PLEDGE OF ALLEGIANCE

CONSENT AGENDA
1. Approval of Agenda 07/24/18
2. Approval of Minutes 07/10/18 Commission Meeting
3. Ratification of Vouchers 07/17/18
4. Approval of Vouchers 07/24/18
5. Project Acceptance
   - Dairy Valley Distributing First Street (Mount Vernon)
   - Plat of Rivers Edge (Burlington)
   - Rita Street Mixed Use Development (Sedro-Woolley)
   - Bulson Creek Subdivision (Sinnes Road) (Mount Vernon)

TREASURER’S REPORT – June 2018

AUDIENCE COMMENTS

OLD BUSINESS
6. Manager’s Report
7. Project Acceptance - Saratoga Passage – Discussion and Potential Action

NEW BUSINESS
8. McLean Road, Wall Street to Best Road, Phase 1-Recommendation to Award-Action
9. WSDOT Utility Construction Agreement - Action
   Raising Valve Boxes in Conjunction with Downtown Mount Vernon Paving from I-5 to the Skagit River Bridge (SR 536-Memorial Highway)
10. Interlocal Agreement with City of Mount Vernon – Action
    E College Way from Freeway Drive E to west of Riverside Drive

MISCELLANEOUS

COMMISSIONER COMMENTS

ADJOURNMENT

JUDY RESERVOIR ELEVATION
MINUTES OF THE REGULAR MEETING OF THE COMMISSION
PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON

July 10, 2018

The regular meeting of the Commission of Public Utility District No. 1 was held in the Aqua Room of the utility located at 1415 Freeway Drive, Mount Vernon, Washington, on July 10, 2018.

The meeting was called to order at 4:31 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, Treasurer, Peter Gilbert, Attorney; and Catherine Price, Administrative Assistant; Audience: Judy Littlefield; and District Employees: Mark Semrau, Kevin Tate, and Luis Gonzalez.

Commissioner Littlefield led the Pledge of Allegiance.

Commissioner Littlefield moved to approve the Consent Agenda for June 26, 2018:

1. Approval of Agenda 07/10/18
2. Approval of Minutes 06/26/18 Commission Meeting
3. Ratification of Vouchers 07/03/18
   No. 2804 - Voucher Nos. 12902-12979 ($844,671.23)
4. Approval of Vouchers 07/10/18
   No. 2805 - Voucher Nos. 12980-13015, Payroll Check Nos. 23228-23312 ($616,862.97)
   No. 2806 - Voucher Nos. 13016 ($1,356.32)

The motion passed.

Treasurer Saxton presented the Treasurer’s Report for May 2018.

There were no audience comments.

Under Old Business:

5. Manager’s Report

Manager Sidhu reported on the following upcoming items anticipated for the July 24 Commission Meeting Agenda:

- Commissioners Littlefield attended the Public Utility Risk Management Services (PURMS) insurance meeting on June 6. A new Interlocal and Resolution will be presented when the documents are prepared by PURMS.

- The Summary Judgement hearing for Saratoga Passage is scheduled July 12. Upon completion of final Bill of Sale, Quit Claim, punchlist and other closing requirements, a Project Acceptance letter will be presented to the Commission.

- Project Acceptance of the Bulson Creek Project, also known as Sinnes Road, Welts Plat, is expected as well.
Under New Business:

6. Capital Improvement Projects Scheduling Change - **Discussion**
   Commissioner Berg moved to authorize the expenditure of $3,200,000 from 2018 Budget Line Item 50 Best Road Pipeline Improvements for project expenses related to the McLean Road, Wall Street to Best Road Phase I project as presented. The motion passed.

Having no further business to come before the Board, Commissioner Robertson moved for adjournment. The motion passed and the meeting of July 10, 2018 was adjourned at 5:00 PM.

Respectfully submitted:

__________________________
Catherine Price
Administrative Assistant
July 24, 2018

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: Dairy Valley Distributing First Street
Reference: C.O. # 4942, Project # 3650
Location: Mount Vernon
Developer: Dairy Valley Distributing
Contractor: Carman’s Construction LLC

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 C. Handzlik, P.E.
Engineering Manager

cmp

Attachment

cc: George Sidhu, P.E., General Manager
    Michael E. Demers, Engineering Technician
July 24, 2018

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: Plat of Rivers Edge
Reference: C.O. # 5006, Project # 3722
Location: Burlington
Developer: Rivers Edge, LLC
Contractor: BYK Construction, Inc.

Gentlemen:

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

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

Respectfully submitted,

Mark C. Handzlik, P.E.
Engineering Manager

cc: George Sidhu, P.E., General Manager
    Michael E. Demers, Engineering Technician
July 24, 2018

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: Rita Street Mixed Use Development
Reference: C.O. # 4955, Project # 3665
Location: Sedro-Woolley
Developer: Rita Street, LLC
Contractor: Woodmansee Construction, Inc.

Gentlemen:

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

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

Respectfully submitted,

[Signature]
Mark C. Handzlik, P.E.
Engineering Manager

cmp

Attachment

cc: George Sidhu, P.E., General Manager
    Michael E. Demers, Engineering Technician
Agenda Item #5
July 24, 2018

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:  Bulson Creek Subdivision (Sinnes Road)  
Reference:  C.O. # 4773, Project # 3462  
Location:  Mount Vernon  
Developer:  Lake 16, LLC  
Contractor:  Plats Plus, Inc.

Gentlemen:

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

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

Respectfully submitted,

Mark C. Handzlik, P.E.  
Engineering Manager

cmp

Attachment

cc:  George Sidhu, P.E., General Manager  
     Michael E. Demers, Engineering Technician
# Treasurers Report

## Balance of District Funds

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
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</thead>
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<tr>
<td>General Revenue Fund</td>
<td>$5,812,399</td>
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<tr>
<td>Capital Project Fund</td>
<td>$220,095</td>
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<tr>
<td>System Development Fund</td>
<td>$2,917,087</td>
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<tr>
<td>Debt Service Fund</td>
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<td>Bond Funds</td>
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<tr>
<td>Rate Stabilization Funds</td>
<td>$0</td>
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<tr>
<td><strong>Total Funds</strong></td>
<td><strong>$18,647,168</strong></td>
</tr>
</tbody>
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## Investment of District Funds

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Local Govt Investment Pool</td>
<td>$12,813,932</td>
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<tr>
<td>Cash</td>
<td>$2,333,236</td>
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<tr>
<td><strong>Total Funds</strong></td>
<td><strong>$18,647,168</strong></td>
</tr>
</tbody>
</table>

## District Fund Segments

- General Revenue Fund
- Capital Project Fund
- System Development Fund
- Debt Service Fund
- Bond Funds
- Rate Stabilization Funds
- Local Govt Investment Pool

## Rates of Investment Interest Received

- **FFCB**
- **FNMA**
- **LGIP**

## Market Value vs. Face Value of Government Securities

- Fed Farm Credit Bank (mat 2/18)
- Fed Home Loan Mtg Corp (mat 7/18)
- Fed Nati Mtg Assn (mat 10/19)
- Resolution Funding Corp (mat 7/20)
- Fed Nati Mtg Assn (mat 2/19) $500,000

## Pie Chart

- General Revenue Fund
- Capital Project Fund
- System Development Fund
- Debt Service Fund
- Bond Funds
- Rate Stabilization Funds
- Local Govt Investment Pool
- Cash
## PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY
### TREASURER REPORT

#### For the month ending June 30, 2018

<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>COMBINED</th>
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<td>121,625</td>
<td>130,749</td>
<td>76,186</td>
<td>1,942,468</td>
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<tr>
<td>Bond Sinking:</td>
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<tr>
<td>Bond Reserve:</td>
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<tr>
<td>External Revenue:</td>
<td></td>
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<td>Water Customer Receipts:</td>
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<td>System Development Fees:</td>
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<td>Capital Contributions:</td>
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<td>Total External Revenue:</td>
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<tr>
<td>Debt Proceeds:</td>
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</tr>
<tr>
<td>Debt Proceeds - DWSRF Loan Draws:</td>
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<td>Total Debt Proceeds:</td>
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<tr>
<td>Transfers from Other Funds:</td>
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<tr>
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<td>To Capital Project Fund = from Revenue Fund:</td>
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<tr>
<td>To Capital Project Fund = from System Development Fund:</td>
<td>0</td>
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<tr>
<td>Total Transfers to Other Funds:</td>
<td>2,716,288</td>
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<td>Operating Expenditures:</td>
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<tr>
<td>Operations and Maintenance:</td>
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<tr>
<td>Utility and Excise Taxes:</td>
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<tr>
<td>Total Operating Expenditures:</td>
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<tr>
<td>Capital Expenditures:</td>
<td>381,603</td>
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<td>Capital Projects:</td>
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<tr>
<td>Transfers to Other Funds:</td>
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<tr>
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<tr>
<td>From Debt Reserve Fund = To Revenue Fund:</td>
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<tr>
<td>From Bond Sinking Fund = To Revenue Fund:</td>
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<tr>
<td>From Revenue Fund = To Bond Reserve Fund:</td>
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</tr>
<tr>
<td>From System Development Fund = To Debt Reserve Fund:</td>
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<td></td>
</tr>
<tr>
<td>From Revenue Fund = To Capital Project Fund:</td>
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<td></td>
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</tr>
<tr>
<td>From System Development Fund = To Capital Projects Fund:</td>
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<td>Total Expenditures:</td>
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<td>Increase (Decrease) in Fund Balance:</td>
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<td>Services sold:</td>
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<td>Services:</td>
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<td>Re-Activations (over 10 years):</td>
<td>29</td>
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### 2017 - 2015

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<td>Debt Proceeds - Dept. of Ecology Loan:</td>
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<tr>
<td>Debt Proceeds - Bonds:</td>
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<td>Total Debt Proceeds:</td>
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<td>Transfers from Other Funds:</td>
<td>329,900</td>
<td>200,063</td>
<td>102,873</td>
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<tr>
<td>To Revenue Fund = from Debt Reserve Fund:</td>
<td>2,533,288</td>
<td>2,671,790</td>
<td>2,504,641</td>
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<td>To Revenue Fund = from Bond Sinking Fund:</td>
<td>163,000</td>
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<td>10,126</td>
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<td>Total Transfers to Other Funds:</td>
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<td>4,966,812</td>
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<td>Operating Expenditures:</td>
<td>969,272</td>
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<tr>
<td>Operations and Maintenance:</td>
<td>884,032</td>
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<tr>
<td>Utility and Excise Taxes:</td>
<td>85,240</td>
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<tr>
<td>Total Operating Expenditures:</td>
<td>969,272</td>
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<tr>
<td>Capital Expenditures:</td>
<td>381,603</td>
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<td>Capital Projects:</td>
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<tr>
<td>Total Capital Expenditures:</td>
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<tr>
<td>Debt Service Payments:</td>
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<td>142,948</td>
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<tr>
<td>Federal Tax Credit for 2009B Bonds:</td>
<td>(31,601)</td>
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<tr>
<td>Principal Payments:</td>
<td>2,271,201</td>
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<tr>
<td>Total Debt Service Payments:</td>
<td>2,382,549</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers to Other Funds:</td>
<td>329,900</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From Revenue Fund = To Debt Reserve Fund:</td>
<td>329,900</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From Debt Reserve Fund = To Revenue Fund:</td>
<td>2,533,288</td>
<td>2,671,790</td>
<td>2,504,641</td>
</tr>
<tr>
<td>From Bond Sinking Fund = To Revenue Fund:</td>
<td>163,000</td>
<td>3,239</td>
<td>10,126</td>
</tr>
<tr>
<td>From Revenue Fund = To Bond Reserve Fund:</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From System Development Fund = To Debt Reserve Fund:</td>
<td>0</td>
<td>85,741</td>
<td>54,879</td>
</tr>
<tr>
<td>From Revenue Fund = To Capital Project Fund:</td>
<td>0</td>
<td>770,000</td>
<td></td>
</tr>
<tr>
<td>From System Development Fund = To Capital Projects Fund:</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Transfers to Other Funds:</td>
<td>329,900</td>
<td>220,000</td>
<td>0</td>
</tr>
<tr>
<td>Total Expenditures:</td>
<td>4,083,525</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase (Decrease) in Fund Balance:</td>
<td>637,260</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services sold:</td>
<td>30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ERU's:</td>
<td>29</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services:</td>
<td>23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Re-Activations (under 10 years):</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Re-Activations (over 10 years):</td>
<td>29</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY
### TREASURER REPORT

#### For the six months ending June 30, 2018

<table>
<thead>
<tr>
<th>Resources:</th>
<th>Capital Projects</th>
<th>Restricted</th>
<th>DEBT SERVICE FUND</th>
<th>COMBINED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Fund</td>
<td>Capital Projects</td>
<td>Restricted</td>
<td>DEBT Service Fund</td>
<td>Bond Reserve</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>14,401,461</td>
<td>220,095</td>
<td>3,028,424</td>
<td>872,392</td>
</tr>
<tr>
<td>Uses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Expenditures</td>
<td>5,714,309</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utility and Excise Taxes</td>
<td>530,079</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Operating Expenditures</td>
<td>6,244,388</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Expenditures:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Projects</td>
<td>3,176,596</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Capital Expenditures</td>
<td>3,176,596</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Service Payments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Expense</td>
<td>234,422</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Tax Credit for 2009B Bonds</td>
<td>(1,601)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal Payments</td>
<td>2,271,260</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Debt Service Payments</td>
<td>2,474,022</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>14,061,942</td>
<td></td>
<td>0</td>
<td>1,495,529</td>
</tr>
</tbody>
</table>

#### YTD 2017 YTD 2016 YTD 2015

<table>
<thead>
<tr>
<th>Combined</th>
<th>Combined</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>25,473</td>
<td>25,271</td>
<td>25,619</td>
</tr>
</tbody>
</table>

### Notes:
- **External Revenue:**
  - Water Customer Receipts: $10,321,998
  - System Development Fees: $2,622,410
  - Capital Contributions: $1,061,856
  - Grants: $30,000
  - Investment Income: $24,338
  - Non-Operating Revenues: $88,779

- **Total External Revenue:** $11,425,311

- **Debt Proceeds:**
  - Debt Proceeds - DWSRF Loan Draws: $2,622,410
  - Debt Proceeds - Dept. of Ecology Loan: 0
  - Debt Proceeds - Bonds: 0

- **Transfers from Other Funds:**
  - To Debt Reserve Fund = from Revenue Fund: $2,166,836
  - To Debt Reserve Fund = from System Development Fund: $2,811,490
  - To Revenue Fund = from Debt Reserve Fund: $163,000
  - To Bond Reserve Fund = from Revenue Fund: 0
  - To Capital Project Fund = from System Development Fund: 0

- **Total Transfers to Other Funds:** $2,974,490

- **Total Revenue:** $14,401,461

- **Uses:**
  - Operating Expenditures: $5,714,309
  - Utility and Excise Taxes: $530,079
  - Total Operating Expenditures: $6,244,388

- **Capital Expenditures:**
  - Capital Projects: $3,176,596
  - Total Capital Expenditures: $3,176,596

- **Debt Service Payments:**
  - Interest Expense: $234,422
  - Federal Tax Credit for 2009B Bonds: $(1,601)
  - Principal Payments: $2,271,260
  - Total Debt Service Payments: $2,474,022

- **Total Expenditures:** $14,061,942

- **Increase (Decrease) in Fund Balance:**
  - $339,619

- **Services sold:**
  - ERU's: 142
  - Services: 143
  - Re-Activations (under 10 years): 29
  - Re-Activations (over 10 years): 0

- **Debt Proceeds - DWSRF Loan Draws:** 0
- **Debt Proceeds - Dept. of Ecology Loan:** 0
- **Debt Proceeds - Bonds:** 0
- **Transfers from Other Funds:**
  - To Debt Reserve Fund = from Revenue Fund: $2,166,836
  - To Debt Reserve Fund = from System Development Fund: $2,811,490
  - To Revenue Fund = from Debt Reserve Fund: $163,000
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- **Uses:**
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  - Re-Activations (over 10 years): 0

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  - To Revenue Fund = from Debt Reserve Fund: $163,000
  - To Bond Reserve Fund = from Revenue Fund: 0
  - To Capital Project Fund = from System Development Fund: 0

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- **Total Revenue:** $14,401,461

- **Uses:**
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  - Utility and Excise Taxes: $530,079
  - Total Operating Expenditures: $6,244,388

- **Capital Expenditures:**
  - Capital Projects: $3,176,596
  - Total Capital Expenditures: $3,176,596

- **Debt Service Payments:**
  - Interest Expense: $234,422
  - Federal Tax Credit for 2009B Bonds: $(1,601)
  - Principal Payments: $2,271,260
  - Total Debt Service Payments: $2,474,022

- **Total Expenditures:** $14,061,942

- **Increase (Decrease) in Fund Balance:**
  - $339,619
### SKAGIT PUD DEBT REPAYMENT AMOUNTS
#### AS OF JUNE 30, 2018

<table>
<thead>
<tr>
<th>Senior Lien Bond Debt</th>
<th>Public Works Trust Fund Loan Debt</th>
<th>Drinking Water State Revolving Fund Loan Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Coupon Rates</strong></td>
<td><strong>Interest Rates</strong></td>
<td><strong>Interest Rates</strong></td>
</tr>
<tr>
<td>2008 Refunding 3.5% - 4.25%</td>
<td>2001 SRD 0.50% 2002 WTP Controls 0.25%</td>
<td>2000 Clearwell 1.50% 2000 SVV Distribution 1.50% 2001 SVV Controls 1.50%</td>
</tr>
<tr>
<td>2009B BAB 2.7% - 3.79% 3.66%</td>
<td>2001 SRD 0.50%</td>
<td>2000 Clearwell 1.50%</td>
</tr>
<tr>
<td>2016 Revenue 2.65% - 10.00% 2.65%</td>
<td>2001 SRD 0.50%</td>
<td>2000 Clearwell 1.50%</td>
</tr>
</tbody>
</table>

#### Interest Rate Range
- **Senior Lien Bond Debt**
  - 2.65% - 10.00%
  - 4.25%
  - 3.79%

- **Public Works Trust Fund Loan Debt**
  - 0.25% - 0.50%
  - 1.50%

- **Drinking Water State Revolving Fund Loan Debt**
  - 1.50%

#### Yearly Principal and Interest Payments

<table>
<thead>
<tr>
<th>Year</th>
<th>Principal</th>
<th>Interest</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>1,324,982</td>
<td>248,495</td>
<td>2.65%</td>
</tr>
<tr>
<td>2019</td>
<td>660,997</td>
<td>383,541</td>
<td>2.65%</td>
</tr>
<tr>
<td>2020</td>
<td>681,615</td>
<td>365,842</td>
<td>2.65%</td>
</tr>
<tr>
<td>2021</td>
<td>703,905</td>
<td>344,087</td>
<td>2.65%</td>
</tr>
<tr>
<td>2022</td>
<td>720,832</td>
<td>322,318</td>
<td>2.65%</td>
</tr>
<tr>
<td>2023</td>
<td>748,079</td>
<td>300,038</td>
<td>2.65%</td>
</tr>
<tr>
<td>2024</td>
<td>770,094</td>
<td>277,424</td>
<td>2.65%</td>
</tr>
<tr>
<td>2025</td>
<td>793,555</td>
<td>252,985</td>
<td>2.65%</td>
</tr>
<tr>
<td>2026</td>
<td>816,816</td>
<td>228,368</td>
<td>2.65%</td>
</tr>
<tr>
<td>2027</td>
<td>747,285</td>
<td>488,705</td>
<td>3.79%</td>
</tr>
<tr>
<td>2028</td>
<td>789,236</td>
<td>429,640</td>
<td>3.79%</td>
</tr>
<tr>
<td>2029</td>
<td>830,730</td>
<td>385,464</td>
<td>3.79%</td>
</tr>
<tr>
<td>2030</td>
<td>518,879</td>
<td>339,255</td>
<td>10.00%</td>
</tr>
<tr>
<td>2031</td>
<td>554,957</td>
<td>303,178</td>
<td>10.00%</td>
</tr>
<tr>
<td>2032</td>
<td>593,525</td>
<td>264,609</td>
<td>10.00%</td>
</tr>
<tr>
<td>2033</td>
<td>637,002</td>
<td>221,132</td>
<td>10.00%</td>
</tr>
<tr>
<td>2034</td>
<td>683,688</td>
<td>174,446</td>
<td>10.00%</td>
</tr>
<tr>
<td>2035</td>
<td>734,626</td>
<td>123,508</td>
<td>10.00%</td>
</tr>
<tr>
<td>2036</td>
<td>790,051</td>
<td>68,086</td>
<td>10.00%</td>
</tr>
<tr>
<td>2037</td>
<td>500,202</td>
<td>429,640</td>
<td>10.00%</td>
</tr>
</tbody>
</table>

**Total Principal Outstanding:** $32,825,602

**Total Interest Outstanding:** $11,183,844

**Total Debt Repayment:** $40,134,475

**2018 Weighted Interest Rate:** 2.09%

---

$ Change from previous month: **$256,202**

2 - PWTF Loan payments
July 24, 2018

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: Stackpole Road, Saratoga Passage View
Reference: C.O. # 4559, Project # 3725
Location: Mount Vernon
Developer: Padilla Financial LLC, Mountain Pacific Bank, Columbia State Bank, Padilla Bay LLC
Contractor: RAM Construction

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 C. Handzlik, P.E.
Engineering Manager

cmp

Attachment

cc: George Sidhu, P.E., General Manager
Michael E. Demers, Engineering Technician
This map was created from available public records and existing map sources, not from field surveys. While great care was taken in this process, maps from different sources rarely agree as to the precise location of geographic features. The relative positioning of map features to one another results from combining different map sources without field verification.

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

The COLUMBIA STATE BANK, possessing an undivided 21.4% interest; and PADILLA FINANCIAL LLC possessing an undivided 30% interest; and MOUNTAIN PACIFIC BANK, possessing an undivided 33.4% interest; and PADILLA BAY LLC, possessing an undivided 15.2% interest, for and in consideration of mutual benefits and other good and valuable consideration, receipt of which is hereby acknowledged, convey and quit claim to PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY the following described real estate, situated in the County of Skagit State of Washington, together with all after acquired title of the Grantor therein:

The fee title to those portions of Tract "B" and "Lot 26" "Plat Of Saratoga Passage View C.A.R.D. PL 06-0107" described as Parcels "A" and "C" on the attachment hereto; and all their right, title and interest in and to a non-exclusive easement to construct, install and maintain water pipeline and associated utilities over, across and under that portion of said Lot 26 described as Parcel "B" on the attachment hereto; and all their right, title and interest in and to a non-exclusive access and utility easements across those portions of said Lot 26 described as Parcels "D" and "E" on the attachment hereto.

All of said parcels are subject to matters of record.

Tax Parcel Number(s): Fee: P130585 and P130357; Easement: P95857

REMAINDER LEFT BLANK INTENTIONALLY – SIGNATURES FOLLOW
I certify that I know or have satisfactory evidence that **BENJAMIN P. PAULUS** is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the **Manager of Padilla Financial LLC** to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

**Dated:**

---

**Notary Public in and for the State of Washington,**

**Residing at**

**My commission expires**

---

**Signature (B. Paulus)**

---

I certify that I know or have satisfactory evidence that **TOM PAULUS** is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the **Manager of Padilla Bay LLC** to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

**Dated:**

---

**Notary Public in and for the State of Washington,**

**Residing at**

**My commission expires**

---

**Signature (B. Paulus)**

---

I certify that I know or have satisfactory evidence that **KIRBY R. DUNCAN** is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the **EVP & Chief Credit Officer of Mountain Pacific Bank** to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

**Dated:**

---

**Notary Public in and for the State of Washington,**

**Residing at**

**My commission expires**

---

**Signature (K. Duncan)**

---

I certify that I know or have satisfactory evidence that **ROBERT M.B. DRAPER** is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the **(state type of authority, e.g., officer, trustee, etc.) SVP & Manager-Special Credits North of Columbia State Bank** to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

**Dated:**

---

**Notary Public in and for the State of Washington,**

**Residing at**

**My commission expires**

---

**Signature (R. Draper)**

---

**Agenda Item #7**
ATTACHMENT "A"

Parcel "A"

That portion of Lot 26, "PLAT OF SARATOGA PASSAGE VIEW C.A.R.D. PL 06-0107" as per plat recorded on June 10, 2009 as Auditor's File No. 200906100089 and as per "Affidavit of Minor Correction of Survey" recorded as Auditor's File No. 200908280052, records of Skagit County;

Commencing at the Southwest corner of Lot 13 of said plat; thence North 60°26'21" East for a distance of 134.99 feet to the Point of Beginning; thence North 03°05'52" East for a distance of 150.00 feet; thence South 86°54'08" East for a distance of 160.00 feet; thence South 06°54'43" West for a distance of 150.33 feet; thence North 86°54'08" West for a distance of 150.00 to the Point of Beginning.

Parcel "B"

That portion of Lot 26, "PLAT OF SARATOGA PASSAGE VIEW C.A.R.D. PL 06-0107" as per plat recorded on June 10, 2009 as Auditor's File No. 200906100089 and as per "Affidavit of Minor Correction Survey" recorded as Auditor's File No. 200908280052, records of Skagit County;

Commencing at the Northeast corner of Lot 13 of said plat; thence South 87°08'48" East for a distance of 117.88 feet; thence North 03°05'52" East for a distance of 30.00 feet to the Point of Beginning; thence North 87°08'48" West for a distance of 300.11 feet; thence North 10°09'28" for a distance of 30.24 feet; thence South 87°08'48" East for a distance of 298.48 feet; thence South 03°05'52" West for a distance of 30.00 feet to the Point of Beginning.

Parcel "C"

Tract "B", PLAT OF SARATOGA PASSAGE VIEW C.A.R.D. PL 01-0107" as per plat recorded on June 10, 2009 as Auditor's File No. 200906100089 and as per "Affidavit of Minor Correction Survey" recorded as Auditor's File No. 200908280052, records of Skagit County;

Parcel "D"

Those two portions of Lot 26, "PLAT OF SARATOGA PASSAGE VIEW C.A.R.D. PL 06-0107" as per plat recorded on June 10, 2009 as Auditor's File No. 200906100089 and as per "Affidavit of Minor Correction of Survey" recorded as Auditor's File No. 200908280052, records of Skagit County, described as 'D-1' and "D-2" below:

"D-1"
That certain 60-foot wide non-exclusive access and utility easement delineated on the face of said plat as running generally East and West from a point West of the Northeast corner of Lot 14 of said plat; thence Easterly along the North line of said Lot 14 and along the North line of Benson Ridge Lane and along the North line of Lot 13 of said plat to the terminus of said 60-foot access and utility easement.

"D-2"
That certain 30-foot wide non-exclusive utility easement delineated on the face of said plat as running Easterly from the East line of "D-1" above along the North line of Lot 13 of said plat and along the Easterly extension of the North line of said Lot 13 to the terminus of said 30-foot wide utility easement.

Parcel "E"

That portion of Lot 26, "PLAT OF SARATOGA PASSAGE VIEW C.A.R.D. PL 06-0107" as per plat recorded on June 10, 2009 as Auditor's File No. 200906100089 and as per "Affidavit of Minor Correction of Survey" recorded as Auditor's File No. 200908280052, records of Skagit County, described as follows:

That certain 60-foot wide non-exclusive access and utility easement delineated on the face of said plat as running Easterly and then Northeasterly from Benson Ridge Lane at a point between Lots 8 and 9 of said plat to its terminus lying Easterly of Lot 13 of said plat EXCEPT that portion thereof lying within Parcel "A" as described therein.
RETURN TO:
Miller Nash Graham & Dunn LLP
ATTN: Richard E. Mitchell
Pier 70 | 2801 Alaskan Way, Suite 300
Seattle, WA 98121

TERMINATION OF EASEMENT

GRANTORS, COLUMBIA STATE BANK, possessing an undivided 21.4% interest; and PADILLA FINANCIAL LLC possessing an undivided 30% interest; and MOUNTAIN PACIFIC BANK, possessing an undivided 33.4% interest; and PADILLA BAY LLC, possessing an undivided 15.2% interest, acquired a temporary easement for the express purpose of constructing a water system facility over, across and under Benson Ridge Lane pursuant to an instrument recorded under Auditor File No. 201801170040, with respect to real property described below, and wish to terminate all rights therein. Therefore, GRANTORS, for and in consideration of mutual benefits and other good and valuable consideration, receipt of which is hereby acknowledged, release, terminate, vacate and quitclaim all their right, title and interest to the real property legally described below to PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY ("PUD").

Tax Parcel Number(s): No tax account has been established for said Benson Ridge Lane.

Legal Description: Benson Ridge Lane as conveyed to or dedicated to the PUD as set forth on and/or delineated on the "PLAT OF SARATOGA PASSAGE VIEW C.A.R.D. PL 06-0107" as per plat recorded on June 10, 2009 as Auditor's File No. 200906100089 and as per "Affidavit of Minor Correction of Survey" recorded as Auditor's File No. 200908280052, records of Skagit County, Washington.

Reference Number of Document Released: Auditor File No. 201801170040, records of Skagit County, Washington.

REMAINDER LEFT BLANK INTENTIONALLY – SIGNATURES FOLLOW
STATE OF WASHINGTON
COUNTY OF SKAGIT

I certify that I know or have satisfactory evidence that BENJAMIN P. PAULUS is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Manager of Padilla Financial LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated:__________________

Notary Public in and for the State of Washington,
Residing at ________________________________
My commission expires _______________________

Signature (B. Paulus)

STATE OF WASHINGTON
COUNTY OF SKAGIT

I certify that I know or have satisfactory evidence that BENJAMIN P. PAULUS is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Manager of Padilla Bay LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated:__________________

Notary Public in and for the State of Washington,
Residing at ________________________________
My commission expires _______________________

Signature (B. Paulus)

STATE OF WASHINGTON
COUNTY OF SKAGIT

I certify that I know or have satisfactory evidence that KIRBY R. DUNCAN is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the EVP & Chief Credit Officer of Mountain Pacific Bank to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated:__________________

Notary Public in and for the State of Washington,
Residing at ________________________________
My commission expires _______________________

Signature (K. Duncan)

STATE OF WASHINGTON
COUNTY OF SKAGIT

I certify that I know or have satisfactory evidence that ROBERT M.B. DRAPER is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the SVP & Manager-Special Credits North of Columbia State Bank to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated:__________________

Notary Public in and for the State of Washington,
Residing at ________________________________
My commission expires _______________________

Signature (R. Draper)
BILL OF SALE
SARATOGA PASSAGE WATER SYSTEM

For and in consideration of mutual benefits and other good and valuable consideration, receipt of which is hereby acknowledged, PADILLA FINANCIAL LLC, MOUNTAIN PACIFIC BANK, COLUMBIA STATE BANK, and PADILLA BAY LLC (collectively, "Sellers") do herewith transfer, sell, convey and quit claim to the PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY the following described personal property situated at Saratoga Passage View CARD, P95857, P130585, P130357, Mount Vernon, Skagit County, Washington.

<table>
<thead>
<tr>
<th>Quantity</th>
<th>Item Description</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1805'</td>
<td>8-inch Class 50 DI Pipe</td>
<td>$21,660.00</td>
</tr>
<tr>
<td>1481'</td>
<td>6-inch Class 50 DI Pipe</td>
<td>15,550.50</td>
</tr>
<tr>
<td>1673'</td>
<td>4-inch Class 50 DI Pipe</td>
<td>15,893.50</td>
</tr>
<tr>
<td>8</td>
<td>8-inch Gate Valve RW</td>
<td>9,200.00</td>
</tr>
<tr>
<td>1</td>
<td>6-inch Gate Valve RW</td>
<td>800.00</td>
</tr>
<tr>
<td>1</td>
<td>1-inch Combination Air Valve</td>
<td>1,050.00</td>
</tr>
<tr>
<td>2</td>
<td>2-inch Flushing Assembly</td>
<td>2,000.00</td>
</tr>
<tr>
<td>25</td>
<td>1-inch PE Service Stubs</td>
<td>11,250.00</td>
</tr>
<tr>
<td>1</td>
<td>50K Gallon Reservoir</td>
<td>63,425.00</td>
</tr>
<tr>
<td>1</td>
<td>Telecommunications System</td>
<td>22,860.00</td>
</tr>
<tr>
<td>1</td>
<td>Pump Station</td>
<td>49,130.00</td>
</tr>
<tr>
<td>LS</td>
<td>Miscellaneous</td>
<td>42,000.00</td>
</tr>
<tr>
<td></td>
<td>Materials Total</td>
<td>$254,819.00</td>
</tr>
<tr>
<td></td>
<td>Labor &amp; Equipment</td>
<td>160,902.75</td>
</tr>
<tr>
<td></td>
<td>Subtotal Materials, Labor and Equipment</td>
<td>$415,721.75</td>
</tr>
<tr>
<td></td>
<td>Washington State Sales Tax (8.1%)</td>
<td>36,167.79</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>$451,889.54</td>
</tr>
</tbody>
</table>

Sellers warrant that they are the owners of the described property and have a good right and full authority to sell the same.

Dated this ___ day of ____________, 2018.
STATE OF WASHINGTON  
COUNTY OF SKAGIT  

I certify that I know or have satisfactory evidence that BENJAMIN P. PAULUS is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Manager of Padilla Financial LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated:________________________

Notary Public in and for the State of Washington,  
Residing at ____________________________  
My commission expires ____________________________

STATE OF WASHINGTON  
COUNTY OF SKAGIT  

I certify that I know or have satisfactory evidence that BENJAMIN P. PAULUS is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Manager of Padilla Bay LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated:________________________

Notary Public in and for the State of Washington,  
Residing at ____________________________  
My commission expires ____________________________

STATE OF WASHINGTON  
COUNTY OF SKAGIT  

I certify that I know or have satisfactory evidence that KIRBY R. DUNCAN is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the EVP & Chief Credit Officer of Mountain Pacific Bank to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated:________________________

Notary Public in and for the State of Washington,  
Residing at ____________________________  
My commission expires ____________________________

STATE OF WASHINGTON  
COUNTY OF SKAGIT  

I certify that I know or have satisfactory evidence that ROBERT M.B. DRAPER is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the SVP & Manager-Special Credits North of Columbia State Bank to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated:________________________

Notary Public in and for the State of Washington,  
Residing at ____________________________  
My commission expires ____________________________
**Agenda Item #7**

**REAL ESTATE EXCISE TAX AFFIDAVIT**

<table>
<thead>
<tr>
<th>1</th>
<th>Name</th>
<th>Columbia State Bank, Padilla Financial LLC, Mountain Pacific Bank, and Padilla Bay, LLC</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Name</td>
<td>Public Utility District No 1 of Skagit County</td>
</tr>
<tr>
<td>3</td>
<td>Mailing Address</td>
<td>c/o P. O. Box 2156</td>
</tr>
<tr>
<td>4</td>
<td>City/State/Zip</td>
<td>Tacoma, WA 98401</td>
</tr>
<tr>
<td>5</td>
<td>Phone No. (including area code)</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Mailing Address</td>
<td>P.O. Box 1436</td>
</tr>
<tr>
<td>7</td>
<td>City/State/Zip</td>
<td>Mount Vernon, WA 98273</td>
</tr>
<tr>
<td>8</td>
<td>Phone No. (including area code)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>9</th>
<th>Legal description of property (if more space is needed, you may attach a separate sheet to each page of the affidavit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>This Property is located in Xnincorporated Skagit County OR within city of</td>
</tr>
</tbody>
</table>

| 11 | Check box if any of the listed parcels are being segregated from another parcel, are part of boundary line adjustment or parcels being merged. |

<table>
<thead>
<tr>
<th>12</th>
<th>List all real and personal tax parcel account numbers - check box if personal property</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>P130585 4986-000-026-1101</td>
</tr>
<tr>
<td>14</td>
<td>P130357 4986-000-999-0002</td>
</tr>
<tr>
<td>15</td>
<td>P93857 4986-000-026-1100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>16</th>
<th>List assessed value(s)</th>
</tr>
</thead>
</table>

| 17 | Street address of property: , Benson Ridge Lane |

| 18 | This Property is located in Xnincorporated Skagit County OR within city of |

| 19 | Check box if personal property |

| 20 | List all personal property (tangible and intangible) included in selling price. |

<table>
<thead>
<tr>
<th>21</th>
<th>Type of Document</th>
<th>Quit Claim Deed</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>Date of Document</td>
<td>2018</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>23</th>
<th>Gross Selling Price</th>
<th>0.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>24</td>
<td>*Personal Property (deduct)</td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Exemption Claimed (deduct)</td>
<td>0.00</td>
</tr>
<tr>
<td>26</td>
<td>Taxable Selling Price</td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>Excise Tax: State</td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>Local</td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>*Delinquent Interest: State</td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>Local</td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>*Delinquent Penalty</td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>Subtotal</td>
<td></td>
</tr>
<tr>
<td>33</td>
<td>*State Technology Fee</td>
<td>5.00</td>
</tr>
<tr>
<td>34</td>
<td>*Affidavit Processing Fee</td>
<td>5.00</td>
</tr>
<tr>
<td>35</td>
<td>Total Due</td>
<td>10.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>36</th>
<th>A MINIMUM OF $10.00 IS DUE IN FEE(S) AND/OR TAX</th>
</tr>
</thead>
<tbody>
<tr>
<td>37</td>
<td>*SEE INSTRUCTIONS</td>
</tr>
</tbody>
</table>

**Perjury:** Perjury is a class C felony which is punishable by imprisonment in the state correctional institution for a maximum term of not more than five years, or by a fine in an amount fixed by the court of not more than five thousand dollars ($5,000.00), or by both imprisonment and fine (RCW 9A.20.020 (1C).**
Narrative Regarding WAC 458-61A-215

The Grantee, Public Utility District No. 1 of Skagit County previously conveyed, without consideration, the subject properties, fee and easement, to the four named Grantors, via Auditor’s File No. 201703030026 Excise Receipt No. 20170822, in order to facilitate the construction of a water system for the Plat of Saratoga Passage.

Said construction was necessary to complete the water system to enable the Skagit PUD provide water services to the entire plat.

Now that said water system has been completed the four named Grantors are clearing title of their interest to the subject properties by quit claiming their interests to the subject properties and water system to the Skagit PUD. This return of title was fully anticipated by the terms of the Narrative attached to the above referenced Real Estate Excise Tax Affidavit receipted as No. 20170822.

No consideration has been or will be paid for this Quit Claim Deed.

Dated: July ___, 2018.

Grantors:

Columbia State Bank by ____________________________________________

Padilla Financial LLC by ____________________________________________

Mount Pacific Bank by _____________________________________________

Padilla Bay LLC by ________________________________________________

Grantee:

Public Utility District No. 1 of Skagit County by ______________________
July 20, 2018

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

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

BY: Chris Smith, Engineering Tech III

SUBJECT: McLean Road, Wall Street to Best Road, Phase I
Recommendation to Award

Requested Action:
Authorize the General Manager to execute and enter into a contract with Faber Construction Corporation in the amount of $2,333,195.58 for the McLean Road, Wall Street to Best Road Phase I improvements.

Background:
This year Skagit County Public Works notified the District of their desire to overlay McLean Road from Beaver Marsh Road to the County Line. The McLean Road pipeline is part of the District’s backbone pipe network and has been on the Capital Plan for a number of years. A newly paved road would impose a pavement cutting moratorium on McLean Road and would therefore delay our project for a minimum of another six years.

Through discussions with the County, they have agreed to delay their paving project until the spring of 2019 to provide the District a small window to install the pipeline before the County proceeds with their work. This project represents the first of two phases.

McLean Road from Wall Street to Best Road Pipeline Project Phase I was advertised for bid on July 6, 2018 and seven (7) bid proposals were received on the closing date of July 20, 2018. Bids were opened at 10:02 AM in the District’s Aqua Room. The bid results are as follows:

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Company</th>
<th>Bid Amount including Sales Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineer's Estimate</td>
<td>$2,815,935.22</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Faber Construction Corp.</td>
<td>$2,333,195.58</td>
</tr>
<tr>
<td>2</td>
<td>SRV Construction, Inc.</td>
<td>$2,337,055.28</td>
</tr>
<tr>
<td>3</td>
<td>Interwest Construction, Inc.</td>
<td>$2,591,811.11</td>
</tr>
<tr>
<td>4</td>
<td>Strider Construction Co., Inc.</td>
<td>$2,673,874.00</td>
</tr>
</tbody>
</table>
Faber Construction Corporation was the apparent low bidder after the bid opening. Upon review of their bid proposal, comparison to the bidding requirements and checking of references, they were deemed to be responsive and responsible.

**Fiscal Impact:**
Budget line item #50 Best Road Pipeline Improvements was amended at the regular meeting of the Commission on July 10, 2018 to provide $3,200,000.00 for the construction of the McLean Road, Wall Street to Best Road Phase I improvements. Funding for this contract will come from this budget line item. This work is consistent with the intended use of these funds.

**Attachments:**
- Agreement
- Bid to Commission
- Bid Tabulation Sheet
- Project Overview Map

kac
AGREEMENT
Project # 3523

THIS CONTRACT is made and entered into by and between the Public Utility District No. 1 of Skagit County (District/Owner) and Faber Construction Corp. (Contractor) whose names are subscribed hereto.

WITNESSETH:

WHEREAS the Owner has caused the preparation of certain Contract Documents entitled MCLEAN ROAD, WALL STREET TO BEST ROAD PROJECT, PHASE I.

WHEREAS the Owner has invited proposals, has received and analyzed said proposals, and has duly given notice of Acceptance of Proposal to the Contractor herein set forth and as stated more in detail in the Contract Documents which are defined in Section II General Conditions, all of which Contract Documents are made a part hereof and which constitute the whole Contract between the Owner and the Contractor.

NOW, THEREFORE, it is hereby agreed that:

1. The Contractor shall furnish the work, pay all costs, and perform all requirements of this Contract in the manner specified in the Contract Documents, and;

2. The Proposal calls for unit prices and lump sums in the Bid Schedule(s) set forth in (1) above. The Owner shall pay to the Contractor a corrected Total Contract Amount computed from the unit prices and lump sums in said Bid Schedule(s) set forth in the Contractor's Proposal and the actual quantities of units furnished. Based upon the lump sum and unit prices in said Bid Schedule(s) set forth in the Contractor's Proposal and upon the quantities estimated from the Contract Drawings for bidding purposes, the estimated Total Contract Amount is two million, three hundred thirty-three thousand, one hundred ninety-five and 58/100 ($2,333,195.58);

3. In Washington State the Owner is required to pay state or local sales or use taxes included in the Total Contract Amount and the Contractor is required to receive the said taxes for payment to the state, the amount payable to the Contractor by the Owner shall be the Total Contract Amount as above specified including the amount of the said taxes, and;

4. It is further agreed that the Contractor will start work within ten (10) Calendar Days after the date specified in the Owner's Notice to Proceed and shall be substantially complete within 96 Calendar Days from the date of Notice to Proceed is issued, and;

5. In the event that the Contractor fails to substantially complete the Project by the date of substantial completion as specified above or as modified by Change Order, the Contractor shall be liable for liquidated damages of Five Hundred and no/100 Dollars ($500.00) per calendar day thereafter until the Owner determines the Project to be substantially complete, and;

6. The attached Indemnification Agreement is hereby made part of this agreement.
IN WITNESS WHEREOF, two (2) identical counterparts of this Contract, each of which shall for all purposes be deemed an original hereof, have been duly executed by the parties hereto.

FABER CONSTRUCTION CORP.

PUBLIC UTILITY DISTRICT NO. 1
OF SKAGIT COUNTY, WASHINGTON

By ____________________________  By ____________________________

Name: __________________________
Title: __________________________
Date __________________________  Date __________________________
INDEMNIFICATION AGREEMENT

The Contractor agrees to defend, indemnify, and hold the District harmless from any and all claims, demands, losses, and liabilities to or by third parties arising from, resulting from, or connected with work performed or to be performed under this Contract by the Contractor, its agents, employees, and subcontractors, even though such claims may prove to be false, groundless or fraudulent, to the fullest extent permitted by law and subject to the limitations provided below.

The Contractor's duty to indemnify the District shall not apply to liability for damages arising out of bodily injury to persons or damage to property caused by or resulting from the sole negligence of the District or the District's agents or employees. The Contractor's duty to indemnify the District for liability for damages arising out of bodily injury to persons or damage to property caused by or resulting from the concurrent negligence of Contractor, its agents, employees, or subcontractors and/or the District or the District's agents or employees, shall apply only to the extent of negligence of Contractor, its agents, employees, or subcontractors.

With respect to claims against Contractor by the District pursuant to this Contract only, Contractor expressly waives any immunity that may be granted it under the Workers' Compensation, Industrial Insurance or like statutes and/or any administrative regulations issued pursuant thereto. This waiver does not include or extend to any claims by Contractor's employees directly against Contractor.

Further, Contractor's defense and indemnification obligations under this Contract shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable to or for any third party under Workers' Compensation, Industrial Insurance or like statutes and/or any administrative regulations issued pursuant thereto.

Contractor's duty to indemnify the District for losses or damage, other than for bodily injury to persons or damage to property caused by or resulting from negligence, shall apply only to the extent of the fault of Contractor, its agents, employees, or subcontractors, except in situations where fault is not a requirement for liability, in which case indemnity will be provided to the extent the liability or loss was caused by Contractor or its agents, employees, or subcontractors.

Contractor's duty to defend, indemnify and hold the District harmless shall include, as to all claims, demands, losses and liabilities to which it applies, the District's actual attorneys' fees and costs incurred in connection with defending such claim(s) including, without limitation, consultant and expert witness fees and expenses and personnel-related costs in addition to costs otherwise recoverable by statute or court rule.

THE UNDERSIGNED HEREBY CERTIFY THAT THIS AGREEMENT WAS MUTUALLY NEGOTIATED.

FABER CONSTRUCTION CORP.

PUBLIC UTILITY DISTRICT NO. 1
OF SKAGIT COUNTY

By: ________________________________  By: ________________________________

______________________________  ________________________________
Dated: __________________________  Dated: __________________________

Name, Title  George Sidhu, P.E., General Manager

The Contractor shall cause each of its subcontractors (and suppliers to the extent any perform any work on the Project site) to execute an Indemnification Contract substantially in the form of the foregoing by which each such entity or person assumes to the District all obligations Contractor assumes to the District as set forth above.
Certificate of Owner's Attorney

I, the undersigned, Peter Gilbert, the duly authorized and acting legal representative of Public Utility District No. 1 of Skagit County, do hereby certify as follows:

I have examined the attached contract(s) and the manner of execution thereof, and I am of the opinion that each of the aforesaid agreements are adequate and have been duly executed by the proper parties thereto acting through their duly authorized representatives; that said representatives have full power and authority to execute said agreements on behalf of the respective parties named thereon; and that the foregoing agreements constitute valid and legally binding obligations upon the parties executing the same in accordance with terms, conditions, and provisions thereof.

____________________________________
Peter Gilbert, Attorney

Date: __________________________
BID TO COMMISSION

TO: Board of Commissioners
    Public Utility District No. 1 of Skagit County, Washington

Gentlemen:

The undersigned has examined the site, specifications, plans, laws and ordinances covering the improvements contemplated. In accordance with the terms, provisions and requirements of the foregoing, the following lump sums and unit prices are tendered as an offer to perform the Work and furnish the labor, tools, equipment, materials, appurtenances, incidentals, and guarantees, where required, complete in place, in good working order.

As a guarantee of good faith and as required by law, a Bid Deposit in the form of a certified check, cashier's check, postal money order or surety bond made payable to the order of Public Utility District No. 1 of Skagit County ("District") is attached hereto. The undersigned understands and hereby agrees that, should this offer be accepted and the undersigned fail or refuse to enter into a Contract, furnish the required Payment and Performance Bond and required liability insurance, the undersigned shall forfeit to the District an amount equal to five percent (5%) of the amount Bid as liquidated damages, all as provided for in this Invitation for Bids.

The undersigned hereby proposes to undertake and complete the work embraced in this improvement, in accordance with the terms of the Specifications and Contract Documents, at the following lump sum and unit prices:

McLean Road, Will Street to Best Road
Phase 1
PROPOSAL - 2
July 6, 2018
Issued for Bidding
## Agenda Item #8

### MCLEAN ROAD, WALL STREET TO BEST ROAD, PHASE I

#### BID SCHEDULE

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Bid Schedule Description</th>
<th>Est. Qty</th>
<th>Unit</th>
<th>Unit Price</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mobilization</td>
<td>1</td>
<td>LS</td>
<td>$10,322.91</td>
<td>$10,322.91</td>
</tr>
<tr>
<td>2</td>
<td>SPCC, TSSC, Contractor Safety Plan and Site Specific Safety Plan</td>
<td>1</td>
<td>LS</td>
<td>$1,928.42</td>
<td>$1,928.42</td>
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<tr>
<td>3</td>
<td>BSC Labeling</td>
<td>70</td>
<td>Days</td>
<td>$60.53</td>
<td>$4,237.06</td>
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<tr>
<td>4</td>
<td>Install and Maintain Temporary Erosion Control and Water Pollution Control Measures</td>
<td>1</td>
<td>LS</td>
<td>$22,264.37</td>
<td>$22,264.37</td>
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<tr>
<td>5</td>
<td>Traffic control Supervision</td>
<td>1</td>
<td>LS</td>
<td>$12,213.84</td>
<td>$12,213.84</td>
</tr>
<tr>
<td>6</td>
<td>Flags</td>
<td>2,000</td>
<td>HR</td>
<td>$12.17</td>
<td>$24,340.00</td>
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<tr>
<td>7</td>
<td>Traffic Control Signs and Devices</td>
<td>1</td>
<td>LS</td>
<td>$20,919.85</td>
<td>$20,919.85</td>
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<tr>
<td>8</td>
<td>Furnish Portable Changeable Message Sign (PCMS)</td>
<td>20</td>
<td>Days</td>
<td>$91.49</td>
<td>$1,829.40</td>
</tr>
<tr>
<td>9</td>
<td>Furnish and Install Adequate Silt and Trench Safety Systems in Accordance with Chapter 49.17 BSW</td>
<td>13,902</td>
<td>LF</td>
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McLean Road, Wall Street to Best Road  
Phase I  
PROPOSAL - 3  
July 6, 2018  
Issued for Bidding
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Sub-Total Bid Schedule $2,450,140.67
Sales Tax (8.5%) $182,712.91
Total Bid Schedule Amount $2,632,853.58

Two Million Three Hundred Thirty Three Thousand One Hundred Dollars Eight Cents.
**McLean Road, Wall Street to Best Road - Phase I**

**Agenda Item #8**

**BID TABULATION SHEET**

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**Total Construction Bid Cost**

$2,815,905,32

$2,335,009,08

$21,377,651,11

$2,287,674,06

$3,703,025,23

$2,476,513,24

$1,113,337,34

File: Project Bid Tab 6333 Project Bid Details Ff1
Revision Date: 3/22/2018

Page 1 of 1
July 19, 2018

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

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

BY: Mike Benton, Project Manager

SUBJECT: WSDOT Utility Construction Agreement UTB 1279

Requested Action:
Authorize the General Manager to execute Utility Construction Agreement UTB 1279 with WSDOT in the estimated amount of $41,233.36 plus a contingency of 25% for the raising of 32 valve boxes to accommodate the grinding and paving work through downtown Mount Vernon from I-5 to the Skagit River Bridge (SR 536 -Memorial Hwy).

Background:
WSDOT is planning an overlay of SR-536 (Memorial Hwy) beginning at Interstate 5 and continuing west and terminating on the eastern approach to the bridge crossing the Skagit River.

The District currently has 32 valves within this planned overlay. As per the existing WSDOT franchise provisions, it is the District’s responsibility to relocate our facilities.

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<td><strong>including contingency &amp; WSST</strong></td>
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Fiscal Impact:
Funding for this Interlocal agreement and project will come from Budget Line Item #60 Mandated by Other Agencies. This budget line item holds $810,000.00. The work is consistent with the intended use of these funds.

kac
Utility Construction Agreement

Work by WSDOT - Utility Cost

<table>
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<th>Agreement Number</th>
<th>Region</th>
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<td>SR 536/Skagit River to I-5 Paving &amp; ADA Compliance</td>
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State Route 536
Mileposts From 4.84 To 5.38

Estimated Agreement Amount $ 41,233.36

Advance Payment Amount
☐ N/A $ 6,185.00

This Utility Construction Agreement is made and entered into between the State of Washington Department of Transportation, herein (WSDOT) and the above named UTILITY.

WHEREAS, WSDOT is planning the construction or improvement of the State Route as shown above for the listed WSDOT Project, and in connection therewith, it is necessary to remove and/or relocate and/or construct certain UTILITY facilities, herein the (Work), and

WHEREAS, the UTILITY is responsible for (1) the cost of the Work for UTILITY facilities located without a documented ownership of and/or interest in real property, such as being located pursuant to a franchise, a permit, or undocumented permission, (2) all betterments, and (3) new facilities, and

WHEREAS, the Work shall be defined as all materials, equipment, labor, contract administration and any other efforts required to perform the relocation, construction, and/or removal of the UTILITY’s facilities, and

WHEREAS, the Work includes ☑ Relocation of Facilities without Property Rights or located on WSDOT-owned right of way pursuant to a franchise or permit, and/or ☐ Removal of Existing Facilities from WSDOT right of way, and

WHEREAS, it is deemed to be in the best public interest for WSDOT to include the Work in WSDOT’s Project,

NOW, THEREFORE, pursuant to RCW 47.01.210 and chapter 47.44 RCW and in consideration of the terms, conditions, covenants, and performances contained herein, as well as the attached Exhibits which are incorporated and made a part hereof,

IT IS MUTUALLY AGREED AS FOLLOWS:

1. PLANS, SPECIFICATIONS AND BIDS

1.1 Program Guide: Utility Relocation and Accommodation on Federal Aid Highway Projects shall determine and establish the definitions and applicable standards and payments for this Agreement. By this reference this document is adopted and made a part of this Agreement as if fully contained herein.

1.2 Betterment: A betterment is any improvement to the UTILITY's facilities not required by code, regulation, standard industry practice, or any other applicable regulation. If any of the Work constitutes a betterment as defined in the Program Guide: Utility Relocation and Accommodation on Federal Aid Highway Projects, the UTILITY is solely responsible for the costs of such improvement.

1.3 WSDOT, acting on behalf of the UTILITY, agrees to perform the UTILITY facilities Work in accordance with Exhibit A, Special Provisions, and Exhibit C, Plans, where either: (1) UTILITY supplied the Work plans and special provisions to WSDOT, or (2) WSDOT developed the Work plans and special provisions from UTILITY-provided information.
WSDOT will incorporate the Plans and Special Provisions into a WSDOT Project in accordance with UTILITY requirements. The UTILITY agrees that it is solely responsible for insuring that all Special Provisions, Plans and UTILITY standards are met and that it has supplied WSDOT with all applicable standards, codes, regulations or any other requirements the UTILITY is obligated to meet, unless otherwise noted.

1.4 The UTILITY has reviewed and approved the Work Special Provisions and Plans that will be incorporated into WSDOT Project. WSDOT will advertise the Work and Project for bids. WSDOT will be the UTILITY’s representative during the Ad and award period. When requested by WSDOT, the UTILITY shall timely assist WSDOT in answering bid questions and resolving any design issues that may arise associated with the Work. All comments and clarifications must go through WSDOT. If the UTILITY supplied the Work plans and special provisions, the UTILITY agrees to provide WSDOT with any addenda required for the Work during the Ad period, to the Parties’ mutual satisfaction.

1.5 WSDOT will provide the UTILITY with written notification of the bid price no later than five (5) days after award for all Work items for which the UTILITY is responsible for the cost. The UTILITY shall respond in writing to WSDOT, stating its Acceptance or Rejection of the Work items, within two (2) working days.

1.6 Should the UTILITY reject the bid Work items for which it has cost responsibility:

1.6.1 WSDOT shall delete said items from the Project. The UTILITY agrees to reimburse WSDOT for engineering costs and direct and related indirect costs incurred by WSDOT associated with deleting the bid Work items from the Project, including any redesign, reengineering or re-estimating, if necessary, to delete the Work items, and the UTILITY agrees to pay such costs upon receipt of a WSDOT invoice.

1.6.2 The UTILITY agrees that should it reject the bid Work items for which it has cost responsibility, it shall continue to be obligated to timely relocate its facilities as required by WSDOT Project. The UTILITY further agrees that should its actions delay or otherwise damage WSDOT Project, it shall be liable for such costs.

2. CONSTRUCTION, INSPECTION, AND ACCEPTANCE

2.1 WSDOT agrees to administer the Work on behalf of the UTILITY.

2.2 The UTILITY agrees to disconnect and/or reconnect its facilities as required by WSDOT when such disconnection or reconnection is required to be performed by the UTILITY. The Parties agree to define disconnect and/or reconnection requirements, including notification and response in Exhibit A. WSDOT agrees, as part of the Work, to remove disconnected and/or abandoned facilities at the UTILITY’s cost. UTILITY facilities not removed pursuant to this Agreement shall remain the ownership, operation and maintenance responsibility of the UTILITY.

2.3 Salvage: All materials removed by WSDOT shall be reclaimed or disposed of by WSDOT and shall become the property of WSDOT. If the UTILITY desires to retain such materials and WSDOT agrees, the value of salvaged materials will be paid to WSDOT in an amount not less than that required by the Program Guide: Utility Relocation and Accommodation on Federal Aid Highway Projects.

☐ 2.4 The UTILITY may furnish an inspector for the Work. The UTILITY agrees that it is solely responsible for all such inspection costs. The UTILITY’s inspector shall not directly contact WSDOT’s contractor. All contact between the UTILITY’s inspector and WSDOT’s contractor shall be through WSDOT’s representatives. WSDOT’s Project Construction Engineer may require the removal and/or replacement of the UTILITY’s inspector if the inspector interferes with WSDOT’s Project. WSDOT’s contractor and/or the Work.

OR

☐ 2.4 The UTILITY shall furnish an inspector for the Work. The UTILITY agrees that it is solely responsible for all such inspection costs. The UTILITY’s inspector shall not directly contact WSDOT’s contractor. All contact between the UTILITY’s inspector and WSDOT’s contractor shall be through WSDOT’s representatives. WSDOT’s Project Construction Engineer may require the removal and/or replacement of the UTILITY’s inspector if the inspector interferes with WSDOT’s Project, WSDOT’s contractor and/or the Work.
2.5 WSDOT shall promptly notify the UTILITY in writing when the Work is completed.

2.6 The UTILITY shall, within thirty (30) working days of being notified that the Work is completed: (a) deliver a letter of acceptance to WSDOT which shall include a release and waiver of all future claims or demands of any nature resulting from the performance of the Work and WSDOT’s administration thereof, or (b) deliver to WSDOT written reasons why the Work does not comply with the previously approved Plans and Special Provisions.

The UTILITY agrees to work diligently and in good faith with WSDOT to resolve any issues so as not to delay WSDOT's Project. If all issues are resolved, the UTILITY agrees to deliver to WSDOT a letter of acceptance as provided herein.

2.7 If the UTILITY does not respond within thirty (30) working days as provided in Section 2.6, the Work and the administration thereof will be deemed accepted by the UTILITY, and WSDOT shall be released from all future claims and demands.

2.8 Upon completion and acceptance of the Work pursuant to Sections 2.6 or 2.7, the UTILITY agrees that it shall be solely responsible for all future ownership, operation and maintenance costs of its facilities, without WSDOT liability or expense.

2.9 WSDOT will prepare the final construction documentation in general conformance with WSDOT's Construction Manual. WSDOT will maintain one set of plans as the official "as-built" set, then make notations in red of all plan revisions typically recorded per standard WSDOT practice, as directed by WSDOT's Construction Manual. Once the UTILITY has accepted the Work per Section 2.6 or 2.7, WSDOT upon request by the UTILITY will provide one reproducible set of contract as-builts to the UTILITY, and the UTILITY agrees to pay the cost of reproduction upon receipt of a WSDOT invoice.

3. PAYMENT

3.1 The UTILITY agrees that it shall be responsible for the actual direct and related indirect costs, including mobilization, construction engineering, contract administration and overhead costs, associated with the Work. The cost of this Work is estimated to be Forty One Thousand, Two Hundred Thirty Three Dollars and Thirty Six cents ( $41,233.36 ). An itemized estimate of UTILITY-responsible costs for Work to be performed by WSDOT on behalf of the UTILITY is included in Exhibit B, Cost Estimate.

3.2 When applicable the UTILITY agrees to pay WSDOT the "Advance Payment Amount" stated above within twenty (20) calendar days after WSDOT submits its first partial payment request to the UTILITY. The advance payment represents fifteen (15) percent of the estimate of cost for which the UTILITY is responsible. The advance payment will be carried throughout the life of the Work with final adjustment made in the final invoice.

3.3 The Parties acknowledge and agree that WSDOT does not have the legal authority to advance state funds for the UTILITY's Work under this Agreement. Should the UTILITY fail to make payment according to the terms of this Agreement, WSDOT shall have the right to terminate this Agreement, charging the UTILITY for all associated costs of termination, including non-cancellable items, as well as associated Project delay and contractor claims. Such termination shall not relieve the UTILITY's obligation to timely relocate its facilities as provided under Section 1.6.2.

3.4 The UTILITY, in consideration of the faithful performance of the Work to be done by WSDOT, agrees to pay WSDOT for the actual direct and related indirect cost of all Work for which the UTILITY is responsible, including mobilization, construction engineering, administration and overhead costs. WSDOT shall invoice the UTILITY and provide supporting documentation therefore, and the UTILITY agrees to pay WSDOT within thirty (30) calendar days of receipt of an invoice. A partial payment will not constitute agreement as to the appropriateness of any item and that, at the time of final invoice, the Parties will resolve any discrepancies.
Agenda Item #9

4. CHANGE IN WORK OR COST INCREASE

4.1 The Parties agree that should unforeseen conditions or circumstances require additional or changes in Work from what Exhibits A and C provide, and/or increases in costs above the Exhibit B Cost Estimate by more than \textit{twentyfive} \% percent, an Amendment is required. If the additional or change in Work must be immediately performed in order to avoid project schedule delays and/or to avoid additional Project costs, the UTILITY Representative identified in Exhibit A may authorize such additional or change in Work and/or increased costs in advance of formal Amendment execution; provided that, WSDOT submits to the UTILITY a written description of the additional or change in Work and a cost estimate. The UTILITY Representative's written authorization shall be subject to all the terms and conditions of the Agreement.

4.2 The UTILITY may request in writing additions or changes to the Work from what is provided in the Exhibits through WSDOT. WSDOT will implement the requested modifications as elective changes, provided that a modification does not negatively impact WSDOT's transportation system and complies with the Standard Specifications, Project permits, state and/or federal law, applicable rules and/or regulations, and/or WSDOT design policies, and does not unreasonably delay critically scheduled Project contract activities.

4.3 All elective changes to the Work shall be approved in writing by the UTILITY before WSDOT directs the contractor to implement the changes, even if an executed change order is not required by the Project contract. The UTILITY agrees to pay for the increases in cost, if any, for such elective changes in accordance with Section 3.

4.4 WSDOT will make available to the UTILITY all change order documentation related to the Work.

5. FRANCHISE OR PERMIT

5.1 The UTILITY shall apply for a permit, franchise or an amendment to its current franchise for those new or modified UTILITY facilities that will be located within WSDOT's right of way. After receiving the application, WSDOT will issue the UTILITY a permit or a new or amended franchise.

6. RIGHT OF ENTRY

6.1 The UTILITY agrees to arrange for rights of entry upon all privately owned lands upon which the UTILITY has a claimed property right and which are necessary to perform the Work. The UTILITY also agrees to obtain all necessary permissions for WSDOT to perform the Work on such lands, which may include reasonable use restrictions on those lands. The UTILITY agrees to provide the rights of entry and applicable permissions under this section to WSDOT within \textit{ten} \ % (\textit{10}) calendar days of entering into this Agreement. Upon completion of the Work on such lands, the rights of entry and permissions shall terminate.

7. GENERAL PROVISIONS

7.1 \textbf{Indemnification:} To the extent authorized by law, the UTILITY and WSDOT shall indemnify and hold harmless one another and their employees and/or officers from and shall process and defend at its own expense any and all claims, demands, suits at law or equity, actions, penalties, losses, damages (both to persons and/or property), or costs, of whatsoever kind or nature, brought against the one Party arising out of, in connection with, or incident to the other Party's performance or failure to perform any aspect of this Agreement, provided, however, that if such claims are caused by or result from the concurrent negligence of (a) the UTILITY and (b) WSDOT, their respective employees and/or officers, or involves those actions covered by RCW 4.24.115, this indemnity provision shall be valid and enforceable only to the extent of the negligence of the UTILITY or WSDOT, and provided further, that nothing herein shall require the UTILITY or WSDOT to hold harmless or defend the other or its employees and/or officers from any claims arising from that Party's sole negligence or that of its employees and/or officers.

The UTILITY agrees that its obligations under this section extend to any claim, demand and/or cause of action brought by, or on behalf of, any of its employees or agents while performing pursuant to the terms of this Agreement. For this purpose, the UTILITY, by mutual negotiation, hereby waives with respect to WSDOT only, any immunity that would otherwise be available to it against such claims under the Industrial Insurance provisions chapter 51.12 RCW.

The indemnity and waiver terms of this section shall survive the termination of this Agreement.
7.2 **Disputes:** If a dispute occurs between the UTILITY and WSDOT at any time during the prosecution of the Work, the Parties agree to negotiate at the management level to resolve any issues. Should such negotiations fail to produce a satisfactory resolution, the Parties agree to enter into arbitration and/or mediation before proceeding to any other legal remedy. Each Party shall be responsible for its own fees and costs. The Parties agree to equally share the cost of a mediator or arbiter.

7.3 **Venue:** In the event that either Party deems it necessary to institute legal action or proceedings to enforce any right or obligation under this Agreement, the Parties hereto agree that any such action or proceedings shall be brought in the superior court situated in Thurston County, Washington. Each Party shall be responsible for its own attorney’s fees and costs.

7.4 **Termination**

7.4.1 Unless otherwise provided herein, the UTILITY may terminate this Agreement upon thirty (30) calendar days written notice to WSDOT. If this Agreement is terminated by the UTILITY prior to the fulfillment of the terms stated herein, the UTILITY shall reimburse WSDOT for all actual direct and related indirect expenses and costs, including mobilization, construction engineering, contract administration and overhead costs, incurred up to the date of termination associated with the UTILITY Work, as well as the cost of non-cancelable obligations, including any redesign, reengineering or re-estimating, if necessary, to delete the Work, and contractor claims, if any, payment in accordance with Section 3. Further, the UTILITY acknowledges and agrees that should it terminate this Agreement, such termination shall not relieve the UTILITY from its responsibility to design, remove, relocate and/or construct its facilities so as not to delay or conflict with WSDOT’s Project. WSDOT agrees to provide to the UTILITY all Work-related documents upon final payment by the UTILITY.

7.4.2 Unless otherwise provided herein, WSDOT may terminate this Agreement upon thirty (30) calendar days written notice to the UTILITY. Should WSDOT terminate this Agreement, the UTILITY shall reimburse WSDOT for all actual direct and related indirect expenses and costs, including mobilization, construction engineering, contract administration and overhead costs, incurred by WSDOT up to the date of termination associated with the UTILITY Work. The UTILITY acknowledges and agrees that should WSDOT terminate this Agreement, such termination shall not relieve the UTILITY from its responsibility to design, remove, relocate and/or construct its facilities so as not to delay or conflict with WSDOT’s Project. WSDOT agrees to provide to the UTILITY all Work-related documents upon final payment by the UTILITY.

7.5 **Amendments:** This Agreement may be amended by the mutual agreement of the Parties. Such amendments or modifications shall not be binding unless put in writing and signed by persons authorized to bind each of the Parties.

7.6 **Independent Contractor:** Both Parties shall be deemed independent contractors for all purposes, and the employees of each Party and any of its contractors, subcontractors, consultants, and the employees thereof, shall not in any manner be deemed to be the employees of the other Party.

7.7 **Audit and Records:** During the progress of the Work and for a period of not less than six (6) years from the date of final payment, both Parties shall maintain the records and accounts pertaining to the Work and shall make them available during normal business hours and as often as necessary, for inspection and audit by the other Party. State of Washington, and/or Federal Government and copies of all records, accounts, documents or other data pertaining to the Work will be furnished upon request. The requesting Party shall pay the cost of copies produced. If any litigation, claim or audit is commenced, the records and accounts along with supporting documentation shall be retained until any litigation, claim or audit finding has been resolved even though such litigation, claim or audit continues past the six-year retention period.

7.8 **Working Days:** Working days for this Agreement are defined as Monday through Friday, excluding Washington State holidays per RCW 1.16.050.
IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year last written below.

<table>
<thead>
<tr>
<th>UTILITY</th>
<th></th>
<th>WASHINGTON STATE DEPARTMENT OF TRANSPORTATION</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>By</td>
<td></td>
<td>By</td>
<td></td>
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<tr>
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<tr>
<td>Date</td>
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</tbody>
</table>
UTILITY CONSTRUCTION AGREEMENT UTB 1279
WORK BY UTILITY – STATE COST
EXHIBIT A
SPECIFICATIONS & SPECIAL CONSIDERATIONS

The Washington State Department of Transportation’s (hereinafter the STATE) SR 536/Skagit River to I-5 – Paving & ADA Compliance project will grind and repave SR 536 from the Skagit River to I-5. Pedestrian ramps within the paving limits will be retrofitted to meet ADA standards to the maximum extent feasible. Other work will included joint and concrete spall repair on the bridge over the Skagit River, traffic control, paving of the I-5 ramps, signs, detours and other minor work.

Public Utility District NO. 1 of Skagit County (hereinafter the UTILITY) owns 32 valve boxes that are in physical conflict with the proposed milling work. To accommodate the STATE’s contractor, the UTILITY would need to adjust all of the boxes down by at least 0.15 feet prior to the grinding, and then raise them back up to grade prior to the paving. Instead, the UTILITY has agreed to compensate the STATE for the contract cost of having the STATE’s contractor adjust the 32 valve boxes.

SCOPE OF WORK

The STATE’s contract will include the bid item Adjust Valve Box to pay for the lowering and raising of each of the 32 valve boxes owned by the UTILITY.

The locations of the valve boxes are as follows:

1. M107+95 LT  
2. M108+02 LT  
3. M108+21 LT  
4. M110+84 RT  
5. M110+86 RT  
6. M110+88 RT  
7. M113+06 RT  
8. M117+90 RT  
9. M117+90 RT  
10. M117+92 RT  
11. M119+40 RT  
12. M119+42 RT  
13. M119+43 RT  
14. M119+78 RT  
15. M119+89 RT  
16. M120+18 RT  
17. M122+51 RT  
18. M123+17 RT  
19. M123+18 RT  
20. M123+20 RT  
21. M124+29 RT  
22. M125+10 RT  
23. M126+24 RT  
24. M127+25 RT  
25. M127+41 RT  
26. M127+42 RT  
27. M127+43 RT  
28. M132+47 LT  
29. M132+47 LT  
30. M132+49 LT  
31. M132+49 LT  
32. M135+92 LT

The estimated cost of the work can be seen in Exhibit B. The estimate includes Labor, Materials, Construction Engineering, Contingency, Federal Indirect Costs, and Tax. Locations of the valve boxes can be found in Exhibit C.

WORK BY STATE

The STATE will lower and raise each of the 32 valve boxes to accommodate the grinding and paving work.

COST RESPONSIBILITY

The UTILITY will be responsible for 100 percent of the actual cost of the Work. See Exhibit B for the cost estimate for this Work.
### Agenda Item #9

**EXHIBIT B**
**UTILITY CONSTRUCTION AGREEMENT UTB 1279**
**WORK BY UTILITY at STATE COST - COST ESTIMATE**

<table>
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<tr>
<th>Item No.</th>
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<th>Qty</th>
<th>Unit Cost</th>
<th>COST</th>
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<td>1</td>
<td>Grind around valve cans to incorporate ground ramps or install temporary asphalt ramps for safety of traffic</td>
<td>32</td>
<td>$810.00</td>
<td>$25,920.00</td>
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<td>2</td>
<td>Mobilization 9% of Item #1</td>
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**Sub Total**

Sales Tax 8.7%

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**Sub Total**

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</thead>
<tbody>
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<td>$30,710.79</td>
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</table>

1 | Construction Engineering 16.2% | 1 | 0.162 | $4,975.15 |

4 | Contingencies 4% | 1 | 0.04 | $1,228.43 |

**Sub Total**

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<tr>
<td></td>
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<td>$36,914.37</td>
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5 | 2018 Federal Indirect costs 11.70% | 1 | 0.1170 | $4,318.98 |

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<tr>
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**Grand Total**

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<tbody>
<tr>
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<td>$41,233.36</td>
<td></td>
</tr>
</tbody>
</table>
**Agenda Item #9**

**Planing Detail Method 1**

**Planing Detail for Cover Features**

**Construction Notes:**
1. After planing up to the feature, construct a temporary HMA wedge using heavy wrapping paper.
2. The temporary asphalt wedge shall be constructed and maintained by the contractor.
3. The temporary asphalt wedge shall be removed during the same shift planing occurs around the utility.
4. All costs in connection with furnishing, placing, maintaining, removing, and disposing of the temporary HMA wedge shall be included in the Associated Items of Work.

**Planing Detail (Alternate) Method 2**

**Transition Planing Detail for Cover Features**

**Construction Notes:**
1. Primary area shall be planed in front of the transition area as shown in this detail.
2. The transition area shall be planed by the contractor.
3. The transition area shall be planed during the same shift that planing occurs.
4. All costs in connection with planing and maintaining the transition area shall be included in the Associated Items of Work.

**Existing Drainage, Electrical, or Utility Feature Schedule**

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<th>Offset</th>
<th>Type</th>
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</tbody>
</table>

**CB = Catch Basin; GV = Gas Valve; MH = Manhole; WW = Water Valve**

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**UTILITY CONSTRUCTION AGREEMENT UTB 1279 Exhibit C Plans Page C-1 of 4**
GENERAL NOTES:
1. ENVIRONMENTALLY SENSITIVE AREAS ARE NOT DELINEATED. NO PERSONAL VEHICLES OR CONSTRUCTION EQUIPMENT SHALL LEAVE THE PAVED ROADWAY WITHOUT APPROVAL OF THE PROJECT MANAGER.
2. EXISTING PAVEMENT MARKINGS SHALL BE REFERENCED, DOCUMENTED AND REPLACED IN ACCORDANCE WITH WSDOT STANDARD PLANS. SEE SPECIAL PROVISION "REFERENCING EXISTING PAVEMENT MARKINGS".
3. INLET PROTECTION SHALL BE IN PLACE PRIOR TO COMMENCING SITE PREPARATION OPERATIONS FOR LOCATION SEE SHEET SPS1.
4. FOR REMOVAL ITEMS AND QUANTITIES SEE SPECIAL PROVISIONS "REMOVAL OF STRUCTURES AND OBSTRUCTIONS" AND "REMOVING MISCELLANEOUS TRAFFIC ITEM".
5. SEE SHEET SPS3 FOR LOCATION OF UTILITIES IMPACTED BY PLACING AND PAVING. SEE SIGNAL PLANS FOR UTILITIES IMPACTED BY ELECTRICAL WORK.
6. SEE SHEETS OR SHEETS FOR SIDEWALK ASSOCIATED REMOVALS.

CONSTRUCTION NOTE LEGEND

1. REMOVING RAISED PAVEMENT MARKERS AND GUARDPOSTS SEE NOTE 4 AND SHEET SPS1.
2. REMOVING PRECAST DUAL RACED SLOPED MOUNTABLE CURB SEE NOTE 4.
3. REMOVAL PLASTIC TRAFFIC MARKINGS SEE NOTE 4 AND SHEET SPS1.
4. REMOVE PLASTIC LINE - CENTER LINE.

LEGEND

EXISTING
RAILROAD
SIGN
BRIDGE
PHONE POLE
EDGE OF PAVEMENT
SIDEWALK
CROSSWALK
PARKING AREA
TRAFFIC ARROW
TRAFFIC LETTER
RAILROAD CROSSING SYMBOL
GROIN
GUARDPOST

CONSTRUCTION
RAILROAD
SIGN
BRIDGE
PHONE POLE
EDGE OF PAVEMENT
SIDEWALK
CROSSWALK
PARKING AREA
TRAFFIC ARROW
TRAFFIC LETTER
RAILROAD CROSSING SYMBOL
GROIN
GUARDPOST

EXISTING
RAILROAD
SIGN
BRIDGE
PHONE POLE
EDGE OF PAVEMENT
SIDEWALK
CROSSWALK
PARKING AREA
TRAFFIC ARROW
TRAFFIC LETTER
RAILROAD CROSSING SYMBOL
GROIN
GUARDPOST

NOTES:
- REMOVING RAISED PAVEMENT MARKERS AND GUARDPOSTS SEE NOTE 4 AND SHEET SPS1.
- REMOVING PRECAST DUAL RACED SLOPED MOUNTABLE CURB SEE NOTE 4.
- REMOVAL PLASTIC TRAFFIC MARKINGS SEE NOTE 4 AND SHEET SPS1.
- REMOVE PLASTIC LINE - CENTER LINE.
GENERAL NOTES:
1. ENVIRONMENTALLY SENSITIVE AREAS ARE NOT TO BE DISTURBED. NO PERSONAL VEHICLES OR CONSTRUCTION EQUIPMENT SHALL LEAVE THE PAVED ROADSIDE WITHOUT APPROVAL OF THE ENGINEER.
2. EXISTING PAVEMENT MARKINGS SHALL BE REFERENCED, DOCUMENTED, AND REPLACED IN ACCORDANCE WITH USDOT STANDARD PLANS. SEE SPECIAL PROVISION "EXISTING PAVEMENT MARKINGS".
3. INLET PROTECTION SHALL BE IN PLACE PRIOR TO COMMENCING SITE PREPARATION OPERATIONS FOR LOCATIONS SEE SHEET SITE.
4. SEE SHEET PX1 FOR LOCATION OF UTILITIES IMPACTED BY PLANNING AND PAVING. SEE SIGNAL PLANS FOR UTILITIES IMPACTED BY ELECTRICAL WORK.
5. SEE SHEETS OR SHEETS FOR SIDEWALK ASSOCIATED REMOVALS.
July 18, 2018

TO: George Sidhu, P.E., General Manager
FROM: Mark Handzlik, P.E., Engineering Manager
BY: Mike Benton, Project Manager

SUBJECT: Interlocal Agreement with the City of Mount Vernon

Requested Action:

1. Increase Budget Line Item #60 - Mandated by Other Agencies from $810,000 to $1,070,790.86 with $260,790.86 from the budget for Annual Pipe Replacement; and

2. Authorize the General Manager to execute and enter into an Interlocal agreement with the City of Mount Vernon in the amount of $20,167.11 with future commitments totaling up to $465,860.26 for water system improvements along East College Way from Freeway Drive east to the District’s existing 12-inch ductile iron main west of Riverside Drive.

Background:
The City of Mount Vernon will be performing surface improvements along East College Way between Freeway Drive and Riverside Drive, including adding two lanes under Interstate 5 (see attached Exhibit “A”).

These segments of the District’s water system have been on the pipe replacement program since 2013. The existing pipes are 6 and 8-inch cast iron and ductile iron pipe that were installed in 1958 and 1970. While cast and ductile iron pipes can have a very long service life, the pipe diameters do not provide sufficient capacity for current fire flow demands; therefore, considering age, capacity, and timing efficiencies, the District will replace this infrastructure with 12-inch ductile iron pipe matching the capacity of the pipes west of this project where it will be connected. In addition to the water main replacement, the District is using this opportunity to have communications conduit and appurtenances installed underneath the I-5 corridor for connections to future projects.

Historically, the District has found advantage when projects can be incorporated into other municipal partner’s work. The intention of this Interlocal Agreement is to secure that advantage.

Through an Interlocal with the City of Mount Vernon, the District will reimburse the City for contract administration and payments to the Contractor. The design work has already been contracted directly between the District and the City’s design engineering firm. The construction cost is estimated at approximately $465,860.26, which includes a 10% contingency.

The District’s portion of the construction will be bid as a separate bid schedule under the City’s contract. At the time of award, the Commission will receive updated information regarding
Memo: Interlocal Agreement with the City of Mount Vernon  
July 20, 2018  
Page 2

scope and fee; however, no additional funding approval will be sought unless the bid amount exceeds the estimated project authorization of $465,860.26.

A breakdown of those costs follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Costs</th>
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<tbody>
<tr>
<td>Engineers Estimate for Contract</td>
<td>$371,060.00</td>
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<tr>
<td>Sales Tax - 8.7% (City of Mount Vernon)</td>
<td>$32,282.22</td>
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<tr>
<td>Contract Admin Fee 5% (City of MV)</td>
<td>$20,167.11</td>
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<tr>
<td><strong>Subtotal including WSST</strong></td>
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<td>Contingency 10%</td>
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<tr>
<td><strong>Total Project Estimate including contingency &amp; WSST</strong></td>
<td><strong>$465,860.26</strong></td>
</tr>
</tbody>
</table>

**Fiscal Impact:**  
Funding for this Interlocal agreement and project will come from Budget Line Item #60 Mandated by Other Agencies. The present budget for Line Item #60-Mandated by Other Agencies is $810,000. The budget for Annual Pipe Replacement will be reduced by $260,790.86 and the budget for Line Item #60 will be increased by a similar amount to a revised total of $1,070,790.86. The work is consistent with the intended use of these funds.

<table>
<thead>
<tr>
<th>Item</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 Budget for Agency Driven Projects</td>
<td>$810,000.00</td>
</tr>
<tr>
<td>SR-9, Francis Road Roundabout (Complete)</td>
<td>($204,165.75)</td>
</tr>
<tr>
<td>Interlocal SW – State Street &amp; Eastern Avenue (Incl. Contingency)</td>
<td>($296,835.00)</td>
</tr>
<tr>
<td>WSDOT Agreement, I-5 to Bridge</td>
<td>($51,541.71)</td>
</tr>
<tr>
<td><strong>This Project with 10% Contingency</strong></td>
<td><strong>($465,860.26)</strong></td>
</tr>
<tr>
<td>Contract Admin/Inspection &amp; Admin Overhead Allowance</td>
<td>($52,388.14)</td>
</tr>
<tr>
<td><strong>Requested Amount (Over)/Under Approved Budget</strong></td>
<td>($260,790.86)</td>
</tr>
<tr>
<td>Remaining 2018 Pipe Replacement Budget as of 7/17/18</td>
<td>$2,025,930.94</td>
</tr>
<tr>
<td><strong>Requested Budget to be transferred from Pipe Replacement to Agency Driven Budget</strong></td>
<td>$260,790.86</td>
</tr>
<tr>
<td>Remaining Pipe Replacement Budget after transfer</td>
<td>$1,765,140.08</td>
</tr>
<tr>
<td><strong>New Agency Driven Budget after transfer</strong></td>
<td><strong>$1,070,790.86</strong></td>
</tr>
<tr>
<td>Anticipated Agency Driven Budget Expenditures at year end</td>
<td>$1,070,790.86</td>
</tr>
</tbody>
</table>
THIS AGREEMENT is made and entered into this ____ day of __________, 2018, by and between the PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, a Public Utility District of the State of Washington, (hereinafter referred to as the “PUD”); and the CITY OF MOUNT VERNON, a municipal corporation of the State of Washington, (hereinafter referred to as the “City”),

WHEREAS the City is in the process of constructing street improvements to the City of Mount Vernon’s College Way street at, under and near the Interstate Five Exchange (hereinafter, the “City’s Project”); and

WHEREAS the PUD has budgeted for the upgrade and installation of a waterline facilities following the City’s Project alignment and within the City’s Project limits (hereinafter, the “PUD’s Project”); and

WHEREAS, the parties are each independently authorized by law to construct their respective projects and to contract with another; and

WHEREAS, supplemental to each parties authority , RCW 39.34.080 authorizes a public agency to contract with another public agency to perform any governmental service, activity, or undertaking which each public agency is authorized to perform, provided that such contract shall be authorized by the governing body of each party to the contract; and

WHEREAS, RCW 39.34.010 permits local governmental units to make the most efficient use of their powers by enabling them to cooperate with other localities on a basis of mutual advantage; and

WHEREAS, it is of mutual advantage to the City and the PUD to enter into this Agreement providing a mechanism to seek bids for PUD’s waterline work and the City’s project to be constructed by a single contractor through the City’s public works process and paid for by the PUD as sub-element to the City’s Project; and
WHEREAS, it is necessary for the City and the PUD to enter into an agreement setting forth the terms, conditions, and requirements for completing the Project; and

WHEREAS in preparation for construction, the PUD engaged the services of Reichardt & Ebe Engineering, Inc., (the “Designer”), for the purposes of providing construction drawings and specifications for the PUD Project in accordance with the agreement entered between the PUD and the Designer; and

WHEREAS the City has also retained the Designer for the purpose of preparing construction drawings and specifications for the City’s Project to be installed on the same right-of-way; and

WHEREAS the plans and specifications for the PUD Project were prepared by the Designer as a subset of the plans and specifications of the City’s Project, which specifications are intended to be consistent; and

WHEREAS RCW 39.34.080 and RCW 39.34.030 of the Interlocal Cooperation Act allows any one or more public agencies to contract with any one or more other public agencies to perform any governmental service, activity, or undertaking which each public agency entering into the contract is authorized by law to perform: provided, that such contract is authorized by the governing body of each party to the contract and sets forth fully the purposes, powers, rights, objectives, and responsibilities of the contracting parties

WHEREAS the parties have agreed to seek construction of the City’s Project and include the PUD Project as an additive, alternative within its call for public bids in accordance with the project specifications. To this end, the PUD Project is considered by the parties to be a potential sub-element of the City’s Project for the purposes of Title 39 Chapter 34 RCW.

NOW, THEREFORE, in consideration of the mutual promises and obligations hereinafter set forth, the parties hereto agree as follows:

1. **Bid Package, Solicitation, and Award.** The City shall cause or have caused to be prepared a bid package for construction of the City’s Project and shall include the PUD Project as an additive, alternative. The City’s Project shall be considered the base bid. The PUD Project shall be an additional body of work that the City may, at its discretion, award consistent with this Agreement. **Award of the PUD Project shall not be unreasonably withheld.** (Added per Pete Gilbert) The PUD Project is a body of work that isn’t critical for the City Project, but as an additive shall allow the parties to consider bids without having to re-advertise the PUD Project. An award that includes the PUD Project and the City Project shall be known in this Agreement as “the Project”.

PUD – City of Mount Vernon College Way Widening Agreement, Page 2
The bid package shall be prepared in compliance with Chapter 39.04 RCW, all applicable federal and state regulations applicable to the City’s Project. City makes no warranty or representation that the bid conforms to PUD ordinances, local rules, or other law applicable to the PUD. Bid documents shall be in accordance with this Agreement and include the approved plans and specifications for the City’s Project and the PUD Project, and the contract documents attached hereto and incorporated herein as Exhibit “A” (“the Project Contract”).

The PUD shall require all design professionals who designed the PUD Project provide information and clarifications to potential bidders, assist in bid openings and assist in the evaluation of bids, including recommendation of award in compliance with Chapter 39.04 RCW. The bid package shall identify the City as the “Owner” and contracting party for construction of the Project. The Project shall be put out to bid at times sufficient for completion of the Project pursuant to a construction schedule established jointly by the PUD and the City. The City shall prepare the bid packages, soliciting bids and the award of the bid.

The City shall award the base bid work to the lowest responsive and responsible bidder (the “Contractor”); provided however, the City reserves the right to reject all bids without cause for the City’s Project or the Project.

The City shall not be obligated to award the Project to the Contractor. The City reserves the right to reject all bids for the Project without cause and award the base bid for the City’s Project in lieu. In the event the City, in its sole discretion, elects to award the base bid for the City’s Project without including the PUD Project as an additive, alternative then the Agreement shall terminate.

While the City shall not be obligated to award the Project, the City shall not award the Project (which includes the PUD Project as an additive, alternative) unless the PUD provides written approval of the bid amount of the additive, alternative prior to the City’s award of the Project.

2. **Construction of PUD Project.** Consistent with the City’s Project specifications and construction drawings and with the drawings and specifications for the PUD Project, the City shall authorize and direct the Contractor to construct and install the PUD Project in the College Way right-of-way.

The specifications and drawings for the PUD Project and the City’s Project are hereby incorporated into this agreement as an element of the Project Contract. In the event of a conflict between this Agreement, the Project Contract, or in case of a conflict between the specifications and drawings for the PUD Project and the specifications and drawings for the City’s
Project, such conflict shall be resolved in the following order, with the first named document taking precedence over subsequently named documents:

A. This Agreement;
B. The City’s Project specifications and/or drawings as set forth in Exhibit B.
C. The PUD’s Project specifications and drawings as set forth in Exhibit B.
D. Remaining Project Contract documents not specifically identified above.

In the event of a conflict, the parties shall meet and confer as soon a reasonably practicable to reconcile any inconsistencies or conflicts. In the event such conflicts cannot be resolved, the PUD sole remedy shall be to request the City to terminate the PUD Project; provided, however any and all costs including legal fees and all claims raised by the Contractor as a result of PUD termination of PUD Project work shall be paid by the PU including all costs of issuing a change order to delete the PUD Project from the Project, and costs attributable to the Contractor’s overhead and profit, shall be borne by the PUD.

3. Project Management. The City (or its contractor) shall be the entity primarily responsible for construction management of the Project.

A. Contractual Privity – Contractor. For the purposes of this Agreement, the City shall be deemed to be the sole entity in contractual privity with the Contractor for construction of the Project.

B. Tort Claims. It is the intent of the parties that the Contractor and the Contractor’s insurance polices shall fully indemnify the City from any claims or causes of action resulting in whole or in part from the Contractor’s negligent or intentionally tortuous acts. The PUD agrees that it shall provide to the City within one (1) business day of receipt a copy of any notice of claim the PUD receives that implicates the Project.

C. Contractual Privity – Designer. Both the PUD and the City are deemed to be in contractual privity with the Designer, pursuant to their respective contracts.

D. Supplemental Estimates. Supplemental estimates of the cost of construction for the PUD Project that may be prepared in accordance with RCW § 39.04.040 shall be prepared by the PUD. Supplemental estimates of the cost of construction for the City’s
Project that may be prepared in accordance with RCW § 39.04.040 shall be prepared by the City.

E. Engineering and Design Costs. All engineering or design related costs for work performed to the design or engineering of the City Project shall be paid by the City, in accordance with the terms and conditions of the agreement between the City and the Designer. All engineering related costs for work performed to the design or engineering related to the design of the PUD Project shall be billed directly to the PUD by the Designer in accordance with the terms and conditions of the agreement between the PUD and the Designer.

F. Delivery of the plans and specifications to the City by the PUD shall be construed as a warranty of the quality or adequacy of the plans or specifications. In particular, the PUD warrants that (i) the materials described in the PUD plans and specifications are commercially available; (ii) that the delivery of plans and specifications to the City shall constitute a full disclosure of all material information relevant to the construction of the improvements anticipated by this Agreement; (iii) and that by delivering the plans and specifications, the PUD shall assume sole responsibility for interpreting the intent of the plans and specifications, and shall be solely responsible for any latent ambiguities appearing in the plans or specifications.

4. Standards of Construction. Construction of the PUD Project shall be in accordance with this Agreement and the Project Contract which includes the approved plans and specifications for the improvements of the PUD Project.

5. Inspection. The PUD shall inspect the Contractor’s work in accordance with the PUD’s Project plans and specifications. In addition, the City will inspect the Contractor’s work on the City’s Project to determine conformance with the City Project’s plans and specifications. The PUD is hereby authorized to enter the job site to inspect the work performed by the Contractor on the PUD Project; provided however, such entry shall be coordinated by the City with the Contractor and may be reasonably limited pursuant to the City’s agreement with the Contractor. PUD shall be responsible and assume liability for its own wrongful and/or negligent acts or omissions or those of their elected officials, officers, agents, or employees to the fullest extent required by law, and further agrees to save, indemnify, defend, and hold the City harmless from any such liability resulting from negligence in performing inspections.
A. Rejection of Work. PUD inspectors shall have the authority to request rejection of defective material and/or work that is being done improperly. Such rejection shall be accomplished by providing written notice to the City’s representative, describing in detail all discrepancies between the PUD Project plans and specifications and the work performed by the Contractor on the PUD Project pursuant to the Project Contract and all related documents, and also describing in detail, as appropriate, such actions as may be necessary to correct the defective work. Such notice shall be provided to the City within two (2) working days of observation of the defective work. The City’s representative shall forward a copy thereof to the Contractor.

B. Acceptance of Defective Work. PUD inspectors shall not have authority to accept work, to accept materials, to issue instructions to the Contractor, or give advice contrary or inconsistent to the PUD Project plans and specifications.

6. Construction Payments. Construction payment requests shall be submitted by the Contractor to the City pursuant to the Project Contract. The City shall forward to the PUD the portion of the payment request attributable to the PUD Project plus five percent (5%) for administration of the Project. In the event of any contract dispute, claim, or change order between the City and the Contractor resulting from the PUD Project (in whole or in part) the PUD shall pay its proportionate share of all actual costs, including legal fees, judgments, demands, and awards related to the contract dispute, claim, or change order and shall indemnify, defend, and hold the City harmless from any claims, demands, or lawsuits brought by the Contractor alleging damages or further costs resulting from such dispute, claim, or change order arising from PUD actions or omissions. (P. Gilbert – 7.20.18)

A. Payment Approval. The PUD shall approve the payment request. In the event of disapproval, the PUD shall provide written notice to the City of the amount approved together with a description of the amounts disapproved and the reasons for such disapproval, within five (5) working days of receipt of the pay request from the City. The PUD shall reimburse the City the gross amount of the approved payment request within ten working days of receipt of the pay request from the City.

B. Failure to Make Timely Payment. The PUD shall indemnify, defend, and hold harmless the City, its officials, officers, agents, employees, and volunteers from any and all claims, demands, damages, lawsuits, liabilities, losses, liens, expenses and costs
arising out of any failure by the PUD to make progress payments. This provision shall apply to interest expenses paid by the City.

C. Final Payment. Final Payment for the PUD Project, including the release of any retainage held by the City, shall be made by the City after receipt from the PUD of written authorization to make such final payment, and acceptance of the PUD Project which shall not be unreasonably withheld. Such written authorization and acceptance, or a written explanation of denial thereof, shall be promptly provided upon request by the PUD. In the event of denial of written authorization and acceptance, the PUD agrees that it shall indemnify, defend, and hold the City harmless from any claims, demands, or lawsuits brought by the Contractor alleging damages resulting from such denial.

7. Permits and Approvals. The Contractor shall be responsible for obtaining all applicable permits and approvals necessary to construct the PUD Project as set forth in the Project Contract. Additional permits and approvals necessary to construct the PUD Project, if any, not addressed in the Project Contract, shall be obtained by the PUD.

8. Modifications With Significant Cost Implications. For the purpose of this paragraph, the term "Modification with Significant Cost Implications" shall refer to a change to be incorporated in the PUD Project that increases the cost of construction in an amount estimated by the Designer to exceed twenty thousand dollars ($20,000.) Any change in the work that is not defined as a Modification with Significant Cost Implications shall be considered to be a change order, as defined below. If the City determines it necessary to consider a Modification with Significant Cost Implications, the parties agree to renegotiate the terms of this Agreement in good faith.


A. Right to Modify Design. The City reserves the right, at any time, to require modification of the plans due to errors or mistakes in the drawings or new information that requires a change in the plans to accomplish properly the PUD Project, provided the City first provides the PUD with five working days notice of the required modification, together with an explanation of the reasons why the City believes the modification is necessary and gives the PUD a reasonable opportunity to comment on the need for the change and/or alternative methods to accomplish a similar function or result. Within the parameters described in this Section, the City Engineer shall have sole authority to implement modifications within the general scope of the Project. In the event such modifications are deemed by the City to be necessary, the cost of delays incurred by the PUD shall not be compensable by the City.
B. Change Orders Attributable to City’s Project. Increased design and construction costs resulting from change orders including as a result of unforeseen conditions and revisions necessary to accommodate redesign of the City’s Project shall be paid by the City. The PUD hereby waives any damages for delay in completing the PUD Project that the PUD may have against the City, provided that this provision shall not operate to waive damages to the extent that such damages are the responsibility of the Contractor.

C. Change Orders Attributable to the PUD Project. Increased design and construction costs resulting from any change orders including as a result of unforeseen conditions and revisions necessary to accommodate redesign of the PUD Project shall be paid by the PUD. The City hereby waives any damages for delay in completing the City’s Project that the City may have against the PUD, provided that this provision shall not operate to waive damages to the extent that such damages are the responsibility of the Contractor.

D. Change Orders Due to Environmental Protection Requirements. The parties shall be equally responsible for increased costs to construct the Project resulting from change orders and revisions issued by the City in order to comply with new environmental protection requirements or the amendment of existing requirements occurring after the execution of this Agreement, all as set forth in RCW 39.04.120. Such change orders shall not invalidate this Agreement. In the event of a dispute between the PUD and the Contractor as to the allowable costs of such change orders or revisions, the City shall not object to participation by the PUD in any mediation, arbitration, or litigation brought to resolve such dispute.

10. Completion of the Improvements. The PUD shall be responsible for producing an original as-built set of plans of the PUD Project.

11. Ownership of the Improvements. Improvements as a result of the City’s Project (“City Improvements”) shall be exclusively owned by the City which shall have the sole obligation to maintain the City Improvements. The PUD shall, upon request, execute any reasonable document establishing the City’s ownership of the City Improvements. Any third-party warranties attaching, and/or claims related, to the City Improvements are hereby assigned to the City. A party shall, upon request, cooperate with the other party to document such assignment and/or to pursue a claim or warranty claim against a third party. Improvements as a result of the PUD’s Project (“PUD Improvements”) shall be exclusively owned by the PUD which shall have the sole obligation to maintain the PUD Improvements. The City shall, upon request, execute any reasonable document establishing the
PUD’s ownership of the PUD Improvements. Any third-party warranties attaching, and/or claims related, to the PUD Improvements are hereby assigned to the PUD. A party shall, upon request, cooperate with the other party to document such assignment and/or to pursue a claim or warranty claim against a third party.

12. **Shared Duties- Exchange of Material Information.** Each party shall keep the other party reasonably informed as to material facts concerning the design and construction of the Project contemplated by this Agreement and the payment therefor. The parties shall communicate by such means as is reasonably prudent, except where written notices are required as set forth in this Agreement. Written notices shall be provided by hard copy, either by personal delivery, postal mail, facsimile or by e-mail. The parties shall establish a reasonable schedule for regular communications during the course of the administration of this Agreement. The parties shall agree upon the form and content of information required to be exchanged hereby.

13. **Waiver of Damages for Delay.** The PUD hereby waives any damages for delay, attributable to the City. The provisions of this section shall survive the termination of this Agreement.

14. **Right to Review:** This contract is subject to review by the State auditor’s office. Each party, or the party’s designee, shall have the right to review and monitor the financial components of this project. Such review may include, but is not limited to, on-site inspection by agents or employees, inspection of all records or other materials. Each party shall preserve and maintain all financial records and records relating to this project under this Agreement for 3 years after contract termination, and shall make them available for such review, within Skagit County, State of Washington, upon request.

15. **Contractual Relationships.** This Agreement does not establish that a party may act as the agent or legal representative of the other for any purpose whatsoever. Neither party is granted any express or implied right or authority to assume or create any obligation or responsibility on behalf the other in the name of the other or to bind the other in any manner or thing whatsoever.

16. **Notice of Claims.** In the event a claim should be brought or an action filed with respect to the subject matter of this agreement, the parties agree that each party shall give endeavor to provide written notice to the other party of any act or occurrence that the party reasonably believes may lead to a claim or demand, that may be subject to the indemnity or shared defense provisions of this agreement.

17. **Mutual Indemnity.**
A. The City shall indemnify and hold the PUD and its agents, employees, and/or officers, harmless from and shall process and defend at its own expense any and all claims, demands, suits, at law or equity, actions, penalties, losses, damages, or costs, of whatsoever kind or nature, brought against the PUD arising out of, in connection with, or incident to the execution of this Agreement and/or the City's negligent performance or negligent failure to perform this Agreement.

B. The PUD shall indemnify and hold the City and its agents, employees, and/or officers, harmless from and shall process and defend at its own expense any and all claims, demands, suits, at law or equity, actions, penalties, losses, damages, or costs, of whatsoever kind or nature, brought against the City arising out of, in connection with, or incident to the execution of this Agreement and/or the PUD's negligent performance or negligent failure to perform any aspect of this Agreement.

C. If such claims are caused by or result from the concurrent negligence of the parties, or their agents, employees, and/or officers, then these indemnity provisions shall be valid and enforceable only to the extent of the negligence of the indemnifying party; provided that nothing herein shall require either party to hold harmless or defend the other party or the other party’s agents, employees and/or officers from any claims arising from the sole negligence of the other party, or its agents, employees, and/or officers.

D. Each party specifically assumes potential liability for actions brought by that party’s own employees against the other party and, solely for the purpose of this indemnification and defense, the parties specifically waive any immunity under the State Industrial Insurance Law, RCW 51. THE PARTIES RECOGNIZES THAT THIS WAIVER WAS SPECIFICALLY ENTERED INTO PURSUANT TO THE PROVISIONS OF RCW 4.24.115 AND WAS THE SUBJECT OF MUTUAL NEGOTIATION.

18. Termination.

A. Termination Before the Start of Construction. The PUD may terminate this Agreement prior to the commencement of construction of the PUD Project, by giving ten (10) days’ notice to the City in writing. In the event of termination by the PUD, all costs of issuing a change order to delete the PUD Project from the Project, including costs attributable to the Contractor’s overhead and profit, shall be borne by the PUD.
B. Termination After the Start of Construction. Either party may terminate this Agreement after the commencement of construction of the Project, by giving ninety (90) days' notice to the other party in writing. In the event of termination by the PUD, all costs of issuing a change order to delete the PUD Project from the Project, including costs attributable to the Contractor's overhead and profit, shall be borne by the PUD. In the event of termination by the City, all costs of issuing a change order to delete the City’s Project from the Project, including costs attributable to the Contractor’s overhead and profit, shall be borne by the City.

19. Duration. The term of this Agreement shall commence upon mutual acceptance by the parties and the City’s acceptance of a bid and award for the Project as set forth in Section One. The Agreement shall terminate when the City’s Project and PUD Project are complete, final acceptance has been made, all expenses have been paid and any disputes resolved; provided, that the parties accrued rights and obligations at the time of termination as established herein and reserved shall survive termination.

20. 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:

The PUD’s representative shall be the Engineering Manager

The City’s representative shall be __________.

21. Notices. All notices provided for in this Agreement shall be in writing, addressed to the appropriate party and its designated representative at the respective address set forth below or to such other address or representative as is specified by notice.

CITY: CITY OF Mount Vernon
Attn:

Mount Vernon, WA

PUD:
22. **Assignment.** Neither party shall assign or transfer any obligation, interest, or claim under this Agreement without the prior written consent of the other party.

23. **Interpretation and Venue.** Washington law shall govern the interpretation of this Agreement. Skagit County shall be the venue of any arbitration or lawsuit arising out of this Agreement.

24. **Unenforceability.** If one or more of the clauses of this Agreement is found to be unenforceable, illegal, or contrary to public policy, the Agreement will remain in full force and effect except for the clauses that are unenforceable, illegal, or contrary to public policy.

25. **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 prevented or delayed by terrorist or enemy attack, riots, other disturbances, earthquakes, hurricanes, strikes, or lockouts of any class of workmen, 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.

26. **Signing/Recording.** This Agreement may be executed in counterparts and may be recorded with the Skagit County Auditor.

27. **Dispute Resolution.** In the event of a dispute between the City and the PUD regarding the rights, duties, or liabilities of the parties under this Agreement, or the delivery of services under this Agreement, the PUD Commissioners and the City Council shall designate representatives who shall review such dispute and discuss options for resolution.

If any dispute, controversy or claim arising out of or relating to this Agreement or the alleged breach of such Agreement cannot be resolved by the parties, such dispute shall be submitted to binding arbitration in accordance with the rules and procedures of the Commercial Rules and Expedited Procedures of the American Arbitration Association, with appeal limited to that set forth in Chapter 7.04 RCW. The judgment or award...
rendered by the arbitrator may be entered and enforced in Skagit County Superior Court.

In any arbitration or suit to compel arbitration or to enforce an arbitrator’s award, the prevailing party shall receive an award of its reasonable attorney fees and costs, including those incurred on appeal.

24. **Complete Agreement.** This Agreement constitutes the complete and final agreement of the parties and replaces and supersedes all oral and/or written proposals and agreements heretofore made on the subject matter and may be modified only by a writing signed by both parties.

25. **Captions.** The captions in this Agreement are for convenience only and do not in any way limit or amplify the provisions of this Agreement.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement as of the day and year first above written.

**CITY OF MOUNT VERNON**

By: ______________________  
Mayor

Approved as to form:  
______________________________

City Attorney

______________________________

Finance Director

**PUBLIC UTILITY DISTRICT NO. 1**

By: __________________________

Approved as to form:  
______________________________