PLEDGE OF ALLEGIANCE

CONSENT AGENDA
1. Approval of Agenda 04/11/17
2. Approval of Minutes 03/28/17
3. Ratification of Vouchers 04/04/17
4. Approval of Vouchers 04/04/14 & 04/11/17
5. Recommendation to Enter into Agreement with Aronson Security Group (ASG) Replacement of Existing Video Surveillance/District Office Complex – Action

AUDIENCE COMMENTS

OLD BUSINESS
7. Manager’s Report

NEW BUSINESS
8. Recommendation to Appoint Sally Saxton as Treasurer Resolution No. 2245-17 Appoint Sally Saxton as Treasurer - Action
9. Recommendation to Appoint Doug Streeter CPA as Contract Auditor Resolution No. 2246-17 Appoint Doug Streeter, CPA as Contract Auditor- Action
10. Recommendation to Award Mundt Creek Intake Improvement Project and Budget Amendment with Utilization of System Development Funds – Action
11. Proposed Travel Policy and Revisions to Administrative Practice and Procedure (AP&P) Nos. 2009 and 2039 – Discussion
12. Recommendation Regarding Annual Public Acknowledgement by Commission Regarding Conflict of Interest - Action

MISCELLANEOUS

COMMISSIONER COMMENTS

ADJOURNMENT

JUDY RESERVOIR ELEVATION
April 3, 2017

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

FROM:      Gary Chrysler, IT Manager

SUBJECT:   Recommendation to Enter into Agreement with Aronson Security Group
            (ASG) for Replacement of Existing Video Surveillance at 1415 Freeway
            Drive

Requested Action:
Authorize the General Manager to enter into Work Order No. WAT2387-1-9800 in the
amount of $59,913.14, including tax, in accordance with attached Aronson Security Group
(ASG) contract and statement of work, which provides video surveillance system upgrades to
the District’s 1415 Freeway Drive facility.

Background:
Aronson Security Group (ASG) has been pre-approved under NASPO (formerly WSCA-
NASPO) contract number WSCA 3047-WA PA 04814-SEA 16355.

Fiscal Impact:
Funding for this contract and project will come from the $65,000 budgeted on line item
No. 32 of the District’s Information Technology Budget. The scope and work is consistent
with the intended use of these funds.

kac

cc:        Ben Hansen, Systems Administrator
Proposal for:

NASPO

ValuePoint

formerly WSCA-NASPO

Replace Existing Video Surveillance

Skagit Public Utility District

SEA-16355

Prepared by:

Ed Stumpff

March 30, 2017

This document is proprietary and confidential and is not to be copied or distributed without prior written approval from Aronson Security Group, Inc. (ASG). This document is submitted with the understanding that it will be kept confidential between the Client and ASG and will be returned to ASG within 30 days if an agreement is not reached.
March 30, 2017

Gary Chrysler
Skagit Public Utility District
1415 Freeway Dr
Mount Vernon, WA 98273

Dear Gary:

Thank you for contacting Aronson Security Group (ASG) regarding your electronic security project. I am pleased to present the following proposal for ASG’s engineering and implementation services.

You will note, in conformance with our Path to Value, our engineering and project management teams have been consulted throughout the project, advised on the key elements and have signed the proposal as an indication of their commitment to your organization and to their accountability to your satisfaction.

Please contact me directly should you have any questions or require additional information. If you agree with the proposal as written and terms set forth, please indicate your acceptance by completing the Proposal Acceptance and returning a copy to my attention.

Thank you very much for considering ASG. We look forward to working with you.

Sincerely,

Ed Stumpff
Client Manager
Aronson Security Group
206-245-1476
ed.stumpff@aronsonsecurity.com
AGENDA ITEM #5

EXECUTIVE OVERVIEW

In an effort to increase security at their main office facility, Skagit PUD has requested Aronson Security to replace outdated analog cameras with new IP based cameras.

SOLUTION OVERVIEW

Aronson Security Group will replace (28) existing analog cameras and add an additional 2 with new IP based models. The client will provide new Category 6 cabling terminations, patch panels, and switches required as well as a VMS server, licensing requirements and required processing and storage capacity based on their required recording parameters.

SCOPE OF WORK

ITEM 1: Replace Existing Analog Cameras with IP
- Remove 28 Existing Analog Cameras and Encoders.
- Provide and install adapters for 3 surveillance video display monitors.

ITEM 2: Add Two Additional IP Cameras
- There is no video coverage between truck bays 1 and 2.
- Provide and install two additional outdoor cameras facing down long sides of truck bays 1 and 2.

ITEM 3: Increase Video Recorder Storage
- IP camera images will require additional storage.
- Provide and install additional storage hardware in existing VMS.

Client to provide all cabling, see additional detail below.

In the Equipment Schedule below, we have noted the locations in your facility where work will be done and equipment will be installed. In the schedule, items or work to be provided by others are noted by underline.

<table>
<thead>
<tr>
<th>Location</th>
<th>Equipment Schedule / Method of Operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premises</td>
<td><strong>Existing:</strong> Replace Twenty-eight (28) existing analog cameras with new IP cameras ranging in resolution from 2 to 3 megapixels. Decommission existing encoders and analog cameras.</td>
</tr>
<tr>
<td></td>
<td><strong>Provide &amp; Install by ASG:</strong> Three (3) IP to analog decoders for public view monitors and two (2) 24 port and patch cables.</td>
</tr>
<tr>
<td></td>
<td><strong>Provide &amp; Install by Client:</strong> POE Ethernet Switches Channel Licensing (existing) CAT6 cabling to thirty-two existing analog locations. Leave existing 18/2 in place or replace. Cabling (coax) from headend to public view monitors.</td>
</tr>
<tr>
<td>Location 1</td>
<td><strong>Existing:</strong> Replace existing analog cameras</td>
</tr>
<tr>
<td></td>
<td><strong>Provide by ASG:</strong> Twenty Three (23) 3MP cameras installed into existing Bosch Housings.</td>
</tr>
<tr>
<td></td>
<td><strong>Provide &amp; Install by Client:</strong> New CAT6 cable to existing twenty-three cameras (23) outdoor cameras in housings.</td>
</tr>
<tr>
<td>Location 2</td>
<td>Existing: Replace existing analog cameras</td>
</tr>
<tr>
<td>-----------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td></td>
<td><strong>Provide by ASG:</strong> four (4) 2MP dome style cameras.</td>
</tr>
<tr>
<td></td>
<td><strong>Provide &amp; Install by Client:</strong> New CAT6 cable to four (4) existing analog dome style cameras.</td>
</tr>
<tr>
<td></td>
<td><strong>Function:</strong> Camera is fixed</td>
</tr>
<tr>
<td></td>
<td><strong>Viewing Quality:</strong> Frame rate (frames per second): 30 fps live view</td>
</tr>
<tr>
<td></td>
<td><strong>Recording:</strong> Constant Recording/Motion Based</td>
</tr>
<tr>
<td></td>
<td><strong>Storage Duration:</strong> Target for 30 days at 15fps on motion record using 30% motion alarm. User configuration may change storage duration. Actual configuration is to be determined.</td>
</tr>
<tr>
<td></td>
<td>General coverage image to capture general activity. Medium/Low percentage of forensic data recovery possible depending on distance, lighting and camera resolution.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Location 4</th>
<th>Existing: Replace existing analog cameras</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Provide by ASG:</strong> Provide one (1) pole mounted IP VGA resolution license plate camera by Bosch and one (1) Samsung two megapixel dome style pole mounted day night overview camera.</td>
</tr>
<tr>
<td></td>
<td><strong>Provide &amp; Install by Client:</strong> New CAT6 cable to existing one (1) analog license plate camera and one (1) outdoor camera in housings. POE Ethernet Switches</td>
</tr>
<tr>
<td></td>
<td><strong>Function:</strong> Overview camera; License plate camera; Cameras are fixed</td>
</tr>
<tr>
<td></td>
<td><strong>Viewing Quality:</strong> Frame rate (frames per second): 30 fps live view</td>
</tr>
<tr>
<td></td>
<td><strong>Recording:</strong> Constant Recording/Motion Based</td>
</tr>
<tr>
<td></td>
<td><strong>Storage Duration:</strong> Target for 30 days at 15fps on motion record using 30% motion alarm. User configuration may change storage duration. Actual configuration is to be determined.</td>
</tr>
<tr>
<td></td>
<td><strong>Function:</strong> Overview Camera; General coverage image to capture general activity for overview camera. Medium/Low percentage of forensic data recovery possible depending on distance, lighting and camera resolution.</td>
</tr>
<tr>
<td></td>
<td><strong>Function:</strong> License plate camera is estimated to capture at 85-95% likely better as license plate camera location is not optimal.</td>
</tr>
</tbody>
</table>
Upon receipt of Proposal Acceptance, a member of our Project Management Team will contact you in order to set up a meeting to formulate a comprehensive Implementation Schedule.

**Investment Summary**

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item 1: Replace all Existing Analog Cameras with IP</td>
<td>$49,460.81</td>
</tr>
<tr>
<td>Item 2: Add Two Additional IP Cameras</td>
<td>$2,773.71</td>
</tr>
<tr>
<td>Item 3: Increase Video Recorder Storage</td>
<td>$2,250.75</td>
</tr>
<tr>
<td>Estimated Sales Taxes</td>
<td>$5,247.87</td>
</tr>
<tr>
<td><strong>Total System Investment</strong></td>
<td><strong>$59,913.14</strong></td>
</tr>
</tbody>
</table>

**Clarifications**

All work to be performed during regular business hours (M-F 7:30AM – 4:30PM), unless specifically noted in our scope of work. We reserve the right to work evening shifts as necessary. Unrestricted access to work site to be provided by client.

This proposal includes a (1) one year warranty on equipment and labor. Warranty beyond one year is available at additional cost.

Cable path including Cable tray, raceway, conduit, pull boxes, back boxes and pull strings are excluded. To be provided by others.

Cable will be installed in existing data cable trays, or exposed and be suspended to building structure. We assume that our technicians will be able to utilize established cable paths/trays. If required, cable trays, ducts, coring, sleeves, and fire sealing provided by others.

Device Unobstructed Pathways: Access control electronic devices require an unobstructed pathway for installation and cable termination. Devices are, but are not limited to, electronic transfer hinges, electronic locks, DPSs, REXs, card readers, door actuators, push buttons (ADA, magnetic lock release), etc. To be provided by others.

Conduit that supports pathway to devices must adhere to conduit diameters indicated in the drawing typical.

Secure onsite indoor storage location for ASG / GPP Partner materials, if required, for scope parts/pieces, cable, tool boxes, tools, ladders, carts, and miscellaneous equipment to be provided by others.

PCs, servers, additional workstations, clients or other required network equipment are to be provided by others. This equipment must meet the security software manufacturer's minimum configuration standards.

Network switches, routers, network and telephone connections, jacks, IP addresses and pathways onto the corporate network are not included in this Proposal. ASG will coordinate these items with client and/or other project stakeholders.

All Operating System, SQL, Antivirus and other enterprise software to be provided by others unless noted specifically this document.
All back-up power and UPS units / systems to be provided by others, unless specifically stated in our scope of work.

All consoles, furniture, and equipment racks to be provided by others unless noted otherwise.

Client will allocate dedicated wall space for ASG to mount our equipment such as control panels, processor panels, low voltage power supplies, communications equipment. Typically, this is a contiguous wall space of at least four (4) feet wide and floor-to-ceiling height. Plywood mounted / painted at this location to be provided by others.

Submittals, shop drawings, as-built record drawings and O&M documentation are excluded, unless specifically included in our scope of work or required by project specifications.

This proposal only includes the equipment and software noted in the attached equipment list and scope of work description. This design is intended to meet end user requirements, however, in the event of a discrepancy; this document shall prevail over all others.

Any existing equipment to be reused is limited to that included on our scope of work and equipment list. This equipment is presumed to be in working order and have capacity to accommodate additions or modifications to the respective systems. We assume no responsibility for warranty of existing equipment to be reused, nor any consequential damages or project delays due to any failures.

Systems Programming and Integration scope of work limited to equipment and/or software included in scope of this proposal.

This proposal excludes any custom database work, custom development of Graphical User Interfaces, and Maps unless specifically stated in our scope of work.

Any system programming, configuration and/or database population will be conducted once. Prior to each programming effort, ASG will notify client of the need for certain information such as naming conventions, alarm point priorities, or linking. When required, ASG will provide forms for the client to enter data that ASG will then utilize as guidelines to program the system(s). Client is responsible for population of card user database, or providing card user database in acceptable format if ASG is to complete a card user data import or conversion. Client will be responsible to manually maintain card user data during a system conversion.

We have allowed for systems training by ASG staff if specifically noted in the scope of work. Additional training is available as an option at additional cost.

We anticipate that for most equipment, delivery will occur within two (2) to four (4) weeks from date of order. Installation will normally commence upon receipt of equipment or on a mutually agreed subsequent date.

For the purposes of this project a total of 90% of the total system cost will be paid on ‘Substantial Completion’ of the project. Substantial Completion shall be defined as any beneficial use of the equipment or systems proposed herein. Beneficial use begins once the system, or a portion of the system, is in use by the client. Progress billing based on percentage completion shall apply throughout the duration of the project.

If ASG is the successful bidder on this project, we will require a meeting with the principles of your firm prior to the execution of any contract. The purpose of this meeting is to discuss the scope of work, functionality of the system, and ASG deliverables in detail. We will make ourselves available to accommodate your schedule.

The exact location for all components will be field verified with representatives from ASG and client or a designee (i.e. Architect, General Contractor, etc.).

Our proposal does not make allowance for hidden conditions, hazardous materials, or asbestos abatement.
AGENDA ITEM #5

ASG will make every effort to minimize any applicable existing system down time during installation. We will work with the client to schedule the down time.

Permits are included for ASG scope of work only.

Roof penetrations, elevator interface, cutting, patching and painting, blocking, reinforcement, removal and dump fees, utility charges, demolition of existing equipment or cabling, coordination with utilities, connection to fire alarm or life safety systems and system monitoring, if applicable, are not included unless specifically stated. To be provided by others.

ASG reserves the right to subcontract all or part of the works as necessary to complete the project per contract.

Standard ASG insurance coverage is included per the policy in place at the time of contract award. Additional insurance coverage is available at additional cost.

This proposal assumes that the contract to ASG will be Lump Sum. If the contract is a GMP/GMAX additional cost may apply.

Proposals for work outside the continental United States assume that ASG will be paid the full amount of the contract in US Dollars. All bank transfer fees and currency conversion fees are to be paid by client. This proposal assumes that all Permits, Licenses, Tariff, Value Added Taxes (VAT), Import/Export Duties, Withholding and any Other Taxes or Fees due to a sovereign nation are excluded and also to be invoiced separately and paid by Client.

QUOTATION VALIDITY PERIOD
All prices quoted are valid for thirty (30) days from the date of this proposal.

SALES TAXES
Any sales taxes due to cities, counties or other jurisdictions are excluded.

ASBESTOS AND LEAD ABATEMENT
Should asbestos, lead or other hazardous materials be encountered in the process of installing the security equipment, any needed abatement will be performed and paid for by others.

INSTALLATION - 120 VOLT POWER
ASG will need you to provide Class 1 electrical power to our equipment locations. We will need 120 volts AC, hardwired on a dedicated 20-amp circuit. Your electrical contractor should run this circuit to our internal junction boxes. We will work with your electrical contractor to assure a timely and cost effective installation.

PARTS AND EQUIPMENT COST
Per Participating Addendum 04814 (defined in the Terms & Conditions Section below), for parts and equipment, ASG is to charge a 25% markup on ASG's "cost." ASG's "cost" includes the price that ASG pays for the part or equipment (the "Base Price"), plus the cost ASG incurs related to those parts and equipment, such as shipping, configuration, kitting, processing, reporting and warehousing. For these costs, ASG has determined a figure of 12.5% of the Base Price. ASG's "cost" will then be marked up by 25% to arrive at the price charged by ASG for the parts and equipment.

EXCLUSIONS

PERMITS BY OTHERS
Any permits or fees due to cities, counties, or other jurisdictions are excluded.

120V AC WORK
Provision of any/all 120V AC work and receptacles required to support system components is excluded.

ELECTRICAL CODE COMPLIANCE
Ensuring electrical code compliance for existing electrical conditions is excluded.

BUILDING PENETRATIONS
Building penetrations of exterior walls, roofs, hard lid ceilings, concrete coring or cutting and associated weather barriers is excluded.

NETWORK CONNECTIONS
Network, network patch cables, network connections, network testing, network terminations, voice/data outlets, TCP/IP addresses, or special connections are excluded.

NEW CABLING RACEWAY
Trenching, digging, or burying off for new cabling raceway is excluded.

TELEPHONE CONNECTIONS
Telephone connections and interfaces are excluded.

LOCATING EXISTING INFRASTRUCTURE
Locating or identifying existing buried infrastructure or raceway is excluded.

COMPUTER EQUIPMENT PROVIDED BY OTHERS
Customer provided PCs, workstations, servers, printers or other equipment and their maintenance and repair are excluded.

SOFTWARE/PC PLATFORM MAINTENANCE
Antivirus subscriptions or installation, firewall configuration and installation, software maintenance or updates, operating system maintenance or updates, database maintenance, updates or backups, or network/software hot fixes or patches are excluded.

PHYSICAL NETWORKS
The provision of any and all physical network connections is excluded.

DATA ENTRY
Data entry of Client specific system information or cardholder data is excluded.

DATABASE CONVERSION
Database conversions of existing system data are excluded.

SOFTWARE LICENSING
Additional software licensing or system upgrades (Software Licensing) are excluded.

ELEVATORS
Any work related to the elevator cabs, cables or elevator machine rooms is excluded. ASG does not perform work in these areas and will require the support of an approved elevator contractor, contracted by the Client.
CUSTOM WEB SUPPORT
Web design or web support for non-standard browser interfaces is excluded.

POWER SUPPLIES PROVIDED BY OTHERS
Client provided power supplies and connections to support door hardware system are excluded.

EXISTING SECURITY EQUIPMENT
Reuse of existing security equipment without proper testing and validation is excluded. A charge for thoroughly testing existing equipment will apply.

PAINTING
Patching and painting are excluded.

CONCRETE
Concrete, concrete preparation and forming/finishing for foundations, pads, etc. are excluded.

FENCING
Security fencing, chain link fencing, barriers, bollards, planters etc. are excluded.

INCIDENT INVESTIGATION
Post incident investigation of crimes or incidents (e.g. video search) is excluded.

DISPOSAL OF EXISTING ITEMS
Disposal and disposal fees associated with the removal of any existing fixtures, infrastructure or equipment are excluded.

EXPOSED CABLING
Conduit and/or wire mold may be used to route the system cable in exposed areas only. Painting is not included.

**TERMS & CONDITIONS**

Terms and conditions are per the Statewide Master Service Agreement #3047 dated September 24, 2013 between WSCA-NASPO Cooperative Purchasing Organization acting by and through the State of Nevada and Aronson Security Group, Inc. ("WSCA 3047") and Participating State Contract #04814 dated May 21, 2014 between State of Washington, Department of Enterprise Services and Aronson Security Group, Inc., modified by that certain First Amendment to Participating State Contract No. 04814 dated May 22, 2016 (collectively, "Participating Addendum 04814"). WSCA 3047 and Participating Addendum 04814 are the exclusive agreements between the parties with respect to the subject matter of this proposal, and any terms and conditions contained in any subsequent document issued by Client (such as a purchase order), executed or not, shall be void.

This proposal and its pricing, complies with WSCA 3047 and Participating Addendum 04814.

Per Participating Addendum 04814, any purchase orders issued by purchasing entities shall include the Participating State contract number: 04814 and the Lead State price agreement number: 3047.
Company Name: Skagit Public Utility District
Project Name: Replace Existing Video Surveillance
Proposal Number: SEA-16355

Please indicate below the items and alternates you wish to approve:

Item 1 Replace all Existing Analog Cameras with IP  □ approve  □ decline
Item 2 Add Two Additional IP Cameras  □ approve  □ decline
Item 3 Increase Video Recorder Storage  □ approve  □ decline

Accepted By:

______________________________
Signature

______________________________
Print Name           Title

______________________________
PO Number           Date

Rev. 2/21/2017
April 6, 2017

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

FROM: Sally Saxton, Temporary Finance Manager; Interim Treasurer

SUBJECT: Recommendation for Removal of Capital Assets from Fixed Asset Ledger
Surplus to the District’s Needs

Per our Fixed and Tagged Asset Policy #1022, capital assets that are surplus to the District’s
needs may be removed from the fixed asset ledger with approval by motion from the
Commission.

Requested Action:
I recommend that the Commission move to retire the asset listed below at the meeting of
April 11, 2017.

Fixed Asset Number: 392-0234
Description: Chevy Aveo
Purchase Date: 2009
Amount: $15,845.76
Reason for Removal: Seldom Used
Method of Disposal: Sale, Auction

kac
April 11, 2017

TO: Commission

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

SUBJECT: Recommendation to Appoint Treasurer
Sally Saxton

Requested Action:
Appoint Sally Saxton, as the District’s Treasurer.

Background:
Sally has been a Senior Accountant in the Finance Department since 2010 and took on the added responsibility of acting Finance Manager and Interim Treasurer in the absence of both an Auditor and Treasurer over the past year.

Sally led the way for the implementation of the Cayenta software program and with her help we were able to move over fully onto Cayenta in 2017 and abandon the AS-400 system. Sally has also been making great improvements to our Treasurer’s report and the quarterly financial reports presented to the Commission.

Sally interviewed for the vacant Finance Manager position recently and was hired into that position on April 3, 2017.

The District’s Governance Policy, Section 9.1.4 states “Appointing a person to serve as the District’s chief financial officer.” The District will not be appointing a CFO per the Governance Policy and an edited version of the Governance Policy will be presented to the Commission for approval at a future meeting.

Fiscal Impact:
Funding for this contract will come from the District’s 2017 Budget, which includes salary and benefits for a full-time Treasurer.

kac
RESOLUTION NO. 2245-17

A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, APPOINTING THE DISTRICT TREASURER OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON

WHEREAS, the position of Treasurer was vacated with the termination of the former Treasurer, and

WHEREAS, the Commission appointed an Interim Treasurer until such time as a determination was made to retain a full time Treasurer, and

WHEREAS, it is deemed necessary that a successor be appointed to perform the duties of the Treasurer.

NOW, THEREFORE, BE IT RESOLVED, that Sally Saxton shall be hereby appointed as Treasurer and said appointment be made effective as of Tuesday, April 11, 2017.

BE IT FURTHER RESOLVED, that Resolution No. 2198-12 is hereby rescinded.

ADOPTED by the Commission of Public Utility District No. 1 of Skagit County, Washington, at a regular open meeting held this 11th day of April, 2017.

Robbie Robertson, President

Eron Berg, Vice President

ATTEST

Al Littlefield, Secretary
April 11, 2017

TO: Commission

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

SUBJECT: Recommendation to Appoint Contract Auditor
Doug Streeter, CPA

Requested Action:
Appoint Doug Streeter, CPA, as the District’s Auditor under a contract basis for a period of one year, with an option to extend the contract for two additional years at the District’s discretion.

Background:
According to RCW 54.24.010, and as set out by the District’s Governance Policy, the District is required to have an Auditor that is appointed by the Commission to review internal control systems and to safeguard assets. Historically, the District’s Auditor has been a member of the Finance Department that was appointed by the Commission to act in this role. The District is now interested in having this role performed by a contracted consultant that is not a member of the Finance Department, so that there is a clear separation of responsibilities within the department and no perceived conflict or bias.

The District’s Governance Policy, Section 9.4.2 states “The Commission, by resolution, shall designate an Auditor and this person shall be a District employee other than the General Manager or the Treasurer.” The appointment of a contracted consultant as the Auditor is in contradiction to the policy, and so the policy will require a modification. An edited version of the Governance Policy will be presented to the Commission for approval at a future meeting.

The District issued a Request for Proposals (RFP) on March 10, 2017 for Contracted Auditing Services outlining the requirements of the contract. The closing date for RFP submissions was March 24, 2017, and the District received one submission from Doug Streeter, CPA. Sally Saxton, Interim Finance Manager, and I reviewed the RFP for evaluation and scoring against the criteria listed and we scored it very high due to Doug’s extensive knowledge and work history in the public accounting field. Doug has previously worked for five years at the Washington State Auditor’s Office in Olympia as the Fraud Coordinator and PUD specialist. He then spent thirteen years working at Grays Harbor PUD, starting as the Internal Auditor and moving into the Chief Financial Officer role. He currently works at the City of Montesano, WA as the Chief Financial Officer. Doug is uniquely qualified to fill our role as contracted Auditor and the District is fortunate to have him available to work for us.

Fiscal Impact:
Funding for this contract will come from the District’s 2017 Budget, which includes salary and benefits for a full-time internal Auditor. The District estimates Doug’s workload to consist of approximately 40 hours per month, and at his hourly billing rate of $78 per hour, this will come to approximately $37,440 per year. This is far below the amount budgeted for the full-time internal Auditor. Doug will also not be billing the District for any expenses or mileage.

kac
RESOLUTION NO. 2246-17

A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, APPOINTING DOUG STREETER, CPA, AS CONTRACT AUDITOR TO PERFORM AUDIT SERVICES FOR PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON

WHEREAS, the position of Auditor was vacated with the resignation of the former Auditor, and

WHEREAS, the Commission appointed an Interim Auditor until such time as a determination was made to either retain a full time Auditor or solicit contracted audit services, and

WHEREAS, Commission determined that the Public Utility District would operate with a contracted auditor appointed to perform the duties of an Auditor, and

WHEREAS, a request for proposals was advertised and one qualified firm submitted a proposal.

NOW, THEREFORE, BE IT RESOLVED, that Doug Streeter, CPA, shall be hereby appointed as Contract Auditor to perform audit services and said appointment be made effective as of April 11, 2017.

BE IT FURTHER RESOLVED, that Resolution No. 2231-16 is hereby rescinded.

ADOPTED by the Commission of Public Utility District No. 1 of Skagit County, Washington, at a regular open meeting held this 11th day of April, 2017.

____________________________
Robbie Robertson, President

____________________________
Eron Berg, Vice President

ATTEST
____________________________
Al Littlefield, Secretary
April 5, 2017

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

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

SUBJECT: Recommendation to Award Mundt Creek Intake Improvements Project and Request Utilization of System Development Funds (SDF)

Requested Action:
Authorize the General Manager to sign the contract for the Mundt Creek Intake Improvements Project with Trico Companies LLC in the amount of $364,918.05 and authorize utilization of $310,000 in SDF for a portion of the project cost.

Background:
Planned improvements at the Mundt Creek Diversion are estimated to increase source water withdrawals at the site by approximately 44% and reduce pumping costs at the Skagit River.

The Mundt Creek Intake Improvements Project was advertised for bid on March 16, 2017 and two proposals were received by the closing date of March 30, 2017. The bid results are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Bid Including WSST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineer’s Estimate</td>
<td>$322,412.31</td>
</tr>
<tr>
<td>Trico Companies LLC</td>
<td>$364,918.05</td>
</tr>
<tr>
<td>C&amp;S Construction</td>
<td>$368,900.00</td>
</tr>
</tbody>
</table>

Trico Companies LLC was the apparent low bidder with a bid amount exceeding the Engineer’s Estimate by 13.2%. Upon review of their bid proposal, comparison to the bidding requirements and checking of references, Trico Companies LLC is deemed to be responsive and responsible.

Fiscal Impact:
Funding for this contract and project will come from the project’s 2016 and 2017 Capital Budget Requests ($60,000 and $230,000, respectively) and SDF ($310,000). The current SDF balance is $2.189 million. The scope and work is consistent with the intended use of these funds.

kac
April 11, 2017

TO: Commission

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

SUBJECT: Recommendation to Adopt District Travel Policy #XXXX

Requested Action:
No action is requested at the current time.

Background:
The District recognizes the importance of continuing education and professional development of employees, and has Administrative Practices and Procedures in place to address the process to get approval for training, how employees will be compensated during the training, and how employees will be reimbursed for expenses incurred while on District approved travel. The District has historically reimbursed employees for the actual expenses incurred during travel by submitting all receipts to their supervisor for review and approval.

I believe that the District’s interests are better served by using a per diem allowance for meals and incidental expenses while on District travel instead of reimbursement for actual expenses. The travel, lodging, mileage and other miscellaneous costs will remain as reimbursement for actual expenses.

A new District Travel Policy has been created to address the change in philosophy for District travel expenses, while the two Administrative Practice & Procedures dealing with Professional Development (AP&P 2009) and Travel Expenses (AP&P 2039) have received significant revisions.

Fiscal Impact:
The current practice of requiring an itemized receipt for reimbursement of meals and incidental expenses is onerous on the employee and the people reviewing and approving the expense reimbursement. Moving to a per diem model for travel related expenses involving meals will be much more efficient for staff and will result in less conflict related to gathering of proper documentation.

kac
In accordance with the authority granted by Board Resolution # XXXX-XX, a District Travel Policy, as described below, is hereby established for employees of Public Utility District No.1 of Skagit County.

**Purpose:**
In order to establish reasonable guidelines for the approval of training and professional development activities and the reimbursement of travel expenses while on District business, the following District Travel policy is established for commissioners, employees and certain candidates for employment.

**Training and Professional Development:**
The District recognizes the importance of continuing education for the ongoing professional development of employees. As such, employees are encouraged to participate in conferences, workshops, seminars and other professional development activities to improve job and career skills for the benefit of both the District and the employee.

Administrative Practice and Procedure #2009 *Training and Professional Development* details the process to get approval for training and professional development and explains how compensation will be addressed while on either District required or voluntary training.

**Per Diem Allowance:**
The District’s interests are served by using a per diem allowance for meals and incidental expenses instead of reimbursement for actual expenses. Per diem amounts will be based on the Washington State Office of Financial Management for in-state travel and the General Services Administration for out-of-state travel.

**Reimbursable Expenses:**
The District’s interests are served by allowing flexibility in travel modes and accommodations; therefore, reasonable and necessary expenses actually incurred by Commissioners and employees during authorized District travel may be reimbursed by the District. These may include lodging, mileage, commercial transport, rental cars, and other miscellaneous expenses.

A detailed explanation of the per diem allowance guidelines, what is included in reimbursable expenses, the reporting and reimbursement of expenses, cancellation and revision of travel plans, the procedure for obtaining travel advances, and other travel provisions are more fully explained in
<table>
<thead>
<tr>
<th>Former Title/Policy #:</th>
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<td>Board Approval Date:</td>
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<td>Effective Date:</td>
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<td>Revision Date:</td>
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<tr>
<td>General Manager Signature:</td>
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</tbody>
</table>
Purpose:
This Administrative Practice & Procedure sets forth the approval process for both required and voluntary training and professional development. The District recognizes the importance of continuing education for the ongoing professional development of employees. As such, employees are encouraged to participate in conferences, workshops, seminars and other professional development opportunities for the purpose of improving job and career skills, for the benefit of both the employee and the District.

APPROVAL PROCESS
Approval for any training or professional development activities is accomplished by using the Training/Professional Development/Travel Request form. The form must be signed by all required signatories prior to making any training or travel arrangements.

REIMBURSEMENT FOR TRAINING AND TRAVEL COSTS
The General Manager (or his/her designee) will determine if training costs, travel costs and any other related expenses will be paid by the District, and whether such expenses will be prepaid or reimbursed upon successful completion.

For information on training and travel expense reimbursement procedures, including travel advances, refer to Administrative Practice & Procedure #2039, Travel Expenses & Reimbursement.

PLEASE NOTE: As a normal rule, reimbursement for training or professional development costs will be reimbursed only once after successful completion of the training. Additionally, training or professional development costs will only be reimbursed once for the same certification, class or training, regardless of whether the employee has to take the training more than one time to successfully complete it.
HOURS WORKED AND COMPENSATION
The following practices apply to training and professional development, depending on whether the training is required or voluntary:

a. District-Required Training
   i. All District-required training and professional development will be treated and compensated as work time and will normally occur during regular work hours regardless of exempt or nonexempt status.
   ii. When approved training occurs outside of regular work hours, the regular rate of pay and any overtime/compensatory time (whichever is applicable) will be paid.

b. Voluntary Training
   i. Permission to attend voluntary professional development activities during the employee’s regular workday must be authorized in writing using the Training/Professional Development/Travel Request form.
   ii. Approval will be based on operational needs, the benefits to the District, and available budget funds.
   iii. Approved voluntary training occurring during the employee’s regular workday will be treated and compensated as work time.
   iv. The employee shall not normally be paid or given compensatory time for voluntary training during non-work time unless authorized in advance by the employee’s supervisor, then approved by the General Manager or his/her designee.

<table>
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<tr>
<th>Former Title/AP&amp;P#:</th>
<th>Education Benefits-unnumbered, AP&amp;P #2009 Professional Development</th>
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<tbody>
<tr>
<td>Effective Date:</td>
<td>03/03/2009, 12/10/2014, 01/27/2015</td>
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<tr>
<td>Revision Date:</td>
<td>03/28/17(?)</td>
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<tr>
<td>General Manager Signature:</td>
<td>Date:</td>
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</tbody>
</table>
Training/Professional Development/Travel Request Form

Requestor Name__________________________________ Job Title________________________________

Department______________________________________ Date of Request_____________________

Name of Training/Seminar/Class/Conference______________________________________________

Date(s) of Training___________________________________________________________________

Is Training: (     ) Required for your Position (      ) Voluntary

Description of Training/Event__________________________________________________________

__________________________________________________________________________________

Benefit to the District (what skills/knowledge will be acquired from this training?)____________

__________________________________________________________________________________

__________________________________________________________________________________

Cost of Training/Seminar/Class/Conference $____________________________________________

Requesting Prepayment for Seminar/Class/Conference? (     ) Yes (      ) No

Does Training/Seminar/Conference Include Any Meals? (please explain)_______________________

__________________________________________________________________________________

Planned Expenses Associated with Training/Seminar/Class/Conference (check whichever apply):

(     ) Hotels/Lodging    (     ) Airline or Train

(     ) Meals    (     ) Rental Car

(     ) Misc. Costs (taxis, parking, tolls, other)
Are you requesting authorization for use of your personal vehicle for district business?

(  ) Yes (  ) No

If yes, please certify that you have insurance coverage on your personal vehicle (you may be asked to provide proof of insurance coverage):

(  ) Yes (I have personal insurance coverage) (  ) No (I do not have personal coverage)

Mileage Reimbursement Will be Requested:

(  ) Yes (  ) No

PLEASE NOTE: If you wish to request a travel advance, please use the form titled Advance Travel Form, which is available on the public drive under the “Forms” file.

I certify that the information I provided above is true and correct to the best of my knowledge, and that I am requesting approval for training and reasonable associated travel costs as indicated above:

_____________________________ ______________________
Signature of Employee       Date Signed

_____________________________ ______________________
Approval of Supervisor/Manager Date Signed

_____________________________ ______________________
Budget Review (Auditor) Signature Date Signed

_____________________________ ______________________
Final Approval/General Manager or Designee Date Signed

(  ) Not Approved by General Manager or Designee/Explanation_____________________________

_____________________________

PLEASE NOTE: Unless you have applied for a travel advance, any costs associated with training (except for prepaid seminars and/or conferences) will not be paid until you return and submit a Claim for Travel Expenses.

As explained in AP&P #2009 (Professional Development), costs will only be reimbursed upon successful completion of the training in question. In addition, as explained in AP&P 2039 (Travel Expenses & Reimbursement), if any travel costs are determined to be unreasonably high or unsubstantiated, the District reserves the right to deny reimbursement for charges.
TRAVEL EXPENSES & REIMBURSEMENT
ADMINISTRATIVE PRACTICE & PROCEDURE #2039

**Purpose:**
This Administrative Practice and Procedure sets forth the conditions of allowable travel, travel expenses, and reimbursement for persons on official District business after receiving approval for training or professional development. Travelers are expected to exercise prudence in incurring expenses. Approval of travel will be based on the overall benefit to the District, and unnecessary or excessive expenses will not be reimbursed.

For information on getting approval for training and professional development travel, in addition to hours paid while on travel status, refer to Administrative Practice & Procedure #2009, *Training & Professional Development*.

**PER DIEM ALLOWANCE**
The District’s interests are served by using a per diem allowance for meals and incidental expenses (M&IE) instead of a reimbursement for actual expenses. The per diem allowance is based on the actual number of meals provided per day during the meal period and will be paid for at the current meal rate found at [http://ofm.wa.gov/resources/travel.asp](http://ofm.wa.gov/resources/travel.asp) for travel within Washington State, and at [https://www.gsa.gov/portal/category/26429](https://www.gsa.gov/portal/category/26429) for out of state travel. Employees are responsible for confirming the allowable expenses for each meal, and are encouraged to review the per diem allowance and this AP&P with their immediate supervisor prior to traveling. The per diem allowance includes all charges and services, and covers the following items:

a. **Meals**
Meals will be reimbursed for employees in travel status on a per diem basis as established by the State of Washington Office of Financial Management (OFM) and the General Services Administration (GSA). Amounts over each individual meal allowance are at the employee’s expense. This rate does not apply when a meal is included in a conference registration package or as part of the cost of lodging (such as a free breakfast). However, if the employee needs to travel to the conference and incurs meal expense prior to conference check in or after departure, the per meal allowance as established by OFM and GSA will apply.

b. **Incidental Expenses**
All tips and taxes are incidental to the meal and are included in the allowance. Alcoholic beverages, entertainment expenses and any expenses incurred for other persons are not reimbursable to employees.

**REIMBURSABLE EXPENSES**
The District’s interests are served by allowing flexibility in travel modes and accommodations; therefore, reasonable and necessary expenses actually incurred by Commissioners and employees during authorized District travel may be reimbursed by the District. The reimbursable expenses may include, but are not limited to:
a. Mileage

i) Private Vehicles
Use of a private vehicle for District business requires pre-authorization of each trip by the General Manager or his/her designee. When a private vehicle is used for authorized District travel, mileage may be reimbursed for mileage incurred between departure point and destination. The departure point shall be the District office, unless starting from the employee’s primary residence provides for a shorter route, in which case the departure point will be the employee’s primary residence. Reimbursement will be at the current IRS mileage rate, which can be obtained from the Finance Department or by viewing the IRS website.

ii) Coverage of a Private Vehicle
If an employee’s or Commissioner’s vehicle is damaged while on District approved business travel, the District may pay repair, towing and associated costs through the claims process. The District’s insurance may apply in accordance with the policy terms and conditions. However, employees must carry adequate personal auto insurance if using a private vehicle for District business.

iii) Mileage/Train Limitation
If a train or a private vehicle are utilized for transportation, the maximum amount which may be reimbursed will not exceed the comparable cost of the same trip (origin to destination and return) as if a direct, round trip, air coach mode of transportation were utilized.

b. Commercial Transport
Requests by an employee to travel by airplane or train must be submitted in advance to the General Manager for approval as part of the Training/Professional Development/Travel Request form. Transport tickets shall be purchased in advance to take advantage of discount fares. The cost of airline tickets may be submitted for reimbursement in advance (subject to the cancellation-revision provision listed below).

c. Rental Car
Authorization for an employee to utilize a rental car must be obtained in advance from the General Manager as part of the Training/Professional Development/Travel Request Form. All rental cars must be covered by collision insurance. The employee may include the insurance provided by the rental car agency in their rental contract, or the employee may utilize his/her own insurance.

d. Lodging
Employees are encouraged to travel the same day as the event if possible. However, if the employee is unable to reasonably travel to the meeting or event by leaving at 6:00 AM or later from the departure point, then overnight accommodations may be pre-arranged for the preceding night, upon the approval of the General Manager.

If the employee is attending an extended event, the employee is not expected to drive back and forth each day unless the event is close enough that daily travel is feasible.

Discount or government rates shall be obtained whenever possible, and will be reimbursed at a maximum of the single room rate. If a single room rate is not available, then evidence of this fact should be provided from the hotel/motel. If bulk room rates are provided as part of a conference or other event, the employee must compare the difference between the bulk room rate and the discounted government rate, and must utilize the least expensive option. If the bulk rooms are sold out and the employee has to obtain a higher room rate, pre-approval must be obtained from the General Manager.
e. Miscellaneous
Receipts for miscellaneous expenses such as taxi fares, bridge or road tolls, buses, ferry fees, parking, and other costs are required and must be submitted with your request for reimbursement. Any such expenses submitted for reimbursement without a receipt will only be paid at the discretion of the District.

Customary fees and tips given to porters, baggage carriers, hotel staff, taxi drivers and other services are considered a reimbursable expense, as long as they are not unreasonably high or questionable.

REPORTING/REIMBURSEMENT OF EXPENSES
Allowable meals, lodging, transportation, and other sundry expenses shall be reported in accordance with RCW 42.24.090, on an expense reimbursement form showing the date, amount, location and description of the requested reimbursement. Requests for reimbursement must be submitted within 30 days after travelling for District business.

Receipts are not required for meals, but a conference registration agenda chart must be submitted with the expense reimbursement to confirm if any meals were included in the conference registration package. Receipts are required for all lodging and reimbursable transportation expenses, except mileage. Receipts shall show adequate detail for a complete review by an Auditor and all receipts shall be attached to the expense reimbursement form. All employee expenses require approval by the immediate supervisor prior to reimbursement. The District is not liable for any disallowed expenses.

PLEASE NOTE: If an employee has been issued a District credit card and uses it for travel expenses, receipts for all expenses must be produced for auditing purposes. Those with District credit cards can opt to use their District credit card for travel expenses and produce receipts, or they may use another form of payment and will then be subject to the provisions of this AP&P.

CANCELLATION/REVISION OF TRAVEL
Employees are to immediately notify their supervisor and the General Manager if their travel arrangements are to be revised or cancelled. If an employee decides to cancel the trip due to personal or other reasons under their control, the employee will be required to reimburse the District for those expenses or portion of expenses not refundable to the District, unless the net effect provides a cost savings to the District. The travel expenses may include all or a portion of the registration fees, charges for hotel accommodations and cost of travel.

TRAVEL ADVANCES
Advances for authorized travel expenses are made in accordance with Resolution Number 1455-88, as amended.

If applying for a travel advance, the employee must submit an Advance Travel Accounting form (before-travel section) and a copy of the approved Training/Professional Development/Travel Request form. Travel advances for commercial transport and first night’s lodging, if requested, will be made before making arrangements, or to reimburse the employee for expenses paid before the travel is completed. Travel advances for meals, the remainder of lodging and other reimbursable expenses will be made no earlier than two (2) weeks prior to travel, and will be made in accordance with the provisions of this AP&P.

OTHER PROVISIONS
When two (2) or more officers or employees are traveling together, and an officer or employee is filing a reimbursement claim on behalf of other officers or employees, he or she must prepare a detailed account that includes the names of the other officers or employees who traveled, partook of meals, or
otherwise incurred expenses. Documentation for expenses incurred shall be obtained by the employee and submitted with the reimbursement request.

If the Commission finds that a vacancy for a technical or managerial position requires special qualifications, or entails responsibilities and duties of such a nature that substantial benefits will accrue to the District from personal interviews of candidates for such a vacancy to be held in the District, the Commission may authorize by motion the payment of actual necessary travel and living expenses of such candidates incurred while in a travel status.

PLEASE NOTE: If an employee requires a special exception for any of these policies, they must obtain permission from the General Manager or his/her designee. In addition, if any travel costs are determined to be unreasonably high or unsubstantiated, the District reserves the right to deny reimbursement for any or all charges.

<table>
<thead>
<tr>
<th>Former Title/AP&amp;P #:</th>
<th>Employee Handbook; Resolution Nos. 1663, 1687, 1713, 1756, 1849, 1886, 1988, 2044, AP&amp;P #2039 Travel Expenses &amp; Reimbursement</th>
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<tr>
<td>Effective Date:</td>
<td>12/30/14</td>
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<tr>
<td>Revision Date:</td>
<td>03/28/17</td>
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<tr>
<td>General Manager Signature:</td>
<td>Date:</td>
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</table>
For Out-of-State Per Diem Rates, refer to the GSA website at: http://www.gsa.gov. To get the total meal and incidental expense rate breakdown of individual meal allowances, refer to the State Administrative and Accounting Manual (SAAM), Subsection 10.40.10.c
BEFORE travel:
1. Complete the Estimate of Expenses section and attach a copy of the approved *Training / Professional Development/Travel Request Form*.
2. Have your Supervisor approve your estimate
3. Return the approved estimate to AP for processing.
4. This form will be returned to you along with the advance (check). Transport and first night’s lodging may be advanced prior to booking. Meals, the remaining lodging and other reimbursable expenses will be made no earlier than two (2) weeks prior to travel.

AFTER travel:
1. Complete the Actual Expense section (other side of this form) and attach receipts. It must be signed by the employee and the Department Head, then forwarded to the Auditor.
2. All expenses must have detailed receipts attached and must be made in accordance with District travel policies and AP&Ps.
3. Any amounts due to the District must be presented with this form.

---

### ESTIMATE OF EXPENSES

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<th>DATE</th>
<th>BREAKFAST</th>
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TOTALS

Total amount requested

I understand this is an advance to be used for travel expenses incurred for District business. I will follow District travel policy and will return this form, all receipts, and any money owed back to the District within 10 days after I return from travel.

Employee Signature & Date

Supervisor OK with amount requested?

(Sign & Date)

For Accounting use:

Check #: _______ Date issued: __________ By _______

*Use the reverse side of the form after travel*

Skagit Public Utility District
Advance Travel Accounting

After travel ACTUAL EXPENSES and Receipts

Employee name: ________________________________

Dates of travel: ________________________________

Conference / Training Event: ________________________________

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<tr>
<th>DATE</th>
<th>BREAKFAST</th>
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TOTAL

TOTAL ALL EXPENSES

(LESS) AMOUNT ADVANCED

AMOUNT DUE TO SKAGIT PUD

AMOUNT DUE TO EMPLOYEE

I CERTIFY THAT THE ABOVE REPRESENTS THE ACTUAL EXPENSES INCURRED BY ME WHILE ON OFFICIAL DISTRICT BUSINESS.

Employee signature ________________________________ Date Submitted ________________________________

Approved: ________________________________ Reconciled: ________________________________

Employee Supervisor ______________ Date ______________

Auditor ______________ Date ______________

Check #recv/paid
Claim for Travel Expenses

Name: 
Month/Year: 
Address: 

<table>
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<tr>
<th>Date:</th>
<th>MEALS</th>
<th>HOTEL ROOM</th>
<th>Other (parking, taxi, etc)</th>
<th>Paid with PUD Travel VISA?</th>
<th># Miles Claimed</th>
<th>Amount</th>
<th>Name of Conference or Event</th>
<th>City, State</th>
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Original receipts are required.

Please attach a copy of the meeting/training agenda.

Employee Certification
I hereby certify under penalty of perjury that this is a true and correct claim for necessary expenses incurred by me and that no payment has been received by me on account thereof.

Signed: ________________________________
Date: ________________________________

Supervisor Approval
My signature below verifies my personal knowledge of the employee’s travel on official business of the District and the expenses claimed are in compliance with District Travel Policy.

Signed: ________________________________
Date: ________________________________

Account Code

$ -
# P.U.D. NO. 1 of SKAGIT COUNTY
# MOUNT VERNON, WASHINGTON
## CLAIM FOR NON-TRAVEL EXPENSES

<table>
<thead>
<tr>
<th>Date of Purchase</th>
<th>Item</th>
<th>Business Purpose (what is it used for)</th>
<th>Amount</th>
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**Employee Certification**
I hereby certify under penalty of perjury that this is a true and correct claim for necessary expenses incurred by me and that no payment has been received by me on account thereof.

Signed: ____________________________  
Date: ____________________________

**Supervisor Approval**
The signature below verifies my knowledge of the employee's personal expense on behalf of official business of the District and the expenses claimed are in compliance with District policy.

Signed: ____________________________  
Date: ____________________________

**Auditor Certification**
I, the undersigned, do hereby certify under penalty of perjury that the claim is a just, due and unpaid obligation against the District and that I am authorized to certify to said claim.

Signed: ____________________________  
Date: ____________________________

**Accounting code:**

Total Non Travel Expenses Claimed: $ ____________

---

rev. 03/2014
ExpenseClaimTemplate.xls
April 6, 2017

TO: Commission

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

SUBJECT: Governance and Management
Recommendation Regarding Annual Acknowledgement of Potential Conflicts of Interest

Requested Action:
Recommending that on an annual basis and in a public forum per 7.2.2 of the Governance Policy, each Commissioner shall acknowledge their obligation to disclose any conflicts of interest as defined in Chapter 42.23 RCW.

Background:
While Commission members disclose on a case by case basis in a public forum, per 7.2.3, any remote conflicts of interest, the policy requires that the Commission acknowledge their obligation regarding disclosure on an annual basis as well.

In the future this disclosure will be an agenda item addressed at the first meeting of each year.

kac
Chapter 42.23 RCW

CODE OF ETHICS FOR MUNICIPAL OFFICERS—CONTRACT INTERESTS

Chapter Listing

Sections

42.23.010 Declaration of purpose.
42.23.020 Definitions.
42.23.030 Interest in contracts prohibited—Exceptions.
42.23.040 Remote interests.
42.23.050 Prohibited contracts void—Penalties for violation of chapter.
42.23.060 Local charter controls chapter.
42.23.070 Prohibited acts.
42.23.900 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.

NOTES:

Cities, free passes, services prohibited: RCW 35.17.150.

County officers, general provisions: Chapter 36.16 RCW.

Ethics in public service act: Chapter 42.52 RCW.

Public employment, civil service: Title 41 RCW.

State officers, general provisions: Chapter 43.01 RCW.

42.23.010 Declaration of purpose.

It is the purpose and intent of this chapter to revise and make uniform the laws of this state concerning the transaction of business by municipal officers, as defined in chapter 268, Laws of 1961, in conflict with the proper performance of their duties in the public interest; and to promote the efficiency of local government by prohibiting certain instances and areas of conflict while at the same time sanctioning, under sufficient controls, certain other instances and areas of conflict wherein the private interest of the municipal officer is deemed to be only remote, to the end that, without sacrificing necessary public responsibility and enforceability in areas of significant and clearly conflicting interests, the selection of municipal officers may be made from a wider group of responsible citizens of the communities which they are called upon to serve.

[ 1961 c 268 § 2.]

42.23.020 Definitions.

For the purpose of chapter 268, Laws of 1961:
(1) "Municipality" shall include all counties, cities, towns, districts, and other municipal corporations and quasi municipal corporations organized under the laws of the state of Washington;

(2) "Municipal officer" and "officer" shall each include all elected and appointed officers of a municipality, together with all deputys and assistants of such an officer, and all persons exercising or undertaking to exercise any of the powers or functions of a municipal officer;

(3) "Contract" shall include any contract, sale, lease or purchase;

(4) "Contracting party" shall include any person, partnership, association, cooperative, corporation, or other business entity which is a party to a contract with a municipality.

[1961 c 268 § 3.]

### 42.23.030

**Interest in contracts prohibited—Exceptions.**

No municipal officer shall be beneficially interested, directly or indirectly, in any contract which may be made by, through or under the supervision of such officer, in whole or in part, or which may be made for the benefit of his or her office, or accept, directly or indirectly, any compensation, gratuity or reward in connection with such contract from any other person beneficially interested therein. This section shall not apply in the following cases:

1. The furnishing of electrical, water or other utility services by a municipality engaged in the business of furnishing such services, at the same rates and on the same terms as are available to the public generally;

2. The designation of public depositaries for municipal funds;

3. The publication of legal notices required by law to be published by any municipality, upon competitive bidding or at rates not higher than prescribed by law for members of the general public;

4. The designation of a school director as clerk or as both clerk and purchasing agent of a school district;

5. The employment of any person by a municipality for unskilled day labor at wages not exceeding two hundred dollars in any calendar month. The exception provided in this subsection does not apply to a county with a population of one hundred twenty-five thousand or more, a city with a population of more than one thousand five hundred, an irrigation district encompassing more than fifty thousand acres, or a first-class school district;

6. (a) The letting of any other contract in which the total amount received under the contract or contracts by the municipal officer or the municipal officer's business does not exceed one thousand five hundred dollars in any calendar month.

(b) However, in the case of a particular officer of a second-class city or town, or a noncharter optional code city, or a member of any county fair board in a county which has not established a county purchasing department pursuant to RCW 36.32.240, the total amount of such contract or contracts authorized in this subsection (6) may exceed one thousand five hundred dollars in any calendar month but shall not exceed eighteen thousand dollars in any calendar year.

(c)(i) In the case of a particular officer of a rural public hospital district, as defined in RCW 70.44.460, the total amount of such contract or contracts authorized in this subsection (6) may exceed one thousand five hundred dollars in any calendar month, but shall not exceed twenty-four thousand dollars in any calendar year.

(ii) At the beginning of each calendar year, beginning with the 2006 calendar year, the legislative authority of the rural public hospital district shall increase the calendar year limitation described in this subsection (6)(c) by an amount equal to the dollar amount for the previous calendar year multiplied by the change in the consumer price index as of the close of the twelve-month period ending December
31st of that previous calendar year. If the new dollar amount established under this subsection is not a multiple of ten dollars, the increase shall be rounded to the next lowest multiple of ten dollars. As used in this subsection, "consumer price index" means the consumer price index compiled by the bureau of labor statistics, United States department of labor for the state of Washington. If the bureau of labor statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items shall be used.

(d) The exceptions provided in this subsection (6) do not apply to:

(i) A sale or lease by the municipality as the seller or lessor;

(ii) The letting of any contract by a county with a population of one hundred twenty-five thousand or more, a city with a population of ten thousand or more, or an irrigation district encompassing more than fifty thousand acres; or

(iii) Contracts for legal services, except for reimbursement of expenditures.

(e) The municipality shall maintain a list of all contracts that are awarded under this subsection (6). The list must be made available for public inspection and copying;

(7) The leasing by a port district as lessor of port district property to a municipal officer or to a contracting party in which a municipal officer may be beneficially interested, if in addition to all other legal requirements, a board of three disinterested appraisers and the superior court in the county where the property is situated finds that all terms and conditions of such lease are fair to the port district and are in the public interest. The appraisers must be appointed from members of the American Institute of Real Estate Appraisers by the presiding judge of the superior court;

(8) The letting of any employment contract for the driving of a school bus in a second-class school district if the terms of such contract are commensurate with the pay plan or collective bargaining agreement operating in the district;

(9) The letting of an employment contract as a substitute teacher or substitute educational aide to an officer of a second-class school district that has two hundred or fewer full-time equivalent students, if the terms of the contract are commensurate with the pay plan or collective bargaining agreement operating in the district and the board of directors has found, consistent with the written policy under RCW 28A.330.240, that there is a shortage of substitute teachers in the school district;

(10) The letting of any employment contract to the spouse of an officer of a school district, when such contract is solely for employment as a substitute teacher for the school district. This exception applies only if the terms of the contract are commensurate with the pay plan or collective bargaining agreement applicable to all district employees and the board of directors has found, consistent with the written policy under RCW 28A.330.240, that there is a shortage of substitute teachers in the school district;

(11) The letting of any employment contract to the spouse of an officer of a school district if the spouse was under contract as a certificated or classified employee with the school district before the date in which the officer assumes office and the terms of the contract are commensurate with the pay plan or collective bargaining agreement operating in the district. However, in a second-class school district that has less than two hundred full-time equivalent students enrolled at the start of the school year as defined in *RCW 28A.150.040, the spouse is not required to be under contract as a certificated or classified employee before the date on which the officer assumes office;

(12) The authorization, approval, or ratification of any employment contract with the spouse of a public hospital district commissioner if: (a) The spouse was employed by the public hospital district before the date the commissioner was initially elected; (b) the terms of the contract are commensurate with the pay plan or collective bargaining agreement operating in the district for similar employees; (c) the interest of the commissioner is disclosed to the board of commissioners and noted in the official minutes or similar records of the public hospital district prior to the letting or continuation of the contract; and (d) and the commissioner does not vote on the authorization, approval, or ratification of the contract or any conditions in the contract.
A municipal officer may not vote in the authorization, approval, or ratification of a contract in which he or she is beneficially interested even though one of the exemptions allowing the awarding of such a contract applies. The interest of the municipal officer must be disclosed to the governing body of the municipality and noted in the official minutes or similar records of the municipality before the formation of the contract.

[2007 c 298 § 1; 2006 c 121 § 1; 2005 c 114 § 1; 1999 c 261 § 2; 1997 c 98 § 1; 1996 c 246 § 1. Prior: 1994 c 81 § 77; 1994 c 20 § 1; 1993 c 308 § 1; 1991 c 363 § 120; 1990 c 33 § 573; 1989 c 263 § 1; 1983 1st ex.s. c 44 § 1; prior: 1980 c 39 § 1; 1979 ex.s. c 4 § 1; 1971 ex.s. c 242 § 1; 1961 c 268 § 4.]

NOTES:

*Reviser's note:* RCW 28A.150.040 was repealed by 2009 c 548 § 710, effective September 1, 2011.

**Findings—Intent—1999 c 261:** "The legislature finds that:

1. The current statutes pertaining to municipal officers' beneficial interest in contracts are quite confusing and have resulted in some inadvertent violations of the law.
2. The dollar thresholds for many of the exemptions have not been changed in over thirty-five years, and the restrictions apply to the total amount of the contract instead of the portion of the contract that pertains to the business operated by the municipal officer.
3. The confusion existing over these current statutes discourages some municipalities from accessing some efficiencies available to them.

Therefore, it is the intent of the legislature to clarify the statutes pertaining to municipal officers and contracts and to enact reasonable protections against inappropriate conflicts of interest." [1999 c 261 § 1.]

**Purpose—Captions not law—1991 c 363:** See notes following RCW 2.32.180.

**Purpose—Statutory references—Severability—1990 c 33:** See RCW 28A.900.100 through 28A.900.102.

**Severability—1989 c 263:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [1989 c 263 § 3.]

**Severability—1980 c 39:** "If any provision of this amendatory act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [1980 c 39 § 3.]

42.23.040
Remote interests.

A municipal officer is not interested in a contract, within the meaning of RCW 42.23.030, if the officer has only a remote interest in the contract and the extent of the interest is disclosed to the governing body of the municipality of which the officer is an officer and noted in the official minutes or similar records of the municipality prior to the formation of the contract, and thereafter the governing body authorizes, approves, or ratifies the contract in good faith by a vote of its membership sufficient for the purpose without counting the vote or votes of the officer having the remote interest. As used in
this section "remote interest" means:

(1) That of a nonsalaried officer of a nonprofit corporation;

(2) That of an employee or agent of a contracting party where the compensation of such employee or agent consists entirely of fixed wages or salary;

(3) That of a landlord or tenant of a contracting party;

(4) That of a holder of less than one percent of the shares of a corporation or cooperative which is a contracting party.

None of the provisions of this section are applicable to any officer interested in a contract, even if the officer's interest is only remote, if the officer influences or attempts to influence any other officer of the municipality of which he or she is an officer to enter into the contract.

[ 1999 c 261 § 3; 1961 c 268 § 5.]

NOTES:

Findings—Intent—1999 c 261: See note following RCW 42.23.030.

42.23.050
Prohibited contracts void—Penalties for violation of chapter.

Any contract made in violation of the provisions of this chapter is void and the performance thereof, in full or in part, by a contracting party shall not be the basis of any claim against the municipality. Any officer violating the provisions of this chapter is liable to the municipality of which he or she is an officer for a penalty in the amount of five hundred dollars, in addition to such other civil or criminal liability or penalty as may otherwise be imposed upon the officer by law.

In addition to all other penalties, civil or criminal, the violation by any officer of the provisions of this chapter may be grounds for forfeiture of his or her office.

[ 1999 c 261 § 4; 1961 c 268 § 6.]

NOTES:

Findings—Intent—1999 c 261: See note following RCW 42.23.030.

42.23.060
Local charter controls chapter.

If any provision of this chapter conflicts with any provision of a city or county charter, or with any provision of a city-county charter, the charter shall control if it contains stricter requirements than this chapter. The provisions of this chapter shall be considered as minimum standards to be enforced by municipalities.

[ 1999 c 261 § 5; 1961 c 268 § 16.]

NOTES:
Findings—Intent—1999 c 261: See note following RCW 42.23.030.

42.23.070
Prohibited acts.

(1) No municipal officer may use his or her position to secure special privileges or exemptions for himself, herself, or others.

(2) No municipal officer may, directly or indirectly, give or receive or agree to receive any compensation, gift, reward, or gratuity from a source except the employing municipality, for a matter connected with or related to the officer's services as such an officer unless otherwise provided for by law.

(3) No municipal officer may accept employment or engage in business or professional activity that the officer might reasonably expect would require or induce him or her by reason of his or her official position to disclose confidential information acquired by reason of his or her official position.

(4) No municipal officer may disclose confidential information gained by reason of the officer's position, nor may the officer otherwise use such information for his or her personal gain or benefit.

[1994 c 154 § 121.]

NOTES:

Effective date—1994 c 154: See RCW 42.52.904.

42.23.900
Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.

For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships.

[2009 c 521 § 104.]