PLEDGE OF ALLEGIANCE

CONSENT AGENDA
1. Approval of Agenda 08/28/18
2. Approval of Minutes 08/14/18 Meeting
3. Ratification of Vouchers 08/21/18
4. Approval of Vouchers 08/28/18

STATUS OF BUDGET – 2nd Quarter 2018

AUDIENCE COMMENTS

OLD BUSINESS
5. Manager’s Report

NEW BUSINESS
7. FCS Group – Agreement for Professional Services
   Task Order #001
   2019 Budget Support, Water Utility Rate and System Development Fee Study
8. Northwest Safety Signs – Agreement for Professional Services
   Modification #01 to Task Order #16
   Township Street, Waldron Street to Sapp Road
   Mount View Estates
10. Water Policy Manual Revisions
    Section 3; Section 4; and Appendix A Table A-8

MISCELLANEOUS

COMMISSIONER COMMENTS

EXECUTIVE SESSION – Mundt Creek Water Rights – Approximate 1-Hour Duration
Per RCW 42.30.110(1)(i)(ii)

ADJOURNMENT

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

August 14, 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 August 14, 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: Kevin Tate, Acting General Manager; Mark Handzlik, Engineering Manager, Sally Saxton, Treasurer, Peter Gilbert, Attorney; and Kim Carpenter, Clerk of the Board; Audience: Judy Littlefield, and District Employees: Mike Fox, Mark Semrau, Kathy White, Kevin Tate, Wes Stene, Ron Humrickhouse, Jay Sedivy and Luis Gonzalez.

Commissioner Littlefield led the Pledge of Allegiance.

Commissioner Littlefield moved to approve the Consent Agenda for August 14, 2018:

1. Approval of Agenda 08/14/18
2. Approval of Minutes 07/24/18 Meeting
3. Ratification of Vouchers
   No. 2809 - Voucher Nos. 13160-13220 ($83,630.86) 07/31/18
   No. 2810 - Voucher Nos. 13221-13283, Payroll Check Nos. 23483-23567 ($522,056.26) 08/07/18
4. Approval of Vouchers 08/14/18
   No. 2811 - Voucher Nos. 13284-13339 ($324,240.39)
   No. 2812 - Voucher No. 13340 ($23,083.93)

The motion passed.

There were no audience comments.

Under Old Business:

5. Manager’s Report
   Manager Sidhu reported on the following items:
   • The Commission previously approved Stackpole Road, Saratoga Passage View Project contingent upon the final judgment being entered, which is expected soon. Engineering Manager Handzlik stated that the judgment is expected to be entered August 23. Attorney Gilbert indicated that while not expected, an objection to some wording has been received; however, the hearing date will not be changed and an argument is now anticipated regarding the language.
   • State Auditor’s office will be on site beginning August 20 to conduct the 2017 audit. The opening conference has not yet been scheduled.
   • Another elected official’s tour of the WTP and watershed was held last week for a small group. The District will now begin a 2-year cycle of tours and
employees will be included, schedule permitting. Public tours will also be held during American Water Works Association (AWWA) Drinking Water Week.

- Commission notebooks include a 2-page summary of the strategic plan which can be left in the notebooks for reference. The plan is also posted on the District’s website.

- 2019 Budget – plan is to go straight to a balanced budget for the hearing on October 1 with a goal of adopting the budget on November 27. A draft budget will be provided to the Commission one week prior to the hearing.

- FCS Group will be performing a rate study with regard to water rates and System Development Fees (SDF). Manager Sidhu recommended a work session on August 21 at 4:30 PM to discuss Rate Design 101 and SDF. Discussion ensued and the Commission agreed to a work session beginning at 4:00 PM. Manager Sidhu stated he would also provide a budget schedule at that time that will include additional work sessions.

6. Quarterly Report – Human Resources
HR Manager White presented the quarterly report for Human Resources, including updates regarding staff changes in Operations (WTP), Engineering, Safety, Construction and Finance; collective bargaining meetings, new employee evaluation process, upcoming revisions to several policies and AP&P’s; hearing tests provided for all employees; first aid training for supervisors and open to all employees; and computer based training. There will be future updates from Safety Coordinator Sedivy. Discussion ensued regarding various aspects of the updates presented.

Under New Business:

7. Recommendation to Amend Interlocal Agreement with City of Sedro-Woolley – **Action**
   Water System Improvements – State Street from Walley Street to 3rd Street
Commissioner Berg recused himself and stepped down from the Commissioners dais as a City of Sedro-Woolley employee to avoid any potential conflict of interest. Discussion ensued regarding the imbalance of traffic control costs between Schedules “A” (City of Sedro-Woolley) & “B” (District) and agreement between the agencies to amend the District’s share of costs. Commissioner Littlefield moved to amend the Interlocal Agreement with the City of Sedro-Woolley for water system improvements along State Street from Walley Street to 3rd Street, by contributing 30% (approximately $19,800) toward Bid Schedule “A”, Line Item 2 Traffic Control. Discussion ensued regarding the difference between the schedules. The motion passed.

8. Interlocal Agreement with City of Mount Vernon – **Potential Action**
Water System Improvements - E College Way, Freeway Drive E to west of Riverside Drive
Manager Sidhu stated that this item was deferred from 07/24/18 meeting. The City’s project is road widening and the District will perform waterline
improvements. At this time the interlocal is a commitment for contract administration and the project will be presented to the Commission after bids are received. Discussion ensued regarding the transfer of funds from the pipe replacement budget vs. the System Development Fund to augment budget line item #60 (Mandated by Other Agencies). Commissioner Berg moved to 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 $508,211.19 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, and revise budget line item #60 Mandated By Other Agencies with funds from either line item #54 Annual Pipe Replacement or System Development Funds. The motion passed.

9. Resolution No. 2258-18 – Potential Action
A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON (the “DISTRICT”) 1. DECLARING ITS APPROVAL OF PUBLIC UTILITY RISK MANAGEMENT SERVICES (“PURMS”) RESOLUTION NO. 6-7-18-1 AND RATIFYING THE AFFIRMATIVE VOTE ON SAID RESOLUTION BY THE DISTRICT’S VOTING REPRESENTATIVE AT THE PURMS SEMI-ANNUAL BOARD MEETING ON JUNE 7, 2018; and 2. DECLARING ITS APPROVAL OF THE PURMS 2018 AMENDED AND RESTATED INTERLOCAL AGREEMENT (“2018 ILA”) AND AUTHORIZING THE DISTRICT’S SIGNING REPRESENTATIVE TO EXECUTE THE DUPLICATE ORIGINAL SIGNATURE PAGE FOR THE 2018 AMENDED AND RESTATED ILA FOR AND ON BEHALF OF THE DISTRICT. Commissioner Berg moved to adopt Resolution No. 2258-18 as presented. The motion passed.

Under Miscellaneous, Manager Sidhu stated that the Commission notebooks include recent articles from the Skagit Valley Herald.

Under Commissioner Comments, Commissioner Littlefield stated his wife brought banana nut bread and invited everyone to share it.

Commissioner Berg stated that South Whidbey recently opened bids for a fire station that came in at $350/square foot and commented that construction costs are increasing for any potential new District building.

Commissioner Robertson commented on the primary results and upcoming general election.

Having no further business to come before the Board, Commissioner Littlefield moved for adjournment. The motion passed and the meeting of August 14, 2018 was adjourned at 5:07 PM.

Respectfully submitted:
Kim Carpenter
Clerk of the Board
## PUD NO 1 OF SKAGIT COUNTY
### STATEMENT OF NET POSITION (Unaudited)
#### AS OF JUNE 30, 2018

<table>
<thead>
<tr>
<th>Assets Category</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Investments</td>
<td>$3,181,571</td>
<td>$5,538,022</td>
</tr>
<tr>
<td>Customer Accounts Receivable (Net)</td>
<td>2,886,047</td>
<td>2,965,575</td>
</tr>
<tr>
<td>Accounts Receivable, Other</td>
<td>191,934</td>
<td>34,208</td>
</tr>
<tr>
<td>Materials Inventory</td>
<td>1,765,054</td>
<td>1,588,099</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>110,600</td>
<td>60,337</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>184,213</td>
<td>170,288</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>$8,319,419</td>
<td>$10,356,529</td>
</tr>
<tr>
<td><strong>Restricted Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Investments</td>
<td>7,670,219</td>
<td>9,934,427</td>
</tr>
<tr>
<td><strong>Total Restricted Assets</strong></td>
<td>7,670,219</td>
<td>9,934,427</td>
</tr>
<tr>
<td><strong>Noncurrent Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>3,637,757</td>
<td>3,151,985</td>
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<tr>
<td>LUD Assessments Receivable</td>
<td>806,899</td>
<td>659,020</td>
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<tr>
<td>Preconstruction Costs</td>
<td>957,939</td>
<td>1,907,130</td>
</tr>
<tr>
<td>Other Non-Current Assets</td>
<td>35,053</td>
<td>24,463</td>
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<tr>
<td>Capital Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non Operating Property</td>
<td>29,521</td>
<td>29,521</td>
</tr>
<tr>
<td>Land and Land Rights</td>
<td>579,821</td>
<td>2,186,152</td>
</tr>
<tr>
<td>Earthen Impounding Reservoir</td>
<td>12,375,489</td>
<td>12,375,489</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>12,084,601</td>
<td>15,552,575</td>
</tr>
<tr>
<td>Plant</td>
<td>203,729,449</td>
<td>211,127,174</td>
</tr>
<tr>
<td>Equipment</td>
<td>9,859,376</td>
<td>11,577,113</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>(73,046,989)</td>
<td>(77,429,877)</td>
</tr>
<tr>
<td><strong>Total Noncurrent Assets</strong></td>
<td>171,048,916</td>
<td>181,160,745</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$187,038,554</td>
<td>$201,451,701</td>
</tr>
</tbody>
</table>

### Deferred Outflows of Resources

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred Outflows Related to Pensions</td>
<td>1,136,027</td>
<td>717,153</td>
</tr>
<tr>
<td><strong>Total Deferred Outflows of Resources</strong></td>
<td>$1,136,027</td>
<td>$717,153</td>
</tr>
</tbody>
</table>

---

PUD No 1 of Skagit County (Skagit PUD) has prepared these financial statements in accordance with generally accepted accounting principles. These financial statements should be read in conjunction with the notes to the financial statements included in Skagit PUD’s Annual Report as of December 31, 2016. This information is provided for general information. Not all the information is intended for nor should it be relied upon for making investment decision by current or prospective investors.
## LIABILITIES

### CURRENT LIABILITIES:

<table>
<thead>
<tr>
<th>Liability</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACCOUNTS PAYABLE</td>
<td>$1,233,841</td>
<td>$1,763,818</td>
</tr>
<tr>
<td>RETAINAGE PAYABLE</td>
<td>215,897</td>
<td>97,891</td>
</tr>
<tr>
<td>TAXES PAYABLE</td>
<td>163,161</td>
<td>188,363</td>
</tr>
<tr>
<td>CUSTOMER DEPOSITS</td>
<td>156,882</td>
<td>157,463</td>
</tr>
<tr>
<td>ACCRUED INTEREST ON DEBT</td>
<td>211,361</td>
<td>302,697</td>
</tr>
<tr>
<td>BONDS AND LOANS PAYABLE</td>
<td>1,587,304</td>
<td>1,857,507</td>
</tr>
<tr>
<td>OTHER CURRENT LIABILITIES</td>
<td>144,816</td>
<td>234,638</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td>3,713,262</td>
<td>4,602,377</td>
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</tbody>
</table>

### NONCURRENT LIABILITIES

<table>
<thead>
<tr>
<th>Liability</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>OTHER POSTEMPLOYMENT BENEFITS</td>
<td>1,285,524</td>
<td>1,110,315</td>
</tr>
<tr>
<td>COMPENSATED ABSENCES</td>
<td>625,569</td>
<td>601,858</td>
</tr>
<tr>
<td>REVENUE BONDS OUTSTANDING,NET</td>
<td>10,182,516</td>
<td>13,042,935</td>
</tr>
<tr>
<td>PUBLIC WORKS TRUST FUND LOANS</td>
<td>7,273,840</td>
<td>5,992,639</td>
</tr>
<tr>
<td>DRINKING WATER STATE REV FUND LOANS</td>
<td>7,531,206</td>
<td>10,417,620</td>
</tr>
<tr>
<td><strong>TOTAL NONCURRENT LIABILITIES</strong></td>
<td>26,898,655</td>
<td>31,165,367</td>
</tr>
<tr>
<td>NET PENSION LIABILITY</td>
<td>6,078,187</td>
<td>4,189,495</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>$36,690,104</td>
<td>$39,957,239</td>
</tr>
</tbody>
</table>

### DEFERRED INFLOWS OF RESOURCES

<table>
<thead>
<tr>
<th>Liability</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEFERRED INFLOWS RELATED TO PENSIONS</td>
<td>105,213</td>
<td>906,074</td>
</tr>
<tr>
<td><strong>TOTAL DEFERRED INFLOWS OF RESOURCES</strong></td>
<td>$105,213</td>
<td>$906,074</td>
</tr>
</tbody>
</table>

### NET POSITION

<table>
<thead>
<tr>
<th>Liability</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>INVESTED IN CAPITAL ASSETS NET OF DEBT</td>
<td>$128,652,589</td>
<td>$130,966,620</td>
</tr>
<tr>
<td>RESTRICTED ASSETS</td>
<td>7,670,219</td>
<td>9,934,427</td>
</tr>
<tr>
<td>UNRESTRICTED ASSETS</td>
<td>15,056,456</td>
<td>20,404,494</td>
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<tr>
<td><strong>TOTAL NET POSITION</strong></td>
<td>$151,379,264</td>
<td>$161,305,541</td>
</tr>
</tbody>
</table>
## Operating Revenues and Expense Tracking (Unaudited)

**For Six Months Ending June 30, 2018**

### Operating Revenue

<table>
<thead>
<tr>
<th></th>
<th>2017 YTD Actual</th>
<th>2018 YTD Actual</th>
<th>2018 YTD Budget</th>
<th>Actual to Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Water Sales</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Judy System</strong></td>
<td>$9,163,917</td>
<td>$10,069,553</td>
<td>$10,075,703</td>
<td>($6,150)</td>
</tr>
<tr>
<td><strong>Fidalgo/Similk</strong></td>
<td>185,566</td>
<td>212,906</td>
<td>223,844</td>
<td>(10,938)</td>
</tr>
<tr>
<td><strong>Cedargrove</strong></td>
<td>41,525</td>
<td>45,945</td>
<td>45,109</td>
<td>836</td>
</tr>
<tr>
<td><strong>Rockport</strong></td>
<td>13,994</td>
<td>16,269</td>
<td>16,230</td>
<td>39</td>
</tr>
<tr>
<td><strong>Mountain View</strong></td>
<td>3,818</td>
<td>4,342</td>
<td>5,192</td>
<td>(850) 84%</td>
</tr>
<tr>
<td><strong>Alger/Samish</strong></td>
<td>32,480</td>
<td>13,157</td>
<td>38,884</td>
<td>(25,727) 34%</td>
</tr>
<tr>
<td><strong>Potlatch</strong></td>
<td>20,260</td>
<td>24,206</td>
<td>23,026</td>
<td>1,182 105%</td>
</tr>
<tr>
<td><strong>Skagit View Village</strong></td>
<td>16,881</td>
<td>19,031</td>
<td>19,266</td>
<td>(235) 99%</td>
</tr>
<tr>
<td><strong>Marblemount</strong></td>
<td>6,834</td>
<td>6,942</td>
<td>6,972</td>
<td>(30) 100%</td>
</tr>
<tr>
<td><strong>Total Water Sales</strong></td>
<td>$9,485,275</td>
<td>$10,412,353</td>
<td>$10,454,226</td>
<td>($41,873) 6%</td>
</tr>
</tbody>
</table>

|                      |                |                |                |                 |
| **Other Operating Revenue** |            |                |                |                 |
| **Misc Service Charges** | 150,216      | 165,369        | 125,346        | 40,023 132%     |
| **Broadband Services, Net of Costs** | 4,842        | 7,370          | (766) 102%     | 8,136 54%       |
| **Total Other Operating Revenue** | 155,058      | 172,739        | 124,580        | 48,159 139%     |

**Total Operating Revenue** | $9,640,333 | $10,585,092 | $10,578,806 | $6,286 100% |

### Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2018</th>
<th>Actual to Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Salaries/Wages/Benefits</strong></td>
<td>$3,725,652</td>
<td>$4,069,290</td>
<td>$4,275,042</td>
<td>$205,752 95%</td>
</tr>
<tr>
<td><strong>Water Purchased from Others</strong></td>
<td>80,067</td>
<td>79,678</td>
<td>92,500</td>
<td>$12,822 86%</td>
</tr>
<tr>
<td><strong>Electricity Purchased for Pumping</strong></td>
<td>131,804</td>
<td>131,145</td>
<td>242,250</td>
<td>111,105 54%</td>
</tr>
<tr>
<td><strong>Chemicals for Treatment</strong></td>
<td>185,661</td>
<td>226,299</td>
<td>213,275</td>
<td>(10,024) 106%</td>
</tr>
<tr>
<td><strong>General Supplies and Services</strong></td>
<td>462,717</td>
<td>460,668</td>
<td>591,032</td>
<td>130,364 78%</td>
</tr>
<tr>
<td><strong>Utilities</strong></td>
<td>76,144</td>
<td>97,859</td>
<td>95,656</td>
<td>(2,203) 102%</td>
</tr>
<tr>
<td><strong>Postage and Shipping</strong></td>
<td>45,290</td>
<td>31,227</td>
<td>47,480</td>
<td>$16,253 66%</td>
</tr>
<tr>
<td><strong>Equip Maint Contracts</strong></td>
<td>8,871</td>
<td>9,366</td>
<td>9,276</td>
<td>(90) 101%</td>
</tr>
<tr>
<td><strong>Purchased Telecommunications Svcs</strong></td>
<td>16,527</td>
<td>14,837</td>
<td>19,551</td>
<td>4,714 76%</td>
</tr>
<tr>
<td><strong>Memberships</strong></td>
<td>39,719</td>
<td>38,792</td>
<td>41,535</td>
<td>$2,743 93%</td>
</tr>
<tr>
<td><strong>Technology/Scada/Support</strong></td>
<td>101,203</td>
<td>240,323</td>
<td>231,446</td>
<td>(8,877) 104%</td>
</tr>
<tr>
<td><strong>Professional Services</strong></td>
<td>147,624</td>
<td>140,368</td>
<td>312,501</td>
<td>172,133 45%</td>
</tr>
<tr>
<td><strong>Travel and Training</strong></td>
<td>91,245</td>
<td>43,504</td>
<td>117,936</td>
<td>74,432 37%</td>
</tr>
<tr>
<td><strong>Equipment and Vehicle Expense</strong></td>
<td>55,116</td>
<td>69,858</td>
<td>97,090</td>
<td>27,232 72%</td>
</tr>
<tr>
<td><strong>Insurance Expense</strong></td>
<td>186,048</td>
<td>182,794</td>
<td>223,542</td>
<td>40,748 82%</td>
</tr>
<tr>
<td><strong>Advertising Expense</strong></td>
<td>18,969</td>
<td>14,867</td>
<td>19,550</td>
<td>4,683 76%</td>
</tr>
<tr>
<td><strong>Bad Debt Expense</strong></td>
<td>13,777</td>
<td>21,038</td>
<td>15,000</td>
<td>(6,038) 140%</td>
</tr>
<tr>
<td><strong>Health Permits</strong></td>
<td>34,010</td>
<td>34,010</td>
<td>34,265</td>
<td>255 99%</td>
</tr>
<tr>
<td><strong>Miscellaneous Expenses</strong></td>
<td>38,283</td>
<td>41,466</td>
<td>32,820</td>
<td>(8,646) 0%</td>
</tr>
<tr>
<td><strong>Utility Taxes</strong></td>
<td>472,249</td>
<td>511,046</td>
<td>522,783</td>
<td>11,737 98%</td>
</tr>
<tr>
<td><strong>Transfers to Construction in Progress</strong></td>
<td>(581,489)</td>
<td>(612,435)</td>
<td>(500,000)</td>
<td>112,435 122%</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>$5,349,397</td>
<td>$5,846,000</td>
<td>$6,734,530</td>
<td>$888,530 87%</td>
</tr>
</tbody>
</table>

**Net Operating Income before Depreciation and OPEB Costs**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2018</th>
<th>Actual to Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Operating Income</strong></td>
<td>$4,290,936</td>
<td>$4,739,092</td>
<td>$3,844,276</td>
<td>$894,816 123%</td>
</tr>
</tbody>
</table>
### Operating Revenue

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
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<tr>
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<td>favorable (unfavorable)</td>
</tr>
<tr>
<td>Residential-Multiple</td>
<td>$6,842,182</td>
<td>$7,456,164</td>
<td>$7,590,217</td>
<td>$(134,053)</td>
</tr>
<tr>
<td>Commercial-Industrial-Farms-Fire Protection</td>
<td>2,262,739</td>
<td>2,441,253</td>
<td>2,427,325</td>
<td>13,928</td>
</tr>
<tr>
<td>Governmental</td>
<td>242,941</td>
<td>267,808</td>
<td>287,852</td>
<td>(20,044)</td>
</tr>
<tr>
<td>Resale</td>
<td>38,902</td>
<td>45,387</td>
<td>40,121</td>
<td>5,266</td>
</tr>
<tr>
<td>Irrigation</td>
<td>95,335</td>
<td>201,741</td>
<td>108,711</td>
<td>93,030</td>
</tr>
<tr>
<td><strong>Total Water Sales</strong></td>
<td>$9,482,099</td>
<td>$10,412,353</td>
<td>$10,454,226</td>
<td>$(41,873)</td>
</tr>
<tr>
<td>Other Water Revenues</td>
<td>153,391</td>
<td>165,369</td>
<td>125,346</td>
<td>40,023</td>
</tr>
<tr>
<td>Broadband Revenues, Net of Costs</td>
<td>4,842</td>
<td>7,370</td>
<td>(766)</td>
<td>8,136</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>$9,640,332</td>
<td>$10,585,092</td>
<td>$10,578,806</td>
<td>$6,286</td>
</tr>
</tbody>
</table>

### Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2018</th>
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<td>2nd Qtr Actual</td>
<td>2nd Qtr Actual</td>
<td>Actual to Budget</td>
</tr>
<tr>
<td>Supply</td>
<td>209,935</td>
<td>197,955</td>
<td>395,064</td>
<td>197,109</td>
<td>50%</td>
</tr>
<tr>
<td>Treatment</td>
<td>842,111</td>
<td>1,035,474</td>
<td>1,102,709</td>
<td>67,235</td>
<td>94%</td>
</tr>
<tr>
<td>Transmission and Distribution</td>
<td>449,511</td>
<td>402,785</td>
<td>592,501</td>
<td>189,716</td>
<td>68%</td>
</tr>
<tr>
<td>Purchased Telecommunications SVCS</td>
<td>16,526</td>
<td>15,228</td>
<td>27,602</td>
<td>12,374</td>
<td>55%</td>
</tr>
<tr>
<td>Customer Accounts</td>
<td>728,273</td>
<td>817,580</td>
<td>855,188</td>
<td>37,608</td>
<td>96%</td>
</tr>
<tr>
<td>Administrative and General</td>
<td>2,630,790</td>
<td>2,865,932</td>
<td>3,238,683</td>
<td>372,751</td>
<td>88%</td>
</tr>
<tr>
<td>Utility Taxes</td>
<td>472,249</td>
<td>511,046</td>
<td>522,783</td>
<td>11,737</td>
<td>98%</td>
</tr>
<tr>
<td>Depreciation Expense</td>
<td>2,513,044</td>
<td>2,497,263</td>
<td>2,468,450</td>
<td>(28,813)</td>
<td>101%</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>$7,862,439</td>
<td>$8,343,263</td>
<td>$9,202,980</td>
<td>$859,717</td>
<td>91%</td>
</tr>
</tbody>
</table>

### Operating Income (Loss)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
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<td>2nd Qtr Actual</td>
<td>2nd Qtr Actual</td>
<td>2nd Qtr Actual</td>
<td>2nd Qtr Actual</td>
<td>Actual to Budget</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>$1,777,893</td>
<td>$2,241,829</td>
<td>$1,375,826</td>
<td>$866,003</td>
<td>163%</td>
</tr>
</tbody>
</table>

### Non Operating Revenue

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
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<td>2nd Qtr Actual</td>
<td>2nd Qtr Actual</td>
<td>2nd Qtr Actual</td>
<td>2nd Qtr Actual</td>
<td>Actual to Budget</td>
</tr>
<tr>
<td>Interest Income</td>
<td>57,965</td>
<td>135,883</td>
<td>39,100</td>
<td>96,783</td>
<td>348%</td>
</tr>
<tr>
<td>Interest and Penalty Income on LUDs</td>
<td>11,647</td>
<td>14,821</td>
<td>16,352</td>
<td>(1,531)</td>
<td>91%</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>22,045</td>
<td>15,292</td>
<td>22,500</td>
<td>(7,208)</td>
<td>68%</td>
</tr>
<tr>
<td>Gains on Capital Asset Dispositions</td>
<td>1,991</td>
<td>26,519</td>
<td>0</td>
<td>26,519</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Total Non Operating Revenue</strong></td>
<td>$93,648</td>
<td>$192,515</td>
<td>$77,952</td>
<td>$114,563</td>
<td>247%</td>
</tr>
</tbody>
</table>

### Non Operating Expense

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
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<td>2nd Qtr Actual</td>
<td>2nd Qtr Actual</td>
<td>2nd Qtr Actual</td>
<td>Actual to Budget</td>
</tr>
<tr>
<td>Miscellaneous Expense</td>
<td>776</td>
<td>83</td>
<td>400</td>
<td>317</td>
<td>21%</td>
</tr>
<tr>
<td>Interest on Debt, Net</td>
<td>238,481</td>
<td>297,116</td>
<td>390,415</td>
<td>93,299</td>
<td>76%</td>
</tr>
<tr>
<td><strong>Total Non Operating Expense</strong></td>
<td>$239,257</td>
<td>$297,199</td>
<td>$390,815</td>
<td>$93,616</td>
<td>76%</td>
</tr>
</tbody>
</table>

### Income (Loss) Before Contributions

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
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<td>2nd Qtr Actual</td>
<td>2nd Qtr Actual</td>
<td>Actual to Budget</td>
</tr>
<tr>
<td>Income (Loss) Before Contributions</td>
<td>$1,632,284</td>
<td>$2,137,145</td>
<td>$1,062,963</td>
<td>$1,074,182</td>
<td>201%</td>
</tr>
</tbody>
</table>

### Capital Contributions

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2018</th>
<th>2018</th>
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<tbody>
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<td>2nd Qtr Actual</td>
<td>2nd Qtr Actual</td>
<td>2nd Qtr Actual</td>
<td>Actual to Budget</td>
</tr>
<tr>
<td>Non Donated Plant</td>
<td>162,100</td>
<td>210,119</td>
<td>150,000</td>
<td>60,119</td>
<td>140%</td>
</tr>
<tr>
<td>Donated Plant</td>
<td>229,052</td>
<td>665,606</td>
<td>200,000</td>
<td>465,606</td>
<td>333%</td>
</tr>
<tr>
<td>System Development Fees</td>
<td>733,522</td>
<td>850,991</td>
<td>550,000</td>
<td>300,991</td>
<td>155%</td>
</tr>
<tr>
<td>Services</td>
<td>240,944</td>
<td>237,703</td>
<td>204,000</td>
<td>33,703</td>
<td>117%</td>
</tr>
<tr>
<td>Pipe Replacement</td>
<td>308,302</td>
<td>311,820</td>
<td>288,026</td>
<td>23,794</td>
<td>108%</td>
</tr>
<tr>
<td>Grants</td>
<td>0</td>
<td>0</td>
<td>30,000</td>
<td>(30,000)</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total Capital Contributions</strong></td>
<td>$1,673,920</td>
<td>$2,276,239</td>
<td>$1,422,026</td>
<td>$854,213</td>
<td>160%</td>
</tr>
</tbody>
</table>

### Change in Net Position

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2018</th>
<th>2018</th>
<th>2018</th>
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<tr>
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<td>2nd Qtr Actual</td>
<td>2nd Qtr Actual</td>
<td>2nd Qtr Actual</td>
<td>2nd Qtr Actual</td>
<td>Actual to Budget</td>
</tr>
<tr>
<td>Change in Net Position</td>
<td>3,306,204</td>
<td>4,413,384</td>
<td>$2,484,989</td>
<td>$1,928,395</td>
<td>178%</td>
</tr>
</tbody>
</table>

### Net Position, January 1

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2018</th>
<th>2018</th>
<th>2018</th>
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<tbody>
<tr>
<td></td>
<td>2nd Qtr Actual</td>
<td>2nd Qtr Actual</td>
<td>2nd Qtr Actual</td>
<td>2nd Qtr Actual</td>
<td>Actual to Budget</td>
</tr>
<tr>
<td>Net Position, January 1</td>
<td>$148,073,061</td>
<td>$156,892,157</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Net Position, June 30

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2018</th>
<th>2018</th>
<th>2018</th>
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<tbody>
<tr>
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<td>2nd Qtr Actual</td>
<td>2nd Qtr Actual</td>
<td>2nd Qtr Actual</td>
<td>2nd Qtr Actual</td>
<td>Actual to Budget</td>
</tr>
<tr>
<td>Net Position, June 30</td>
<td>$151,379,265</td>
<td>$161,305,541</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
August 23, 2018

TO: Commission

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

SUBJECT: FCS Group Agreement for Professional Services - Task Order #001 2019 Budget Support, Water Utility Rate and System Development Fee Study

Requested Action:
Authorize the General Manager to execute Task Order #001 with FCS Group for 2019 Budget Support and Water Utility Rate and System Development Fee Study in the amount of $48,300.

Background:
In conjunction with the preparation of the 2019 Budget and updating our Financial Plan, the Commission has requested that we perform a study of our current water rates and system development fees. It is a prudent time to perform both of these studies because they are both at least eight years old and in need of updating. They will also help to serve as a basis for a possible 5-year rate plan.

FCS Group has worked with the District since 2012 on updating our rate forecasts, and more recently to work with our annual budgets and financial plan. They are familiar with the District's operations, budget format, capital plan and financial objectives. They are selected for this project because of their familiarity with the District, their experience in working with municipalities and utilities throughout the Pacific Northwest, and the knowledge and experience of the project team that will be assigned to us.

A scope of work and fees estimate for this project was developed this year in coordination with FCS Group and is attached for your review.

Fiscal Impact:
The funding for this contract will come from the Requests for Professional Services line items in the 2018 Budget. This work is included in Line Item 91 of the O&M Budget Requests titled Finance Professional Services, but was underestimated at $25,000. However, there is a surplus in Line Item 93 Admin/GM Professional Services that is sufficient to fund the additional $23,300 for this task order. The overall budget for Professional Services will remain as stated in the 2018 Budget.

kac
AGREEMENT FOR PROFESSIONAL SERVICES
FCS GROUP
2019 BUDGET SUPPORT,
WATER UTILITY RATE AND SYSTEM DEVELOPMENT FEE STUDY
CONTRACT # AD-PRFSVC-FIN-2154
TASK ORDER # 001

Pursuant to the terms and conditions of the Agreement for Professional Services dated August 15, 2016, Consultant shall provide engineering design services to Public Utility District No. 1 of Skagit County for the 2019 BUDGET SUPPORT, WATER UTILITY RATE AND SYSTEM DEVELOPMENT FEE STUDY project as more particularly described in Consultant’s proposal hereto attached and made a part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Task Order to be executed and instituted as of the date of the last signature below.

PUBLIC UTILITY DISTRICT NO. 1
OF SKAGIT COUNTY

George Sidhu, P.E., General Manager

FCS GROUP

Gordon Wilson, Senior Project Manager

Date of Signature

Date of Signature

7525 166th Avenue NE, Ste D-215
Redmond, WA 98052
SKAGIT PUBLIC UTILITY DISTRICT
WATER UTILITY RATE AND SYSTEM DEVELOPMENT FEE STUDY

SCOPE OF SERVICES

The following scope of services has been developed to address the request by Skagit PUD (District) to complete a Water Utility Rate and System Development Fee Study. As illustrated in the task plan, we follow a structured method to arrive at rate conclusions, which will enable us to perform the work in an orderly, efficient and results-oriented manner.

Task 1 | Kickoff Meeting

A project kickoff meeting will be scheduled before the commencement of the project with the consultant and District project team to discuss project goals, objectives, priorities and schedule. This meeting will be used to discuss historical rate setting approaches, methodologies and philosophy. It will also outline project team communication and project schedule with task completion and key milestone review points. The meeting will allow for sufficient time to discuss and conceptualize the architecture of the Water Utility Financial Model (Task 3).

Task 2 | Data Collection/Validation

FCS GROUP will provide the District with a list of required data necessary to complete the rate and system development fee study including, but not limited to, customer data, fiscal policies, current 20 year CIP, historical and planned operation and maintenance costs, historical District capital project costs, historical developer funded improvement costs, historical and projected revenue, expenses and current 2018 budget. The data will be reviewed, analyzed and validated for inclusion in the study process.

Validation of the customer statistics data with demands and revenue generation is critical to the rate study. This approach offers consistency throughout the rate study process by using one validated data set to develop revenue, cost projections, allocation factors and rate designs. The process has proven beneficial in uncovering anomalies in data that can impact forecast revenue and cost allocations.

Deliverables:

♦ Data needs list along with validated customer statistics and usage profiles that tie to revenue projections and cost forecast.

Task 3 | Model Architecture (Planning and Development)

The financial planning model forms the framework and foundation of the rate study analysis. This task is intended to conceptualize the architecture of the model and will be completed as part of the kick-off meeting. We will work with the District to identify the expectations and objectives to be achieved by the model toolset. It is our understanding that the model should improve transparency, functionality, flexibility, and usability such that it can inform how proposed changes may impact rates and the financial requirements of the water system. We will discuss how the District will use the model, what answers need to be generated by the tool and what user interface will be most effective.
The overall objective of the rate-setting toolset is to offer the District a “nimble” model that can improve decision making through quantifying the impact of changes in key activities and/or assumptions.

FCS GROUP will develop as a part of the water rate and system development fee study described above, a Water Utility Financial model that not only supports the final recommended five (5) year rate and system development fees for 2019 through 2023, but also provides the District with a tool that can be used to further plan and evaluate future financial impacts to the Water Utility. The model will be built to provide the following ongoing analysis of the District’s current and planned financial health:

- 20 year outlook of future Water Utility capital and operational revenue needs
- Current and projected rate requirements by year
- Current and projected system development fee requirements by year
- Current and projected debt repayment and necessary future bond issuance requirements
- Current and projected Debt Service Coverage by year
- Easy interface to enter capital needs projections from current 20 year CIP
- Easy interface to update historical revenue and expenses from annual financial statements
- Fund tracking interface that mirrors the annual budget summary layout
- Current Microsoft Excel format

**Deliverables:**

- Review existing financial model, existing 20 year CIP, financial statements, and needs associated with the completion of the rate and system development fee study to determine final financial model requirements
- Provide Financial Model in Microsoft Excel format

**Rate Study (Task 4 – Task 7)**

FCS GROUP will prepare an in depth water rate study and provide recommendations for a new water rate package for years 2019 through 2023 that will be presented to the PUD Board of Commissioners (the Board) for their consideration in November 2018. An in depth rate study includes three separate analysis: 1) Revenue requirement establishes the overall revenue needs of the water system through generation of sufficient, sustainable revenue. This task analyzes annual cash flow needs by identifying expenses incurred to operate and manage the system, capital project needs, new and existing debt repayment obligations, and fiscal policy achievement.

**Task 4 | Revenue Requirement**

The revenue requirement establishes a sustainable, multi-year (up to 20-year) financial management plan that meets the projected total financial needs of the water system through generation of sufficient, sustainable revenue. This task analyzes annual cash flow needs by identifying expenses incurred to operate and manage the system, capital project needs, new and existing debt repayment obligations, and fiscal policy achievement.

FCS GROUP will consider the following in the preparation of the revenue requirements and final recommendation:

- Current and future cost of providing water service including operational costs, planned capital expenditures, and existing and future debt repayment
Consideration of cost changes resulting from staffing needs and/or enhanced program initiatives

- Review of projected demand for service and cost of providing future capacity
- Review various Capital Improvement Plan (CIP) alternatives, provided by the District, to determine the potential rate impact created by the various alternatives. Alternative capital plans include the shift of annual pipe repair and replacement from in-house labor to contracted expenses.
- Capital improvement funding plan for baseline and alternative capital plans
- Future debt issuance needs and debt service requirements
- Review reserve funds and target balances
- Review other fiscal policy targets – debt service coverage, system reinvestment, etc.
- Conduct a test of cash flow and debt service coverage sufficiency
- Develop annual rate strategy for test period
- Provide up to three (3) scenarios to evaluate rate impacts of changes to capital, O&M, growth, debt, or others specified by the District.

Deliverables:
- Annual capital funding plan
- Annual rate strategy (specifically for 2019-2023) that will meet the District financial obligations, goals and objectives for a fiscally sustainable utility and incorporates all elements of cost of service.
- Provide an initial draft recommendation with a comparison of alternative capital plans and the anticipated rate impact associated with the alternatives for review by District staff and the Board for final input and direction.

Task 5 | Cost of Service Analysis (COSA)

The cost-of-service analytical task will establish a defensible basis for assigning “cost shares” and establishing “equity” for water system customers. This is accomplished with the development of a series of allocations, based on customer data and engineering/planning criteria to assign utility cost recovery to customers in proportion to their estimated demands. An industry standard methodology will be used for the analytical foundation of the COSA. Specific consideration will be given to total utility costs in relationship to the functions of water service identified in Exhibit 1.

<table>
<thead>
<tr>
<th>Exhibit 1: Utility Cost of Service Functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base capacity (avg. demand)</td>
</tr>
<tr>
<td>Peak capacity (peak demand)</td>
</tr>
<tr>
<td>Fire</td>
</tr>
<tr>
<td>Customer</td>
</tr>
</tbody>
</table>

FCS GROUP will consider the following in the preparation of the Cost of Service Analysis and final recommendation:
- Review and functionalization of water system asset infrastructure
- Classification of annual expenses into functional cost pools
Development of allocation factors for each customer classes and/or area
Distribute 2019 functional cost pools through the use of developed customer specific allocation factors.
Calculate unit costs for each major utility service function
Review of seasonal fluctuations and the potential impact of those fluctuations on the District’s cost of providing service.

**Deliverables:**
- Identify the required revenue to collect from each customer class, and each system, to cover their cost of service.
- Unit costs by service functions to support the rate design and communication process.
- Equity evaluation by customer class to identify if interclass adjustments are warranted

**Task 6 | Rate Design**
Rate design determines how the target level of revenue will be generated (fixed v. variable charges) from each customer class. Rate design considers both the level (amount of revenue that must be generated) and structure (how the revenue will be collected or bill assessed).

FCS GROUP will consider the following in the preparation of the Rate Design task and final recommendation:
- Conduct a Rate Study Fundamentals workshop focused on introduction of the rate study fundamentals. The workshop will review the study process, key variables, policy considerations and deliverables. This is also an opportunity for the Board to discuss the issues and concerns they would like addressed during the study.
- Evaluate existing rate structures for revenue stability and the ability to advance the District’s objectives and priorities.
- Develop a low-income rate structure for consideration.
- Review existing three tier single family and duplex rate structure to determine if the tier levels are set appropriately. Evaluate the option of including an allowance in the base charge structure.

**Deliverables:**
- Assessment of current rate structure as a baseline for comparing recommended changes.
- Up to two (2) alternative customer class rate designs that align with the identified District priorities.
- Five year rate schedules (2019-2023) for each class.
- Monthly bill impacts that consider the impact to customers and overall classes of ratepayers.
- Neighboring utility rate comparisons.

**Task 7 | System Development Fee Study**
A system development fee (SDC) is a one-time fee imposed as a condition of service on new development or on expanded connection to the system. The SDC represents a prorated share of the capital investment made to provide system capacity. The District has requested the SDC be reviewed and updated to incorporate the Water System Plan capital program currently being developed. The fee update will set SDCs for the 2019 through 2023 time period.
FCS GROUP will consider the following in the preparation of the SDC Study and final recommendation:

♦ Review SDC methodology and identify if an alternative methodology is warranted.
♦ Update the existing cost basis which includes: original cost of existing system assets, construction work in progress, deduction for donated facilities, applicable interest (carrying costs).
♦ Calculate future cost basis which includes future capital improvement projects identified and approved as part of the Water System Plan. Review each capital project and allocate costs between repair/replacement, upgrade and/or expansion.
♦ Establish existing customer equivalents and future system capacity. The customer equivalents and system capacity is critical to the calculation since they identify the base over which the cost basis is to be allocated. This includes an analysis of existing customers and future system capacity inclusive of planned capital projects.
♦ Ensure the SDC appropriately reflects the value of existing facilities and capacity driven capital improvements identified in the District’s 20 year CIP.

**Deliverables:**

♦ Provide the District with a complete list of required data necessary to complete the SDC study.
♦ Draft and Final SDC recommendations for 2019 through 2023.
♦ Provide a comparison of District water system development charges against appropriate industry benchmarks and other local utilities.

**Task 8 | Meetings/Presentations**

Project team review meetings are critical to the success of the project to make certain that the study develops work products collaboratively, reflect the industry expertise of the project team and the specific needs and goals of staff and management.

We recommend four (2) project team meetings:

♦ Review of revenue requirements and system development fees
♦ Review of COSA and rate designs

Attendance at the following presentations to assist in presenting and answering questions as necessary include:

♦ Attend up to three (3) presentations with the Board of Commissioners

We will provide assistance in creation and review of draft and final presentations.

To help reduce budget, project review meetings can be completed via a screen sharing session.

**Task 9 | Documentation**

A written technical memo documenting the rate study process, methodology, key assumptions, results and recommendations of the proposed rate package will be provided. A copy of the financial model will be included with the report to provide detailed exhibits.

**Deliverables:**

♦ Documentation to support the conclusions, benefits and justification of the rate recommendations.
♦ One (1) electronic copy of the technical memo and model.

**SCHEDULE**

A comprehensive economic study generally requires a six to nine month timeframe for completion to allow sufficient amount of time for review and feedback. Two of the greatest challenges to any project schedule are the availability and flexibility of project staff and the availability and existence of relevant data. Our ability to meet the identified deadlines assumes both parties work together to ensure timely receipt of requested data/information; data is of appropriate working quality; meetings can be scheduled in a timely manner; and the ability of the project team to provide policy direction for the study to move forward at key study milestones. Upon project initiation, a project schedule with key milestones will be developed.

The intent is to have the water rate study complete and final recommendations provided to the Board for adoption by November 27, 2018. The schedule shown below documents key milestones as we work through the rate study process.

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Start Date</th>
<th>Stop Date</th>
<th>Aug</th>
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<td>Actual 7/2</td>
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**BUDGET**

We have developed our level of effort spreadsheet based on our understanding of the objectives to be met as part of the Water Utility Rate and System Development Fee Study.
We would be more than happy to negotiate the appropriate level of effort for this project, if we have scaled our approach out of line with the District’s needs and/or expectations. In the budget summary, it should be noted that the process tasks (which represent approximately 35% of the total budget) include meetings and report development that generally impose a significant additional level of effort. This is an area that the District can minimize and reduce budget or adjust as desired.
August 22, 2018

TO: George Sidhu, P.E., General Manager
FROM: Mark Handzlik, P.E., Engineering Manager

SUBJECT: Northwest Safety Signs – Agreement for Professional Services Modification #1 to Task Order #16

Requested Action:
Authorize the General Manager to execute Modification #1 to Task Order #16 with Northwest Safety Signs which increases the task order by $111,076.75.

Background:
On January 23, 2018 at its regular meeting, the Commission authorized the General Manager to enter into an agreement with Northwest Safety Signs in the amount of $102,923.25 for traffic control services related to the Township Road pipeline project.

Existing asphalt depths were significantly thicker than anticipated. Working through this additional thickness decreased production rates due to increased saw cutting time and excavation related to the extra asphalt.

As a result, the project duration was longer than anticipated. The effort required for traffic control services is increased in proportion to the change in duration.

To date Northwest Safety Signs has provided $212,634.15 in traffic control services related to the Township Road pipe replacement project. This modification includes an additional estimated amount of $1,365.58 for work yet to be performed. Therefore, the estimated total is $214,000.00 which includes approximately $684.12 in contingency.

Fiscal Impact:
Funding for this change will come from the District’s $3,500,000 Pipe Replacement Budget Line Item 45. The use of these funds is consistent with their intended purpose.

kac
AGREEMENT FOR PROFESSIONAL SERVICES
NORTHWEST SAFETY SIGNS, INC.
TOWNSHIP STREET, WALDRON STREET TO SAPP ROAD
CONTRACT # CP-4959-3669-1799
TASK ORDER # 016
MODIFICATION # 01

This Modification, entered into this 28th day of August, 2018 hereby increases the estimate of Task Order No. 016 under the Agreement for Professional Services dated June 1, 2015 between Northwest Safety Signs, Inc. and Public Utility District No. 1 of Skagit County by $111,076.25.

All other terms of the original Agreement shall remain unchanged.

THE PARTIES ACKNOWLEDGE that there has been an opportunity to negotiate the terms and conditions of Modification No. 01 and agree to be bound accordingly.

PUBLIC UTILITY DISTRICT NO. 1
OF SKAGIT COUNTY

__________________________
George Sidhu, P.E., General Manager

__________________________
Signature

__________________________
Typed Name, Title

__________________________
Date of Signature

__________________________
Date of Signature
### Agenda Item #8

**Statement**

**SKAGIT COUNTY PUD #1**  
P O BOX 1436  
MT VERNON, WA 98273-1436

---

**Job:** TM1578.1000 (Township St/SR 20/ SR9  
**Invoice** | **Invoice** | **Amount** | **Applied** | **Past Due Balance** | **Current Balance**
---|---|---|---|---|---
6302TC | 2/16/2018 | 3/18/2018 | 8,009.26 | 8,009.26 | 0.00
7822TC | 3/9/2018 | 4/8/2018 | 19,499.67 | 19,499.67 | 0.00
8295TC | 3/23/2018 | 4/22/2018 | 18,392.03 | 18,392.03 | 0.00
8870TC | 4/20/2018 | 5/20/2018 | 30,055.12 | 30,055.12 | 0.00
9775TC | 5/4/2018 | 6/3/2018 | 17,700.69 | 17,700.69 | 0.00
9947TC | 5/24/2018 | 6/23/2018 | 32,440.68 | 32,440.68 | 0.00
10234TC | 6/7/2018 | 7/7/2018 | 27,190.05 | 0.00 | 27,190.05
10385TC | 6/22/2018 | 7/22/2018 | 30,040.78 | 0.00 | 30,040.78
10469TC | 7/6/2018 | 8/5/2018 | 17,414.01 | 0.00 | 17,414.01
10553TC | 7/11/2018 | 8/10/2018 | 4,120.27 | 0.00 | 4,120.27
10600TC | 7/18/2018 | 8/17/2018 | 2,944.31 | 0.00 | 2,944.31
10897TC | 7/19/2018 | 8/18/2018 | 4,827.28 | 0.00 | 4,827.28

**Total:** | | 212,634.15 | 126,097.45 | 86,536.70
August 22, 2018

TO: George Sidhu, P.E., General Manager
FROM: Mark Handzlik, P.E., Engineering Manager
BY: Chris Shaff, P.E., Planning Engineer

SUBJECT: Drinking Water State Revolving Fund (DWSRF) Construction Loan Agreement – Mountain View Estates

Requested Action:
Authorize the General Manager to execute and enter into a DWSRF Construction Loan Agreement with the Washington State Department of Health (DOH) in the amount of $1,224,221.00 for the consolidation of the satellite system Mountain View Estates into the Judy Reservoir System.

Background:
Mountain View Estates is a remote system constructed in the 1980’s to serve approximately 14 residences. The system is made up of a well, pump system, a water softener system, 3-inch PVC distribution mains, and four PRV’s creating three different pressure zones.

DOH asked the District to take over the system because of operational concerns. The District began operating the Mountain View Estates system in 1993 and has operated the system since then. Currently the distribution mains are in forested/woody areas that complicate repairs. The system is becoming brittle and leaks are becoming a concern. This project would consolidate the Mountain View customers into the Judy System, would replace aging infrastructure, and extend our system to areas where developer driven extensions may occur. The replacement pipe would be 12-inch ductile iron extending from Mount Vernon Big Lake Road down Mountain View Drive to the existing pump station and well.

Fiscal Impact:
The project is estimated to cost $1,800,000.00. The DWSRF Loan will cover $1,224,221.00 with an interest rate of 1.5% to be paid over 20 years. District funds in the amount of $575,779.00, requested in the 2019 budget, will fund the remainder of the project.

kac

Attachment(s):
- Project Overview Map
- DWSRF Loan Agreement
- Federal Funding Accountability and Transparency Act Data Collection Form
1. CONTRACT FACE SHEET

2016 Loan Number: DWL23457
Washington State Department of Health (DOH)
Drinking Water State Revolving Fund (DWSRF) Municipal

<table>
<thead>
<tr>
<th>1. Borrower</th>
<th>2. Borrower Doing Business As (optional)</th>
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<thead>
<tr>
<th>5. Borrower Contract Manager Information</th>
<th>6. DOH Contract Manager</th>
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<tbody>
<tr>
<td>Chris Shaff, Planning Engineer</td>
<td>Eloise Rudolph, DOH Contract Manager</td>
</tr>
<tr>
<td>PO Box 1438, Mount Vernon, WA 98273</td>
<td>PO BOX 47800, Olympia, WA 98504-7822</td>
</tr>
<tr>
<td>360-848-4465 <a href="mailto:shaff@skagitpud.org">shaff@skagitpud.org</a></td>
<td>360-236-3124 <a href="mailto:Eloise.Rudolph@doh.wa.gov">Eloise.Rudolph@doh.wa.gov</a></td>
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<thead>
<tr>
<th>7. Project Name</th>
<th>8. Loan Amount</th>
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<tbody>
<tr>
<td>Mountain View Estates Consolidation/Restructuring Project (project #2016-046)</td>
<td>$1,224,221.00</td>
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<th>9. Funding Source</th>
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<th>17. Contract Purpose</th>
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<tr>
<td>DOH and the party identified above as Borrower, hereafter referred to as BORROWER, have entered into this contract to fund the project identified above that furthers the goals and objectives of the DOH DWSRF Program. The project will be done by the BORROWER as described in the scope of work and this contract. The rights and obligations of the parties are governed by this contract and the following documents incorporated by reference: General Terms and Conditions including Declarations; Attachment I: Scope of Work (Project); Attachment II Attorney's Certification; Attachment III: Federal and State Requirements; Attachment IV: Disadvantaged Business Enterprise Requirements; Attachment V: Certification Regarding Debarment, Suspension, and Other Responsibility Matters; Attachment VI: DWSRF Eligible Project Costs; and Attachment VII: Labor Standard Provisions for Subrecipients that are Governmental Entities. By the signature below, the parties acknowledge and accept the terms of this contract.</td>
</tr>
</tbody>
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<table>
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<tr>
<th>AUTHORIZED REPRESENTATIVE OF BORROWER</th>
<th>AUTHORIZED REPRESENTATIVE OF DOH</th>
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</table>

APPROVED AS TO FORM ONLY
Mark Calkins, AAG Signature on File
Agenda Item #9

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   3.2. PROJECT INFORMATION (PROJECT)
   3.3. CONTRACT COMMUNICATION
   3.4. LOAN INFORMATION
   3.5. FUNDING INFORMATION
   3.6. SPECIAL TERMS AND CONDITIONS
4. GENERAL TERMS AND CONDITIONS
   4.1. AUTHORITY
   4.2. FULL AGREEMENT
   4.3. ORDER OF PRECEDENCE
   4.4. LOAN AMOUNT
   4.5. LOAN FEE
   4.6. LOAN TERM
   4.7. INTEREST RATE
   4.8. LOAN FORGIVENESS
   4.9. RELEASE OF LOAN FUNDS AND REQUIRED DOCUMENTATION
   4.10. TIME OF PERFORMANCE
   4.11. PROJECT COMPLETION AMENDMENT AND THE PROJECT COMPLETION REPORT
   4.12. LOAN PAYMENTS
   4.13. LOAN DEFAULT
   4.14. LOAN SECURITY
   4.15. AMENDMENTS, MODIFICATIONS, ASSIGNMENTS AND WAIVERS
   4.16. AMERICAN IRON AND STEEL
   4.17. ATTORNEY'S FEES
   4.18. BONUS AND COMMISSION PAYMENTS NOT ALLOWED
   4.19. COMPLIANCE
   4.20. DISPUTES
   4.21. ELIGIBLE PROJECT COSTS
   4.22. FALSE, INCOMPLETE, OR INCOMPLETE INFORMATION OR CLAIM
   4.23. FINANCIAL AUDIT
   4.24. GOVERNING LAW AND VENUE
   4.25. HISTORICAL AND CULTURAL REQUIREMENTS
   4.26. INDEMNIFICATION
   4.27. INDUSTRIAL INSURANCE REQUIREMENTS
4.28. LITIGATION
4.29. NONDISCRIMINATION
4.30. PREVAILING WAGE
4.31. PROCUREMENT
4.32. PROHIBITION STATEMENT
4.33. PROJECT SIGNS
4.34. PUBLICITY
4.35. RATES AND RESERVES
4.36. RECAPTURE
4.37. RECORDKEEPING AND ACCESS TO RECORDS
4.38. REGISTRATION WITH THE SYSTEM FOR AWARD MANAGEMENT (SAM)
4.39. SEVERABILITY
4.40. SUBCONTRACTING
4.41. SURVIVAL
4.42. TERMINATION FOR CAUSE
4.43. TERMINATION OR SUSPENSION FOR CONVENIENCE
4.44. TERMINATION PROCEDURES
4.45. WORK HOURS AND SAFETY STANDARDS

ATTACHMENT I  SCOPE OF WORK (PROJECT)
ATTACHMENT II ATTORNEY'S CERTIFICATION
ATTACHMENT III FEDERAL AND STATE REQUIREMENTS
ATTACHMENT IV DISADVANTAGED BUSINESS ENTERPRISE REQUIREMENTS
ATTACHMENT V CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS
ATTACHMENT VI DWSRF ELIGIBLE PROJECT COSTS
ATTACHMENT VII LABOR STANDARD PROVISIONS FOR SUBRECIPIENTS THAT ARE GOVERNMENTAL ENTITIES
3. DECLARATIONS

3.1. BORROWER INFORMATION

Legal Name: Skagit County PUD #1
Loan Number: DWL23457
Award Year: 2016
State Wide Vendor Number: 002325-00

3.2. PROJECT INFORMATION (PROJECT)

Project Title: Mountain View Estates Consolidation/Restructuring Project.
Project Location (City or County): Mount Vernon
Project State: Washington
Project Zip Code: 98273

Project Scope of Work (PROJECT): Attachment I, attached hereto and incorporated by reference.

3.3. CONTRACT COMMUNICATION

Communications regarding Contract performance is delegated by each party to its Contract Manager. Either party may change its Contract Manager by express notice to the other party. Either party may identify an as needed basis an alternate Contract Manager to serve during the stated temporary absence of its primary Contract Manager. Notices between the parties regarding Contract performance must be provided by written communication to the other party's Contract Manager. Written communication includes email but not voice mail. Notices are presumed received by the other party's Contract Manager upon evidence of delivery between the hours of 8.00 am to 5.00 pm except for state holidays and weekends.

3.4. LOAN INFORMATION

Loan Amount: $1,224,221.00
Loan Fee (Included in loan amount if applicable): $12,121.00
Principal Loan Forgiveness %: 0%
Loan Term: 20 years
Interest Rate: 1.5%
Payment Month(s): October 1st Annually
Earliest Date for Construction Reimbursement: 1 year nine months prior to contract execution
Time of Performance: 48 months from Contract start date (date of last signature) to Project Completion date.

Notice to Proceed: 16 months from Contract start date (date of last signature)

3.5. FUNDING INFORMATION

Total Funds from BORROWER: To be determined
Source(s) of Funds from Borrower, with assigned amounts per source: To be determined
Total State Funds: To be determined
Total Amount of Federal Award (as applicable): To be determined
Total Amount of Loan: $1,224,221.00
Federal Award Date: To be determined
Federal Award ID # (FAIN): To be determined
Amount of Federal Funds Obligated by this Action: To be determined

3.6. SPECIAL TERMS AND CONDITIONS

N/A
4. GENERAL TERMS AND CONDITIONS

4.1. AUTHORITY
Acting under the authority of Section 1452 of the Safe Drinking Water Act (SDWA) Section 130, RCW 39.34, RCW 43.70.040, and RCW 70.119A.170 the Washington State Department of Health (DOH) has awarded BORROWER a Drinking Water State Revolving Fund Loan (LOAN) for the project identified in the Declarations (PROJECT). Under this CONTRACT, BORROWER is a sub-recipient of funds provided by the United States Environmental Protection Agency (EPA), CFDA Number 66.468, Safe Drinking Water State Revolving Fund.

In some CONTRACT attachments, DOH is referred to as “Lender” and BORROWER is referred to as “Contractor.”

4.2. FULL AGREEMENT
This CONTRACT contains the full agreement of the parties. No other understandings, oral or otherwise, regarding the subject matter of this CONTRACT exists.

4.3. ORDER OF PRECEDENCE
In the event of an inconsistency in this CONTRACT, unless otherwise provided herein, the inconsistency shall be resolved by giving precedence in the following order: The order of precedence for terms and conditions under categories B and C is subject to the proviso that when a contract term or condition appears in more than one contract document, the more specific contract term or condition shall control if the different contract provisions cannot be harmonized.

A. Applicable local, state, and federal statutes and regulations
B. Contract amendments
C. The Contract (in this order)
   Declarations and Special Terms and Conditions
   General Terms and Conditions
   Attachments I – VII

4.4. LOAN AMOUNT
DOH, using funds from the Drinking Water Assistance Account, will loan BORROWER a sum not to exceed the amount shown as LOAN AMOUNT in the Declarations. The LOAN AMOUNT shall not exceed one hundred percent (100%) of the actual eligible PROJECT costs.

4.5. LOAN FEE
If DOH assessed a LOAN FEE, it is shown in the Declarations as LOAN FEE and included in the total LOAN AMOUNT. The fee (if applicable) is one percent (1%) of the loan request and will not be reduced, regardless of the final LOAN AMOUNT at PROJECT completion. If the LOAN FEE applies and the total LOAN AMOUNT is increased by amendment, DOH will assess an additional LOAN FEE equal to one percent (1%) of the additional LOAN AMOUNT. LOAN FEES are non-refundable.

4.6. LOAN TERM
Unless changed by an amendment, the LOAN TERM will not exceed the period of time shown in the Declarations. The repayment period for DOH subsidized loans is twenty-four (24) years from this CONTRACT’s start date. The repayment period for non-DOH subsidized loans is twenty (20) years from this CONTRACT’s start date.

4.7. INTEREST RATE
The interest rate is stated in the Declarations. Interest is per annum on the outstanding principal balance and starts to accrue from the date DOH releases LOAN FUNDS to BORROWER. If BORROWER completes the PROJECT within twenty-four (24) months of the CONTRACT start date, DOH will reduce the LOAN INTEREST to one and a
half percent (1.5%) at PROJECT completion. The reduced interest rate will apply to the remaining payments beginning from the date DOH approves the BORROWER’s Project Completion Report.

4.8. **LOAN FORGIVENESS**

If the LOAN qualifies for LOAN Forgiveness, the percent of the LOAN balance that DOH will forgive at PROJECT completion is stated in the Declarations. DOH calculates the amount forgiven when DOH approves the BORROWER’s Project Completion Report. The amount forgiven will be based on either the LOAN AMOUNT or BORROWER’s ELIGIBLE PROJECT COSTS, whichever is less, and accrued interest.

4.9. **RELEASE OF LOAN FUNDS AND REQUIRED DOCUMENTATION**

DOH will release LOAN funds to BORROWER to reimburse BORROWER for eligible PROJECT costs. To request reimbursement, BORROWER must submit a signed and completed invoice using a form provided by DOH. The invoice must reference the PROJECT activity performed, and include supporting documentation such as bills, invoices, receipts, and documentation of compliance with CONTRACT requirements as requested by DOH. The invoice must signed by an official of BORROWER with authority to bind BORROWER. Invoices must also include a report of the progress made since the last invoice, and the PROJECT status to date. DOH will not release funds until the PROJECT status report and documentation are approved by DOH. Approval will not be unreasonably withheld or delayed. After approving the invoice, documentation, and PROJECT status report, DOH will release funds to BORROWER within thirty (30) days, if BORROWER is not in alleged or actual breach of CONTRACT.

DOH will withhold ten percent (10%) of LOAN funds until DOH confirms that BORROWER has successfully completed all steps for PROJECT COMPLETION. The 10% holdback will be available to BORROWER as part of the last LOAN disbursement.

4.10. **TIME OF PERFORMANCE**

BORROWER will begin the activities in the PROJECT within thirty (30) calendar days of the CONTRACT start date. BORROWER will issue a ‘Notice to Proceed’, after the formal award of a construction contract, within eighteen (18) months of the CONTRACT start date.

BORROWER must reach PROJECT COMPLETION within the TIME OF PERFORMANCE. If there are extenuating circumstances, BORROWER may request, in writing, at least ninety (90) calendar days prior to the PROJECT COMPLETION that DOH extend the deadline for PROJECT COMPLETION. At its discretion, DOH may issue an extension. DOH’s decision is final and not subject to the dispute clause.

If BORROWER does not meet the requirements of this section, it is a breach of CONTRACT, and DOH may terminate or suspend this CONTRACT.

4.11. **PROJECT COMPLETION AMENDMENT AND THE PROJECT COMPLETION REPORT**

The PROJECT Completion Amendment determines the final LOAN AMOUNT and LOAN TERM. When activities in the PROJECT are complete, BORROWER will start the process for the PROJECT Completion Amendment by sending DOH the PROJECT Completion Report. In the PROJECT Completion Report., BORROWER will provide the following information to DOH:

A. A statement of the actual dollar amount spent, from all fund sources, to complete the PROJECT.
B. A statement that all ELIGIBLE PROJECT COSTS have been incurred. Costs are incurred when goods and services are received and/or contracted work is performed.
C. Evidence showing BORROWER’S compliance with financial the audit requirements of this CONTRACT.
D. An invoice for the remaining ELIGIBLE PROJECT COSTS.
E. Documentation of BORROWER’s compliance with National Historic Preservation Act, 54 USC Subtitle III.
4.12. **LOAN PAYMENTS**

BORROWER must begin repaying the LOAN no later than one (1) year after the CONTRACT start date. Payments are due on the first day of the month(s) shown as the PAYMENT MONTH(S) in the Declarations. The first payment is only the interest accrued at that time. All other payments are principal and interest accrued up to the PAYMENT MONTH(S).

BORROWER can repay in full the LOAN balance, including fees and repayment of LOAN FUNDS for ineligible project costs (if any), at any time or make accelerated payments without penalty. The final payment must be on or before the end of the LOAN TERM.

4.13. **LOAN DEFAULT**

DOH must receive BORROWER’S payment within thirty (30) calendar days of the due date. Late payments are delinquent and assessed a monthly penalty on the first (1st) day past the due date. The penalty is one percent (1%) of the late payment amount per month. Penalty and fees accrue interest at the rate stated as LOAN INTEREST in the Declarations.

DOH may notify any other entity, creditors, or potential creditors of BORROWER’s delinquency. BORROWER is responsible for all attorney fees and costs incurred by DOH in any action taken to enforce its rights under this section, including in any alternative dispute resolution proceeding.

4.14. **LOAN SECURITY**

LOAN Security is only required if identified in the Declarations. In its sole discretion and if allowed under the EPA regulations relevant to this Contract, DOH may subordinate its LOAN security to Borrower’s obligations under existing or future bonds and notes. Nothing in this section releases BORROWER from the obligation to make LOAN PAYMENTS when due, and to adjust rates, fees, or surcharges as necessary to meet its obligations under this CONTRACT.

4.15. **AMENDMENTS, MODIFICATIONS, ASSIGNMENTS, AND WAIVERS**

Amendments, modifications, assignments, and waivers to any of the terms of this CONTRACT supersedes, if applicable, those terms as found in the original CONTRACT, and are not binding unless they are in writing and signed by representatives authorized to bind each of the parties. Only the authorized representative or their designee has the express, implied, or apparent authority to alter, amend, assign, modify, or waive any terms of this CONTRACT.

Neither this CONTRACT nor any claim arising under it may be transferred or assigned by BORROWER without DOH’s prior written consent. During the LOAN TERM, DOH must approve in advance, any change in ownership of the water system(s) improved with LOAN FUNDS. DOH may require the LOAN, including fees and ineligible project costs (if any), be paid in full as a condition of approval.

Nothing in this CONTRACT may be waived unless approved by DOH in writing. No waiver of any default or breach is implied from any failure to take action upon such default or breach if the default of breach persists or repeats. Waiver of any default or breach is not a waiver of any subsequent default or breach.

4.16. **AMERICAN IRON AND STEEL**

None of the LOAN funds can be used for the construction, alteration, maintenance, or repair of a public water system or treatment works unless all of the iron and steel products used are produced in the United States. “Iron and steel products” means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.

DOH may waive this requirement if:

A. Compliance would be inconsistent with the public interest; or

B. The particular iron and steel products are not produced in the United States in sufficient and reasonably available quantities and are not of a satisfactory quality; or
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C. Inclusion of iron and steel products produced in the United States will increase the cost of the overall project by more than twenty-five (25) percent; and

D. The waiver is approved by the Environmental Protection Agency (EPA).

BORROWER must submit the waiver request to DOH, which will submit it to EPA. The full text of the American Iron and Steel requirements can be found in H.R. 3547, Consolidated Appropriations Act, 2014, P.L. 113-76, SEC. 436.

4.17. ATTORNEYS’ FEES
Unless expressly stated under another section of the CONTRACT, each party agrees to bear its own attorneys’ fees and costs for litigation or other action brought to enforce the contract terms.

4.18. BONUS AND COMMISSION PAYMENTS NOT ALLOWED
Funds provided under this CONTRACT cannot be used to pay any bonus or commission to gain approval of the loan application or any other approval under this CONTRACT. This section does not prohibit paying for bona fide technical consultants, managerial, or other such services, if payment is for ELIGIBLE PROJECT COSTS.

4.19. COMPLIANCE
BORROWER will comply with all applicable federal, state and local laws, requirements, and ordinances for the design, implementation, and administration of the PROJECT and this CONTRACT, including but not limited to those stated in the CONTRACT attachments. BORROWER will provide DOH with documentation of compliance, if requested.

In the event of BORROWER’s alleged or actual noncompliance with any part of this CONTRACT, DOH may suspend all or part of the CONTRACT, withhold payments, or prohibit BORROWER from incurring additional obligations of LOAN FUNDS during the investigation and pending corrective action by BORROWER, or a decision by DOH to terminate the CONTRACT.

4.20. DISPUTES
Except as otherwise provided in this CONTRACT, when a dispute arises between the parties that cannot be solved by direct negotiation, either party may request a dispute hearing with the Director of the Office of Drinking Water (the Director), who may designate a neutral person to decide the dispute. The parties will be equally responsible for any reasonable costs and fees incurred by the neutral.

The party requesting a dispute hearing must:

A. Be in writing;
B. State the disputed issues;
C. State the relative positions of the parties;
D. State BORROWER’s name, address, and the CONTRACT number;
E. Provide contact information for the requester’s representative, and,
F. Be mailed to the other party’s (respondent’s) Contract Manager within three (3) working days after the parties agree that they cannot resolve the dispute.

The respondent must send a written answer within five (5) working days.

In the alternative, the parties can agree to submit a mutual request to the Director, which should include each party’s response to the other party’s characterization of the dispute.

The Director or designee will review the written statements and reply in writing to both parties within ten (10) working days. The Director or designee may extend this period if necessary by notifying the parties. The decision on the dispute is non-binding and is not admissible in any succeeding judicial or quasi-judicial proceeding.

This non-binding dispute process must precede any action in a judicial or quasi-judicial tribunal. Nothing in this CONTRACT limits the parties from using any mutually acceptable alternate dispute resolution (ADR) method in addition to or instead of the dispute hearing procedure outlined above.
4.21. **ELIGIBLE PROJECT COSTS**
BORROWER will comply with Attachment VI: DWSRF Eligible Project Costs and is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its subcontractors.

The purchase of any land necessary for the PROJECT must be included in the PROJECT and be documented with an appraisal or equivalent market evaluation, if approved by DOH, and a valid purchase and sale agreement.

Construction expenses incurred after the date shown as earliest date for construction reimbursement in the Declarations are eligible for reimbursement. Requests for reimbursements for costs related to construction activities will not be accepted until BORROWER has met the following conditions:

A. Completed the State Environmental Review Process (SEPA Review under RCW 43.21C);
B. Complied with all provisions of the National Historic Preservation Act, 54 USC Subtitle III;
C. Complied with Prevailing Wage requirements;
D. Received approval from DOH of the project report and related construction documents for all applicable activities described in the PROJECT; and
E. Complied with any other LOAN conditions required by DOH.

BORROWER cannot use LOAN FUNDS for any expenses charged by BORROWER against any other contract, subcontract, or source of funds.

If DOH reimburses BORROWER for costs that are later determined by DOH to be ineligible, BORROWER must repay these funds to DOH no later than when the BORROWER returns the PROJECT Completion Amendment to DOH. Prior to final completion, DOH may withhold payment for such costs as allowed under Section 4.36 RECAPTURE. Repayment is subject to interest retroactive to the date of the applicable disbursement by DOH.

4.22. **FALSE, INCORRECT, OR INCOMPLETE INFORMATION OR CLAIM**
BORROWER warrants that they have not and will not submit to DOH any information that is materially false, incorrect, or incomplete. Providing false, fictitious, or misleading information with respect to the receipt and disbursements of LOAN funds is a basis for criminal, civil, or administrative fines and/or penalties. DOH may also pursue applicable remedies for violations by BORROWER of this section.

4.23. **FINANCIAL AUDIT**
DOH may require BORROWER to obtain an audit of this PROJECT conforming to Generally Accepted Accounting Principles (GAAP). BORROWER will maintain its records and accounts to facilitate the audit. BORROWER is responsible for correcting any audit findings. BORROWER is responsible for any audit findings incurred by its own organization and/or its subcontractors. DOH reserves the right to recover from BORROWER all disallowed costs and INELIGIBLE PROJECT COSTS resulting from the audit.

The audit must include a report on compliance, including an opinion (or disclaimer of opinion) about whether the BORROWER is in compliance with laws, regulations and requirements of this CONTRACT that could have a direct and material effect on DOH.

BORROWER must send a copy of any required audit per 2 CFR §200.512 to the DOH Contract Manager, no later than nine (9) months after the end of BORROWER's fiscal year(s). BORROWER must send any audit corrective action plan for audit findings and a copy of the management letter, within three (3) months of the audit report.

4.24. **GOVERNING LAW AND VENUE**
This CONTRACT shall be construed and interpreted according to the laws of the state of Washington, and the venue of any action brought under the CONTRACT will be in the Superior Court for Thurston County.

4.25. **HISTORICAL AND CULTURAL REQUIREMENTS**
BORROWER will not conduct or authorize destructive PROJECT planning activities before completing the requirements of the National Historic Preservation Act, 54 USC Subtitle III. BORROWER will not begin construction
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activities, ground disturbance, or excavation of any sort, until BORROWER has complied with all requirements of the National Historic Preservation Act of 1966, as amended.

If historical or cultural artifacts are discovered during the PROJECT, BORROWER will immediately stop construction and implement reasonable measures to protect the discovery site from further disturbance, take reasonable steps to ensure confidentiality of the discovery site, restrict access to the site, and notify the concerned tribe's cultural staff or committee, Tribal Historical Preservation Officer (THPO), DOH Contract Manager, and the State's Historical Preservation Officer (SHPO) at the Washington State Department of Archaeology and Historic Preservation (DAHP). If human remains are uncovered, BORROWER will report the presence and location of the remains to the local coroner and law enforcement immediately, then contact the concerned tribe's cultural staff or committee, DOH Contract Manager, and DAHP.

BORROWER is legally and financially responsible for compliance with all laws, regulations, and agreements related to the preservation of historical or cultural sites and artifacts and will hold harmless the state of Washington and DOH in relation to any claim related to historical or cultural sites discovered, disturbed, or damaged as a result of BORROWER'S and BORROWER's subcontractors activities.

BORROWER will include the requirements of this section in all contracts for work or services related to the PROJECT. BORROWER will require that bid documents include an inadvertent discovery plan that meets the requirements of this section.

4.26. INDEMNIFICATION
BORROWER agrees to defend, indemnify, and hold harmless DOH and the state of Washington for claims arising out of or incident to BORROWER'S or any BORROWER'S subcontractor's performance or failure to perform the CONTRACT. BORROWER'S obligation to indemnify, defend, and hold harmless DOH and the state of Washington shall not be eliminated or reduced by any actual or alleged concurrent negligence of DOH or its agents, agencies, employees and officials. BORROWER'S obligation to indemnify, defend and hold harmless DOH and the state of Washington includes any claim by BORROWER'S officers, employees, subcontractors or subcontractor employees.

BORROWER waives immunity under Title 51 RCW to the extent it is required to indemnify, defend and hold harmless the state and its agencies, officers, agents or employees.

4.27. INDUSTRIAL INSURANCE COVERAGE
BORROWER will comply with the applicable parts of Title 51 RCW, Industrial Insurance. If BORROWER fails to provide industrial insurance coverage or fails to pay premiums or penalties on behalf of its employees as required by law, DOH may collect from BORROWER the full amount payable to the Industrial Insurance Accident Fund. DOH may deduct the amount owed by BORROWER to the accident fund from the amount payable to BORROWER by DOH under this CONTRACT, and transmit the deducted amount to the Washington State Department of Labor and Industries (L&I).

4.28. LITIGATION
BORROWER warrants that there is no threatened or pending litigation, investigation, or legal action before any court, arbitrator, or administrative agency that, if adversely determined against BORROWER, would have a materially adverse effect on BORROWER's ability to repay the LOAN. BORROWER agrees to promptly notify DOH if any above-referenced actions become known to BORROWER during the pendency of the Contract.

4.29. NONDISCRIMINATION
BORROWER will not discriminate on the basis of race, creed, color, national origin, families with children, sex, marital status, sexual orientation, age, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability in the performance of this CONTRACT. BORROWER will comply with all federal and state nondiscrimination laws, including, but not limited to Chapter 49.60 RCW, Washington's Law Against Discrimination and 42 USC 12101 et seq., the Americans with Disabilities Act (ADA), and 40 CFR Part 33 Participation by Disadvantaged Business Enterprises in US EPA Programs. Failure by BORROWER to carry out these requirements is a material breach of this CONTRACT. BORROWER is required to include these non-discriminatory
provisions in any contract with a subcontractor.

4.30. **PREVAILING WAGE**
BORROWER will assure that all contractors and subcontractors performing work funded through this CONTRACT comply with prevailing wage laws by paying the higher of state or federal prevailing wages. BORROWER is legally and financially responsible for compliance with the prevailing wage requirements. BORROWER should consult the United States Department of Labor and Washington State Department of Labor and Industries websites to determine the federal and State prevailing wages that must be paid.

4.31. **PROCUREMENT**
BORROWER will comply with all procurement requirements for subcontracting for the PROJECT and for obtaining PROJECT-related goods and services. BORROWER must maintain records to verify compliance with procurement requirements.

BORROWER must ensure that all contractors, subcontractors, engineers, vendors, and any other entity for work or services listed in the PROJECT will insert in full, in any contract, the labor standards provisions in Attachment VIII: Labor Standard Provisions for Subrecipients That Are Governmental Entities.

4.32. **PROHIBITION STATEMENT**
Per Section 106 of the federal Trafficking Victims Protection Act, BORROWER’s contractors, subcontractors, engineers, vendors, and any other entity performing work funded by this CONTRACT must comply with and include the following terms and conditions in all contracts for work or services for the PROJECT.

“All forms of trafficking in persons, illegal sex trade, or forced labor practices are prohibited in the performance of this award or subawards under the award, or in any manner during the period of time that the award is in effect. This prohibition applies to you as the recipient, your employees, subrecipients under this award, and subrecipients’ employees."

4.33. **PROJECT SIGNS**
If BORROWER displays, during the TIME OF PERFORMANCE, any signs or markers identifying parties that are providing funds for the PROJECT, BORROWER must include the Washington State Department of Health Drinking Water State Revolving Fund and the Washington State Department of Health as participants in the PROJECT.

4.34. **PUBLICITY**
BORROWER agrees to get prior written consent from DOH’s Contract Manager before publishing or using any advertising or publicity materials that include Washington State or DOH’s name, or includes language that may reasonably infer or imply a connection with either one.

4.35. **RATES AND RESERVES**
BORROWER will maintain reserves at a minimum as required by the Water System Plan or Small Water System Management Plan. BORROWER will timely adopt rate increases and/or capital assessments for the system’s services to provide sufficient funds, along with other revenues of the system, to pay all operating expenses and debt repayments during the LOAN TERM.

4.36. **RECAPTURE**
DOH reserves the right to recapture from BORROWER sufficient funds to compensate DOH for BORROWER’s noncompliance with any part of this CONTRACT, in addition to any other remedies available under the CONTRACT, at law, or in equity. DOH may withhold LOAN FUNDS from BORROWER to recapture such funds.

4.37. **RECORDKEEPING AND ACCESS TO RECORDS**
DOH, its agents, and authorized officials of the state and federal governments will have full access and the right to examine, copy, excerpt, or transcribe, at no additional cost and at all reasonable times, any pertinent documents, papers, records, and books of BORROWER and of persons, firms, or organizations with which BORROWER may contract, involving transactions related to this CONTRACT. BORROWER agrees to keep complete records of its compliance with this CONTRACT for a period of six (6) years from the date that the debt to DOH is paid in full. This includes but is not limited to financial reports. If any litigation, claim or audit is started before the expiration of the
six (6) year period, BORROWER must keep the records until all litigation, claims or audit findings involving the records have been resolved. These records retention requirements are in addition to the local government records retention schedules applicable to the BORROWER.

4.38. REGISTRATION WITH THE SYSTEM FOR AWARD MANAGEMENT (SAM)
BORROWER must comply with 48 CFR 52.204-7 to register with the System for Awards Management (SAM.gov). BORROWER is responsible for the accuracy and completeness of its data in the SAM database and any liability resulting from the Government or DOH reliance on inaccurate or incomplete data in it. BORROWER must remain registered in the SAM database. BORROWER should annually review its information in SAM to ensure it is accurate and complete.

4.39. SEVERABILITY
If any part of this CONTRACT or part of any document incorporated by reference is found to be invalid, it will not affect the other parts of this CONTRACT that can be given effect without the invalid part.

4.40. SUBCONTRACTING
Prior to awarding contracts and/or subcontracts, BORROWER must verify that the complete names of both the selected contractor and the owner or president are not in the Federal Excluded Parties List System for Ineligible Professionals and Debarred Contractors (www.SAM.gov). BORROWER must provide the DOH Contract Manager with a screen printout documenting that neither the firm, the owner or the president are excluded.

BORROWER will ensure that every contract and subcontract awarded for the PROJECT after the CONTRACT start date will bind the parties to follow all applicable terms of this CONTRACT. BORROWER is responsible to DOH for noncompliance by its contractors and/or subcontractors. BORROWER’s contracts or subcontracts do not release or reduce the BORROWER’s liability to DOH for any breach in the performance of BORROWER’s duties. BORROWER’s contracts and subcontracts must include a term that the state of Washington and DOH are not liable for claims or damages arising from a contractor and/or subcontractor’s performance or lack thereof.

4.41. SURVIVAL
The CONTRACT’s terms, conditions, and warranties that by its sense and context are intended to survive the completion of the performance, cancellation or termination of this CONTRACT, shall so survive.

4.42. TERMINATION FOR CAUSE
If DOH concludes that BORROWER has failed to comply with the CONTRACT requirements or has otherwise breached one or more parts of the CONTRACT, DOH may, at its discretion, upon notice to BORROWER, terminate or suspend the CONTRACT and/or its attached agreements in whole or in part.

The notice will be in writing and state the reason(s) for termination or suspension, and the effective date. The effective date will be determined by DOH. The notice will allow BORROWER at least thirty (30) business days to cure the breach, if curable. If the breach is not cured or cannot be cured within thirty (30) business days, the outstanding balance of the LOAN, with any interest accrued and other costs as authorized by the CONTRACT shall be due and payable to DOH.

If DOH terminates this CONTRACT under this section, DOH is liable only for payment required under the terms of this CONTRACT for ELIGIBLE PROJECT COSTS incurred prior to the effective date of termination.

At DOH’s discretion, the termination for cause may be deemed a termination for convenience if DOH determines that the default or failure to perform was outside BORROWER’s control, fault or negligence. The rights and remedies of DOH provided in this CONTRACT are not exclusive and are in addition to any other rights and remedies provided by law. Nothing in this section affects BORROWER’s obligations to immediately repay the unpaid balance of the LOAN as prescribed in the Washington Administrative Code (WAC) 246-296-150.

4.43. TERMINATION OR SUSPENSION FOR CONVENIENCE
If funding or appropriation from state, federal, or other sources is withdrawn, reduced, or limited in any way during the Time OF PERFORMANCE, DOH may:
A. Delay or suspend releasing LOAN FUNDS until funding or appropriation are available to DOH; or
B. Amend the CONTRACT to reflect the new funding limitations and conditions; or
C. Terminate the CONTRACT and/or its attached agreements, in whole or in part; or
D. Suspend the CONTRACT and/or its attached agreements, in whole or in part.

If DOH terminates the CONTRACT and/or its attached agreements in whole or in part, under this section, DOH will notify BORROWER's representative in writing of the reason(s) for termination, and the effective date. The effective date will be determined by DOH.

DOH may choose to suspend this CONTRACT and/or its attached agreements in whole or in part, if DOH determines that the funding insufficiency will likely be resolved in time for BORROWER to resume activities prior to the end of the TIME OF PERFORMANCE. DOH will notify BORROWER's representative by facsimile or email of the reason(s) for suspension, and the effective date. DOH will determine the effective date. BORROWER must suspend performance on the effective date of the suspension. During the period of suspension each party must notify the other party's representative of any conditions that may reasonably affect its ability to resume performance.

During the suspension, when DOH determines that the funding insufficiency is resolved, DOH may notify BORROWER's representative of the proposed date to resume performance. BORROWER must respond to DOH's representative in writing, within five (5) business days of DOH sending notice, as to whether it can resume performance on that date or offer an alternative date to resume performance. If BORROWER cannot resume performance or the alternative date is not acceptable to DOH, the parties agree the CONTRACT will be deemed terminated for convenience, retroactive to the original date of suspension.

If DOH terminates or suspends this CONTRACT, DOH is liable only for payment required under the terms of this CONTRACT for eligible project costs incurred prior to the effective date of suspension or termination. Nothing in this section shall affect Contractor's obligations to repay the unpaid balance of the LOAN. Nothing in this section affects BORROWER's obligation to repay the LOAN, including fees and other expenses as allowed by the CONTRACT.

4.44. TERMINATION PROCEDURES
When BORROWER receives Notice of Termination or on the date a suspension is converted to a termination, except as otherwise directed by DOH, BORROWER will:

A. Stop work under the CONTRACT on the date, and to the extent specified, in the notice;
B. Place no further orders or subcontracts for materials, services, or facilities related to the CONTRACT;
C. If expressly requested by DOH, assign to DOH any or all of the rights, title, and interest of BORROWER under the orders and subcontracts so terminated, in which case DOH has the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts. Any attempt by BORROWER to settle such claims must have the prior written approval of DOH; and
D. Preserve and transfer any materials, CONTRACT deliverables and/or DOH property in BORROWER's possession as directed by DOH.

Upon termination of this CONTRACT, DOH will pay BORROWER for amounts due under the CONTRACT prior to the date of termination unless such payment is precluded under any other provision of this CONTRACT. DOH may withhold any amount due as DOH reasonably determines is necessary to protect DOH against potential loss or liability resulting from the termination. DOH will pay any withheld amount to BORROWER if DOH later determines that loss or liability will not occur.

4.45. WORK HOURS AND SAFETY STANDARDS
If this CONTRACT exceeds $100,000, BORROWER must comply with the applicable Contract Work Hours and Safety Standards Act (40 USC Chapter 37). These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.
ATTACHMENT I: SCOPE OF WORK (PROJECT)

**Project Description:**
Design and build approximately 1 mile of 12 inch diameter potable water main, the construction of a pump station and the installation of electrical service to the pump station.

**Scope of Work:**
Project to include:

1. Installation of approximately 5,300 feet of 12-inch water main to connect Mountain View Estates (ID #03774) and Skagit County PUD 1 Judy Reservoir Water System (ID #79500). Water main costs to include: pipe, valves, existing meter relocation, hydrants, backfill, bedding, landscape/surface restoration, traffic control, electrical, fiber optic conduit, and other appurtenances.

2. Consolidation of Mountain View Estates (ID #03774) and Skagit County PUD 1 Judy Reservoir Water System (ID #79500), resulting in one water system at the end of the project.

3. New pump station located near existing well site. The pump station includes one pump with at approximately 5 hp. Costs to include: site preparation, building, pumps, installation of pumps, controls, electrical, telemetry, and piping.

In addition to costs of construction, costs may include (but are not limited to); engineering, design, cultural and environmental review, permits, public involvement, preparation of bid documents, fees, taxes, legal, administrative, geotechnical investigation, and audit.

**Project Cost by Cost Category:**

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<thead>
<tr>
<th>COST CATEGORY</th>
<th>CURRENT ESTIMATES</th>
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</thead>
<tbody>
<tr>
<td>Engineering Report (Preliminary Engineering):</td>
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<tr>
<td>Environmental Review:</td>
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<td>Historical Review/Cultural Review:</td>
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<td>Land/ROW Acquisition:</td>
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<td>Permits:</td>
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<td>Other:</td>
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<td>TOTAL ESTIMATED PROJECT COSTS (before Loan Fee)</td>
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<td>Loan Fee (1% of the DWSRF Loan Request)</td>
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ATTACHMENT II: ATTORNEY’S CERTIFICATION

DRINKING WATER STATE REVOLVING FUND
(MUNICIPAL)

I, ________________________________, hereby certify:

I am an attorney at law admitted to practice in the state of Washington and the duly appointed attorney of BORROWER identified in the Declarations of the Contract identified above; and

I have also examined any and all documents and records, which are pertinent to the Contract, including the application requesting this financial assistance.

Based on the foregoing, it is my opinion that:

1. BORROWER is a public body, properly constituted and operating under the laws of the State of Washington, empowered to receive and expend federal, state and local funds, to contract with the state of Washington, and to receive and expend the funds involved to accomplish the objectives set forth in its application.

2. BORROWER is empowered to accept the Drinking Water State Revolving Fund financial assistance and to provide for repayment of the loan as set forth in the loan agreement.

3. There is currently no litigation in existence seeking to enjoin the commencement or completion of the above-described public facilities project or to enjoin BORROWER from repaying the Drinking Water State Revolving Fund loan extended by DOH with respect to such project. BORROWER is not a party to litigation, which will materially affect its ability to repay such loan on the terms contained in the loan agreement.

4. Assumption of this obligation would not exceed statutory and administrative rule debt limitations applicable to BORROWER.

________________________________________  ____________________________
Signature of Attorney                      Date

________________________________________
Name and BAR Number (WSBA No.)

________________________________________
Address
ATTACHMENT III: FEDERAL AND STATE REQUIREMENTS
(NOT ALL INCLUSIVE)

1) Environmental and Cultural Authorities
   a) Archeological and Historic Preservation Act of 1974, Public Law 86-523 as amended
   b) Clean Air Act, Public Law 84-159 as amended
   c) Coastal Zone Management Act, Public Law 92-583 as amended
   d) Endangered Species Act, Public Law 93-205 as amended
   e) Environmental Justice, Executive Order 12898
   f) Floodplain Management, Executive Order 11988 as amended by Executive Order 12148
   g) Protection of Wetlands, Executive Order 11990
   h) Farmland Protection Policy Act, Public Law 97-98
   i) Fish and Wildlife Coordination Act, Public Law 85-624 as amended
   j) National Historic Preservation Act, 54 USC Subtitle III
   k) Safe Drinking Water Act, Public Law 93-523 as amended
   l) Wild and Scenic Rivers Act, Public Law 90-542 as amended
   m) Washington State Environmental Policy Act, Chapter 43.21C RCW
   n) Native American Graves Protection and Repatriation Act, Archaeological Resources Protection Act, Revised Code of Washington (RCW) 27.44 regarding Indian Graves and Records; RCW 27.53 regarding Archaeological Sites and Resources; RCW 68.60 regarding Abandoned and Historic Cemeteries and Historic Graves; and Washington Administrative Code (WAC) 25-48 regarding Archaeological Excavation and Removal Permits.

2) Economic and Miscellaneous Authorities
   a) Demonstration Cities and Metropolitan Development Act of 1996, Public Law 89-754 as amended, Executive Order 12372
   b) Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans
   c) Uniform Relocation and Real Property Policies Act, Public Law 91-646 as amended
   d) Debarment and Suspension, Executive Order 12549

3) Social Policy Authorities
   a) Age Discrimination Act of 1975, Public Law 94-135
   b) Title VI of the Civil Rights Act of 1964, Public Law 88-352
   c) Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Public Law 92-500 (the Clean Water Act)
   d) Section 504 of the Rehabilitation Act of 1973, Public Law 93-112 (including Executive Orders 11914 and 11250)
   e) Equal Employment Opportunity, Executive Order 11246
   f) Disadvantaged Business Enterprise, Public Law 101-549 (the Clean Air Act), and Public Law 102-389 (the Clean Water Act)
   g) Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Public Law 100-590
   h) Chapter 49.60 RCW, Washington's Law against Discrimination, and 42 USC 12101 et seq. the Americans with Disabilities Act (ADA).

4) State Laws
   a) Chapter 36.70A RCW, Growth Management Act
   b) Chapter 39.80 RCW, Contracts for Architectural and Engineering Services
   c) Chapter 39.12 RCW, Washington State Public Works Act
   d) Chapter 43.20 RCW, State Department of Health of Health
   e) Chapter 43.70 RCW, Department of Health
   f) Chapter 43.155 RCW, Public Works Project
   g) Chapter 70.116 RCW, Public Water Systems Coordination Act of 1977
   h) Chapter 70.119 RCW, Public Water Supply Systems Certification and Regulation of Operations
   i) Chapter 70.119A RCW, Public Water Systems, Penalties & Compliances
   j) Chapter 246-290 WAC, Group A Public Water Systems
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k) Chapter 246-291 WAC, Group B Public Water Systems
l) Chapter 246-292 WAC, Waterworks Operator Certification Regulations
m) Chapter 246-293 WAC, Water Systems Coordination Act
n) Chapter 246-294 WAC, Drinking Water Operating Permits
o) Chapter 246-295 WAC, Satellite System Management Agencies
p) Chapter 246-296 WAC Drinking Water State Revolving Fund Loan Program
q) Chapter 173-160 WAC, Minimum Standards for Construction & Maintenance of Wells
r) Title 173 WAC, Department of Ecology Rules
s) Title 40 Part 141 Code of Federal Regulations, Federal National Primary Drinking Water Regulations (Section Adopted by Reference)
ATTACHMENT IV: DISADVANTAGED BUSINESS ENTERPRISE REQUIREMENTS

GENERAL COMPLIANCE, 40 CFR, Part 33
BORROWER must comply with the requirements of Environmental Protection Agency's Program for Utilization of Small, Minority and Women's Business Enterprises (MBE/WBE) in procurement under this Contract, contained in 40 CFR, Part 33. BORROWER will use the directory of certified firms available through the Washington State Office of Minority and Women's Business Enterprises to meet the requirements.

FAIR SHARE OBJECTIVES, 40 CFR, Part 33, Subpart D
The following are exemptions from the fair share objective Requirements:

- Grant and loan recipients receiving a total of $250K or less in EPA financial assistance in a given fiscal year.
- Tribal recipients of Performance Partnership Eligible grants under 40 CFR Part 35, Subpart B.
  - There is a 3-year phase in period for the requirement to negotiate fair share goals for Tribal and Insular Area recipients.
- Recipients of Technical Assistance Grants.

The Fair Share Objectives or goals for the utilization of disadvantaged businesses negotiated with EPA by the WA Office of Minority Women Business are stated below.

<table>
<thead>
<tr>
<th>Construction</th>
<th>10% MBE</th>
<th>6% WBE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplies</td>
<td>8% MBE</td>
<td>4% WBE</td>
</tr>
<tr>
<td>Equipment</td>
<td>8% MBE</td>
<td>4% WBE</td>
</tr>
<tr>
<td>Purchased Services</td>
<td>10% MBE</td>
<td>4% WBE</td>
</tr>
</tbody>
</table>

BORROWER must accept the fair share objectives/goals stated above and purchase the same or similar construction, supplies, services and equipment, in the same or similar relevant geographic buying market as WA Office of Minority Women Business goals.

SIX GOOD FAITH EFFORTS, 40 CFR, Part 33, Subpart C
Pursuant to 40 CFR, Section 33.301, BORROWER will make the following good faith efforts whenever procuring construction, equipment, services and supplies under an EPA financial assistance agreement, and to ensure that sub-recipients, loan recipients, and prime contractors also comply.

Records documenting compliance with the six good faith efforts shall be retained. The six good faith efforts shall include:

A. Ensure Disadvantaged Business Enterprises are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local Government recipients, this will include placing the Disadvantaged Business Enterprises on solicitation lists and soliciting them whenever they are potential sources.

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

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

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

E. Use the services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Health.

F. If the prime contractor awards subcontracts, also require the prime contractor to take the five good faith efforts in paragraphs A through E above.
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MBE/WBE REPORTING, 40 CFR, Part 33, Sections 33.502 and 33.503

BORROWER is required to submit MBE/WBE participation reports to DOH, on a quarterly basis, beginning with the Federal fiscal year reporting period BORROWER receives the award and continuing until the project is completed.

CONTRACT ADMINISTRATION PROVISIONS, 40 CFR, Section 33.302

BORROWER agrees to comply with the contract administration provisions of 40 CFR, Section 33.302.

BORROWER agrees to require all general contractors to provide forms: EPA Form 6100-2 DBE Subcontractor Participation Form and EPA Form 6100-3 DBE Subcontractor Performance Form to all its Disadvantaged Business Enterprise subcontractors, engineers, vendors, and any other entity for work or services listed in the PROJECT. These two (2) forms may be obtained from the EPA Office of Small Business Program’s website on the internet at http://www.epa.gov/osbp/grants.htm.

BORROWER agrees to require all general contractors to complete and submit to BORROWER and Environmental Protection Agency EPA Form 6100-4 DBE Subcontractor Utilization Form beginning with the Federal fiscal year reporting period BORROWER receives the award and continuing until the project is completed. Only procurements with certified MBE/WBEs are counted toward a Contractor’s MBE/WBE accomplishments.

BIDDERS LIST, 40 CFR, Section 33.501(b) and (c)

BORROWER is also required to create and maintain a bidders list if BORROWER of the loan is subject to, or chooses to follow, competitive bidding requirements. Please see 40 CFR, Section 33.501 (b) and (c) for specific requirements and exemptions.

Section 33.501(b) of the rule is as follows:

A recipient of a Continuing Environmental Program Grant or other annual grant must create and maintain a bidders list. In addition, a recipient of an EPA financial assistance agreement to capitalize a revolving loan fund also must require entities receiving identified loans to create and maintain a bidders list if the recipient of the loan is subject to, or chooses to follow, competitive bidding requirements. The purpose of a bidders list is to provide the recipient and entities receiving identified loans who conduct competitive bidding with as accurate a database as possible about the universe of MBE/WBE and non-MBE/WBE prime and subcontractors. The list must include all firms that bid or quote on prime contracts or bid or quote on subcontracts under EPA assisted projects, including both MBE/WBEs.

The bidders list must be kept until the grant project period has expired and the recipient is no longer receiving EPA funding under the grant. For entities receiving identified loans, the bidders list must be kept until the project period for the identified loan has ended. The following information must be obtained from all prime and subcontractors:

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

The exemption found at § 33.501(c) is as follows:

A recipient of an EPA financial assistance agreement in the amount of $250,000 or less for any single assistance agreement, or of more than one financial assistance agreement with a combined total of $250,000 or less in any one fiscal year, is exempt from the paragraph (b) of this section requirement to create and maintain a bidders list. Also, a recipient under the CWSRF, DWSRF, or BCRLF Program is not required to apply the paragraph (b) of this section bidders list requirement of this subpart to an entity receiving an identified loan in an amount of $250,000 or less, or to an entity receiving more than one identified loan with a combined total of $250,000 or less in any one fiscal year. This exemption is limited to the paragraph (b) of this section bidders list requirements of this subpart.

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1 Qualified Women and Minority business enterprises may be found on the Internet at www.ommwbe.wa.gov or by contacting the Washington State Office of Minority and Women’s Enterprises at 360-704-1181.
ATTACHMENT V: CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS

The terms, "covered transaction, debarred, suspended, ineligible, lower tier covered transaction, person, primary covered transaction, principal, and voluntarily excluded", as used in this attachment, are defined in the rules implementing Executive Order 12549, including 13 CFR § 400.109. You may contact DOH for help getting a copy of these regulations.

BORROWER, defined as the primary participant and its principals, certifies by signing below that to the best of its knowledge and belief they:

A. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;

B. Have not within a three-year (3) period preceding this CONTRACT, been convicted of or had a civil judgment against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, receiving stolen property, making false claims, or obstruction of justice;

C. Are not presently indicted for or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses described in this attachment; and,

D. Have not within a three-year period (3) preceding the signing of this CONTRACT had one or more public transactions (federal, state, or local) terminated for cause or default.

Prior to awarding contracts for the PROJECT, BORROWER must verify that neither the contractor’s business name(s) nor the names of its principals are in the Federal Excluded Parties List System for Ineligible Professionals and Debarred Contractors (www.SAM.gov). BORROWER must keep documentation in the PROJECT files and provide a copy to the DOH Contract Manager.

BORROWER will include the language below without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions:

The lower tier contractor certifies, by signing this CONTRACT that neither it nor its principals are debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

I understand that a false statement on this certification may be ground for rejection of this proposal or termination of the award. In addition, under 18 USC Sec. 1001, a false statement may result in a fine or imprisonment for up to 5 years, or both.

Typed or Printed Name & Title of Authorized Representative

Signature of Authorized Representative Date

☐ I am unable to certify to the above statements. My explanation is attached.
ATTACHMENT VI: DWSRF ELIGIBLE PROJECT COSTS

Must be directly attributable to the project.

1. The costs for complying with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.
2. DWSRF loan fees.
3. The purchase of a portion of another system's capacity, if it is the most cost effective solution (limited to publicly owned (munical) systems).
4. Construction of reservoirs (clear wells) that are part of the treatment process and are collocated with the treatment facility.
5. Construction of distribution reservoirs (finished water).
6. Cost associated with restructuring or consolidation of existing water systems by publicly owned water systems.
7. Main extensions to connect to safe and reliable sources of drinking water.
8. Cost associated with collecting and preparing environmental assessment documents to obtain local permits.
9. Direct labor including related employee benefits:
   a. Salaries and wages (at actual or average rates) covering productive labor hours of employees of the borrower (excluding the administrative organization of the operating unit involved) for periods of time actively or incidentally engaged in pre-design engineering, design engineering, construction engineering, acquisition of rights of way, and the cleaning, sterilization or bacteriological testing of water system components prior to public use. The costs of services rendered by employees generally classified as administration/project management of the loan are considered a direct cost only when such employees are assigned the types of services described above and shall be limited to 3% or less of the project loan amount.
   b. Employee benefits relating to labor are considered a direct cost of construction projects. The following items may be included as employee benefits:
      - F.I.C.A. (Social Security) - employer's share.
      - Retirement benefits.
      - Hospital, health, dental, and other welfare insurance.
      - Life insurance.
      - Industrial and medical insurance.
      - Vacation.
      - Holiday.
      - Sick leave.
      - Military leave and jury duty.
   Employee benefits must be calculated as a percentage of direct labor dollars. The computation of predetermined percentage rates to be applied to current labor costs must be based on the average of total employee benefits and total labor costs for the prior fiscal year and adjusted by known current year variations.
   c. Other than work identified in Number 9.a, no costs associated with labor performed by the borrower's employees, including force account work, are eligible for financing assistance.
10. Contract engineering, planning, design, legal, and financial planning services. The Department of Health reserves the right to declare ineligible legal costs that are unreasonable and disproportionate to the project.
11. Contract construction work.
12. Direct vehicle and equipment charges at the actual rental cost paid for the equipment or, in the case of city or county-owned equipment, at the rental rates established by the local government's "equipment rental and revolving fund" following the methods prescribed by the division of municipal corporations. However, such costs must be charged on a uniform basis to equipment used for all projects regardless of the source of funding. Cities with a population of eight thousand or less not using this type of fund are allowed the same rates as used by the State Department of Transportation.
13. Direct materials and supplies.
14. Other direct costs incurred for materials or services acquired for a specific project are eligible costs and may include, but are not limited to such items as:
   a. Telephone charges.
   b. Reproduction and photogrammetry costs.
   c. Video and photography for project documentation.
   d. Computer usage.
   e. Printing and advertising.
15. Other project related costs include:
   - Competitive Bidding.
   - Audit.
   - Insurance.
   - Prevailing wages.
   - Attorney fees.
   - Environmental Review.
   - Archaeological Survey.

Water system plan costs are not eligible for reimbursement. Small water system management program and plan amendments costs are eligible for reimbursement.

Projects may be designed to accommodate reasonable growth. This is generally the 20-year projection included in the system's water system plan or small water system management program.
ATTACHMENT VII: LABOR STANDARD PROVISIONS FOR SUBRECIPIENTS THAT ARE GOVERNMENTAL ENTITIES

Wage Rate Requirements Under The Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6)

Preamble

With respect to the Clean Water and Safe Drinking Water State Revolving Funds, EPA provides capitalization grants to each state which in turn provides subgrants or loans to eligible entities within the state. Typically, the subrecipients are municipal or other local governmental entities that manage the funds. For these types of recipients, the provisions set forth under Roman Numeral I, below, shall apply. Although EPA and the State remain responsible for ensuring subrecipients’ compliance with the wage rate requirements set forth herein, those subrecipients shall have the primary responsibility to maintain payroll records as described in Section 3(ii)(A), below and for compliance as described in Section I-5.

Occasionally, the subrecipient may be a private for profit or not for profit entity. For these types of recipients, the provisions set forth in Roman Numeral II, below, shall apply. Although EPA and the State remain responsible for ensuring subrecipients’ compliance with the wage rate requirements set forth herein, those subrecipients shall have the primary responsibility to maintain payroll records as described in Section II-3(ii)(A), below and for compliance as described in Section II-5.

I. Requirements Under The Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6)

For Subrecipients That Are Governmental Entities:

The following terms and conditions specify how recipients will assist EPA in meeting its Davis-Bacon (DB) responsibilities when DB applies to EPA awards of financial assistance under the FY 2013 Continuing Resolution with respect to State recipients and subrecipients that are governmental entities. If a subrecipient has questions regarding when DB applies, obtaining the correct DB wage determinations, DB provisions, or compliance monitoring, it may contact Department of Health. If a State recipient needs guidance, they may obtain additional guidance from DOL’s web site at http://www.dol.gov/whd/.

1. Applicability of the Davis- Bacon (DB) prevailing wage requirements.

Under the FY 2013 Continuing Resolution, DB prevailing wage requirements apply to the construction, alteration, and repair of treatment works carried out in whole or in part with assistance made available by a State water pollution control revolving fund and to any construction project carried out in whole or in part by assistance made available by a drinking water treatment revolving loan fund. If a subrecipient encounters a unique situation at a site that presents uncertainties regarding DB applicability, the subrecipient must discuss the situation with the recipient State before authorizing work on that site.

2. Obtaining Wage Determinations.

(a) Subrecipients shall obtain the wage determination for the locality in which a covered activity subject to DB will take place prior to issuing requests for bids, proposals, quotes or other methods for soliciting contracts (solicitation) for activities subject to DB. These wage determinations shall be incorporated into solicitations and any subsequent contracts. Prime contracts must contain a provision requiring that subcontractors follow the wage determination incorporated into the prime contract.

(i) While the solicitation remains open, the subrecipient shall monitor www.wdol.gov weekly to ensure that the wage determination contained in the solicitation remains current. The subrecipients shall amend the solicitation if DOL issues a modification more than 10 days prior to the closing date (i.e. bid opening) for the solicitation. If DOL modifies or supersedes the applicable wage determination less than 10 days prior to the closing date, the subrecipients may request a finding from the State recipient that there is not a reasonable time to notify interested contractors of the modification of the wage determination. The State recipient will provide a report of its findings to the subrecipient.

(ii) If the subrecipient does not award the contract within 90 days of the closure of the solicitation, any modifications or supersedes DOL makes to the wage determination contained in the solicitation shall be effective unless the State recipient, at the request of the subrecipient, obtains an extension of the 90 day period from DOL pursuant to 29 CFR 1.8(c) (3) (iv). The subrecipient shall monitor www.wdol.gov on a weekly
basis if it does not award the contract within 90 days of closure of the solicitation to ensure that wage determinations contained in the solicitation remain current.

(b) If the subrecipient carries out activity subject to DB by issuing a task order, work assignment or similar instrument to an existing contractor (ordering instrument) rather than by publishing a solicitation, the subrecipient shall insert the appropriate DOL wage determination from www.wdol.gov into the ordering instrument.

(c) Subrecipients shall review all subcontracts subject to DB entered into by prime contractors to verify that the prime contractor has required its subcontractors to include the applicable wage determinations.

(d) As provided in 29 CFR 1.6(f), DOL may issue a revised wage determination applicable to a subrecipient’s contract after the award of a contract or the issuance of an ordering instrument if DOL determines that the subrecipient has failed to incorporate a wage determination or has used a wage determination that clearly does not apply to the contract or ordering instrument. If this occurs, the subrecipient shall either terminate the contract or ordering instrument and issue a revised solicitation or ordering instrument or incorporate DOL’s wage determination retroactive to the beginning of the contract or ordering instrument by change order. The subrecipient’s contractor must be compensated for any increases in wages resulting from the use of DOL’s revised wage determination.


(a) The Recipient shall insure that the subrecipient(s) shall insert in full in any contract in excess of $2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a treatment work under the CWSRF or a construction project under the DWSRF financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the acts listed in § 5.1 or the FY 2013 Continuing Resolution, the following clauses:

(1) Minimum wages.

(i) All laborers and mechanics employed or working upon the site of the work will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (20 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics.

Contributions made or costs reasonably anticipated for bona fide fringe benefits under section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of paragraph (a)(1)(iv) of this section; also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in § 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided, that the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under paragraph (a)(1)(ii) of this section) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the Borrower and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers. Subrecipients may obtain wage determinations from the U.S. Department of Labor’s web site, www.dol.gov.

(ii)(A) The subrecipient(s), on behalf of EPA, shall require that any class of laborers or mechanics, including helpers, which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. The State award official shall approve a request for an additional classification and wage rate and fringe benefits therefore only when the following criteria have been met:

(1) The work to be performed by the classification requested is not performed by a classification in the wage determination; and

(2) The classification is utilized in the area by the construction industry; and
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(3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(B) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and the subrecipient(s) agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), documentation of the action taken and the request, including the local wage determination shall be sent by the subrecipient(s) to the State award official. The State award official will transmit the request, to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, DC 20210 and to the EPA DB Regional Coordinator concurrently. "The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification request within 30 days of receipt and so advise the State award official or will notify the State award official within the 30-day period that additional time is necessary.

(C) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and the subrecipient(s) do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), the award official shall refer the request and the local wage determination, including the views of all interested parties and the recommendation of the State award official, to the Administrator for determination. The request shall be sent to the EPA DB Regional Coordinator concurrently. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt of the request and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.

(D) The wage rate (including fringe benefits where appropriate) determined pursuant to paragraphs (a)(1)(ii)(B) or (C) of this section, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

(iii) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

(iv) If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, provided, that the Secretary of Labor has found, upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program.

(2) Withholding. The subrecipient(s), shall upon written request of the EPA Award Official or an authorized representative of the Department of Labor, withhold or cause to be withheld from the contractor under this contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor, so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees, and helpers, employed by the contractor or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee, or helper, employed or working on the site of the work, all or part of the wages required by the contract, the (Agency) may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased.

(3) Payrolls and basic records.

(i) Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5(a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in section 1(b)(2)(B) of the Davis-Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing
apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

(ii)(A) The contractor shall submit weekly, for each week in which any contract work is performed, a copy of all payrolls to the subrecipient, that is, the entity that receives the sub-grant or loan from the State capitalization grant recipient. Such documentation shall be available on request of the State recipient or EPA. As to each payroll copy received, the subrecipient shall provide written confirmation in a form satisfactory to the State indicating whether or not the project is in compliance with the requirements of 29 CFR 5.5(a)(1) based on the most recent payroll copies for the specified week. The payrolls shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(ii), except that full social security numbers and home addresses shall not be included on the weekly payrolls. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee’s social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at http://www.dol.gov/whd/forms/wh347instruct.htm or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker, and shall provide them upon request to the subrecipient(s) for transmission to the State or EPA if requested by EPA, the State, the contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this section for a prime contractor to require a subcontractor to provide addresses and social security numbers to the prime contractor for its own records, without weekly submission to the subrecipient(s).

(B) Each payroll submitted shall be accompanied by a “Statement of Compliance,” signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:

(1) That the payroll for the payroll period contains the information required to be provided under § 5.5 (a)(3)(ii) of Regulations, 29 CFR part 5, the appropriate information is being maintained under § 5.5 (a)(3)(i) of Regulations, 29 CFR part 5, and that such information is correct and complete;

(2) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in Regulations, 29 CFR part 3;

(3) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

(C) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the “Statement of Compliance” required by paragraph (a)(3)(ii)(B) of this section.

(D) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under section 1001 of title 18 and section 231 of title 31 of the United States Code.

(iii) The contractor or subcontractor shall make the records required under paragraph (a)(3)(i) of this section available for inspection, copying, or transcription by authorized representatives of the State, EPA or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, the Federal agency or State may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

(4) Apprentices and trainees--

(i) Apprentices. Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services, or with a State Apprenticeship Agency recognized by the Office, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually
registered in the program, but who has been certified by the Office of Apprenticeship Training, Employer and Labor Services or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the contractor's or subcontractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice’s level of progress, expressed as a percentage of the journeymen hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency recognized by the Office, withdraws approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(ii) Trainees. Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeymen hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program, the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(iii) Equal employment opportunity. The utilization of apprentices, trainees and journeymen under this part shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR part 30.

(5) Compliance with Copeland Act requirements. The Borrower must comply with the requirements of 29 CFR part 3, which are incorporated by reference in this contract.

(6) Subcontracts. The Borrower and/or subcontractor must insert in any subcontracts the clauses contained in 29 CFR 5.5(a)(1) through (10) and such other clauses as the EPA determines may be appropriate, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in 29 CFR 5.5.

(7) Contract termination; debarment. A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract, and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.

(8) Compliance with Davis-Bacon and Related Act requirements. All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR parts 1, 3, and 5 are herein incorporated by reference in this contract.
(9) Disputes concerning labor standards. Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes will be resolved according to the procedures of the Department of Labor set forth in 29 CFR parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and Subrecipient(s), State, EPA, the U.S. Department of Labor, or the employees or their representatives.

(10) Certification of eligibility.

(i) By entering into this contract, Borrower certifies that neither it (nor he or she) nor any person or firm who has an interest in the Borrower's firm is a person or firm ineligible to be awarded Government contracts by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(ii) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(iii) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 USC 1001.


(a) Contract Work Hours and Safety Standards Act. The subrecipient shall insert the following clauses set forth in paragraphs (a)(1), (2), (3), and (4) of this section in full in any contract in an amount in excess of $100,000 and subject to the overtime provisions of the Contract Work Hours and Safety Standards Act. These clauses shall be inserted in addition to the clauses required by Item 3, above or 29 CFR 4.6. As used in this paragraph, the terms laborers and mechanics include watchmen and guards.

(1) Overtime requirements. No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.

(2) Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in paragraph (a)(1) of this section the contractor and any subcontractor responsible therefore shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (a)(1) of this section, in the sum of $10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (a)(1) of this section.

(3) Withholding for unpaid wages and liquidated damages. The subrecipient, upon written request of the EPA Award Official or an authorized representative of the Department of Labor, shall withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (b)(2) of this section.

(4) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (a)(1) through (4) of this section and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (a)(1) through (4) of this section.

(b) In addition to the clauses contained in Item 3, above, in any contract subject only to the Contract Work Hours and Safety Standards Act and not to any of the other statutes cited in 29 CFR 5.1, the Subrecipient shall insert a clause requiring that the contractor or subcontractor maintain payrolls and basic payroll records during the course of the work and shall preserve them for a period of three years from the completion of the contract for all laborers and mechanics, including guards and watchmen, working on the contract. Such records shall contain the name and address of each such employee, social security number, correct classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made, and actual wages paid. Further, the Subrecipient shall insert in any such contract a clause providing that the records to be maintained under this paragraph shall be made available by the
contractor or subcontractor for inspection, copying, or transcription by authorized representatives of the (write the name of agency) and the Department of Labor, and the contractor or subcontractor will permit such representatives to interview employees during working hours on the job.

5. Compliance Verification

(a) The subrecipient shall periodically interview a sufficient number of employees entitled to DB prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. As provided in 29 CFR 5.6(a)(6), all interviews must be conducted in confidence. The subrecipient must use Standard Form 1445 (SF 1445) or equivalent documentation to memorialize the interviews. Copies of the SF 1445 are available from EPA on request.

(b) The subrecipient shall establish and follow an interview schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. Subrecipients must conduct more frequent interviews if the initial interviews or other information indicated that there is a risk that the contractor or subcontractor is not complying with DB. Subrecipients shall immediately conduct interviews in response to an alleged violation of the prevailing wage requirements. All interviews shall be conducted in confidence."

(c) The subrecipient shall periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The subrecipient shall establish and follow a spot check schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, if practicable, the subrecipient should spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion date the contract or subcontract. Subrecipients must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB. In addition, during the examinations the subrecipient shall verify evidence of fringe benefit plans and payments thereunder by contractors and subcontractors who claim credit for fringe benefit contributions.

(d) The subrecipient shall periodically review contractors and subcontractors use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S Department of Labor or a state, as appropriate, and that contractors and subcontractors are not using disproportionate numbers of, laborers, trainees and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in Item 5(b) and (c) above.

(e) Subrecipients must immediately report potential violations of the DB prevailing wage requirements to the Department of Health and to the appropriate DOL Wage and Hour District Office listed at http://www.dol.gov/contacts/whd/america2.htm.
Federal Funding Accountability and Transparency Act Data Collection Form

This contract is supported by federal funds that require compliance with the Federal Funding Accountability and Transparency Act. The purpose of the Transparency Act is to make information available online so the public can see how federal funds are spent. To comply with the act and be eligible to enter into this contract, your organization must have a Data Universal Numbering System (DUNS®) number. If you do not already have one, you may receive a DUNS® number free of charge by contacting Dun and Bradstreet at www.dnb.com. The Department of Health (DOH) also encourages registration with the System for Award Management (SAM) to reduce data entry by both DOH and your organization. You may register with SAM free of charge at www.sam.gov. Information about your organization and this contract will be reported by DOH to the federal government as required by P.L. 109-282. This information will then be made available to the public by the federal government on USASpending.gov.

**SUBRECIPIENT**

<table>
<thead>
<tr>
<th>1. Legal Name</th>
<th>2. DUNS Number</th>
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<tr>
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<th>3. Principle Place of Performance</th>
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<td>3c. Zip+4</td>
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4. Are you registered in SAM? □YES (skip to signature block. Sign, date and return) □NO

5. In the preceding fiscal year did your organization:
   a. Receive 80% or more of annual gross revenue from federal contracts, subcontracts, grants, loans, subgrants, and/or cooperative agreements; **and**
   b. $25,000,000 or more in annual gross revenues from federal contracts, subcontracts, grants, loans, subgrants, and/or cooperative agreements; **and**
   c. The public does not have access to this information about the compensation of the senior executives of your organization through periodic reports filed under section 13(a) or 15(d) of the Securities and Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d) or section 6104 of the Internal Revenue Code of 1986).

□NO (skip to signature block. Sign, date and return)

□YES (You must report the names and total compensation of the top 5 highly compensated officials of your organization).

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<thead>
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<th>Total Compensation</th>
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**Note:** "Total compensation" for purposes of this requirement generally means the cash and non-cash value earned by the executive during the past fiscal year and includes salary and bonus; awards of stock, stock options and stock appreciation rights; and other compensation such as severance and termination payments, and value of life insurance paid on behalf of the employee, and as otherwise provided by FFATA and applicable OMB guidance.

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

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<tr>
<th>Signature of Authorized Representative</th>
<th>Print Name</th>
<th>Date</th>
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The Department of Health will not endorse your sub-award until this form is completed and returned.

1| Page (5/2016)
## Agenda Item #9

**Federal Funding Accountability and Transparency Act Data Collection Form**

### FOR DEPARTMENT OF HEALTH USE ONLY

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Sub-award Project Description (see instructions and example below)

The purpose of this construction loan with Skagit County PUD #1 is to Design and build approximately 1 mile of 12 inch diameter potable water main, the construction of a pump station and the installation of electrical service to the pump station.

In addition to costs of construction, costs may include (but are not limited to): engineering, design, construction inspection and services, cultural and environmental review, permits, preparation of bid documents, fees, taxes, legal, administrative, and audit.

### Instructions for Sub-award Project Description:

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

### Example of a Sub-award Project Description:

Increase Healthy Behaviors: Educational Services District XYZ will provide training and technical assistance to chemical dependency centers to assist the centers to integrate tobacco use into their existing addiction treatment programs. Funds will also be used to assist centers in creating tobacco free treatment environments.
August 24, 2018

TO: George Sidhu, P.E., General Manager
FROM: Mark Handzlik, P.E., Engineering Manager
BY: Bill Trueman, Engineering Supervisor

SUBJECT: Revisions to Water Policy Manual
Metering and Billing Procedures for Deduct Services

Requested Action:
Authorize revisions to the Water Policy Manual in Section 3, Section 4, and Table A-8 of Appendix A, related to deduct services and meter installation methods.

Background:
The Water Policy Manual describes six types of meter installation methods, with Type Five installations designated for “deduct services”. A deduct service is defined as a “water service for the sole purpose of determining the amount of water not delivered to the sanitary sewer from the Customer’s premises” and is to be “charged according to the fee schedule for a Type Two, Type Three or Type Four water service, depending on the extent of installation”. A Type Two installation includes District installation of a meter box and meter, a Type Three includes District installation of the meter only, and a Type Four occurs when a customer has provided and installed the meter box and meter.

Deduct services are installed downstream and in series with the water service to a property. A new deduct service is currently sold as a Type Five with the installation charge equaling a Type Two, Three, or Four depending on the extent of installation. System Development Fees are not charged for deduct services. The meter is then also designated as “deduct” in the water use section of the application. Other water use designations include residential, commercial, irrigation, farms, fire service, etc. The billing department charges appropriate fees based on the water use designation.

Current Water Policy Manual language mixes the type of service installation and water use designation when referring to deduct meter installations, Type Five. Generally speaking the “type” of service installation discusses the scope of the installation, not the use. The use is described in the water use designation.

The proposed revision to the policy would bring consistency to the terms used to describe new services through the appropriate installation type (Types One through Four and Type Six) regardless of the water use designation.
Making this clarification will improve the way meters are entered and tracked in the District’s GIS and asset management systems. These revisions are detailed in the attached redlined policy sections and are summarized as follows:

Section 3 – Metering and Billing Procedures
Describe Type Five (deduct services) meter installations as “not used”. The description of a deduct service is retained with clarifying language that a deduct service is a Type Two through Type Four installation type, depending on the extent of installation. Minor language elsewhere in the section is revised to be consistent with this change.

Section 4 – Water Rates, Fees, and Deposits
Revise language to reflect discontinued use of Type Five installation, while retaining references to deduct services. Language is added to clarify that System Development Fees are covered through the upstream service and are not applicable to a deduct service. Minor language elsewhere in the section is revised to be consistent with this change.

Appendix A – Rates, Fees, Charges and Deposits
Revise Table A-8 with the deletion of Type Five (Deduct) connection charge types.

Fiscal Impact:
None anticipated. The Billing Department will continue to charge appropriate fees for deduct meters based on the water use designation. Installation fees for new meters will be charged according to the extent of installation as already described in the policy.

kac
Section 3
Metering and Billing Procedures

3.1 Metering (1876-99)

3.1.1 Methods of Installation For New Metered Water Service Connections (1929-01)

All new meter installations shall incorporate remote read meters. Six (6) installation procedures are described below. Their respective water service fees are addressed in Section 4 and Appendix A. (1929-01)

**Type One (1929-01)**

Under a Type One installation, District will tap the water main, provide and install the service piping, meter with remote read device, and meter box and associated appurtenances. (1929-01)

**Type Two (1929-01)**

Under a Type Two installation, the water service line has been installed to the meter box location at the Applicant's property line as part of a water main extension by the developer/contractor and included in the water main extension cost. The District will provide and install the meter with remote read device, meter box and associated appurtenances. (1929-01)

**Type Three (1929-01)**

Under a Type Three installation, the water service line, meter box, and associated appurtenances, less the meter, have been installed to the Applicant's property line by the developer/contractor as part of a water main extension and included in the main extension cost. The District provides and installs the meter. (1929-01)

**Type Four (1929-01)**

Under a Type Four installation, the water service line, meter with remote read device, meter box, and associated appurtenances have been installed to the Applicant's property line as part of a water main extension by the customer/developer and included in the main extension cost. (1929-01)

**Type Five**

Not used. Under a Type Five installation, a deduct service, consisting of water service line, meter with remote read device, meter box and associated appurtenances, will be installed downstream from and in series with the domestic service to a dwelling or

January 9, 2018
structure. A deduct service is intended and available for irrigation of minor landscaping and other incidental uses that will not enter the local sanitary sewer system, and shall not be larger than the adjoining meter. The deduct service may be installed concurrently with or after a Type One through Type Four domestic service, and may be used for the purpose of metering water use that may not be discharged into the public sewer system (reducing the sewer bill accordingly).

**Type Six**

Under a Type Six installation, District will tap a water main larger than 12 inches and less than or equal to 18 inches, other than concrete cylinder pipelines, provide and install the service piping, meter with remote read device, and meter box and associated appurtenances.

**Other General Requirements relating to Type One through Type Six metered water services**

- "Appurtenances", relating to Type One through Type Six water services above, do not include pressure regulating or cross-connection control assemblies on the customer side (downstream) of the meter assembly.

- For services other than a single family residence, applicants will be required to provide to the District a complete list of fixtures with their respective equivalent fixture unit values and a meter size determined by the applicant's licensed plumber, architect or engineer, as outlined by following the current adopted Uniform Plumbing Code. *(1929-01)*

- The District requires the installed water meter to meet the peak water demand. The District may approve an alternative means to meet the peak water demand. The required water meter size to be installed will depend on the peak flow requirement and the water pressure of the water main that will supply the metered water service. *(1929-01)*

- Because hydraulic limitations can restrict the District's ability to provide water for a service connection, the District reserves the right to limit the size of the water service to be installed. This determination will be based on hydraulic considerations of the water main that will supply the metered water service. *(1929-01)*

- The District shall execute a water service contract for each new non-deduct irrigation service(s), outlining the duties of the District to provide water and the duties of the applicant in the use of the water, including a clause such that if problems arise related to water system source capacity or hydraulics, water for irrigation or other non-domestic demands can be limited or discontinued. Water for irrigation is recommended during, and may be limited to, "off peak" hours of 10:00 p.m. to 5:00 a.m. each day, or such hours as the District may prescribe.

- All charges, fees and expenses charged by local, State or federal agencies to the District to fulfill an Applicant's service application shall be added to the cost of the Type One service installation.
All service connections to the District system shall be billed according to the appropriate rate schedule in Appendix A. (1876-99)

Special meters may be installed on any account when the nature of the Applicant’s equipment and operation so indicates for correct rate schedule application and/or Applicant service improvement.

The District shall adjust Installation Charges on January 1 each year, based on increases in the Engineering News Record Construction Cost Index for the Seattle area from November of the preceding year.

A deduct service (Types Two through Four), consisting of water service line, meter with remote read device, meter box and associated appurtenances, will be installed downstream from and in series with the domestic service to a dwelling or structure. A deduct service is intended and available for irrigation of minor landscaping and other incidental uses that will not enter the local sanitary sewer system, and shall not be larger than the adjoining meter. The deduct service may be installed concurrently with or after a Type One through Type Four domestic service, and may be used for the purpose of metering water use that may not be discharged into the public sewer system (reducing the sewer bill accordingly).

**Metered Services for Irrigation (1929-01)**

Either of two types of irrigation services may be utilized: **deduct** (Types Two through Four-Five) or non-deduct (Types One through Six-Four). These meter Types are described above. (1929-01)

**3.1.2 Standpipe, Flushing Assembly or Fire Hydrant Use**

Water use from fire hydrants, flushing assemblies or standpipes requires use of a fire hydrant meter. Additional details are provided in Sections 2.6, 2.7.3 and 4.1.5.

**3.1.3 Fill Station Use**

Use of fill station water may be provided to DISTRICT retail service area customers subject to the completion and approval of an application prepared by the DISTRICT.

Additional details are provided in Sections 2.2.6, 2.9, and 4.1.6

**3.2 Billing**

**3.2.1 Meter Reading (1876-99)**

- Meters will be read on monthly or bimonthly cycles at the District’s option.
  
  Double check or reduced pressure detector meters will be read monthly.

  The District may alter or reroute its meter reading and billing cycle dates when such alteration or rerouting is in the best interest of the District.
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January 9, 2018

- Opening or closing readings may be prorated.

3.2.2 Mailing and Notification

The District will send bills and notices by first class mail. Bills will be sent to the mailing address furnished by the Applicant. An Applicant/Customer who does not provide a proper mailing address or a means of receiving mail, may be subject to disconnection. Failure to receive a bill or notice will not release the Customer from the obligation to pay for services provided.

3.2.3 Issuance of Bills

Bills will be issued monthly or bimonthly, depending on the reading cycle and assigned payment plan, and generally will be based on exact meter readings. Bills may be estimated when:

- Meter is not accessible to meter reader;
- Meter is under snow or water;
- Meter malfunctions;
- Other circumstances beyond District control interfere with meter reading.

In the event that bills are estimated, an adjustment will be made at the time of the next regular billing that is based on an actual meter reading if available.

3.3 Procedures for Collecting Past Due Accounts (1814-98)

3.3.1 Water Bills (1814-98)

Each water bill shall include a billing date. The date will be the date the bill is mailed to the customer of record. Each bill will have a past due date. The past due date shall be eighteen (18) calendar days beyond the bill date. (1814-98)

3.3.2 Delinquent Notices (1814-98)

Delinquent bills shall be mailed to any customer of record that does not make payment of their water bill on or before the past due date shown on their water bill. Delinquent notices shall be mailed to the customer of record fourteen (14) calendar days after the past due date. The delinquent notice will allow the delinquent customer of record seven (7) calendar days to make payment. (1814-98)

3.3.3 Late Charge

In order to recoup a portion of the cost associated with collecting delinquent bills, a late payment charge at the rate of $5.00 or two percent (2%) per month, whichever is greater, will be applied to a customer's bill for all unpaid balances fourteen (14) calendar days beyond the bill due date. The General Manager or Customer Service Department employees are authorized, at their discretion, to reverse a late payment charge on an
account, provided that the account has had no late payment reversals or charges within the previous twelve (12) months.

3.3.4 Final Notice (1814-98)

Final notices shall be mailed to customers of record notifying the Customer that their water service will be disconnected if payment is not received. The final notice shall be mailed one (1) working day after pay by date specified on the delinquent notice. The final notice will allow the customer of record ten (10) calendar days to make payment. The District reserves the right to deviate from this schedule; however, the sequence of events shall remain the same. (1814-98)

3.3.5 Turn On/Reconnection Charges (1814-98)

Water services that are disconnected will be levied a charge for turn on/reconnection. Turn on/reconnection charges will vary based on the time and day the turn on/reconnection is completed:

- between the hours of 8:00 a.m. through 4:00 p.m. Monday through Friday excluding holidays;
- outside the above hours Monday through Friday or on Saturday; or
- Sundays and Holidays

Turn on/Reconnection charges for these situations shall be as indicated in Appendix A, Table A-9. The General Manager or Customer Service Department employees are authorized, at their discretion, to reduce or reverse Turn On/Reconnection charges on an account, provided that the account has had no Turn On/Reconnection charges within the previous twelve (12) months. Water services that are disconnected shall require the past due bill to be paid in full prior to turn on/reconnection. (1814-98)

3.3.6 Hardship or Extenuating Circumstances (1814-98)

The General Manager or Customer Service Department employees are authorized to grant extensions or accept partial payments for water services for extenuating circumstances or hardship cases. Extensions may be granted on a case-by-case basis. Extensions or partial payments will not be automatic and may only be granted if requested as outlined in the past due notice. Extensions or partial payments shall generally not exceed thirty (30) days in duration. Complete payment for extensions allowed under this clause shall generally be made in full no later than thirty (30) days after the pay by date as specified in Section 3.3.4. A Customer’s failure to make payment within the extension period may result in disconnection of the Customer’s water service without further notification. (1814-98)
3.3.7 Minimum Balances (1814-98)

Balances due or credit balances of less than One Dollar ($1.00) for each Customer no longer on service will be adjusted to a $0.00 balance due/credit balance. (1814-98)

3.3.8 Transfer of Previous Unpaid Accounts

The District may transfer to any existing or new water service any unpaid charges for service previously rendered to the same Customer at any other location within the District’s service area. Such transferred balance shall be considered part of the Customer’s current obligation to the District as though the previous unpaid balance had been incurred at the present service address. The District may permit arrangement for payment of such transferred balance under the guidelines of Section 3.3.7.

If it is determined that a Customer has an outstanding balance from a previous account with the District and is receiving Benefit of Service through a different account with the District, but not in the Customer’s name, the outstanding balance may be transferred to the active account.

If it is determined that a Customer has an outstanding balance from a previous account with the District is eligible to receive a refund through a different account with the District, whether or not in the Customer’s name, the outstanding balance may be deducted from the pending refund.

3.4 Unduly High Water Bills (1440)

3.4.1 Conditions (1440)

The policy for adjusting unduly high water bills is subject to the following conditions: (1440)

- Where the Customer, upon becoming aware or being made aware of the water loss, takes immediate steps to correct the faulty plumbing and/or equipment causing the loss. (1440)
- Where the District is informed by the Customer that the problem has been corrected so that investigation, meter readings and records can be made reflecting the action and the effects thereof taken by the Customer and the dates of such action. (1440)

3.4.2 Adjustment Procedure (1440)

Such conditions having been satisfied, it shall be in order for the District to adjust the Customers’ water bills as follows: (1440)

- Once the District has documentation i.e., receipts, photographs etc. that the leak has been repaired by the Customer, and/or the repair has been confirmed by the District, adjustments will be made;
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- If the consumption indicated on the high water bill exceeds the average consumption of the previous two years' billing of the same period by 50%, the Customer shall be eligible for an adjusted water bill.

- The adjusted water bill will be 1.5 times that of the average of the last two years' billings for the same period. In the absence of two years' billing history, the adjustment will be based on the previous year's billing for the same billing period. In the absence of one year's billing history, the adjustment will be based on the average of the previous two normal billing periods.

- Adjustments will not be made for more than two consecutive billing periods of excessive use within a twelve month period.

- The District reserves the right to accept or deny any requests for adjustment. (1440)

3.5 Adjusting Customer's Water Bills Due to Loss by Leakage Due to a Declared Disaster Beyond the Customer's Control (1512-90)

It is recognized there may be cases that are dependent upon nature and totally beyond the Customer’s control: e.g., floods that inundate an area for durations longer than two days. (1512-90). When the federal or State government declares an area as a disaster area, the District’s policy will be: (1512-90)

- When a Customer’s meter(s) cannot be accessed on a normal reading day cycle, the Customer will be invoiced for the meter charge only (no consumption charges); further, the Customer’s bill will reflect any consumption charge for that period on his subsequent bill when the District’s meter reader can gain normal access to the meter. (1512-90)

- Should a Customer incur damage to his water piping system on the Customer’s side of the meter, due to or during the event, the District will adjust the Customer’s water loss as follows: (1512-90)
  
  - Where the cost of the excess water is not equal to more than the Customer’s average consumption charge over the previous two (2) meter readings, the Customer will be charged the average of the previous two (2) billings for each billing period missed and no further adjustment will be made. (1512-90)

  - When the excess water amounts to more than the average of the previous two (2) meter readings, the District will adjust the consumption charge to the average of the previous two (2) billings. (1512-90)

  - In the event that bills are estimated, an adjustment will be made at the time of the next regular billing that is based on an actual reading.

- Once the Customer learns of the water loss, the Customer must take immediate steps to correct the faulty plumbing, equipment or pipe causing the loss. This requirement is predicated on the event subsiding sufficiently to access the problem area. (1512-90)
The Customer must inform the District that the problem has been corrected so that investigation, meter readings and records can be made reflecting the problem, action taken to correct the problem and the dates of such action. (1512-90)
Section 4
Water Rates, Fees, and Deposits

4.1 Rates (1876-99)

4.1.1 General Provision

The District has rate schedules for particular types of services provided. A summary of these charges is provided in Appendix “A”. In case of conflict between the provisions of any rate schedule or special contract and this Water Code, the provisions of the rate schedule or special contract shall apply. Rates shall be charged from the date the meter is installed and activated.

Tables A-1 and A-2 in Appendix “A” indicate the standard meter and consumption rates for the majority of District water service Customers.

Meter charges and consumption charges are covered through the upstream domestic service meter charges and are not applicable to a deductible meter, as defined in Section 3.1.1. Deductible meters are to be charged a deductible meter reading fee, per Table A-9, Appendix “A”.

4.1.2 Wholesale/Special Contract Customers (1876-99)

- The rates and charges for Wholesale/Special Contract Customers described in Section 2.2.2 and 2.2.3 shall be as specified in their contracts with the District. The District shall compute their billings utilizing the monthly meter charge as specified in Appendix “A”, Table A-1 and consumption charges as specified in Appendix “A”, Table A-2 for All Others, unless otherwise specifically provided for in a written contract with the District.

- The District shall give the Wholesale/Special Contract Customers written notice of a rate increase. The billings utilizing this rate increase for this class of Customer shall conform to the notification requirements of each contract.

4.1.3 Private Fire System (1876-99)

- Automatic Sprinkler Equipment/Privately Owned Fire Protection Facilities

A monthly charge for standby service for automatic sprinkler equipment/privately owned fire protection facilities connected to the water system shall be calculated per inch of nominal pipe diameter of the Customer’s pipe at the point that such pipe connects to the District-owned facilities. Such charges shall be billed in advance. Automatic Sprinkler Equipment/Privately Owned Fire Protection Facilities rates are provided in Appendix “A”, Table A-3.
If a detector check meter registers water for non-emergency use, the Customer will be assessed a 5/8-inch meter Monthly Basic Fixed Charge per Appendix “A”, Rates, Fees and Charges and Deposits Table A-1, for at least two meter reading cycles for each month of non-emergency use. Any water for non-emergency use shall be billed per Appendix “A”, Rates, Fees and Charges and Deposits, Table A-2, Consumption Charges “All Others”. (1876-99)

4.1.4 Potlatch System Water Rates (1862-99)

The District has determined that the water rates established for Potlatch should include those amounts necessary to cover the additional costs and expenses associated with the unique nature of the Potlatch System. (1862-99)

Water rates have been developed specifically for the Potlatch System (1862-99) and are provided in Appendix “A”, Table A-5.

4.1.5 Fire Hydrant Meter Water Rates

Water consumed through fire hydrant meters shall be charged a monthly fire hydrant meter use charge and a consumption charge based on water actually consumed. Rates are indicated in Appendix “A”, Table A-4.

4.1.6 Bulk Water Fill Station Water Rate

The District has determined that the water rate established for a Fill Station should include those amounts necessary to cover the additional costs and expenses associated with the unique nature of a Fill Station.

The water rate has been developed specifically for a Bulk Water Fill Station and is provided in Appendix “A”, Table A-7.

4.2 System Development Fees

4.2.1 Basis for System Development Fee

The District has limited capacity to serve additional Customers without increased infrastructure. The system development funds are utilized to help offset additional infrastructure costs needed to meet the additional load created by increased demand on the system, and replacement costs. System development funds are intended to be used for improvements that benefit major portions of the service area of a District water system, and their use requires approval of the District’s Board of Commissioners.

System development fees are calculated based on the benefit of both existing capacity and projected future capacity improvements to the District’s water systems over a given period of time. The current system development fee schedule is based on the factors and costs indicated.
System development fees are covered through primary services and are not applicable to auxiliary metering systems such as deduct services and detector check meters.

4.2.2 Weighting Factors for Meters

The District has determined that the American Water Works Association (AWWA) has established in Standards C-700 and C-702 the safe maximum operating capacity for displacement and compound water meters, and that the safe maximum operating capacity of such water meters of various sizes are related to the following proportional weighting factors:

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>Weighting Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/8-inch</td>
<td>1</td>
</tr>
<tr>
<td>3/4-inch</td>
<td>1.5</td>
</tr>
<tr>
<td>1-inch</td>
<td>2.5</td>
</tr>
<tr>
<td>1 1/2-inch</td>
<td>5</td>
</tr>
<tr>
<td>2-inch</td>
<td>8</td>
</tr>
<tr>
<td>3-inch</td>
<td>16</td>
</tr>
<tr>
<td>4-inch</td>
<td>25</td>
</tr>
<tr>
<td>6-inch</td>
<td>50</td>
</tr>
<tr>
<td>8-inch</td>
<td>80</td>
</tr>
</tbody>
</table>

4.2.3 Policies for Calculating System Development Fees

The System Development Fee for a 5/8-inch meter shall be the unit basis of System Development Fees for all meters.

The System Development Fees for positive displacement meters ranging from 5/8-inch to and including 1-1/2-inch and compound meters ranging from 2-inch to and including 8-inch shall be based on the System Development Fee for a 5/8-inch meter multiplied by the weighting factor for that meter, charged as follows:

| Meter Size | Weighting Factor | System Development Fee*  
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5/8</td>
<td>1</td>
<td>$ 4,865.00</td>
</tr>
<tr>
<td>3/4-inch</td>
<td>1.5</td>
<td>$ 7,297.50</td>
</tr>
<tr>
<td>1-inch</td>
<td>2.5</td>
<td>$ 12,162.50</td>
</tr>
<tr>
<td>1 1/2-inch</td>
<td>5</td>
<td>$ 24,325.00</td>
</tr>
<tr>
<td>2-inch</td>
<td>8</td>
<td>$ 38,920.00</td>
</tr>
<tr>
<td>3-inch</td>
<td>16</td>
<td>$ 77,840.00</td>
</tr>
<tr>
<td>4-inch</td>
<td>25</td>
<td>$121,625.00</td>
</tr>
<tr>
<td>6-inch</td>
<td>50</td>
<td>$243,250.00</td>
</tr>
</tbody>
</table>
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8-inch  80  $389,200.00
10-inch 115.0  $559,475.00

*See Section 4.2.4 Water Contracts

The System Development Fees for types and sizes of meters other than the positive displacement and compound meters listed above shall be based on the System Development Fee for a 5/8-inch meter multiplied by a weighting factor for that meter. The weighting factor shall be based on the safe maximum operating capacity established in the most current AWWA Standards for that meter.

Each meter serving other than a single family residence shall be selected: (1) based on the sizing requirements of the most recently adopted International Association of Plumbing and Mechanical Officials (IAPMO) Uniform Plumbing Code, (2) to flow not more than the safe maximum operating capacity of the meter per AWWA Standards, and (3), if the proposed use generally has a pattern of continuous flow (a relatively consistent flow for 6 hours or more), to flow not more than 50% of the safe maximum operating capacity of the meter during such periods of continuous flow.

The District does not guarantee that the safe maximum operating capacity or continuous flow capacity of a meter, or any rate of flow will be available from the District’s water system. System capacities, water rights, hydraulics, environmental factors, or other issues may limit the amount of flow available through any meter at any given time. It is a core value of the District to maintain an adequate level of service to existing customers. The District reserves the right to limit any customer’s use when that use has or will have an adverse impact to the District’s obligations and responsibilities.

Additional System Development Fees in excess of those listed above may be incurred by the Customer when the Customer’s use exceeds the flow rates and/or usage listed in a Water Contract (see Section 4.2.4 Water Contracts).

The System Development Fees per meter size are also indicated in Appendix “A” Table A-6.

4.2.4 Water Contracts

The District shall execute a Water Contract for each new meter with a weighting factor of 8 or more (2-inch and larger), or each group of meters (regardless of size) whose weighting factors sum 8 or more, each meter hereinafter termed “contract meter”. The Customer’s projected flow rates and usage for each contract meter shall be listed in the Water Contract. If a Customer’s use through any contract meter exceeds the listed flow rates and/or usage, the District reserves the right to require the Customer to modify the use to those listed in the Water Contract. If the Customer has not modified the use through that meter(s) to those listed in the Water Contract within 120 days of the notice requesting the modification of use, the Contract will be amended in writing and the Customer will be responsible for any mitigation deemed necessary. Mitigation shall be determined by the District, and may include, but is not limited to, additional charges and/or water system improvements including all associated costs.
Any existing non-“contract meter” purchased on or after November 1, 1999 will become a contract meter, subject to all Water Contract requirements, if additional meters are purchased to serve the same property or lot and the summed weighting factors of all meters is 8 or more, a Water Contract will be required.

These provisions apply only to meters purchased on or after November 1, 1999. Water services in existence on October 31, 1999 will not be subject to these provisions, unless said meter(s) is upsized or removed and its System Development Fee value applied to a new meter(s).

The District does not guarantee that the safe maximum operating capacity or continuous flow capacity of a meter, or any rate of flow will be available from the District’s water system. System capacities, water rights, hydraulics, environmental factors, or other issues may limit the amount of flow available through any meter at any given time. It is a core value of the District to maintain an adequate level of service to existing customers. The District reserves the right to limit any customer’s use when that use has or will have an adverse impact to the District’s obligations and responsibilities.

The District may provide water service to two separate types of real estate: first, a tract of real estate, comprised of one or more parcels in the records of the Skagit County Assessor, but certifiable to be one “property” of record according to the deed and, second, a portion of such a legal “property” of record, having its own describable boundaries and requiring its own source of water separate from the balance of the “property”, often affected by a lease from the property owner. Based on this:

- if multiple contract meters serve a single “property” (a single tract of land not affected by a lease), the System Development Fee shall be charged as indicated in the Water Contract; and

- if multiple contract meters serve a single “lot” (a single tract of land affected by a lease, perhaps within a larger “property”), the System Development Fee shall be charged in the same manner as for a “property”, but shall only account for the meters serving the specific “lot” on the “property”.

The District retains the final decision of what constitutes a “property” or “lot”. In both cases, the Water Contract shall define the Customer’s allowable flow rates and usage through the contract meter(s).

4.2.5 System Development Fees for Satellite Systems (1937-01)

System Development Fees developed specifically for future LUDs or satellite systems that are not anticipated to connect to the Judy Reservoir System or be conveyed water via the District’s Water Supply Agreement with the City of Anacortes, shall be subject to only the “General Plant” portion of the System Development Fee structures, providing required criteria has been met for obtaining water service. The General Plant portion charged shall account for annual construction cost index increases and shall be multiplied by the appropriate weighting factor for the meter selected; Appendix “A”, Table A-6.
4.2.6 Annual Adjustments to System Development Fee Schedule (1877-99)

The District shall adjust the System Development Fees on January 1 each year, subject to review by the Commission, based on increases in the Engineering News Record Construction Cost Index for the Seattle area from November of the preceding year. The fee adjustment in the 5/8-inch meter size is to be based on the change in the construction cost index for the preceding 12 months, using the previous November as a baseline. The fee shall be rounded to the nearest $5.00 increment. Fees for other meter sizes are incrementally determined using a multiplier upon the 5/8-inch rounded meter fee.

4.2.7 Adjustments for Upsizing, Downsizing or Combining Water Services

If the meter of a water service is increased in size, the Customer shall pay a System Development Fee equal to the difference between the original meter and the new larger meter, both fees being based on the System Development Fee schedule in effect at the time of the upsizing.

Should a Customer request that a smaller meter be installed to serve their dwelling or establishment, refunds of System Development Funds shall not be made. In turn, the same water service Customer can have the meter size increased up to and equivalent to pre-existing water meter size for a period of ten (10) years after the date of down-sizing the water meter without being required to pay additional System Development Fees.

If a Customer has one or more water services serving the same parcel or lot and requests the removal of one or more of the water meters and the installation of one or more new meters, the System Development Fee of the removed meter(s) shall be applied towards the System Development Fee of the new meter(s), all fees being based on the System Development Fee schedule in effect at the time of request. If the System Development Fee(s) of the new meter(s) exceeds the System Development Fees of the removed meter(s), the Customer shall pay the difference. If the System Development Fee(s) of the removed meter(s) exceeds the System Development Fees of the new meter(s), no refund will be made.

4.2.8 Miscellaneous

If a water service is abandoned, left in place at the District’s discretion during a water service relocation, or otherwise abandoned from service, an Applicant shall pay the full System Development Fee and associated costs upon reactivation of the service.

4.3 Connection Charges for New Metered Water Services (1929-01)

All new meter installations shall be levied a connection charge (meter installation charge) per the fee schedule in Appendix “A”, Table A-8, for the same six (6) water service installation Types as described in Section 3.1.1. (1929-01)
Installation fees for water service installations involving tapping a water distribution pipeline larger than 18 inches or any concrete cylinder water pipeline will be on a time and material basis, and not less than a Type Six installation fee.

The Type Five deduct service may be installed concurrently with or after the domestic service, and shall be charged according to the fee schedule for a Type Two, Type Three or Type Four water service, depending on the extent of installation.

4.4 Other Fees (1929-01)

A fee will be charged for any financial instrument which does not clear the financial institution (e.g. NSF checks, ACH returns, closed accounts) see Appendix “A”, Table A-9.

4.5 Service Deposits (1660-95)

4.5.1 Applicants (1660-95)

Applicants for a water service that are not simply transferring from an existing District service obligated in their name to another District service, may be required to provide a service deposit or show sufficient proof of a satisfactory credit history or rating from Experian Information Solutions with a minimum credit score of 580. Indication of a satisfactory credit history is defined as a credit reference from a utility indicating a 12-month satisfactory payment history. The District shall have sole discretion in determining the acceptability of the credit reference and the satisfactory analysis thereof. (1660-95)

4.5.2 Existing Customers (1660-95)

Existing Customers with an unsatisfactory payment history with the District may be required to provide a service deposit as a condition of continuing to receive water service. (1660-95)

Customers applying for the installation of a new water service that includes the payment of a system development fee and/or meter installation charge, shall be waived from the requirements of a service deposit and activation fee or payment history as the Customer has demonstrated financial capacity to the District. This waiver is conditioned on the provision that the Customer does not have a previous unsatisfactory payment history with the District. (1660-95)

4.5.3 Basis for Deposit (1660-95)

The service deposit amount for a residential 5/8-inch metered service shall be based on two times the two-month average billing, rounded up to the nearest $5.00 increment; as determined from time to time when water rates are adjusted. Larger meter service deposits are to be incrementally adjusted based on multipliers or final fee indicated in Appendix “A”, Table A-10. (1660-95)
4.5.4 Unusual or Exceptional Cases (1660-95)

Service deposits may be required and/or increased in unusual or exceptional cases where management deems it necessary in order to adequately protect the District. (1660-95)

In extremely rare instances, the District may waive service deposit and credit reference requirements if, in the judgment of the District, there is substantial indication of minimal District exposure to loss. An example of this modification would be to serve a governmental entity such as a city or county. (1660-95)

Service deposits or sufficient proof of a satisfactory credit history shall be received at the time of application. Non-compliance with the arrangements is cause for disconnection from service. In the event of a disconnection, a reconnection charge in the amount established per District rates, fees, charges and deposits will be assessed. See Appendix “A”, Table A-9 (1660-95)

4.5.5 Refund (1660-95)

When a Customer with a service deposit leaves service, the District will refund the service deposit less the amount of unpaid bills. Refund checks will not be distributed until all necessary internal processing is completed. (1660-95)

A Customer continuing service with the District will have the service deposit applied to their account when the Customer obtains a twenty-four (24) month payment history acceptable to the District. (1660-95)

In the event a Customer first gives a service deposit and then later provides an acceptable credit history, the District may then either refund the deposit or apply the deposit to the Customer’s account. (1660-95)

4.5.6 Unpaid Bills (1660-95)

The District may submit to an Attorney or collection agency a request for collection of any unpaid bills after District collection attempts have failed, including unpaid bills remaining after the service deposit has been applied (1660-95). Upon assignment of an account by the District for collection, collection fees will be added to the balance owed. The fee to be added will be one hundred percent (100%) of the account balance when the balance of the account is less than or equal to $75.00 or the fee to be added will be fifty percent (50%) of the amount of the assigned account when the balance of the account is in excess of $75.00.

Any unpaid bills may be assigned to any other active accounts of the Customer per Section 3.3.9.

A request for service by the Customer may require payment of any unpaid bills prior to service activation.
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## Table A-8

**Installation Charges**

<table>
<thead>
<tr>
<th>Connection Charge Type</th>
<th>Meter Size</th>
<th>Effective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type One</td>
<td>5/8-inch</td>
<td>$4,075</td>
</tr>
<tr>
<td>Type One</td>
<td>3/4-inch</td>
<td>$4,110</td>
</tr>
<tr>
<td>Type One</td>
<td>1-inch</td>
<td>$4,310</td>
</tr>
<tr>
<td>Type Two</td>
<td>5/8-inch</td>
<td>$1,365</td>
</tr>
<tr>
<td>Type Two</td>
<td>3/4-inch</td>
<td>$1,445</td>
</tr>
<tr>
<td>Type Two</td>
<td>1-inch</td>
<td>$1,605</td>
</tr>
<tr>
<td>Type Three</td>
<td>5/8-inch</td>
<td>$370</td>
</tr>
<tr>
<td>Type Three</td>
<td>3/4-inch</td>
<td>$400</td>
</tr>
<tr>
<td>Type Three</td>
<td>1-inch</td>
<td>$515</td>
</tr>
<tr>
<td>Type Four</td>
<td>(Varies)</td>
<td>Part of Water Main Extension Cost</td>
</tr>
<tr>
<td>Type Five (Deduct)</td>
<td>5/8-inch</td>
<td>$1,365</td>
</tr>
<tr>
<td>Type Five (Deduct)</td>
<td>3/4-inch</td>
<td>$1,445</td>
</tr>
<tr>
<td>Type Five (Deduct)</td>
<td>1-inch</td>
<td>$1,605</td>
</tr>
<tr>
<td>Type Six</td>
<td>5/8-inch</td>
<td>$9,390</td>
</tr>
<tr>
<td>Type Six</td>
<td>3/4-inch</td>
<td>$9,425</td>
</tr>
<tr>
<td>Type Six</td>
<td>1-inch</td>
<td>$10,025</td>
</tr>
<tr>
<td>Renewal of Service (meter only) within one year</td>
<td>5/8-inch, 3/4-inch and 1-inch</td>
<td>Turn on/Reconnect Fee</td>
</tr>
<tr>
<td>Renewal of Service (meter only) after one year</td>
<td>5/8-inch, 3/4-inch and 1-inch</td>
<td>Type Three Charge</td>
</tr>
<tr>
<td>Renewal of Service (complete service)</td>
<td>5/8-inch, 3/4-inch and 1-inch</td>
<td>Time and Materials, not to exceed Type One Installation Charge</td>
</tr>
<tr>
<td>Renewal of Service (complete service)</td>
<td>Larger than 1-inch</td>
<td>Time and Materials</td>
</tr>
<tr>
<td>Type One, Two, Three, Four and Six</td>
<td>1 ½-inch and Larger</td>
<td>Time and Materials</td>
</tr>
</tbody>
</table>

**Note:**
- The District shall adjust Installation Charges on January 1 each year, based on increases in the Engineering News Record Construction Cost Index for the Seattle area from November of the preceding year.

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*Appendix A – Rates, Fees, Charges and Deposits*  
A-4  
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