PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY
COMMISSIONERS’ MEETING

DRAFT AGENDA
April 25, 2017

3:30 PM WORK SESSION – Building Feasibility Discussion

PLEDGE OF ALLEGIANCE

CONSENT AGENDA

1. Approval of Agenda 04/25/17
2. Approval of Minutes 04/11/17
3. Ratification of Vouchers 04/18/17
4. Approval of Vouchers 04/25/17
5. Project Acceptance - Bayview Edison Road, Overway Extension (Mount Vernon)
6. Travel Policy #1025

TREASURER’S REPORT – March 2017

AUDIENCE COMMENTS

OLD BUSINESS

7. Manager’s Report
8. Quarterly Report – Information Technology (IT) Department

NEW BUSINESS

10. Resolution No. 2247-17
    Amending Resolution No. 1455-99 (Advance Travel Expense Revolving Fund) – Action
11. Draft Interlocal Agreement with the Port of Skagit County for Joint Construction and Management of Fiber Optic Infrastructure in Skagit County – Commission Review

MISCELLANEOUS

COMMISSIONER COMMENTS

ADJOURNMENT

JUDY RESERVOIR ELEVATION
PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY
COMMISSIONERS’ WORK SESSION

Agenda
April 25, 2017
3:30 PM

CALL TO ORDER

♦ Building Feasibility Discussion

ADJOURNMENT

This work session is open to Commissioners, Management, other District staff, Consultants and the public. It is not the opportunity to give public testimony, but if the Board members request input from individuals in the audience, those people may speak.

The principal purpose of the work session is to allow employees of the District and the Board to communicate with each other and/or the Consultants, answer Board questions, and get the Board’s opinions and input regarding the subject topic(s).

The regular meeting of the Commission will convene at 4:30 PM, following the Work Session.
The meeting was called to order at 4:30 PM. Those Commissioners in attendance were: Robbie Robertson, President, Eron Berg, Vice President; and Al Littlefield Secretary. Also in attendance were: George Sidhu, General Manager; Mark Handzlik, Engineering Manager; Sally Saxton, Interim Treasurer, Peter Gilbert, Attorney; and Kim Carpenter, Clerk of the Board; Audience: Judy Littlefield, Diane Robertson, Doug Streeter, Dale Ragan, Councilman, City of Mount Vernon, Les Walker. District Employees: Gary Chrysler, Bill Trueman, Kathy White, Cathy Langlow, Kevin Tate, Mark Semrau, Krista Lewis.

Commissioner Littlefield led the Pledge of Allegiance.

Commissioner Littlefield moved to approve the Consent Agenda for April 11, 2017:

1. Approval of Agenda 04/11/17
2. Approval of Minutes 03/28/17
3. Ratification of Vouchers 04/04/17
   No. 2724-Voucher Nos. 8986-9030, Payroll Check Nos. 17935-18014 ($522,478.52) 04/04/17
4. Approval of Vouchers 04/11/17
   No. 2725 - Voucher Nos. 9031-9090 ($316,411.40) 04/11/17
5. Recommendation to Enter into Agreement with Aronson Security Group (ASG) Replacement of Existing Video Surveillance/District Office Complex – Action

The motion passed.

Commissioner Littlefield moved to approve Voucher No. 2726 – Voucher No. 9091 ($21,700.24) 04/11/17, as Commissioner Berg abstained due to a potential conflict of interest. The motion passed.

Commissioner Berg questioned why the District, as a utility, is being charged drainage utility fees.
Under Old Business:

7. Manager’s Report
   Scheduled Commission work sessions for the purposes of orientation have been completed. Manager Sidhu proposed a new work session at 3:30 PM prior to the regular meeting on April 25 to discuss the office complex building options to move forward with renovation or sell and build elsewhere. The Commission was amenable to meeting at 3:30 PM on April 25 for a work session.

Manager Sidhu stated that regarding the visit from Port of Skagit County at the last meeting, the intent was to bring the proposed interlocal agreement before the Commission at this meeting. Staff has met with Sara Young twice since that time and the interlocal agreement is still in the works and will be brought forward in the future.

District Projects

- Crews are working on Denny Place, E Section Street to Hazel Street, Hazel Street, Denny Place to 15th Street, E Section Street S 13th Street to S 15th Street, Quentin Avenue, E Section Street to Hazel Street and S 19th Street E Broadway to E Section Street, E Fowler Street, S 14th Street to S 18th Street. This week they plan on completing all of the project’s pipe work which is 4,200 feet. The restoration work is planned for the following week depending on weather.

- On the afternoon of April 4, a 6-inch AC water main at the intersection of Old 99 and Third Street in Mount Vernon ruptured. A number of Mount Vernon staff and the Fire Department were on site helping close the road. The line was patched by early evening and the road was patched on Friday April 7, 2017. The Engineering Department is considering reprioritizing a pipe replacement project in this area.

Under New Business:

8. Recommendation to Appoint Sally Saxton as Treasurer
   Resolution No. 2245-17 - Appoint Sally Saxton as Treasurer - Action
   Manager Sidhu presented Resolution No. 2245-17 and recommended adoption. He stated that Senior Accountant Saxton was recently hired as the Finance Manager and has a great deal of experience from both the District and previous positions qualify her for the position of Treasurer. Commissioner Berg moved to adopt Resolution No. 2245-17 as presented. The motion passed.

9. Recommendation to Appoint Doug Streeter CPA as Contract Auditor
   Resolution No. 2246-17 - Appoint Doug Streeter, CPA as Contract Auditor - Action
   Manager Sidhu presented Resolution No. 2246-17 and recommended adoption. He stated that historically the District has had in-house auditors from the Finance Department; however, he felt it would be more effective to have an outside auditor and sought proposals for service. The District received a proposal from one very qualified firm, Doug Streeter CPA. Mr. Streeter has worked with the District in the past and has the experience and knowledge for the position. If appointed, he will be under contract for one year with the District’s option to renew. Commissioner Littlefield moved to adopt Resolution No. 2246-17 as presented. The motion passed.
10. Recommendation to Award Mundt Creek Intake Improvement Project and Budget Amendment with Utilization of System Development Funds – **Action**

Manager Sidhu gave a brief overview of the project and need for improvement and indicated while the bids submitted were over the Engineer’s Estimate, he recommends awarding the project rather than waiting, as the project will offset pumping costs from the Skagit River Diversion from $30,000 to $50,000 a year. Discussion ensued regarding various aspects of the project, costs, funding and purpose of the System Development Fund. Commissioner Berg moved to authorize the General Manager to enter into a contract with TriCo Companies LLC in the amount of $364,918.05 and utilization of System Development Funds in the amount of $310,000 for construction of the Mundt Creek Intake Improvement Project. The motion passed.

11. Proposed Travel Policy and Revisions to Administrative Practice and Procedure (AP&P) Nos. 2009 and 2039 – **Discussion**

Manager Sidhu presented an overview of the current policy and procedures and the recommended changes. Discussion ensued regarding various aspects of the proposed revisions, including meal per diem, mileage reimbursement, receipts with use of District credit cards, and private vehicle language. The revised policy and procedures will be presented for approval at the meeting of April 25.

12. Recommendation Regarding Annual Public Acknowledgement by Commission Regarding Conflict of Interest – **Action**

Manager Sidhu stated that Section 7.2.2 of the current Governance Policy calls for Commissioner acknowledgement in a public forum of their obligation to disclose any conflicts of interest as defined in Chapter 42.23 RCW. Attorney Gilbert recommended that the acknowledgement be placed on the agenda for the first meeting in January beginning in 2018 and the Commission make their public announcement today for 2017. The Commission acknowledged their obligation to disclose any conflicts of interest as defined in Chapter 42.23 RCW.

Under Miscellaneous, Manager Sidhu stated that the Commission has copies of a recent Skagit Valley Herald article regarding the District’s proposed land purchase for the Gilligan Creek Watershed Protection Program.

Under Commissioner Comments, Commissioner Littlefield stated he was pleased with the actions taken at today’s meeting.

Commissioner Berg commented on the following:

- Discussions with Manager Sidhu regarding financial reports and models that will help him more clearly understand capital projects, debt service and rate impact. Discussion ensued regarding various aspects of the capital replacement program, debt service, rates, loans and grant funding.
- Received an email from a constituent in Concrete regarding PUD taking over their water system and stated that there will be a forum at the high school auditorium on April 15.
Asked about follow-up regarding hydrant meter issue for the turf farmer who addressed the Commission recently; Engineering Manager Handzlik replied that he has spoken with the gentlemen, but has not reached resolution. Discussion ensued regarding hydrants, permitting requirements, fill stations, and costs of doing business for users.

Commissioner Robertson stated he would be in Olympia for WA PUD Association (WPUDA) meetings and gave a legislative update. He also reported that he has been elected as Water Committee Chair and believes it will be advantageous for the District.

Having no further business to come before the Board, Commissioner Littlefield moved for adjournment. The motion passed and the meeting of April 11, 2017 was adjourned at 5:48 PM.

Respectfully submitted:

Kim Carpenter
Clerk of the Board
April 25, 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:  BayView Edison Road, Overway Extension  
Reference:  Project # 3594  
Location:  Mount Vernon  
Developer:  Jay Overway  
Contractor:  TRICO

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. All documentation for this project has been completed.

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

Respectfully submitted,

Mark Handzlik, P.E.  
Engineering Manager

cc: George J. Sidhu P.E., General Manager  
     Michael E. Demers, Engineering Technician
Agenda Item #5

Skagit PUD Water System Map Viewer

Bay View-Edison Road

PROJECT LOCATION

April 17, 2017

Skagit PUD Mains
District Training & Professional Development/Travel  
Policy #1025

In accordance with the authority granted by Board Resolution # 1886-99, a District Training & Professional Development/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 Administrative Practice & Procedure #2039 *Travel Expenses and Reimbursement.*

<table>
<thead>
<tr>
<th>Former Title/Policy #:</th>
<th>Employee Handbook; 1687-95; 1849-99; 1866-99</th>
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</thead>
<tbody>
<tr>
<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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<td>General Manager Signature:</td>
<td>Date:</td>
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### Balance of District Funds

<table>
<thead>
<tr>
<th>Fund</th>
<th>Balance</th>
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</thead>
<tbody>
<tr>
<td>General Revenue Fund</td>
<td>$4,481,023</td>
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<tr>
<td>Capital Project Fund</td>
<td>$67,216</td>
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<tr>
<td>Construction Fund</td>
<td>$6,163,910</td>
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<tr>
<td>System Development Fund</td>
<td>$2,189,611</td>
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<tr>
<td>Debt Service Fund</td>
<td>$2,306,007</td>
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<tr>
<td>Bond Funds</td>
<td>$316,120</td>
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<tr>
<td>Rate Stabilization Funds</td>
<td>$37,244</td>
</tr>
<tr>
<td><strong>Total Funds</strong></td>
<td><strong>$15,580,732</strong></td>
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### Investment of District Funds

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<thead>
<tr>
<th>Fund</th>
<th>Investment</th>
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<tr>
<td>Local Govt Investment Pool</td>
<td>$9,708,995</td>
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<tr>
<td>Cash</td>
<td>$1,349,160</td>
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<tr>
<td>Money Market Deposit Accts</td>
<td>$524,571</td>
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<tr>
<td>Govt Agencies/Securities</td>
<td>$4,000,000</td>
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<tr>
<td><strong>Total Funds</strong></td>
<td><strong>$15,580,732</strong></td>
</tr>
</tbody>
</table>

### District Fund Segments

- General Revenue Fund
- Capital Project Fund
- Construction Fund
- Bond Funds
- Debt Service Fund
- System Development Fund
- Rate Stabilization Funds

### Investment of District Funds

- Local Govt Investment Pool
- Cash
- Money Market Deposit Accts
- Govt Agencies/Securities

### Rates of Investment Interest Received

- FFCB
- FNMA
- LGIP
- FHLMC
- RFC
- SBMMA

### Market Value vs. Face Value of Government Securities

- Fed Farm Credit Bank (mat 2/18)
- Fed Home Loan Mtg Corp (mat 7/18)
- Fed Natl Mtg Assn (mat 10/19)
- Resolution Funding Corp (mat 7/20)
- Face Value
### PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY
#### TREASURER REPORT

For the month ending March 31, 2017

<table>
<thead>
<tr>
<th>REVENUE FUND</th>
<th>CAPITAL PROJECT FUND</th>
<th>SYSTEM DEVELOPMENT FUND</th>
<th>DEBT SERVICE FUND</th>
<th>RATE STABILIZATION FUND</th>
<th>COMBINED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capital Projects</td>
<td>Restricted</td>
<td>Debt Reserve</td>
<td>Bond Sinking</td>
<td>Bond Reserve</td>
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<tr>
<td></td>
<td>5,982,055</td>
<td>104,857</td>
<td>6,172,539</td>
<td>2,131,911</td>
<td>2,043,953</td>
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</table>

#### Resources:
- **Beginning Fund Balance:**
  - REVENUE FUND: 5,982,055
  - CAPITAL PROJECT FUND: 104,857
  - SYSTEM DEVELOPMENT FUND: 6,172,539
  - DEBT SERVICE FUND: 2,131,911
  - RATE STABILIZATION FUND: 2,043,953
  - COMBINED: 16,489,413
- **Mar 2016:** 9,264,779
- **Mar 2015:** 9,420,341

#### External Revenue:
- **Water Customer Receipts:** 1,484,915
- **System Development Fees:** 142,223
- **Capital Contributions:** 146,258
- **Grants:** 0
- **LUC Assessments, Interest, Penalties:** 42,372
- **Investment Income:** 5,940
- **Non-Operating Revenues:** 20,408
- **Total External Revenue:** 1,694,915

#### Debt Proceeds:
- **Debt Proceeds - DWSRF Loan Draws:** 0
- **Debt Proceeds - Dept. of Ecology Loan:** 0
- **Debt Proceeds - Bonds:** 0
- **Total Debt Proceeds:** 0

#### Transfers from Other Funds:
- **Debt Reserve = Revenue Fund:** 175,850
- **Debt Reserve = System Development Fund:** 85,794
- **Bond Reserve = Bond Sinking Fund:** 0
- **Bond Reserve = Revenue Fund:** 0
- **Capital Projects = Revenue Fund:** 0
- **Capital Projects = System Development Fund:** 0
- **Total Transfers to Other Funds:** 0

#### Total Revenue:
- **Total Revenue:** 1,694,915

#### Total Resources:
- **Total Resources:** 7,373,995

#### Uses:
- **Operating Expenditures:**
  - Operations and Maintenance: 859,968
  - Utility and Excise Taxes: 100,665
  - **Total Operating Expenditures:** 960,634
- **Capital Expenditures:**
  - Capital Projects: 1,760,366
  - **Total Capital Expenditures:** 1,760,366
- **Debt Service Payments:**
  - Interest Expense: 0
  - Federal Tax Credit for 2001B Bonds: 0
  - Principal Payments: 0
  - **Total Debt Service Payments:** 0

#### Transfers to Other Funds:
- **Revenue Fund = Debt Reserve:** 175,850
- **System Development Fund = Debt Reserve:** 85,794
- **Bond Sinking Fund = Debt Reserve:** 0
- **Revenue Fund = Minimum Bond Reserve:** 0
- **Revenue Fund = Capital Projects:** 0
- **System Development Fund = Capital Projects:** 0
- **Total Transfers to Other Funds:** 0

#### Total Expenditures:
- **Total Expenditures:** 2,806,870

#### Ending Fund Balance:
- **Ending Fund Balance:** 4,481,023

#### Total Uses:
- **Total Uses:** 7,373,995

#### Increase (Decrease) in Fund Balance:
- **Increase (Decrease) in Fund Balance:** (-1,201,882)

### Mar 2016:
- **Combined:** 9,264,779
- **Combined:** 9,420,341

### Mar 2015:
- **Compared to Mar 2016:**
  - **Combined:** 9,264,779
  - **Combined:** 9,420,341

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Page 2 of 4
## PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY
### TREASURER REPORT

#### For the three months ending March 31, 2017

<table>
<thead>
<tr>
<th>Resources:</th>
<th>REVENUE FUND</th>
<th>CAPITAL PROJECT FUND</th>
<th>SYSTEM DEVELOPMENT FUND</th>
<th>DEBT SERVICE FUND</th>
<th>RATE STABILIZATION FUND</th>
<th>COMBINED</th>
<th>ANNUAL BUDGET</th>
<th>PERCENTAGE OF BUDGET REALIZED</th>
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<tbody>
<tr>
<td>Fund Balance-beginning of year</td>
<td>4,099,778</td>
<td>104,750</td>
<td>6,184,616</td>
<td>2,079,474</td>
<td>1,050,575</td>
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<td>315,149</td>
<td>37,159</td>
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<td>External Revenue:</td>
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<tr>
<td>Water Customer Receipts</td>
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<tr>
<td>System Development Fees</td>
<td>365,097</td>
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<td>Capital Contributions</td>
<td>351,838</td>
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<tr>
<td>Grants</td>
<td>123,899</td>
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<td>LUD Assessments, Interest, Penalties</td>
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<td>Investment Income</td>
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<td>Total External Revenue</td>
<td>5,232,148</td>
<td>189</td>
<td>9,547</td>
<td>3,423</td>
<td>0</td>
<td>0</td>
<td>722</td>
<td>86</td>
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<td>Debt Proceeds:</td>
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<tr>
<td>Debt Proceeds - DWSRF Loan Draws</td>
<td>1,289,730</td>
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<tr>
<td>Debt Proceeds - Dept. of Ecology Loan</td>
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<td>Debt Proceeds - Bonds</td>
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<tr>
<td>Debt Reserve - Revenue Fund</td>
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<td>Debt Reserve - System Development Fund</td>
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<td>Debt Reserve - Bond Stamping Fund</td>
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<td>Bond Reserve - Revenue Fund</td>
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<tr>
<td>Capital Projects - Revenue Fund</td>
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<td>Total Transfers to Other Funds</td>
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<tr>
<td>Total Revenue</td>
<td>6,599,678</td>
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<td>9,547</td>
<td>358,520</td>
<td>857,943</td>
<td>250</td>
<td>722</td>
<td>86</td>
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#### Total Resources:

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<tr>
<th></th>
<th>YTD 2016</th>
<th>YTD 2015</th>
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<tr>
<td>Total Revenue</td>
<td>10,699,656</td>
<td>104,920</td>
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<tr>
<td></td>
<td>15,232,754</td>
<td>14,631,665</td>
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#### Uses:

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<tr>
<th></th>
<th>REVENUE FUND</th>
<th>CAPITAL PROJECT FUND</th>
<th>SYSTEM DEVELOPMENT FUND</th>
<th>DEBT SERVICE FUND</th>
<th>RATE STABILIZATION FUND</th>
<th>COMBINED</th>
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<tr>
<td>Operating Expenditures:</td>
<td>2,275,647</td>
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<td>Operations and Maintenance</td>
<td>2,275,647</td>
<td>11,365,461</td>
<td>19.02%</td>
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<td>Utility and Excise Taxes</td>
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<td>Total Operating Expenditures</td>
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<td>Capital Expenditures:</td>
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<td>Capital Projects</td>
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<td>Debt Service Payments:</td>
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<td>Interest Expense</td>
<td>217,912</td>
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<td>Federal Tax Credit for 2008 Bonds</td>
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<td>Principal Payments</td>
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<td>Revenue Fund - Debt Reserve</td>
<td>600,001</td>
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<td>Revenue Fund - Capital Projects</td>
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<td>Total Transfers to Other Funds</td>
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<td>Total Expenditures</td>
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<td>30,873</td>
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<td>4,481,023</td>
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<td>6,183,910</td>
<td>2,189,611</td>
<td>2,305,697</td>
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<td>Total Uses</td>
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<td>104,920</td>
<td>6,194,264</td>
<td>2,446,994</td>
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#### Increase (Decrease) in Fund Balance

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<tr>
<th></th>
<th>YTD 2016</th>
<th>YTD 2015</th>
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<tbody>
<tr>
<td>Increase (Decrease) in Fund Balance</td>
<td>411,245</td>
<td>(17,534)</td>
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<tr>
<td>Year</td>
<td>Senior Lien Bond Debt</td>
<td>Public Works Trust Fund Loan Debt</td>
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<tr>
<td></td>
<td>Principal</td>
<td>Interest</td>
</tr>
<tr>
<td>2017</td>
<td>1,312,083</td>
<td>182,645</td>
</tr>
<tr>
<td>2018</td>
<td>1,163,588</td>
<td>317,332</td>
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<td>2019</td>
<td>495,267</td>
<td>275,032</td>
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<td>2020</td>
<td>511,717</td>
<td>261,500</td>
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<td>2021</td>
<td>529,157</td>
<td>244,595</td>
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<td>2022</td>
<td>541,389</td>
<td>227,521</td>
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<td>2023</td>
<td>563,815</td>
<td>210,063</td>
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<td>2024</td>
<td>581,112</td>
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<td>599,262</td>
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<td>617,303</td>
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<td>542,412</td>
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<td>614,704</td>
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<td>2030</td>
<td>297,049</td>
<td>266,845</td>
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<td>2031</td>
<td>327,167</td>
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<td>224,169</td>
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<td>2033</td>
<td>396,810</td>
<td>187,084</td>
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<td>2034</td>
<td>437,042</td>
<td>146,852</td>
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<td>2035</td>
<td>481,353</td>
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<td>2036</td>
<td>530,012</td>
<td>53,885</td>
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$ Change from previous month: 

Total Principal Outstanding: $21,807,140
Total Interest Outstanding: 4,612,982
Total Debt Repayment: $26,620,122

2017 Weighted Interest Rate: 2.08%
April 19, 2017

TO: Commission

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

SUBJECT: Review of District AP&P Nos. 2009 & 2039

Requested Action:
No action required.

Background:
A new District Travel Policy was created and presented to the Commission on April 11, 2017 to address the change in philosophy for District travel expenses as well as revisions to Administrative Practice & Procedures dealing with Professional Development (AP&P 2009) and Travel Expenses (AP&P 2039).

AP&P 2009 revises the approval process for training and professional development.

AP&P 2039 implements the use of 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.

After discussion with the Commission, some edits were made to the AP&Ps and the revised documents are presented for final review. Barring any additional edits, both AP&Ps will be implemented immediately.

Fiscal Impact:
Streamlining the approval process for training and professional development and 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
Purpose:
As outlined in District Travel Policy #1025, 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.

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

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.

Former Title/AP&P#: Education Benefits-unnumbered, AP&P #2009 Professional Development
Effective Date: 03/03/2009, 12/10/2014, 01/27/2015
Revision Date: 03/28/17(2), 04/25/17
General Manager Signature: Date:
TRAVEL EXPENSES & REIMBURSEMENT
ADMINISTRATIVE PRACTICE & PROCEDURE #2039

Purpose:
As outlined in District Travel Policy #1025, 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 for travel within Washington State, and at https://www.gsa.gov/portal/category/26429 for out of state travel. Employees must be away from their official place of business and their residence in order to claim the allowance. 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. **For Commissioners, the departure point shall always be their 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
**Employees and Commissioners must carry adequate private auto insurance if using a private vehicle for District business, and they are responsible for confirming the adequacy of coverage.** If an employee’s or Commissioner’s vehicle is damaged while on District approved business travel, their private insurance carrier shall be the primary party responsible for repair, towing and other associated costs related to the damage. **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 are required for miscellaneous expenses such as taxi fares, bridge or road tolls, buses, ferry fees, parking, and other costs 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. **Taxi fares or other transportation costs to or from places of entertainment will not be reimbursed.** 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 or Commissioner 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, 2044, AP&amp;P #2039 Travel Expenses &amp; Reimbursement</th>
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<tr>
<td>Effective Date:</td>
<td>12/30/14</td>
</tr>
<tr>
<td>Revision Date:</td>
<td>03/28/17 04/25/17</td>
</tr>
<tr>
<td>General Manager Signature:</td>
<td>Date:</td>
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</table>
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.

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**ESTIMATE OF EXPENSES**

| Employee name: | | | | | | |
|---|---|---|---|---|---|
| Dates of travel: | | | | | |
| Conference / Training Event: | | | | | |
| Location: | | | | | |

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<tr>
<th>DATE</th>
<th>BREAKFAST</th>
<th>LUNCH</th>
<th>DINNER</th>
<th>LODGING</th>
<th>TRANSPORT</th>
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</table>

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*
After travel ACTUAL EXPENSES and Receipts

Employee name: ________________________________

Dates of travel: ________________________________

Conference / Training Event: ____________________

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<th>DATE</th>
<th>BREAKFAST</th>
<th>LUNCH</th>
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<th>LODGING</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
### Agenda Item #9

#### P.U.D. NO. 1 of SKAGIT COUNTY
CLAIM FOR TRAVEL EXPENSES

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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 VISA?</th>
<th># Miles Claimed</th>
<th>Amount</th>
<th>Name of Conference or Event</th>
<th>City, State</th>
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**Grand Total**

- $ -

**Select one:**

- Receive separate reimbursement check [ ]
- Receive funds as part of payroll direct deposit [ ]

---

**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:** ____________________________
P.U.D. NO. 1 of SKAGIT COUNTY
CLAIM FOR NON-TRAVEL EXPENSES

Name: 
Address: 

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<th>Business Purpose (what is it used for)</th>
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Total Non Travel Expenses Claimed: $ -

G/L Account #: _______________________
Work Order #: _______________________

Select one:

- Receive separate reimbursement check
- Receive funds as part of payroll direct deposit

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: _______________________
April 23, 2017

TO: Commission

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

SUBJECT: Recommendation to Amend Travel Advance Policy

Requested Action:
Motion to adopt Resolution No. 2247-17

Background:
While examining past policy and resolutions related to travel expenses and reimbursement, the need for a minor revision to Resolution No. 2247-17 was noted, specifically the financial institution used for the Travel Advance Fund. Instead of specifying the financial institution where the Advance Travel Fund will be located, the fund will be located at the same institution as the other District operating accounts.

The travel advance policy, as required under RCW 42.24.120, was established by Resolution No. 1455 and amended by Resolution No. 2042-05. Resolution No. 2247-17 addresses an amendment to the policy regarding the financial institution used for the Travel Advance Fund and will supersede Resolution No. 2042-05. The remainder of the policy remains in full force and effect as noted in Resolution No. 2247-17.

Resolution Nos. 1455 and 2042-05 are provided for reference.

Fiscal Impact:
There is no fiscal impact.

kac
RESOLUTION NO. 2247-17

A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF
SKAGIT COUNTY, WASHINGTON, APPROVING A LOCAL FINANCIAL
INSTITUTION FOR THE ADVANCE TRAVEL EXPENSE REVOLVING FUND

WHEREAS, Public Utility District No. 1 of Skagit County, Washington,
maintains an Advance Travel Expense Revolving Fund, as provided for in RCW
42.24.120, for the purpose of carrying out specific functions and attaining certain
objectives pertinent to the normal operation of the District’s business, and

WHEREAS, the following employees of the District are designated as custodians
of the Advance Travel Expense Revolving Fund:

Auditor
Deputy Auditor

NOW, THEREFORE, BE IT RESOLVED that the Advance Travel Expense
Revolving Fund will be located at the same financial institution where other District
operating accounts are located.

BE IT FURTHER RESOLVED that this resolution hereby amends a portion of
Resolution No. 1455, a Resolution that established and set the controls for the Advance
Travel Expense Revolving Fund on the 3rd day of May, 1988. All other aspects of
Resolution No. 1455 are to remain in full force and effect.

BE IT FURTHER RESOLVED that this resolution supersedes Resolution
No. 2042-05.

ADOPTED by the Commission of Public Utility District No. 1 of Skagit County,
Washington, at a regular meeting held this 25th day of April, 2017.

______________________________
Robbie Robertson, President

______________________________
Eron Berg, Vice President

ATTEST

______________________________
Al Littlefield, Secretary
Resolution No. 1455

WHEREAS, the Commissioners of Public Utility District No. 1 of Skagit County, Washington, deem it advisable for the convenience and economic relief of the officers and/or employees when traveling on official business for the District,

NOW, THEREFORE, BE IT RESOLVED that the District shall establish an Advance Travel Expense Revolving Fund pursuant to RCW 42.24.120, the following procedures shall apply:

1. The fund must be established and maintained in accordance with the procedures prescribed for petty cash in the amount of $500.00.

2. Upon receipt of the monies, the custodian will open a checking account in the Mount Vernon, Branch of Valley Bank in the name of Public Utility District No. 1 of Skagit County, Washington, entitled "Advance Travel Expense Account - Mary A. Thorene, Commercial Supervisor, Custodian." In the event that the custodian is unable to perform her duties in regards to this account, the Auditor of the District shall perform such duties.

3. All monies received from the following sources will be deposited to the account:

   a. From the Treasurer of the District, the total amount originally establishing the Advance Travel Expense Account or subsequently added; from officers and employees, refunds of any unreimbursed travel advances; and from warrant-issuing officer, interest earned on this account.

   b. From travel advances, not District payments solely for travel advances, not District payments made to vendors. In other words, monies may be advanced to officers and employees going on travel status for travel-related expenses that he/she will pay out of pocket. It must NOT be used for personal loans. District payment of travel expenses must be done through the Advance Travel Expense Account.

   c. From warrant-issuing officer, interest earned on this account.

   d. From payroll, any travel advances, or interest earned on this account.

   e. From travel advances, not District payments solely for travel advances, not District payments made to vendors. In other words, monies may be advanced to officers and employees going on travel status for travel-related expenses that he/she will pay out of pocket. It must NOT be used for personal loans. District payment of travel expenses must be done through the Advance Travel Expense Account.

   f. From warrant-issuing officer, interest earned on this account.
Agenda Item #10

Officer and/or employee advances for travel expenses will be made by the issuance of checks drawn on this fund payable to the applicant. All such advances until final settlement has been submitted, claim for reimbursement has been submitted, and the General Manager has approved requests for advances shall be reasonable estimates of the applicant’s travel expense requirements and shall contain as a minimum the following information:

5. Date of Request / Name of Applicant / Purpose of Travel

6. Anticipated Departure and Return Date

Official approval of trip Check No., Amount and Date

Agreement of advances shall be made on or before the tenth (10) day following the close of the travel period by filing with the custodian an expense voucher as required by RCW 42.44.090. The expense voucher will be verified by the amount shown on such voucher and original request for the advance shall be used to support the custodian’s claim for a

Resolution No. 1455
warrant replenishing the fund for travel expenses reported. Expense vouchers containing expenses in excess of the amount advanced shall be submitted in duplicate to the custodian at the time of final settlement. The original copy of the expense claim and the traveler's request for an advance will then be used to support the custodian's claim for a warrant replenishing the fund. The other copy of the expense claim will be submitted to the warrant issuing officer for reimbursement of the excess to the applicant. Claims for reimbursement to the fund should be submitted by the custodian periodically as needed and at the end of the fiscal year in order that all expenses incurred will be charged against the appropriations for the period then ending.

7. Any default in accounting for or repaying an advance shall render the full amount, which is unpaid, immediately due and payable with interest at the rate of ten percent (10%) per annum from the date of default until repaid. To protect against any losses on advances, the District shall have a prior lien against and a right to withhold any and all funds payable or to become payable to such officer or employee to whom such advance has been given. No advance of any kind may be made to any officer or employee at any time when he/she is delinquent in accounting for or repaying a prior advance.

PASSED AND APPROVED by the Board of Commissioners of Public Utility District No. 1 of Skagit County, Washington, in a regular session duly met this 3rd day of May, 1988.

[Signatures]

President

Vice President

Secretary

Resolution No. 1455
Page 3
RESOLUTION NO. 2042-05

A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, APPROVING KEY BANK AS THE AUTHORIZED FINANCIAL INSTITUTION FOR THE ADVANCE TRAVEL EXPENSE REVOLVING FUND AND REMOVING THE COMMERCIAL SUPERVISOR AS CUSTODIAN

WHEREAS, Public Utility District No. 1 of Skagit County, Washington, maintains an Advance Travel Expense Revolving Fund, as provided for in RCW 42.24.120, for the purpose of carrying out specific functions and attaining certain objectives pertinent to the normal operation of the District's business, and

WHEREAS, Resolution No. 1455 named Valley Bank, as the authorized bank and depository for the Advance Travel Expense Revolving Fund and Valley Bank has since been acquired by Key Bank; and

WHEREAS, the following employees of the District were designated as custodians of the Advance Travel Expense Revolving Fund by Resolution No. 1455:

Commercial Supervisor
Auditor

NOW, THEREFORE, BE IT RESOLVED that Key Bank is the authorized bank and depository for the Advance Travel Expense Revolving Fund.

BE IT FURTHER RESOLVED that the following employees of the District be designated as custodians of the Advance Travel Expense Revolving Fund:

Auditor
Deputy Auditor

BE IT FURTHER RESOLVED that this resolution amends a portion of Resolution No. 1455, a Resolution that established and set the controls for the Advance Travel Expense Revolving Fund on the 3rd day of May, 1988. All other aspects of Resolution No. 1455 are to remain in full force and effect.

ADOPTED by the Commission of Public Utility District No. 1 of Skagit County, Washington, at a regular meeting held this 17th day of May, 2005.

Robbie Robertson, President

Al Littlefield, Vice President

James Cook, Secretary

AGENDA ITEM #10
INTERLOCAL AGREEMENT
BETWEEN
THE PORT OF SKAGIT COUNTY AND
PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY
FOR JOINT CONSTRUCTION AND MANAGEMENT OF FIBER OPTIC INFRASTRUCTURE IN SKAGIT COUNTY.

THIS AGREEMENT ("Agreement") is made and entered into by and between the Port of Skagit County ("Port"), a Washington Municipal Corporation and the Public Utility District No. 1 of Skagit County ("PUD"), a Washington Municipal Corporation pursuant to the authority granted by Chapter 39.34 RCW, the INTERLOCAL COOPERATION ACT. The Port and the PUD may be referred to herein as a “Party”, and may be collectively referred to herein as the “Parties.”

I. RECITALS

WHEREAS, RCW 53.08.370 grants authority to the Port to construct, purchase, acquire, develop, finance, lease, license, handle, provide, add to, contract for, interconnect, alter, improve, repair, operate, and maintain any telecommunications facilities within or without the Port district's limits for its own use and/or for the provision of wholesale telecommunications services; and

WHEREAS, RCW 53.08.240 (2) authorizes the Port to enter into contracts with other municipal entities for the purposes of exercising its lawfully authorized powers; and
WHEREAS, RCW 54.16.330 grants authority to the PUD to construct, purchase, acquire, develop, finance, lease, license, handle, provide, add to, contract for, interconnect, alter, improve, repair, operate, and maintain any telecommunications facilities within or without the Port district's limits for its own use and/or for the provision of wholesale telecommunications services; and

WHEREAS, RCW 54.16.090 authorizes the PUD to enter into contracts with other municipal entities for the purposes of exercising its lawfully authorized powers; and

WHEREAS, Chapter 39.34 RCW allows the Parties to enter into cooperative agreements to exercise joint powers conferred upon each entity; and

WHEREAS, the Port owns and operates fiber optic infrastructure in and adjacent to the Port-owned Bayview Business Park and licenses to utilize fiber optic infrastructure in the City of Burlington and the City of Mount Vernon for its own use and for provision of wholesale services to retail telecommunications providers that serve businesses and governmental entities with internet access; and

WHEREAS, the PUD owns and operates fiber optic infrastructure in Skagit County for its own use in connecting its water utility SCADA monitoring system, and also owns and operates fiber optic infrastructure between the City of Sedro-Woolley and the Town of Hamilton for provision of wholesale services to retail telecommunications providers that serve businesses, educational, and governmental entities with internet access; and

WHEREAS, the Port and the PUD are seeking to form a cooperative relationship that will facilitate the construction, ownership and management of an open access fiber optic backbone throughout Skagit County for the benefit of Skagit County citizens and businesses.
NOW THEREFORE, in consideration of the following terms and conditions, the parties mutually agree as follows:

II. CONTRACTUAL PROVISIONS

A. PURPOSE:
The purpose of this Agreement is to allow the Port and the PUD to work cooperatively on development of fiber optic infrastructure in Skagit County.

B. FIBER OPTIC SYSTEM GOALS AND POLICY
The primary goal of this collaboration is to support the development of a countywide, open access fiber optic network throughout Skagit County that will, in conjunction with private telecommunications providers, deliver reliable, affordable, high speed internet access to serve residential, business, public safety, governmental, and educational needs.

By making the investment in a publically owned fiber optic backbone, the Parties seek to make it feasible for privately owned telecommunications companies to make additional investments in last mile infrastructure connections to businesses, residences, and institutions.

The backbone system will be constructed and operated according to the following policies:

1. The fiber optic backbone will remain in local, public ownership with sustained use.

2. Parties will share infrastructure, including fiber optic cable and existing conduits, whenever possible in support of the countywide open access network;

3. Parties will build and manage fiber optic infrastructure to carrier grade standards, including pole mounts to regulatory standards, as well as maintenance and operations plan that includes:
a) weekly plant inspections and route driving,

b) redundant network operations center (NOC) services with 24/7 monitoring and response capability;

c) system monitoring, emergency locate, and emergency response capability that is 24/7, 365 days per year; and

d) highly accurate GIS as-built drawings with regular update cycle.

4. The Parties will enact policies and ordinances that will decrease the cost of laying fiber by organizing fiber and conduit installation with other capital projects or in joint trenching with other entities (Dig Once Policy).

C. ROLES AND RESPONSIBILITIES:

1. Pursuant to the terms of this Agreement, the Port shall:

   a) Construct and own portions of the countywide fiber optic backbone.

   b) Use the fiber optic network for the Port’s own use and provide wholesale fiber optic services across the system.

   c) Seek grant funds to construct the fiber optic backbone, and contribute funds if available to plan and construct portions of the system that benefit the Port’s primary mission of economic development.

   d) Grant easements and authorization as needed to the PUD for deployment of fiber optic infrastructure across Port-owned property as needed for development of the countywide fiber optic backbone.

   e) Contract for services necessary to operate the countywide fiber optic backbone, including, the following services:

      (1) Network Operating Center (NOC) services. The Port will contract with at least two qualified NOCs with 24/7 capability for the purposes of providing redundancy in
(2) Route monitoring and maintenance. The Port will contract with at least two qualified service providers to monitor the route on a regular basis and respond to repair requests in a timely manner.

(3) Locate services. The Port will contract with at least two qualified service providers to perform locate and emergency locate services on the backbone route within a specified response time.

(4) GIS and Survey. The Port will contract with a GIS provider and survey firm to provide timely updates to system as-built drawings.

f) Provide business management services necessary to operate the fiber optic backbone, including the following:

g) Establish and manage a dedicated fund for operation of the fiber optic backbone, provide accounting services for the fund, and provide annual reporting to collaborating agencies.

h) Provide contracting services in compliance with applicable statutes for design, construction and management of the system.

i) Enter into and manage dark fiber lease agreements for wholesale fiber optic services.

j) Convey to the PUD fiber optic buffer tubes and/or strands

k) Make the PUD an “Assignee” where needed to allow shared use of easements for development of the countywide fiber optic backbone

2. Pursuant to the terms of this Agreement, the PUD shall:

a) Construct and own portions of the countywide fiber optic backbone.

b) Use the fiber optic network for the PUD’s own use and
provide wholesale fiber optic services across the system.

c) Contribute funds if available to build portions of the fiber optic backbone that directly benefit the PUD's primary mission of providing utility services to customers.

d) Contract with the Port for management of shared fiber optic backbone infrastructure, including both network management and business management services.

e) Make the Port an “Assignee” where needed to allow shared use of easements for development of the countywide fiber optic backbone.

f) Convey to the Port fiber optic buffer tubes and/or strands

D. SYSTEM MANAGEMENT

1. Parties will designate staff to participate in an Outside Plant Committee that will have oversight responsibility for management of fiber optic infrastructure, including:

   a) Determining build priorities, operating and capital budgets, the parties financial obligations and financing opportunities

   b) Selecting contractors for system management

   c) Identifying and addressing system management issues

2. The Port will provide business management services to the system as described in Section C (1) above.

3. The Parties recognize that a shared management structure may require the formation of a separate management entity in the future.

E. SYSTEM FINANCING:

1. Parties will develop a complete finance plan for the design, construction and operation of the fiber optic network. Elements of this finance plan will include the following:
a) Operating and Capital budgets will be adopted cooperatively based on the operating principles and a county-wide fiber backbone plan

b) A fund will be established by the Port to account for all revenues and expenses related to wholesale telecommunications services on the network.

c) In the event that debt financing is used to build the network, revenues derived from the provision of wholesale telecommunications services will be applied first to the payment of such financing instruments.

d) Revenues will then be applied to cover all expenses incurred in the management of the system, including maintenance contractors, the Port’s staff time to administer the system, and the Port’s administrative overhead costs.

e) If and when the system generates a positive cash flow net of items 1 (c & d) above, dedicated Operating Reserve and Capital Reserve funds will be established.

f) If and when the system generates a positive cash flow in the future net of items 1 (c & d) above and after establishment of adequate reserves, the Parties will establish a formula for the equitable sharing of revenues.

F. ADMINISTRATION

The following individuals are designated as representatives of the respective parties. The representatives shall be responsible for administration of this Agreement and for coordinating and monitoring performance under this Agreement. In the event such representatives are changed, the Party making the change shall notify the other Party.

1. The Port’s representative shall be the Executive Director or her/his Designee.

2. The PUD’s representative shall be the General Manager or her/his Designee.
G. INDEMNIFICATION:
Each Party agrees to be responsible and assume liability for its own wrongful and/or negligent acts or omissions and those of its elected officials, officers, agents, or employees to the fullest extent required by law. Each Party further agrees to save, indemnify, defend, and hold the other Party harmless from any such liabilities. It is further provided that no liability shall attach solely by virtue of being a Party hereto. Each Party hereby waives its immunity under the Washington Industrial Insurance Act solely for the benefit of the other Party and only to meet its indemnity obligations hereunder.

H. TERM, TERMINATION, AND BUYOUT PROVISION:
This Agreement shall take effect on the Effective Date and continue until one Party provides the other Party with a one-year advance notice to terminate.

In the event that either party exercises its rights to terminate the agreement, the other Party shall have the right to purchase the other Party’s share of infrastructure necessary to operate the countywide fiber optic backbone, including fiber optic cable, buffer tubes or strands therein, vaults, and associated appurtenances.

I. SCOPE OF AUTHORITY:
No Party has any independent authority to direct the management of the other Parties’ activities under this Agreement nor, unless authorized in writing by the other Parties, the joint activities of the Parties hereunder. Neither Party has any authority to bind or to act for or to assume any obligations or responsibilities on behalf of the other Parties. The Parties may, upon mutual agreement, acquire real property interests and personal property in common. Any such ownership shall be retained upon termination hereof, absent an agreement otherwise between the Parties.

J. NOTICES:
Any and all notices or communications required or permitted to be given under any
of the provisions of this Agreement must be in writing and will be deemed to have been given upon: (1) receipt when personally delivered; (2) the next day when sent by overnight courier; (3) or three (3) days after deposit in the United States Postal Service if sent prepaid by first class, certified or registered mail, return receipt requested. All notices must be addressed to the Parties at the addresses set forth below or at such other address specified by notice by one Party to the other Parties.

If to the Port of Skagit County:

Port of Skagit County  
15400 Airport Drive  
Burlington, Washington 98233  
Attn: Executive Director

If to PUD No. 1 of Skagit County:

PUD No. 1 of Skagit County  
1415 Freeway Drive  
Mount Vernon, Washington 98273  
Attn: General Manager

K. ENTIRE AGREEMENT/MODIFICATION:

This Agreement represents the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior negotiations and discussions with respect to the subject matter of this Agreement. This Agreement may be supplemented by additional agreements executed in writing by the Parties, or may be amended or modified by written agreement signed by the Parties hereto. Such amendments may be for the purposes of, among other things, adding or deleting parties to this Agreement or expanding the responsibilities of the Administrator.
L. APPLICABLE LAW:
This Agreement, and any rights and obligations hereunder, shall be construed and interpreted in accordance with the laws of the State of Washington. Any dispute or proceeding arising out of this Agreement shall be filed in the Superior Court of the State of Washington for Skagit County.

M. ATTORNEYS’ FEES.
The prevailing Party in any dispute, whether or not suit is brought, or in any action to interpret, collect or enforce this Agreement, is entitled to its reasonable attorneys’ fees and costs, in addition to any other remedies, which will be paid by the non-prevailing Party promptly on demand. “Attorneys’ fees” as used in this Section includes services rendered at both the trial and appellate levels as well as services rendered subsequent to judgment in obtaining execution thereon.

N. ASSIGNMENT/NO BENEFICIARIES:
This Agreement is personal to the Parties. No Party to this Agreement may assign its rights or obligations hereunder. This Agreement is for the sole benefit of the Parties and no third party shall be deemed a beneficiary hereof.

O. AUTHORIZATION:
Each Party represents and warrants to the others that it is duly authorized to enter into and to carry out the terms of this Agreement.

P. INDEPENDENT REVIEW.
This Agreement has been reviewed and revised by legal counsel for all Parties and no presumption or rule that ambiguity shall be construed against the Party drafting the document shall apply to the interpretation or enforcement of this Agreement.
Q. SEVERABILITY.
In the case any term of this Agreement is held invalid, illegal or unenforceable in whole or in part, neither the validity of the remaining part of such term nor the validity of the remaining terms of this Agreement will in any way be affected thereby.

R. COUNTERPARTS.
This Agreement may be executed in counterparts, each of which shall be an original but all of which taken together constitute one and the same instrument.

S. FORCE MAJEURE
If either Party is rendered unable, wholly or in part, by force majeure or any other cause of any kind not reasonably within its control to perform or comply with any obligation or condition of this agreement upon giving written notice to the other Party, such obligation or condition shall be suspended during the continuance of the inability so caused and such Party shall be relieved of any liability during such period. The term force majeure shall include, without limitation by the following enumeration, acts of God, federal, state, county, or municipal orders, regulations or directives of any governmental authority or persons purporting to act therefor, or when the supply of product or any facility of production, manufacture/storage, transportation, distribution or delivery contemplated by either Party is delayed due to no fault of the Party, riots, acts of terrorism, other disturbances, earthquakes, hurricanes, strikes, or lockouts of any class of works, or stoppage of labor, or damage to piers or essential equipment, floods, fire, explosion, or destruction from any cause of any character either similar or dissimilar to the foregoing and reasonably beyond the control of the Party failing to perform.

T. RECORDING/POSTING/EFFECTIVE DATE
This Agreement shall become effective when recorded by the Parties or when posted on both Parties’ web sites (“Effective Date”).

IN WITNESS WHEREOF, the parties have executed this Agreement as set forth below.