reasonable prior to disbursement of funds provided for in this Agreement.

2. RECIPIENT shall provide satisfactory evidence of title or ability to acquire title for each parcel prior to disbursement of funds provided by this Agreement. Such evidence may include title insurance policies, Torrens certificates, or abstracts, and attorney's opinions establishing that the land is free from any impediment, lien, or claim which would impair the uses intended by this Agreement.

g) Conversions. Regardless of the Agreement expiration date, the RECIPIENT shall not at any time convert any equipment, property, or facility acquired or developed under this Agreement to uses other than those for which assistance was originally approved without prior written approval of ECOLOGY. Such approval may be conditioned upon payment to ECOLOGY of that portion of the proceeds of the sale, lease, or other conversion or encumbrance which monies granted pursuant to this Agreement bear to the total acquisition, purchase, or construction costs of such property.

21. RECORDS, AUDITS, AND INSPECTIONS

RECIPIENT shall maintain complete program and financial records relating to this Agreement, including any engineering documentation and field inspection reports of all construction work accomplished. All records shall:

a) Be kept in a manner which provides an audit trail for all expenditures.

b) Be kept in a common file to facilitate audits and inspections.

C) Clearly indicate total receipts and expenditures related to this Agreement.

d) Be open for audit or inspection by ECOLOGY, or by any duly authorized audit representative of the State of Washington, for a period of at least three (3) years after the final grant payment or loan repayment, or any dispute resolution hereunder. RECIPIENT shall provide clarification and make necessary adjustments if any audits or inspections identify discrepancies in the records.

ECOLOGY reserves the right to audit, or have a designated third party audit, applicable records to ensure that the state has been properly invoiced. Any remedies and penalties allowed by law to recover monies determined owed will be enforced. Repetitive instances of incorrect invoicing or inadequate records may be considered cause for termination. All work performed under this Agreement and any property and equipment purchased shall be made available to ECOLOGY and to any authorized state, federal or local representative for inspection at any time during the course of this Agreement and for at least three (3) years following grant or loan termination or dispute resolution hereunder. RECIPIENT shall provide right of access to ECOLOGY, or any other authorized representative, at all reasonable times, in order to monitor and evaluate performance, compliance, and any other conditions under this Agreement.
22. RECOVERY OF FUNDS
The right of the RECIPIENT to retain monies received as reimbursement payments is contingent upon satisfactory performance of this Agreement and completion of the work described in the Scope of Work. All payments to the RECIPIENT are subject to approval and audit by ECOLOGY, and any unauthorized expenditure(s) or unallowable cost charged to this Agreement shall be refunded to ECOLOGY by the RECIPIENT. RECIPIENT shall refund to ECOLOGY the full amount of any erroneous payment or overpayment under this Agreement. RECIPIENT shall refund by check payable to ECOLOGY the amount of any such reduction of payments or repayments within thirty (30) days of a written notice. Interest will accrue at the rate of twelve percent (12%) per year from the time ECOLOGY demands repayment of funds. Any property acquired under this Agreement, at the option of ECOLOGY, may become ECOLOGY's property and the RECIPIENT's liability to repay monies will be reduced by an amount reflecting the fair value of such property.

23. SEVERABILITY
If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, and to this end the provisions of this Agreement are declared to be severable.

24. STATE ENVIRONMENTAL POLICY ACT (SEPA)
RECIPIENT must demonstrate to ECOLOGY's satisfaction that compliance with the requirements of the State Environmental Policy Act (Chapter 43.21C RCW and Chapter 197-11 WAC) have been or will be met. Any reimbursements are subject to this provision.

25. SUSPENSION
When in the best interest of ECOLOGY, ECOLOGY may at any time, and without cause, suspend this Agreement or any portion thereof for a temporary period by written notice from ECOLOGY to the RECIPIENT. RECIPIENT shall resume performance on the next business day following the suspension period unless another day is specified by ECOLOGY.

26. SUSTAINABLE PRACTICES
In order to sustain Washington's natural resources and ecosystems, the RECIPIENT is fully encouraged to implement sustainable practices and to purchase environmentally preferable products under this Agreement.

a) Sustainable practices may include such activities as: use of clean energy, use of double-sided printing, hosting low impact meetings, and setting up recycling and composting programs.

b) Purchasing may include such items as: sustainably produced products and services, EPEAT registered computers and imaging equipment, independently certified green cleaning products, remanufactured toner cartridges, products with reduced packaging, office products that are refillable, rechargeable, and recyclable, and 100% post-consumer recycled paper.

27. TERMINATION
a) For Cause
ECOLOGY may terminate for cause this Agreement with a seven (7) calendar days prior written notification to the RECIPIENT, at the sole discretion of ECOLOGY, for failing to perform an Agreement requirement or for a material breach of any term or condition. If this Agreement is so terminated, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement prior to the effective date of termination. Failure to Commence Work. ECOLOGY reserves the right to terminate this Agreement if RECIPIENT fails to commence work on the project funded within four (4) months after the effective date of this Agreement, or by any date version 10/30/2015
mutually agreed upon in writing for commencement of work, or the time period defined within the Scope of Work.

Non-Performance. The obligation of ECOLOGY to the RECIPIENT is contingent upon satisfactory performance by the RECIPIENT of all of its obligations under this Agreement. In the event the RECIPIENT unjustifiably fails, in the opinion of ECOLOGY, to perform any obligation required of it by this Agreement, ECOLOGY may refuse to pay any further funds, terminate in whole or in part this Agreement, and exercise any other rights under this Agreement. Despite the above, the RECIPIENT shall not be relieved of any liability to ECOLOGY for damages sustained by ECOLOGY and the State of Washington because of any breach of this Agreement by the RECIPIENT. ECOLOGY may withhold payments for the purpose of setoff until such time as the exact amount of damages due ECOLOGY from the RECIPIENT is determined.

b) For Convenience
ECOLOGY may terminate for convenience this Agreement, in whole or in part, for any reason when it is the best interest of ECOLOGY, with a thirty (30) calendar days prior written notification to the RECIPIENT, except as noted below. If this Agreement is so terminated, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement prior to the effective date of termination.

Non-Allocation of Funds. ECOLOGY’s ability to make payments is contingent on availability of funding. In the event funding from state, federal or other sources is withdrawn, reduced, or limited in any way after the effective date and prior to the completion or expiration date of this Agreement, ECOLOGY, at its sole discretion, may elect to terminate the Agreement, in whole or part, or renegotiate the Agreement, subject to new funding limitations or conditions. ECOLOGY may also elect to suspend performance of the Agreement until ECOLOGY determines the funding insufficiency is resolved. ECOLOGY may exercise any of these options with no notification or restrictions, although ECOLOGY will make a reasonable attempt to provide notice.

If payments have been discontinued by ECOLOGY due to unavailable funds, the RECIPIENT shall not be obligated to repay monies which had been paid to the RECIPIENT prior to such termination.

RECIPIENT’s obligation to continue or complete the work described in this Agreement shall be contingent upon availability of funds by the RECIPIENT’s governing body.

c) By Mutual Agreement
ECOLOGY and the RECIPIENT may terminate this Agreement, in whole or in part, at any time, by mutual written agreement.

d) In Event of Termination
All finished or unfinished documents, data studies, surveys, drawings, maps, models, photographs, reports or other materials prepared by the RECIPIENT under this Agreement, at the option of ECOLOGY, will become property of ECOLOGY and the RECIPIENT shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials.

Nothing contained herein shall preclude ECOLOGY from demanding repayment of all funds paid to the RECIPIENT in accordance with Recovery of Funds, identified herein.

28. THIRD PARTY BENEFICIARY
RECIPIENT shall ensure that in all subcontracts entered into by the RECIPIENT pursuant to this Agreement, the state of Washington is named as an express third party beneficiary of such subcontracts with full rights as such.

29. WAIVER
Waiver of a default or breach of any provision of this Agreement is not a waiver of any subsequent default or breach, and will not be construed as a modification of the terms of this Agreement unless stated as such in writing by the
authorized representative of ECOLOGY.

GENERAL TERMS AND CONDITIONS LAST UPDATED 12/27/2016
Federal Funding Accountability and Transparency Act (FFATA) Data Collection Form

Federal funds that require compliance with the Federal Funding Accountability and Transparency Act support this agreement between The Department of Ecology (ECY) and your organization. The purpose of the Transparency Act is to make information available online so the public can see how recipients spend federal funds.

Your organization must have a Data Universal Numbering System (DUNS®) number to comply with the act and be eligible to enter into this agreement. If you do not already have one, you may get a DUNS number free of charge by contacting Dun and Bradstreet at www.dnb.com. ECY also encourages registration with the Central Contractor Registration (CCR) to reduce data entry by both ECY and your organization. You may register with CCR free of charge at www.ccr.gov. ECY will report information about your organization and this agreement to the federal government as required by Title 2 CFR, Part 25. The public can view this information on the federal government website www.USASpending.gov.

ECOLOGY AGREEMENT # ______________________

Recipient Information – For Recipient Use Only

<table>
<thead>
<tr>
<th>1. Legal Name</th>
<th>2. DUNS Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Utility District No. 1 of Skagit County</td>
<td>020232864</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Principle Place of Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1415 Freeway Drive</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3a. City</th>
<th>3b. State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mount Vernon</td>
<td>Washington</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3c. Zip+4</th>
<th>3d. Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>98273</td>
<td>U.S.A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4. Are you registered in CCR?</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES. Skip to signature block. Sign, date and return.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5. In the preceding fiscal year did your organization:</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Receive 80% or more of annual gross revenue from federal contracts, subcontracts, grants, loans, subgrants, and/or cooperative agreements; <strong>and</strong></td>
</tr>
<tr>
<td>b. $25,000,000 or more in annual gross revenues from federal contracts, subcontracts, grants, loans, subgrants, and/or cooperative agreements; <strong>and</strong></td>
</tr>
<tr>
<td>c. The public does not have access to information about the compensation of the executives through periodic reports filed with the IRS or the Security and Exchange Commission per 2 CFR Part 170.330.</td>
</tr>
</tbody>
</table>

| 5a. NO. Skip to signature block. Sign, date and return. |
| 5b. YES. You must report the following information for the five (5) most highly compensated executives in your organization. Sign, date and return. |

<table>
<thead>
<tr>
<th>Name Of Official</th>
<th>Position Title</th>
<th>Total Compensation Amount*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Note: “Total compensation” means the cash and noncash dollar value earned by the executive during the subrecipient’s past fiscal year. (For more information, see 17 CFR 229.402 (C)(2)).

By signing this document, the Authorized Representative attests to the information above.

<table>
<thead>
<tr>
<th>Signature of Authorized Representative</th>
<th>Print Name</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>George Sidhu</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please sign and return this document with the signed agreement. The Department of Ecology will not pay any invoices until it receives this completed and signed form.

If you need this document in a format for the visually impaired, call Leann Ryser at (360) 407-7054. Persons with hearing loss can call 711 for Washington Relay Service. Persons with a speech disability can call 877-833-6341.

ECY 070-395 (3/11)
<table>
<thead>
<tr>
<th>For Department of Ecology Use Only</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ECY Agreement Number</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Subaward Project Description (see instructions and example below)</strong></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

**Instructions for Subaward Project Description:**

In the first line of the description, provide a title for the subaward that captures the main purpose of the subrecipient's work. Then, indicate the name of the subrecipient and provide a brief description that captures the overall purpose of the subaward, how the funds will be used, and what will be accomplished.

**Example of a Subaward Project Description:**

Increase Healthy Behaviors: Educational Services District XYZ will provide training and technical assistance to chemical dependency centers to assist the centers to integrate tobacco use into their existing addiction treatment programs. Funds will also be used to assist centers in creating tobacco-free treatment environments.
Due to amendments to the Clean Water Act in 2014, beginning with the State Fiscal Year 2017 Funding Cycle, all recipients of Clean Water State Revolving Fund (CWSRF) loans must certify that they have conducted a Cost and Effectiveness Analysis (CEA).

The minimum requirements of a CEA are:

- A study and evaluation of the cost and effectiveness of the processes, materials, techniques, and technologies for carrying out the proposed project or activity.
- The selection, to the maximum extent practicable, of a project or activity that maximizes the potential for efficient water use, reuse, recapture, and conservation, and energy conservation, taking into account:
  - The cost of constructing the project or activity.
  - The cost of operating and maintaining the project or activity over the life of the project or activity.
  - The cost of replacing the project or activity.

Completion of the certification must occur prior to loan signing for activity projects, facility design projects, facility construction projects, and combined facility design/construction projects.

Completion of the certification must occur during the project for facility planning projects.

Recipients must complete this certification and submit it to Ecology or upload it directly to the Ecology Administration of Grants and Loans (EAGL) system.

Check the following box and provide the additional information requested below.

- By checking this box, the recipient certifies that a CEA that contains at least the minimum required elements listed above has been developed and is being implemented. In addition, the recipient agrees that Ecology staff may review the CEA during site visits or inspections.

Recipient Name: Public Utility District No. 1 of Skagit County
Project Name: Gilligan Creek Watershed Property Protection
Application Number (EAGL): WQC-2017-SCPUD1-00038
Recipient Contact Name and Title: George Sidhu-Interim General Manager
Recipient Contact Phone Number and Email Address: 360-424-7104 sidhu@skagitpud.org
Date:
ATTACHMENT 1: OPINION OF RECIPIENT’S LEGAL COUNSEL

I am an attorney at law admitted to practice in the state of Washington and the duly appointed attorney of Public Utility District No. 1 of Skagit County [the RECIPIENT], and I have examined any and all documents and records pertinent to the LOAN agreement.

Based on the foregoing, it is my opinion that:

A. The RECIPIENT is a duly organized and legally existing municipal corporation or political subdivision under the laws of the state of Washington or a federally recognized Indian tribe;

B. The RECIPIENT has the power and authority to execute and deliver and to perform its obligations under the LOAN agreement;

C. The LOAN agreement has been duly authorized and executed by RECIPIENT’s authorized representatives and, to my best knowledge and after reasonable investigation, all other necessary actions have been taken to make the LOAN agreement valid, binding, and enforceable against the RECIPIENT in accordance with its terms, except as such enforcement is affected by bankruptcy, insolvency, moratorium, or other laws affecting creditors’ rights and principles of equity if equitable remedies are sought;

D. To my best knowledge and after reasonable investigation, the LOAN agreement does not violate any other agreement, statute, court order, or law to which the RECIPIENT is a party or by which it or its properties are bound;

E. There is currently no litigation seeking to enjoin the commencement or completion of the PROJECT or to enjoin the RECIPIENT from entering into the LOAN agreement or from accepting or repaying the LOAN. The RECIPIENT is not a party to litigation which will materially affect its ability to repay such LOAN on the terms contained in the LOAN agreement; and

F. The LOAN agreement constitutes a valid obligation of the RECIPIENT payable from the Net Revenues of the Utility.

Capitalized terms used herein will have the meanings ascribed thereto in the LOAN agreement between the RECIPIENT and the DEPARTMENT.

RECIPIENT’s Legal Counsel
EXECUTIVE SUMMARY

This initial draft of a Property Management Plan (plan) is related to property the District desires to purchase to protect surface water diversion facilities at Gilligan Creek, a tributary to the Skagit River in Skagit County, Washington. The draft provides a basic framework for the plan along with a general description of goals, objectives, and actions to be taken while managing the property. Intensive land use activities such as road construction and timber harvesting are described in greater detail to describe the extent to which these activities are anticipated to be allowed on the property.

The primary purpose of the property will be to continue operations of a surface water diversion facility at Gilligan Creek and to protect water quality by maximizing suitable vegetation and riparian protection from nonpoint sources of pollution.

1. Property Description

   Boundary Description To be determined (see map)
   History To be determined
   Resources To be determined
   Uses and Values To be determined
   Surrounding Land Uses To be determined
   Existing Improvements To be determined
   Risks and Hazards To be determined
   Encumbrances To be determined

2. Connection to Cultus Mountain Watershed Management Plan

   District water rights To be described
   Importance of Gilligan Creek to source water supply To be described
   Critical Areas Designation To be described
3. **Overall Management Goals and Objectives**

   Continued operation of surface water diversion facility:
   - Intake facility located within the bed and banks of Gilligan Creek
   - Buried source water pipeline and appurtenances for the transport of diverted water to Judy Reservoir
   - Stream gauging equipment (in-stream gauges, overland conduits, antenna sites)
   - Access roads

   Protect source water to surface water diversion facility:
   - Maximized area of mature forest cover and protected riparian areas within the Gilligan Creek Watershed boundaries to reduce sediment loads from upland sources and buffer from nonpoint sources of pollutants and fluctuations in flows and water temperature.
   - Road maintenance (e.g., functional ditches and drainage, proper surfacing, abandonment as determined necessary by the District)

   Comply with Department of Ecology Deed of Right:
   - Ecology approval of Property Management Plan revisions
   - Ecology approval of activities not allowed by the Property Management Plan or Deed of Right

4. **Vegetative Management (Goals, Objectives, Actions)**

   **Existing conditions:**

   With the exception of areas cleared for roads or utilities, the property is covered by varying ages of forest following a long history of industrial forest management.

   The majority of the property is within the Gilligan Creek Watershed. Minor areas of the property, located in the northwest and northeast corners of the property, are not within the Gilligan Creek Watershed (see attached map).

   **Management Actions:**
   - Vegetation will be managed as necessary to support operation of the District’s surface water diversion facilities (e.g., roadside brushing, danger tree removal, clearing for relocated facilities and new roads).
   - Areas within and outside (see attached map) the Gilligan Creek Watershed and not affecting the operation of the utility infrastructure will be managed to maximize the area of mature forest cover. In general, this will consist of passive forest management (e.g. allowing for the forest to age and mature naturally).

   Depending on funding availability, the District may consider more active management (e.g., forest thinning). “Clear-cut” timber harvesting within the Gilligan Creek Watershed will not be allowed unless site-specific circumstances support this type of action (e.g. forest disease, fire damage). The Property Management Plan will be revised in accordance with section nine (9) of the plan prior to timber harvesting in the Gilligan
Creek Watershed. These revisions would describe the proposed timber harvesting activities. Timber harvesting will not be allowed in the Gilligan Creek Watershed except when in accordance with the goals and objectives of the Property Management Plan.

- Removal of vegetation and debris within stream channels as needed to protect the surface water diversion facilities.

5. Roads (Goals, Objectives, Actions)

Existing conditions:

There is an existing gravel road network on the property in varying conditions:

- Roads actively used by the District to access infrastructure; maintained in good condition.
- Forest management roads maintained by the current landowner.
- Road overgrown with vegetation, not accessible by vehicle, and likely require maintenance or abandonment.

Management Actions:

- The District will continue to maintain roads currently used to access infrastructure and facilitate use of the source water diversion facility.
- Depending on final easement and title exception status, some roads may be maintained or used by easement holders.
- New roads may be required in the future to facilitate use of the source water diversion facility (e.g., relocation of facilities, re-routing around slope instability)
- New roads may be required in the future to facilitate management of the acquired property (e.g., fire protection, forest management)
- Areas outside of the Gilligan Creek Watershed would be managed according to existing federal, state, and local rules and regulations. For example, new forest roads may be necessary for timber harvesting.
6. **Public Access and Recreation (Goals, Objectives, Actions)**

   **Existing conditions:**

   There is no existing public vehicular access to the property. Non-motorized recreation (e.g., hiking) is allowed by the current landowner. Areas in close proximity to the source water diversion facilities are currently restricted from public entry by the District.

   **Management Actions:**

   Public recreation on the acquired property may be allowed by the District in the future. Public access in close proximity to tributary streams and the source water diversion facilities would be restricted based on the District’s assessment of threats to water quality.

7. **Public Education (Goals, Objectives, Actions)**

   **Management Actions:**

   The District may incorporate the acquired property into public outreach and educational activities (e.g., tours for schools).

8. **Monitoring (Goals, Objectives, Actions)**

   **Prepare Monitoring Plan**

   To be determined

9. **Amendments (Adaptive Management)**

   **Process:**

   This Property Management Plan will be revised as necessary to address changing conditions, regulation, or science research. Revisions will be subject to approval by Washington State Department of Ecology in accordance with the existing Deed of Right (auditor’s file number to be added), which shall not be unreasonably withheld.

   **Review/update schedule:**

   This property management plan will be reassessed in conjunction with updates to the Cultus Mountain Watershed Management Plan, or sooner if warranted by specific circumstances.
**DISCLAIMER** This map was created from available public records and existing map sources, not from field surveys. Map features from all sources have been adjusted to achieve a "best fit" registration to the Ownership Parcels Map. While great care was taken in this process, maps from different sources rarely agree as to the precise location of geographic features. The relative positioning of map features to one another results from combining different map sources without field verification.

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

Grantor: Public Utility District No. 1 of Skagit County
Grantee: State of Washington, Department of Ecology
Reference Number(s) of Documents assigned or released: N/A
Assessor’s Parcel/Tax I.D. Numbers:
Abbreviated Legal:

Grant:

Grantor, Public Utility District No. 1 of Skagit County (Grantor or PUD), hereby conveys and quit claims to Grantee, State of Washington, Department of Ecology (Ecology), this Deed of Right on the following terms and conditions to affect the real property legally described in Exhibit A hereto (Property).

Purpose:

Grantor intends that this conveyance to Grantee and the people of the State of Washington provide the right to preserve and protect the watershed Property consistent with the fund source (Clean Water State Revolving Fund), consistent with a Property Management Plan to be adopted by Grantor subject to Grantee’s approval, which shall not be unreasonably withheld and upon the following Restrictions and Other Provisions. The Property Management Plan and any amendments thereto shall be retained on file at Grantor’s place of business, (1415 Freeway Drive, Mount Vernon, WA 98273).

Restrictions:

This Grant conveys to the Grantee, acting by and through Ecology, as the representative of the people of the State, the right to enforce the following duties upon the Grantor so as to ensure that the Property is used for protection of the watershed and a source for public water supply as described herein.

Grantor shall take such reasonable and feasible measures as are necessary to restrict uses of the Property to the following uses that the Grantee has determined are consistent with the protection of a source for public water supply:

1. Existing and new surface water diversion and transmission facilities including roadways, surface water diversion facilities, and the conveyance of utilities through cables, ditches, pipes, wires,
and other conduits. Clearing of debris from stream channels to protect surface water diversion facilities;

2. Those uses and easements authorized under title exceptions listed in the deed by which Grantor acquired title to the Property; together with other uses that are customarily appurtenant and incidental to the foregoing uses, including without limitation accessory uses, lighting, parking, and sign facilities (collectively, the “Permitted Uses”).

3. Permitted uses include:
   i. Management of the Property to maintain its long-term natural function as a forested area to protect a source for public water supply, including removal of exotic species, planting of native species, road maintenance and repair, timber harvest, and other forest management activities as may be allowed in the Property Management Plan for the Property approved by Grantee;
   ii. Public outdoor recreational uses and activities as may be allowed in the Property Management Plan approved by Grantee;
   iii. Existing roadways and other new roadways, trails, and parking areas permitted by the Grantee-approved Property Management Plan;
   iv. Education and scientific activities that do not adversely and materially impair the function of protecting a source for public water supply;
   v. Other activities as allowed by the Grantee-approved Property Management Plan

Grantor will not make or permit to be made any known use of the Property that is inconsistent with the Permitted Uses unless the Grantee consents to the inconsistent use. Inconsistent uses that are prohibited on the Property without the written consent of the Grantee include the following:

1. Timber harvesting, except when consistent with the Property Management Plan or when incidental to the permitted uses described above;
2. Industrial, commercial, institutional or residential uses and development (no buildings shall be permitted within Parcel A);
3. Landfills;
4. Sand, gravel, rock, mineral or oil and gas extraction through surface means of extraction;
5. Fill of wetland areas, other than minor fill incidental to Permitted Uses;
6. New road construction, except for roads related to the surface water diversion operation and other roads consistent with the Property Management Plan.

Other Provisions:

Grantor shall provide access to the Grantee to inspect the Property for compliance with the terms of this Deed of Right. Grantor shall not be liable for, and Grantee shall indemnify and hold harmless Grantor for claims based on any injury to persons or property as a result of such inspections. The Grantee hereby waives its immunity under the Washington Industrial Insurance Act to afford Grantor, and only Grantor the indemnity set forth in this paragraph.
For purposes of this Deed of Right, the Property Management Plan includes any amendments thereto that occur prior to or subsequent to the execution of this Deed of Right.

This Deed of Right contains covenants running with the land and shall be binding upon Grantor, its successors and assigns, and upon any person acquiring the Property, or any portion thereof, or any interests therein, including a leasehold interest, whether by operation of law or otherwise. If Grantor sells all or any portion of its interests in the Property, the new owner of the Property or any portion thereof (including, without limitation, any owner who acquires its interest in the Property by foreclosure, trustee’s sale, or otherwise) shall be subject to applicable covenants and requirements under this Deed of Right.

This Deed of Right may not be removed or altered from the Property unless specific approval has been granted by the Grantee. The foregoing notwithstanding, the parties hereto agree that on the nineteenth (19th) anniversary of the initial recording of this Deed of Right with the Skagit County Auditor (Recording Date), and for at least one hundred eighty (180) days thereafter, unless both parties agree otherwise, the parties shall meet to determine if it is reasonably necessary to keep in place this Deed of Right with the terms as stated herein. Such discussions shall take into account any changes to the environment of the Property, changes in the service area or services supplied by the Grantor and sources of public water supply available to Grantor. The Grant herein made and the terms hereof shall expire on the twentieth (20th) anniversary of the Recording Date unless the Grantor and Grantee agree to extend this Deed of Right or to extend this Deed of Right with modifications. Any extension shall be effective only when recorded.

Exhibits to include:

1. Exhibit A, Legal Description of “Parcel A”;
2. Exhibit B, Property Map

GRANTOR:
Public Utility District No. 1 of Skagit County

GRANTEE:
State of Washington, Department of Ecology

By: ________________________________
Its: ________________________________
Date ________________________________

Date ________________________________
On this _____ day of ________________ before me, the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared ________________ to me known to be the __________[title] of Public Utility District No. 1 of Skagit County the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they/he/she is/are authorized to execute the said instrument,

Witness my hand and official seal hereto affixed the say and year first above written.

______________________________
Notary Public in and for the state of
Washington, residing at ________________
My commission expires: ________________
Printed Name: ______________________

On this _____ day of ________________ before me, the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared ________________ to me known to be the __________[title] of the State of Washington, Department of Ecology the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they/he/she is/are authorized to execute the said instrument,

Witness my hand and official seal hereto affixed the say and year first above written.

______________________________
Notary Public in and for the state of
Washington, residing at ________________
My commission expires: ________________
Printed Name: ______________________
TO: George Sidhu, Interim General Manager
FROM: Cathy Langlow, Interim Auditor
SUBJECT: Recommendation to Award 2017 Pipe Bid

The District solicited sealed bids on February 6 & 20, 2017 for Ductile Iron Pipe. Bids were received from the following vendors:

Estimated Quantities: (3,000 LF) 6-inch Ductile Iron Pipe
(15,000 LF) 8-inch Ductile Iron Pipe
(5,000 LF) 12-inch Ductile Iron Pipe

Unit Prices:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Price Per Foot 6-Inch</th>
<th>Price Per Foot 8-Inch</th>
<th>Price Per Foot 12-Inch</th>
<th>Bid Amount</th>
<th>Sales Tax</th>
<th>Total Including Tax</th>
<th>Bid Bond/ Cashier's Check</th>
</tr>
</thead>
<tbody>
<tr>
<td>HD Supply Waterworks</td>
<td>$8.57</td>
<td>$11.87</td>
<td>$19.78</td>
<td>$302,660</td>
<td>$25,726.10</td>
<td>$328,386.10</td>
<td>Yes/Bond</td>
</tr>
<tr>
<td>HD Fowler Company</td>
<td>$9.22</td>
<td>$13.22</td>
<td>$22.18</td>
<td>$336,860</td>
<td>$28,633.10</td>
<td>$365,493.10</td>
<td>Yes/Bond</td>
</tr>
<tr>
<td>HB Jaeger</td>
<td>$9.38</td>
<td>$13.26</td>
<td>$22.32</td>
<td>$338,640</td>
<td>$28,784.40</td>
<td>$367,424.40</td>
<td>Yes/Check</td>
</tr>
<tr>
<td>Consolidated Supply Company</td>
<td>$9.29</td>
<td>$13.36</td>
<td>$22.48</td>
<td>$340,670</td>
<td>$28,956.95</td>
<td>$369,626.95</td>
<td>Yes/Bond</td>
</tr>
</tbody>
</table>

Upon review of bid proposals and comparison to bidding requirements, the bids were determined to be responsive and responsible.

It is my recommendation that the District award the 2017 pipe bid to HD Supply Waterworks LTD for the total amount of $328,386.10 including tax.

kac

☑ Approved    ☐ Denied    ☐ Approved as amended: 3/8/17

George Sidhu, Interim General Manager  Date
March 9, 2017

TO:        George Sidhu, P.E., Interim General Manager
FROM:      Mark Handzlik, P.E., Interim Engineering Manager
SUBJECT:   Mundt Creek Intake Improvements Project
           Services for Design, Bidding, and Construction
           HDR Engineering, Inc. – Work Order No. 15; Amendment 1

In 2016, HDR Engineering, Inc. (HDR) was selected to provide design services for the above project. This memo details my recommendation to execute a proposed amendment to the contract for this work.

HDR has completed design of the project and District staff is preparing to solicit bids to construct the project with an anticipated bid opening on March 30, 2017. During the design process, significant changes to the project’s concept occurred once the existing condition of the facility was fully assessed.

Prior to commencement of design services, it was assumed that only the intake screen required replacement and that the pipeline leaving the intake structure did not require improvements. However, HDR determined that improvements to a portion of the pipeline were recommended to ensure the facility would provide for the required flow capacity. This resulted in the need to design approximately 30 lineal feet of welded steel pipeline, a 16-foot deep manhole, and multiple slide gates to better control water flows.

In addition, it was determined that a complete replacement of the concrete spillway downstream of the intake was needed given the deteriorated nature of the concrete. The design of the replaced spillway also allows for improved stream gauging abilities (required by Washington Department of Ecology). This new stream gauging site is anticipated to be more resilient to the historic problems with sediment and debris in Mundt Creek. As a result of these changes to the scope of the project, HDR expended additional efforts in completing the design.

The attached work order amendment includes the addition of bidding and construction phase services. These services will allow HDR to provide technical support to the District during the bidding and construction phases of the project.

I recommend that the Commission authorize the General Manager to modify the contract with HDR as detailed in the attached work order amendment.

kac

Attachment

☑ Approved □ Denied □ Approved as amended: _________________

George Sidhu, Interim General Manager  Date 3/10/17
Agreement for Professional Services
Amendment No.1
Work Order No.15
Mundt Creek Intake Improvements Project

This Amendment, entered into this ______ day of ______________, 2017, hereby revises the scope of work for Work Order No.15 of the Agreement for Professional Services entered into April 1, 2016 between HDR Engineering, Inc. and Public Utility District No. 1 of Skagit County as described in the attached Exhibit A – Scope Revision and Exhibit B – Amend 1 Budget.

All other terms of the original Agreement shall remain unchanged.

THE PARTIES ACKNOWLEDGE that there has been an opportunity to negotiate the terms and conditions of Amendment No.1 and agree to be bound accordingly.

SKAGIT PUD

Signature

George Sidhu, P.E., Interim General Manager

Date of Signature

HDR Engineering, Inc.

Signature

Karen Doherty, Sr. Vice President

Date of Signature

2/28/17
Exhibit A

Task 150 Preliminary Design

Added HDR Services
1. Hydraulic evaluations of Mundt Creek transmission pipeline to more accurately determine flow capacity in relation to the maximum intake design flow criterion of 26.6 cfs.
2. Revised design concept for intake improvements to better address pipeline flow capacity constraints.

Assumptions
1. It was assumed for the initial scope of services that the Mundt Creek pipeline was had the required capacity (26.6 cfs) as built. No significant modifications to the pipeline were assumed and a connection of existing pipe into the modified intake structure would be adequate.

Deliverables
1. Hydraulic evaluation of the pipeline.
2. Revised design concept.

Task 200 Final Design and Construction Documents

Added HDR Services
1. Additional effort to prepare the final design and construction documents to provide for the required diversion flow capacity of 26.6 cfs into the existing pipeline. The final design includes approximately LF of new welded steel pipe, a 6’ dia. manhole, and a second flow isolation gate, in addition to the intake structure modifications. The design also required an expanded demolition plan.
2. Design of a complete replacement of the existing spillway slab.
3. Evaluation of flow measurement features that could be incorporated into the spillway replacement design. Design of the selected flow measurement features.
4. The changes in the design requirements resulted in the addition of 6 more drawing sheets and several more specifications sections to the construction documents.
5. Additional effort to estimate construction costs associated with the expanded design.

Assumptions
1. It was assumed in the initial scope of services that:
   A. No more than 6 drawing sheets would be required to accurately depict the work.
   B. Minor repairs to the existing spillway slab would be required.
   C. No flow measurement features would be required.
Deliverables
1. Revised design requirements incorporated into the 90% design, 100% design, and final construction drawings and specifications.

Task 300 – Bidding and Construction Phase Services

Objective
1. Provide technical support during the bidding and construction phases of the Mundt Creek Intake Improvements project.

HDR Services
1. Participate in the pre-bid meeting.
2. Assist with responses to bidders’ questions.
3. Review contractor’s submittals.
4. Respond to contractor’s requests for information (RFIs).
5. Review and provide input for potential change orders (PCOs), if requested by the District.
6. Site visits to include: pre-bid (1), pre-construction (1), during construction (1), and a walkthrough upon completion of construction to determine acceptance of the work.
7. Preparation of record drawings.

District Responsibilities
1. Administration and management of the bidding phase.
2. Organize and conduct the pre-bid and pre-construction meetings.
3. Construction contract administration and construction management.

Assumptions
1. HDR will provide technical support only during the bidding and construction phases.
2. Addressing bidders’ questions will require 8 hours total, split between HDR’s project manager and design lead.
3. Pre-bid meeting will be attended by HDR’s project manager (4 hours). Pre-construction, construction, and construction completion meetings will be attended by HDR’s design lead (8 hours each).
4. Up to 8 submittals will be reviewed at 3 hours per submittal, on average.
5. Up to 6 RFIs will be addressed at 2 hours per RFI, on average.
6. Up to 2 potential change orders (PCO) will be require 4 hours per PCO, on average.
7. Preparation of record drawings (12 drawings) will be based on as-built information from the contractor and the District and will require 1 engineer hour and 2 CADD hours per drawing, on average.
Deliverables
1. Responses to bidders' questions.
2. Reviews of contractor's submittals.
3. Responses to RFls.
4. Review and provide input on PCOs.
5. Letter of recommendation to accept or reject the screen installation.
6. Record Drawings (PDF and AutoCAD formats)
### Additional Design Services - 2016

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 Billing Rate</td>
<td>235</td>
<td>190.35</td>
<td>184</td>
<td>96.77</td>
<td>161.13</td>
<td>208.76</td>
<td>195.47</td>
<td>110.72</td>
<td>77.48</td>
<td>5.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100 - Project Management</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>346</td>
<td>7</td>
<td></td>
<td></td>
<td>353</td>
</tr>
<tr>
<td>150 - Preliminary Design</td>
<td>20</td>
<td>24</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4</td>
<td>48</td>
<td>6,911</td>
<td>178</td>
<td></td>
<td></td>
<td>7,089</td>
</tr>
<tr>
<td>200 - Final Design and Construction Documents</td>
<td>2</td>
<td>20</td>
<td>16</td>
<td>24</td>
<td>2</td>
<td></td>
<td></td>
<td>2</td>
<td>68</td>
<td>13,661</td>
<td>244</td>
<td></td>
<td></td>
<td>11,905</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>3</strong></td>
<td><strong>40</strong></td>
<td><strong>16</strong></td>
<td><strong>24</strong></td>
<td><strong>24</strong></td>
<td><strong>2</strong></td>
<td><strong>4</strong></td>
<td><strong>1</strong></td>
<td><strong>2</strong></td>
<td><strong>116</strong></td>
<td><strong>18,918</strong></td>
<td><strong>429</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

### Additional Design Services - 2017

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2017 Billing Rate</td>
<td>242.02</td>
<td>197</td>
<td>165.96</td>
<td>217.07</td>
<td>112.92</td>
<td>77.48</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>200 - Final Design and Construction Documents</td>
<td>4</td>
<td>20</td>
<td>20</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td>51</td>
<td>8,880</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8,880</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>4</strong></td>
<td><strong>20</strong></td>
<td><strong>20</strong></td>
<td><strong>1</strong></td>
<td><strong>2</strong></td>
<td><strong>4</strong></td>
<td><strong>51</strong></td>
<td><strong>8,880</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>8,880</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Bidding and Construction Phase Services - 2017

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2017 Billing Rate</td>
<td>242.02</td>
<td>197</td>
<td>165.96</td>
<td>217.07</td>
<td>112.92</td>
<td>77.48</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>200 - Bidding and Construction Phase Services</td>
<td>24</td>
<td>60</td>
<td>28</td>
<td></td>
<td>2</td>
<td>118</td>
<td>22,882</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>23,382</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>24</strong></td>
<td><strong>60</strong></td>
<td><strong>28</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>118</strong></td>
<td><strong>22,882</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>23,382</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Cost - Amendment 1: $51,709