PLEDGE OF ALLEGIANCE

CONSENT AGENDA
1. Approval of Agenda 10/09/18
2. Approval of Minutes 09/25/18 (Commission Meeting); 10/01/18 (2019 Budget Hearing)
3. Ratification of Vouchers 10/02/18
4. Approval of Vouchers 10/09/18
5. Project Acceptance
   Plat of Nicholas Court, Cook Road (Sedro-Woolley)
   Cascade Village Multi Family (Burlington)

TREASURER’S REPORT – August 2018

AUDIENCE COMMENTS

OLD BUSINESS
6. Manager’s Report
7. Quarterly Report – Safety Department

NEW BUSINESS
8. Northwest Safety Signs - Agreement for Professional Services- Task Order #20
   Spruce, N 4th to N 8th; E Evergreen, N 4th to N 6th; E Lawrence, N 6th to N 8th - Action
9. New & Revised Policies & Administrative Practice and Procedures (AP&Ps) – Discussion & Action
   Policy #1012 - Employment Classification
   Policy #1028 - Code of Conduct
   AP&P #2006 - Work Schedules & Attendance
   Policy #1023 - Compensatory Time
   Policy #1029 - Workplace Violence
10. Quit Claim Deed - Pacific Woodtech – Action
11. Revised 10/09/18
   Interlocal Agreement with Skagit County-Alger Well Property Transfer - Action
12. Cost of Living Adjustment 2019 – Discussion
13. Additional Item Added 10/09/18
   Interlocal Agreement with City of Mount Vernon - College Way Widening Project - Action

MISCELLANEOUS

COMMISSIONER COMMENTS

ADJOURNMENT

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

September 25, 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 September 25, 2018.

The meeting was called to order at 4:30 PM. Those Commissioners in attendance were: Robbie Robertson, President; Eron Berg, Vice President; and Al Littlefield Secretary. Also in attendance were: George Sidhu, General Manager; Peter Gilbert, Attorney, Mark Handzlik, Engineering Manager, Sally Saxton, Treasurer and Kim Carpenter, Clerk of the Board. Audience: Judy Littlefield and District Employees: Mark Semrau, Brian Henshaw, Kevin Tate, Mike Demers, Bill Trueman, Dean Myers, Tyrone Kaech, Brad Washington, Jay Sedivy and and Luis Gonzalez.

Commissioner Littlefield led the Pledge of Allegiance.

Commissioner Littlefield moved to approve the Consent Agenda for September 25, 2018:

1. Approval of Agenda 09/25/18
2. Approval of Minutes 09/11/18 Meeting
3. Ratification of Vouchers 09/18/18  
   No. 1818-Voucher Nos. 13569-13622, Payroll Check Nos. 23826-23910 ($492,641.77)
4. Approval of Vouchers 09/25/18  
   No. 1819-Voucher Nos. 13623-13696 ($293,130.46)
5. Saratoga Passage View Development -Termination of Water System Completion Agreement

The motion passed.

NEW EMPLOYEE INTRODUCTION – Brian Henshaw, Finance Manager. Manager Sidhu introduced Brian Henshaw who then gave a brief background bio about himself.

There were no audience comments.

Under Old Business:

6. Manager’s Report
   Manager Sidhu reported on the following items:
   • A Water Supply Task Force meeting is scheduled for 9:00 AM on October 3 in the District’s Aqua Room and will be televised.
   • Drainage and Irrigation District No. 15 want to pursue a project to replace their drainage infrastructure on McLean Road. We will be meeting with them to discuss and share field information gathered as part of our McLean Road Pipeline Project.
   • The 2019 Budget work session schedule has been updated due to postponement of the Rate and SDF Study.
Agenda Item #2a

10/01/18  5:00 PM    Budget Hearing
10/09/18  2:00 PM    Budget Review Work Session
4:30 PM    Regular Commission Meeting
10/16/18  Cancelled due to Commissioner conflict – will be rescheduled to 10/19 or 10/23

Under New Business:

7. Budget Augmentation and Sole Source Justification
   iWorkWise – WTP Process Safety Management (PSM) Program – Action
   Manager Sidhu reviewed process safety management requirements and Safety & Risk Coordinator Sedivy reviewed the background information and work to be completed by iWorkWise for the District and budget amendment.
   Discussion ensued regarding various aspects of the proposed work. Commissioner Littlefield moved to authorize the General Manager to execute the Sole Source Justification and to enter into an Agreement with iWorkWise to write and implement a water chlorination Process Safety Management (PSM) program at the water treatment plant, and to authorize a budget amendment to the Professional Services budget in the amount of $26,490 to fund the PSM development by iWorkWise. The motion passed.

8. Quit Claim Deed-Vacate Easement AF#641411 – Action
   Engineering Manager Handzlik presented the background regarding the request to vacate an easement. Discussion ensued regarding various aspects of the request and relinquishing the entire easement that potentially affects other property owners. Commissioner Berg moved to authorize the General Manager to execute a Quit Claim Deed and Hold Harmless Agreement which vacates a portion of a District utility easement (Skagit County Auditor's File No. 641411) located on parcel P39288. The motion passed.
   Commissioner Berg moved to vacate all the easements under AF#641411 and to offer quit claim deeds and hold harmless agreements to the remainder of underlying properties. The motion passed.

Under Miscellaneous, Manager Sidhu indicated that the Commissioner notebooks include two articles from the Skagit Valley Herald.

Under Commissioner Comments, Commissioner Berg commented on the thick sections of asphalt in Sedro-Woolley with respect to the State Street project.

Commissioner Littlefield stated he would be attending the WA PUD Association (WPUDA) Water Workshop tomorrow through Friday. Commissioner Berg stated he would be attending on Thursday.

Commissioner Robertson stated he would be attending the Water Workshop as well and offered congratulations to the staff who will be presenting this year. He stated the workshop has grown over the years and is very well attended. CEU’s are now offered for Commissioner presentations.
At this time, President Robertson recessed the regular meeting to go into executive
session per RCW42.30.110(1)(i)(ii) for an approximate duration of 30 minutes to 1 hour.
The meeting was recessed at 4:58 PM.

The executive session convened at 5:00 PM.

President Robertson reconvened the regular meeting of the Commission at 5:42 PM. No
audience members remained.

Having no further business to come before the Board, Commissioner Littlefield moved
for adjournment. The motion passed and the meeting of September 25, 2018 was
adjourned at 5:43 PM.

Respectfully submitted:

__________________________________________
Kim Carpenter
Clerk of the Board
MINUTES OF THE 2019 BUDGET HEARING OF
PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON

October 1, 2018

The 2019 Budget Hearing of Public Utility District No. 1 was held in the Aqua Room of the utility located at 1415 Freeway Drive, Mount Vernon, Washington, on October 1, 2018.

The hearing was opened at 5:00 PM. by President Robbie Robertson. Those Commissioners in attendance were: Robbie Robertson, President; Eron Berg, Vice President; and Al Littlefield, Secretary. Also in attendance were: George Sidhu, General Manager; Brian Henshaw, Finance Manager; Sally Saxton, Treasurer; Mark Handzlik, Engineering Manager; Kevin Tate, Community Relations Manager; Gary Chrysler, IT Manager; Mike Fox, Operations Manager; Luis Gonzalez, IT Support Analyst; and Catherine Price, Administrative Assistant; Audience: Judy Littlefield; Diane Robertson; and Joe Lindquist (District 2 PUD Commissioner Candidate).

President Robertson stated that today’s public hearing is for public input and the Commissioners may ask questions or wait until future meetings. President Robertson requested that General Manager Sidhu and Finance Manager Henshaw present the 2019 Budget.

Manager Sidhu provided a high-level overview of the Budget Hearing that he stated was heavy on Capital Projects. He stated that there are several handouts available to the audience including the printed slide presentation, work session schedule and agenda. Manager Sidhu stated that he and Finance Manager Henshaw would go through the proposed budget, which will also be discussed at future Commission meetings.

Finance Manager Henshaw gave an overhead presentation that included the following:
Budget Function
Vision
Mission
Core Values
Commission Objectives
Department Goals
Fiscal Management Targets
Budgeted Cash Inflows
Budgeted Cash Outflows
Major Capital Projects
Typical Residential Bill
What Does Your Bill Pay For?
Questions?

Finance Manager Henshaw stated that he could provide additional information and answer any questions now, or in the future.

Discussion ensued regarding various aspects of the information presented, including an 8.5% proposed rate increase, incorporating the Strategic Plan, future Capital Projects, upcoming work sessions schedule and providing the Commission with as much detailed information as possible at upcoming meetings for easier budget comprehension.
Manager Sidhu provided copies of the proposed budget to the Commission. Discussion continued regarding various aspects of the proposed budget.

Manager Sidhu stated that the goal is to get all line items done this week. The agenda for the Commission Work Session #2 of October 9 will include department budget discussions for IT, Operations and Community Relations; and Work Session #3 of October 23 will include department budget discussions for Engineering, Human Resources, Finance, Safety and Administration.

President Robertson stated that a Commission Work Session to further discuss the 2019 Budget is scheduled from 2:00-4:00 PM on Tuesday, October 9 prior to the regular meeting of the Commission.

Having no further questions or comments, Commissioner Littlefield moved to adjourn and close the 2019 Budget Hearing. The motion passed and the hearing of October 1, 2018 was closed at 5:40 PM.

Respectfully Submitted:

_______________________________
Catherine Price, Administrative Assistant
October 9, 2018

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

RE: Project Acceptance

Name of Project: Plat of Nicholas Court, P76912 Cook Road
Reference: C.O. # 4952, Project # 3661
Location: Sedro Woolley
Developer: Nicholas Court Apartments, LLC
Contractor: TD Alskog Inc

Gentlemen:

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

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

Respectfully submitted,

Mark C. Handzlik, P.E.
Engineering Manager
cmp

Attachment

cc: George Sidhu, P.E., General Manager
    Michael E. Demers, Engineering Technician
October 9, 2018

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

RE: Project Acceptance

Name of Project: Cascade Village Multi Family Community
Reference: C.O. # 4950, Project # 3658
Location: Burlington
Developer: Grandview North, LLC
Contractor: E & D Excavating, LLC

Gentlemen:

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

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

Respectfully submitted,

Mark C. Handzlik, P.E.
Engineering Manager

cmp

Attachment

cc: George Sidhu, P.E., General Manager
    Michael E. Demers, Engineering Technician
### Balance of District Funds

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue Fund</td>
<td>$3,967,812</td>
<td>22%</td>
</tr>
<tr>
<td>Capital Project Fund</td>
<td>$220,843</td>
<td>1%</td>
</tr>
<tr>
<td>Construction Fund</td>
<td>$8,116,312</td>
<td>44%</td>
</tr>
<tr>
<td>System Development Fund</td>
<td>$3,259,851</td>
<td>18%</td>
</tr>
<tr>
<td>Debt Service Fund</td>
<td>$1,355,626</td>
<td>7%</td>
</tr>
<tr>
<td>Bond Funds</td>
<td>$1,347,906</td>
<td>7%</td>
</tr>
<tr>
<td>Total Funds</td>
<td>$18,268,351</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Investment of District Funds

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Govt Investment Pool</td>
<td>$14,359,964</td>
<td>79%</td>
</tr>
<tr>
<td>Cash</td>
<td>$1,408,387</td>
<td>8%</td>
</tr>
<tr>
<td>Govt Agencies/ Securities</td>
<td>$2,500,000</td>
<td>14%</td>
</tr>
<tr>
<td>Total Funds</td>
<td>$18,268,351</td>
<td>100%</td>
</tr>
</tbody>
</table>

### District Fund Segments

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

### Investment of District Funds

- Cash
- Govt Agencies/ Securities
- Local Govt Investment Pool

### Rates of Investment Interest Received

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

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

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

### External Revenue:
- **Water Customer Receipts**: $2,167,517
- **System Development Fees**: $131,842
- **Capital Contributions**: $84,577
- **Grants**: $0
- **LID Assessments, Interest, Penalties**: $4,731
- **Investment Income**: $4,358
- **Non-Operating Revenues**: $2,621
- **Total External Revenue**: $2,259,072

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

### Transfers from Other Funds:
- **To Debt Reserve Fund** from Revenue Fund: $285,106
- **To Revenue Fund** from Debt Reserve Fund: $0
- **To Bond Reserve Fund** from Revenue Fund: $0
- **To Capital Project Fund** from System Development Fund: $0
- **Total Transfers to Other Funds**: $285,106

### Total Revenue:
- **Total Revenue**: $2,703,946

## Operating Expenditures:
- **Operations and Maintenance**: $1,273,558
- **Utility and Excise Taxes**: $89,920
- **Total Operating Expenditures**: $1,363,478

## Capital Expenditures:
- **Capital Projects**: $326,848
- **Total Capital Expenditures**: $370,171

## Debt Service Payments:
- **Interest Expense**: $0
- **Federal Tax Credit for 2009B Bonds**: $0
- **Total Debt Service Payments**: $0

## Transfers to Other Funds:
- **From Revenue Fund** to Debt Reserve Fund: $285,106
- **From Bond Reserve Fund** to Revenue Fund: $0
- **From System Development Fund** to Capital Project Fund: $0
- **Total Transfers to Other Funds**: $285,106

## Total Expenditures:
- **Total Expenditures**: $2,018,754

## Increase (Decrease) in Fund Balance:
- **Increase (Decrease) in Fund Balance**: $685,191

### Services sold:
- **ERUs**: 27
- **Services**: 18
- **Re-Activations (under 10 years)**: 6
- **Re-Activations (over 10 years)**: 0
### Resources:

#### External Revenue:
- **Water Customer Receipts:**
  - 2017: 14,705,063
  - 2016: 14,705,063
  - 2015: 22,889,533
- **System Development Fees:**
  - 2017: 1,183,757
  - 2016: 1,183,757
- **Capital Contributions:**
  - 2017: 1,205,975
  - 2016: 1,205,975
- **Grants:**
  - 2017: 30,000
  - 2016: 30,000
- **LUC Assessments, Interest, Penalties:**
  - 2017: 105,267
  - 2016: 105,267
- **Investment Income:**
  - 2017: 37,835
  - 2016: 843
- **Non-Operating Revenues:**
  - 2017: 54,280
  - 2016: 54,280

#### Debt Proceeds:
- **DWSRF Loan Draws:**
  - 2017: 2,962,410
  - 2016: 2,962,410
- **Dept. of Ecology Loan:**
  - 2017: 0
  - 2016: 1,192,500
- **Bonds:**
  - 2017: 2,694,507
  - 2016: 6,300,000

#### Transfers from Other Funds:
- **To Debt Reserve Fund from Revenue Fund:**
  - 2017: 2,730,515
  - 2016: 3,893,617
- **To Debt Reserve Fund from System Development Fund:**
  - 2017: 0
  - 2016: 675,834
- **To Revenue Fund from Debt Reserve Fund:**
  - 2017: 2,811,490
  - 2016: 0
- **To Bond Sinking Fund from Revenue Fund:**
  - 2017: 163,000
  - 2016: 0
- **To Capital Project Fund from Revenue Fund:**
  - 2017: 895,510
  - 2016: 1,211,179
- **To Capital Project Fund from System Development Fund:**
  - 2017: 220,000
  - 2016: 1,050,000

### Uses:

#### Operating Expenditures:
- **Operations and Maintenance:**
  - 2017: 8,207,713
  - 2016: 12,328,385
- **Utility and Excise Taxes:**
  - 2017: 729,921
  - 2016: 1,158,120

#### Capital Expenditures:
- **Capital Projects:**
  - 2017: 3,982,929
  - 2016: 5,866,548

#### Debt Service Payments:
- **Interest Expense:**
  - 2017: 369,989
  - 2016: 866,300
- **Federal Tax Credit for 2009B Bonds:**
  - 2017: (31,601)
  - 2016: (63,201)
- **Principal Payments:**
  - 2017: 2,681,183
  - 2016: 3,416,669

#### Transfers to Other Funds:
- **From Revenue Fund to Debt Reserve Fund:**
  - 2017: 2,730,515
  - 2016: 3,893,617
- **From System Development Fund to Debt Reserve Fund:**
  - 2017: 0
  - 2016: 675,834
- **From Debt Reserve Fund to Revenue Fund:**
  - 2017: 2,811,490
  - 2016: 0
- **From Bond Sinking Fund to Debt Reserve Fund:**
  - 2017: 163,000
  - 2016: 0
- **From Capital Project Fund to Debt Reserve Fund:**
  - 2017: 895,510
  - 2016: 1,211,179
- **From Revenue Fund to Capital Project Fund:**
  - 2017: 220,000
  - 2016: 1,050,000
- **From System Development Fund to Capital Projects Fund:**
  - 2017: 220,000
  - 2016: 1,050,000

### Total Revenue and Expenditures:

For the eight months ending August 31, 2018

**Total Revenue:** 19,007,643

**Total Expenditures:** 19,566,159

**Increase (Decrease) in Fund Balance:** (558,516)

**Percentage of Budget Realized:** 66.67%
### SKAGIT PUD DEBT REPAYMENT AMOUNTS
#### AS OF AUGUST 31, 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Principal</th>
<th>Interest</th>
<th>Interest Rate Range</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td><em>(after 35% tax credit)</em></td>
</tr>
<tr>
<td>2018</td>
<td>0</td>
<td>0</td>
<td>2.65% - 4.25%</td>
</tr>
<tr>
<td>2019</td>
<td>660,997</td>
<td>383,541</td>
<td>2.65% - 3.72%</td>
</tr>
<tr>
<td>2020</td>
<td>681,615</td>
<td>365,842</td>
<td>2.65% - 3.79%</td>
</tr>
<tr>
<td>2021</td>
<td>703,905</td>
<td>344,087</td>
<td>2.65% - 3.79%</td>
</tr>
<tr>
<td>2022</td>
<td>720,832</td>
<td>322,318</td>
<td>2.65% - 3.79%</td>
</tr>
<tr>
<td>2023</td>
<td>748,079</td>
<td>300,038</td>
<td>2.65% - 3.79%</td>
</tr>
<tr>
<td>2024</td>
<td>770,094</td>
<td>277,424</td>
<td>2.65% - 3.79%</td>
</tr>
<tr>
<td>2025</td>
<td>793,555</td>
<td>252,985</td>
<td>2.65% - 3.79%</td>
</tr>
<tr>
<td>2026</td>
<td>816,816</td>
<td>228,368</td>
<td>2.65% - 3.79%</td>
</tr>
<tr>
<td>2027</td>
<td>840,433</td>
<td>203,015</td>
<td>2.65% - 3.79%</td>
</tr>
<tr>
<td>2028</td>
<td>869,002</td>
<td>177,332</td>
<td>2.65% - 3.79%</td>
</tr>
<tr>
<td>2029</td>
<td>893,763</td>
<td>149,889</td>
<td>2.65% - 3.79%</td>
</tr>
<tr>
<td>2030</td>
<td>563,508</td>
<td>122,084</td>
<td>10.00%</td>
</tr>
<tr>
<td>2031</td>
<td>578,648</td>
<td>106,944</td>
<td>10.00%</td>
</tr>
<tr>
<td>2032</td>
<td>593,945</td>
<td>91,647</td>
<td>10.00%</td>
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<tr>
<td>2033</td>
<td>610,153</td>
<td>75,439</td>
<td>10.00%</td>
</tr>
<tr>
<td>2034</td>
<td>626,547</td>
<td>59,045</td>
<td>10.00%</td>
</tr>
<tr>
<td>2035</td>
<td>643,381</td>
<td>42,211</td>
<td>10.00%</td>
</tr>
<tr>
<td>2036</td>
<td>660,599</td>
<td>24,993</td>
<td>10.00%</td>
</tr>
<tr>
<td>2037</td>
<td>267,064</td>
<td>71,176</td>
<td>10.00%</td>
</tr>
</tbody>
</table>

*Change from previous month: $0*

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Principal Outstanding:</th>
<th>Total Interest Outstanding:</th>
<th>Total Debt Repayment:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$30,395,701</td>
<td>$5,310,044</td>
<td>$35,705,745</td>
</tr>
</tbody>
</table>

**2018 Weighted Interest Rate:** 2.09%
October 4, 2018

TO: George Sidhu, P.E., General Manager
FROM: Mark Handzlik, P.E., Engineering Manager
BY: Chris Smith, Engineering Technician

SUBJECT: Northwest Safety Signs, Inc.
Agreement for Professional Services, Task Order #20
E Spruce St, N 4th St to N 8th St; E Evergreen St, N 4th St to N 6th St;
and E Lawrence St, N 6th St to N 8th St

Requested Action:
Authorize the General Manager to execute Task Order #20 with Northwest Safety Signs, Inc.
in the estimated amount of $71,372.00 for flagging services related to the E Spruce St, N 4th
St to N 8th St; E Evergreen St, N 4th St to N 6th St; and E Lawrence St, N 6th St to N 8th St,
pipe replacement project in Mount Vernon.

Background:
Northwest Safety Signs, Inc. submitted a Statement of Qualifications on December 16, 2016
in response to the District’s request for SOQ related to traffic control services. Northwest
Safety Signs’ submittal was compared to the other applicants based on experience and
standard rates among other things, and was scored as the most qualified and cost effective.
Their qualifications were reviewed again in 2017.

Fiscal Impact:
Funding 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.

cmp

Attachment
**Agenda Item #8**

**SKAGIT COUNTY PUD**

**E. SPRUCE, E. EVERSHRED, E. LAWRENCE**

Rates Based on Prevailing Wage Rate as of 8/31/2018

for Whatcom, Skagit, Island, King, Snohomish, Pierce & Thurston Co.

**BID is based on 8 weeks, 40 work days**

<table>
<thead>
<tr>
<th>QTY</th>
<th>UNIT</th>
<th>DESCRIPTION</th>
<th>RATE/HOUR</th>
<th>PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>REGULAR TIME RATE</td>
<td>$59.25</td>
<td>$14,230.00</td>
</tr>
<tr>
<td>240</td>
<td>HRS</td>
<td>OVERTIME RATE</td>
<td>$88.00</td>
<td>$2,160.00</td>
</tr>
<tr>
<td>30</td>
<td>HRS</td>
<td>DOUBLETIME RATE</td>
<td>$116.75</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>HRS</td>
<td>*TC SUPERVISOR &amp; TC LABOR</td>
<td>$63.25</td>
<td>$5,000.00</td>
</tr>
<tr>
<td>10</td>
<td>HRS</td>
<td>REGULAR TIME RATE</td>
<td>$63.25</td>
<td>$3,380.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>OVERTIME RATE</td>
<td>$94.00</td>
<td>$490.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DOUBLETIME RATE</td>
<td>$124.75</td>
<td></td>
</tr>
<tr>
<td>96</td>
<td>HRS</td>
<td>*TC SUPERVISOR &amp; TC LABOR</td>
<td>$32.25</td>
<td>$3,090.00</td>
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<td>12</td>
<td>HRS</td>
<td>REGULAR TIME RATE</td>
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<td>$1,066.00</td>
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<td>$58.00</td>
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<td></td>
<td></td>
<td>DOUBLETIME RATE</td>
<td>$110.75</td>
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</tr>
<tr>
<td>48</td>
<td>HRS</td>
<td>*TC SUPERVISOR &amp; TC LABOR</td>
<td>$32.25</td>
<td>$3,090.00</td>
</tr>
<tr>
<td>6</td>
<td>HRS</td>
<td>REGULAR TIME RATE</td>
<td>$32.25</td>
<td>$0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>OVERTIME RATE</td>
<td>$58.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>DOUBLETIME RATE</td>
<td>$110.75</td>
<td></td>
</tr>
<tr>
<td>102</td>
<td>HRS</td>
<td>*TC SUPERVISOR &amp; TC LABOR</td>
<td>$32.25</td>
<td>$11,376.00</td>
</tr>
<tr>
<td>24</td>
<td>HRS</td>
<td>REGULAR TIME RATE</td>
<td>$32.25</td>
<td>$2,112.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>OVERTIME RATE</td>
<td>$58.00</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>DOUBLETIME RATE</td>
<td>$110.75</td>
<td></td>
</tr>
<tr>
<td>192</td>
<td>HRS</td>
<td>*TC SUPERVISOR &amp; TC LABOR</td>
<td>$32.25</td>
<td>$12,144.00</td>
</tr>
<tr>
<td>24</td>
<td>HRS</td>
<td>REGULAR TIME RATE</td>
<td>$32.25</td>
<td>$2,258.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>OVERTIME RATE</td>
<td>$58.00</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>DOUBLETIME RATE</td>
<td>$110.75</td>
<td></td>
</tr>
<tr>
<td>40</td>
<td>DYS TC VEHICLE</td>
<td></td>
<td>$85.00</td>
<td>$3,400.00</td>
</tr>
<tr>
<td>40</td>
<td>DYS TRAFFIC CONTROL DEVICES</td>
<td></td>
<td>$116.00</td>
<td>$4,640.00</td>
</tr>
<tr>
<td>40</td>
<td>DYS TRAFFIC CONTROL DEVICES - LEFT ON SITE</td>
<td></td>
<td>$47.00</td>
<td>$1,880.00</td>
</tr>
<tr>
<td>0</td>
<td>HRS TC PLANS, ADMIN &amp; PROJECT COORDINATION FEE</td>
<td></td>
<td>$60.00</td>
<td>$360.00</td>
</tr>
</tbody>
</table>

**ESTIMATE** $71,372.00

**NOTE:** This estimate is based on unit pricing as listed above. Actual hrs/materials will be charged per the unit prices listed.

*Effective August 31, 2012 per Labor & Ind. Prevailing Wage (Note 61):
A TC Supervisor shall be present on the project whenever flagging or spotting or other TC Labor is being utilized. A TC Laborer performs the setup, maintenance & removal of all temporary TC Devices and construction signs necessary to control vehicular, bicycle, and pedestrian traffic during construction operations. Flaggers and Spotters shall be posted where shown on approved TC Plans or where directed by the Engineer.

**TERMS OF SERVICE, POLICIES AND CONDITIONS:**

1. Flaggers are equipped with flag paddles, hardhats & vests, Flashlights, night gear, and radios are provided when requested. We provide flaggers with time cards, which are to be signed by the job foreman at the end of each shift.

2. Regular Hours = Mon - Fri., first 8 hours (but not more than 40 hours).

3. Overtime Hours = After first 8 hrs/day (unless a 40/hr week is Pre-arranged, in writing). Any hours over 40 hours per week. Also any overtime prevailing wage regulations apply.

4. Double-time Hours = Any hours worked on Sundays, Holidays and shifts over 12 hours. (Shifts over 12 hrs. are highly discouraged and should only be performed under emergency situations. The office must be contacted so that we can send a relief flagger, if possible).
5. 4 Hour Minimum Charge per person (based on 0 - 25 miles to job site).
   8 Hour Minimum Charge per person (based on 26 or more miles to job site).

6. 24 Hour Cancellation Notice Required for Reservations & Services. Failure to cancel
   will result in a minimum four (4) or eight (8) hours billing per person dispatched (see #6).

7. Full Service Traffic Control (services requiring a TC Vehicle); Hourly rates will be charged
   port to port from NWSS office located at 3857 Hannegan Rd, Bellingham, WA.

8. For scheduling purposes, allow 24 - 72 hours to assure adequate coverage.

9. Contractor agrees to provide necessary breaks for flaggers. If breaks are not provided,
   NW Safety Signs reserves the right to send relief flagger(s).

10. In the event Contractor chooses to supply &/or set up TC Devices, Contractor understands
    and agrees to respect all regulatory and MUTCD requirements. If Contractor fails to meet
    the regulatory requirements, it is agreed that NW Safety Signs reserves the right to
    reschedule its crew, or when possible, NW Safety Signs will provide the necessary regulatory
    TC Devices at the sole expense to the Contractor.

11. Contractor agrees that Safety Signs, Inc. will be held harmless from any
    and all claims, demands, losses and liabilities to or by third parties arising from,
    resulting from, or connected with services performed or to be performed, to the fullest
    extent permitted by law. Contractor's duty to Indemnify Safety Signs, Inc., shall not apply
    to liability for damages arising out of bodily injury to persons or damage to property caused
    by or resulting from the sole negligence of Safety Signs, Inc. or its agents or employees.

12. NW Safety Signs reserves the right to reschedule or withdraw personnel during extreme
    weather conditions and/or unsafe working conditions.

**After Hours Call: Lynne: (360) 815-2473 or Jessica: (30) 441-8532
**We provide 2 Way radios to our flaggers when requested, however, if they are not compatible
with Contractor's radios, Contractor will have to provide compatible radios.
**Prices are subject to change due to labor and material increases.

HOLIDAYS: New Years Day, Memorial Day, Independence Day, Labor Day,
Thanksgiving and the following Friday, and Christmas. Contract specifications
for prevailing wage override Holidays listed above.

PAYMENT TERMS: Upon approval of credit, net 30 days after invoice date. Otherwise,
non-approved credit customers will require a deposit prior to the start of project & final bill will be
due upon receipt of invoice(s). On amounts not paid by the 10th day of the month following invoicing,
a finance charge shall be added equal to one & a half percent (1.5%) per month (18% APR).
DEFAULT IN PAYMENT: If payments for amounts due on this contract or any portion thereof are not
paid in accordance with the terms of the contract, then collection may be placed in the hands of an
attorney and the prevailing party shall be entitled to reimbursement for all costs and attorney fees.

EXCLUSIONS:
   Liquidated damages, bonding, retention, permits, taxes, fees &
   & Illumination of night time work areas. Daily per diems, travel costs,
   lodging & outside service fees.
   (Any required rent & Affidavit of wages paid to be billed to the Contractor
   at $125.00 administration fee.)

Failure to comply with the terms listed above may be grounds for immediate removal of
Northwest Safety Signs, Inc. personnel and equipment, without penalty from Contractor:

<table>
<thead>
<tr>
<th>ITEM</th>
<th>DESCRIPTION</th>
<th>RENT/DAY</th>
<th>PURCHASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Standard 200, 10 in. x 10 in.</td>
<td>$3.00/day</td>
<td>$12.00</td>
</tr>
<tr>
<td>2</td>
<td>Standard 200, 12 in. x 12 in.</td>
<td>$3.50/day</td>
<td>$16.00</td>
</tr>
<tr>
<td>3</td>
<td>200, 13 in. x 13 in. (Type II sign)</td>
<td>$3.50/day</td>
<td>$16.00</td>
</tr>
<tr>
<td>4</td>
<td>Standard 400, 10 in. x 10 in.</td>
<td>$3.00/day</td>
<td>$12.00</td>
</tr>
<tr>
<td>5</td>
<td>400, 12 in. x 12 in. (Type II sign)</td>
<td>$3.50/day</td>
<td>$16.00</td>
</tr>
<tr>
<td>6</td>
<td>Reflective (H400T Approved)</td>
<td>$1.75/day</td>
<td>$7.50</td>
</tr>
<tr>
<td>7</td>
<td>24&quot; Cones (w/out reflector)</td>
<td>$5.00/day</td>
<td>$18.75</td>
</tr>
<tr>
<td>8</td>
<td>28&quot; Cones (w/ ref. collar)</td>
<td>$5.00/day</td>
<td>$18.75</td>
</tr>
<tr>
<td>9</td>
<td>Type A Light (incl. 4 D batteries)</td>
<td>$5.00/day</td>
<td>$50.00</td>
</tr>
<tr>
<td>10</td>
<td>Traffic Safety Drums</td>
<td>$1.50/day</td>
<td>$8.50</td>
</tr>
<tr>
<td>11</td>
<td>Type 1 Barrettes – 42&quot; Extenders</td>
<td>$1.25/day</td>
<td>$75.00</td>
</tr>
<tr>
<td>12</td>
<td>48&quot; Reflectors with 5 LED lights (white)</td>
<td>$8.00/day</td>
<td>$25.00</td>
</tr>
<tr>
<td>13</td>
<td>AWS, 4x4 post, stand, 4 sandbags, 2 bags</td>
<td>$10.00/day</td>
<td>$50.00</td>
</tr>
<tr>
<td>14</td>
<td>Arrow Board (price varies based on size)</td>
<td>$85.00 - $275/day</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>POMC Board (price varies based on project)</td>
<td>$95 - $275/day</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Light Tower &amp; Generator</td>
<td>$85.00/day</td>
<td></td>
</tr>
</tbody>
</table>

Rental Rates Calculated as follows:
1 Day = 1 Working Day.
1 Week = 5 Days in a 7 Day Period.
1 Month = 21 Days in a 4 Week Period.

*NOTE: All items left on site to protect the job site will be billed at the rates/fees listed above.
Any rental items will be charged a replacement fee.

By signing below, as an authorized agent of the Contractor, I accept the above conditions
of this agreement.

Name: 
Company Name: 

Date: 

Pg. 2 of 2
October 4, 2018

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

FROM: Kathy White, HR Manager

SUBJECT: Revisions to Policies: #1012 Employment Classification and #1023 Compensatory Time; Policy #1028 Code of Conduct (Change from AP&P #2041) and new Policy #1029 Workplace Violence

Requested Action:
Approve and authorize General Manager to sign District Policies #1012, #1023, #1028 and #1029.

Background:
In our continuing efforts to update the language and format of our policies in order to make them clearer and more user-friendly, and to reflect our current policies and practices at the District, I’ve summarized the proposed revisions to the above listed policies:

1) Revised Policy #1012: Employment Classification (Non-Bargaining Unit Employees). The reason for this policy is to outline the different types of employment classifications at the District, and to provide a summary of what benefits each classification is eligible for.

The proposed changes more clearly outline exempt status to reflect more stringent employment laws for appropriate classification of employees. In addition, updates were needed to show changes to benefit eligibility and to add WSSL.

Attached you will find the clean proposed version, the old version from 2009, and a copy that shows all the changes made.

2) Revised Policy #1023: Title changed to Overtime and Compensatory Time. The basic reason for this policy is to provide guidance when overtime or compensatory time is accrued and to ensure managerial oversight on employee time accrual, in order to avoid unnecessary budgetary impact.

My proposed changes clean up this policy, eliminate redundancy and unnecessary verbiage, and provide some reasonable parameters for when exempt employees can accrue comp time. This provision has been included in the current policy since at least 2013, but it has been applied inconsistently. I believe the changes incorporate some sensible guidelines so it will
only be earned when appropriate, not for everyday tasks and time worked over 40 hours that is regularly a part of most exempt positions.

Attached you will find the clean proposed version, the old version from 2013, and a copy that shows all the changes made.

3) Policy #1028 Code of Conduct changed from AP&P #2041 Code of Conduct and Employee Expectations. The main reasons for this policy is to provide a clear statement for what conduct is expected from all employees, and to give a summary of what behavior is prohibited. We felt this would be more appropriate as a policy, because standards of behavior should come from the top down.

The old version had references to outdated policies, so updates were needed. The policy refers to other updated and new policies for more specific information in certain areas, such as safety, personal leave, IT policies, workplace violence, and other. This new version is cleaner, shorter and easier to understand.

Attached you will find the clean proposed version, the old version last updated in 2015, and a copy that shows all the changes made.

4) New Policy #1029 Workplace Violence. The purpose of this new policy is to explain the District’s zero tolerance policy for threats or violence in the workplace in any form, and the steps the District will take to resolve issues that arise. In a time when workplace violence is commonplace, it would be irresponsible for an employer not to address the issue.

All of these policies (except for #1012) have been presented to the Union for their review and they have not requested changes. In addition, all have been vetted by management and key staff for input and review.

Fiscal Impact:
No impact is anticipated.

cmp

Attachments: Proposed Policies and AP&P
Existing Policies and AP&P
Redlined Comparisons
Employment Classification
(Non-Bargaining Unit Employees)
Policy #1012

In accordance with the authority granted by Board Resolution # 2160-09, an Employment Classification Policy, as described below, is hereby established for Public Utility District No.1 of Skagit County.

Purpose:
To define the District’s employment classifications and clarify how wages, benefits and job duties are affected by them. Initial classification of new and reclassification of current employees and exemption status will be determined by Human Resources in consultation with the appropriate supervisor. Human Resources is responsible for ensuring that employees are properly classified, and exemption status will be based on a review of job duties, not the job title.

Classifications:
Regular Non-Exempt Employee: An employee who is either (1) paid an hourly rate of pay, or (2) who is paid on a salary basis; and is subject to the overtime provisions of the Fair Labor Standards Act (FLSA). Regular non-exempt employees may work a full-time (40 hours per week on a continuing basis), or part-time (less than 40 hours per week on a continuing basis) schedule.

Regular Exempt Employee: An employee who is paid on a salary basis and is exempt from the overtime provisions of the FLSA. Exempt employees occupy positions that are primarily executive, professional, computer-related, or as otherwise described within the definitions of the FLSA and Washington law. Regular exempt employees may work a full-time (40+ hours per week on a continuing basis), or part-time (less than 40 hours per week on a continuing basis) schedule.

Temporary Exempt Employee: An employee who (1) works for a limited period of time for a particular program; recurring seasonal need; or to staff special projects, abnormal workloads, and/or emergencies; (2) is paid on a salary basis and is exempt from the overtime provisions of the FLSA; and (3) may work a full-time (40 hours per week), or part-time (less than 40 hours per week) schedule.

Temporary (or Seasonal) Nonexempt Employee: An employee who: (1) works for a limited period of time to support a particular program, recurring seasonal needs, or to staff special projects, abnormal workloads, and/or emergencies; (2) is subject to the overtime provisions of the FLSA; and (3) may work a full-time (40 hours per week), or part-time (less than 40 hours per week) schedule.
On-Call Employee: An employee who is not scheduled to work on a regular basis and whose employment is sporadic or on-call, and on an hourly basis.

Contract Employee: The District may execute individual employment contracts. In addition to the terms of the employment contract, a contract employee is subject to District policies, practices, and procedures. Where inconsistency exists, the employment contract will govern the employment relationship. Benefits eligibility will be governed by the employment contract.

NOTE: For additional information on work schedule expectations, please refer to Administrative Practice & Procedure #2006 Work Schedules and Attendance.

Benefit Eligibility:
Specific criteria for eligibility are defined in the respective benefit policies and plan documents. Below is a summary of eligibilities. In the event of a disparity, the individual benefit policy or plan document will rule.

<table>
<thead>
<tr>
<th></th>
<th>Regular FT</th>
<th>Regular PT</th>
<th>Temp. FT</th>
<th>Temp PT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical/Dental/Vision</td>
<td>Yes</td>
<td>Yes, if 30+ hrs/wk</td>
<td>Yes, if 30+ hrs/wk for 5 mos. or more</td>
<td>Yes, if 30+ hrs/wk for 5 mos. or more</td>
</tr>
<tr>
<td>Life</td>
<td>Yes</td>
<td>Yes, if 30+ hrs/wk</td>
<td>Yes, if 5 mos. or more</td>
<td>No</td>
</tr>
<tr>
<td>Retirement</td>
<td>Yes</td>
<td>Yes, with exceptions *</td>
<td>Yes, with exceptions *</td>
<td>Yes, with exceptions *</td>
</tr>
<tr>
<td>Short-Term Disability</td>
<td>Yes</td>
<td>Yes, prorated</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Personal Leave</td>
<td>Yes</td>
<td>Yes, prorated</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>WSSL</td>
<td>Yes</td>
<td>Yes, prorated</td>
<td>Yes</td>
<td>Yes, prorated</td>
</tr>
<tr>
<td>Holidays</td>
<td>Yes</td>
<td>Yes, prorated</td>
<td>Yes</td>
<td>Yes, prorated</td>
</tr>
<tr>
<td>Occupational Disability</td>
<td>Yes</td>
<td>Yes, prorated</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

* PERS retirement benefits are based on the position, not the employee's status or classification.

Former Title/Policy #: Categories of Employment (unnumbered); Employment Classification (Non-Bargaining Unit Employees)

Board Approval Date: 05/07/09
Effective Date:
Revision Date:
G.M. Signature: //on file// Date:
Employment Classification  
(Non-bargaining Unit Employees)  
Policy #1012

In accordance with the authority granted by Board Resolution # 2160-09, an Employment Classification Policy, as described below, is hereby established for Public Utility District No.1 of Skagit County.

Purpose
To define and clarify the District's employment classifications and their respective benefit levels.

Policy
Initial classification of new and reclassification of current employees and exemption status will be determined by Human Resources in consultation with the appropriate supervisor. The Human Resources Office is responsible for ensuring that employees are properly classified on a continuing basis.

Definitions
Regular Exempt Employee: An employee who is paid on a salary basis and is exempt from the overtime provisions of the Fair Labor Standards Act (FLSA). Regular exempt employees may work a full-time (forty (40) hours per week on a continuing basis), or part-time (less than forty (40) hours per week on a continuing basis).

Regular Nonexempt Employee: An employee who is (1) paid an hourly rate of pay, or (2) who is paid on a salary basis; and is subject to the overtime provisions of the FLSA. Regular non-exempt employees may work a full-time (forty (40) hours per week on a continuing basis), or part-time (less than forty (40) hours per week on a continuing basis).

Temporary Exempt Employee: An employee who (1) works for a limited period of time for a particular program; recurring seasonal need; or to staff special projects, abnormal workloads, and/or emergencies; (2) is paid on a salary basis and is exempt from the overtime provisions of the Fair Labor Standards Act (FLSA); and (3) who may work a full-time (forty (40) hours per week), or part-time (less than forty (40) hours per week).

Temporary Nonexempt Employee: An employee who works (1) for a limited period of time to support a particular program; recurring seasonal needs; or to
staff special projects, abnormal workloads, and/or emergencies; (2) who is subject to the overtime provisions of the FLSA; and (3) who may work a full-time (forty (40) hours per week), or part-time (less than forty (40) hours per week).

On-Call Employee: An employee who is not scheduled to work on a regular basis and whose employment is sporadic or on-call. An on-call employee is paid an hourly rate of pay and is subject to the overtime provisions of the FLSA, and is eligible only for state or federal mandatory benefits.

Contract Employee: The District may execute individual employment contracts. In addition to the terms of the employment contract, a contract employee is subject to District policy, practice, and procedure. Where inconsistency exists, the employment contract will govern the employment relationship. Benefits eligibility will be governed by the employment contract.

Benefit Eligibility:
Specific criteria for eligibility are defined in the respective benefit policies and plan documents. Below is a summary of eligibilities. In the event of a disparity, the individual benefit policy or plan document will rule.

<table>
<thead>
<tr>
<th></th>
<th>Regular FT</th>
<th>Regular PT</th>
<th>Temp. FT</th>
<th>Temp PT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>Yes</td>
<td>Yes, if 30+ hrs/wk</td>
<td>Yes, if 30+ hrs/wk for 5 mos. or more</td>
<td>Yes, if 30+ hrs/wk &amp; 5 mos. or more</td>
</tr>
<tr>
<td>Life</td>
<td>Yes</td>
<td>Yes, prorated</td>
<td>Yes, if 5 mos. or more</td>
<td>No</td>
</tr>
<tr>
<td>Retirement</td>
<td>Yes</td>
<td>If 70+ hrs/ month for 5 mos. or more</td>
<td>Yes, if 70+ hrs/ month for 5 mos. or more</td>
<td>Yes, if 70+ hrs/ month for 5 mos. or more</td>
</tr>
<tr>
<td>Short-Term Disability</td>
<td>Yes</td>
<td>Yes, prorated</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Personal Leave</td>
<td>Yes</td>
<td>Yes, prorated</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Holidays</td>
<td>Yes</td>
<td>Yes, prorated</td>
<td>Yes</td>
<td>Yes, prorated</td>
</tr>
<tr>
<td>Occupational Disability</td>
<td>Yes</td>
<td>Yes, prorated</td>
<td>No</td>
<td>No</td>
</tr>
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</table>

Former Title/Policy #: Categories of Employment (unnumbered)
Board Approval Date: May 5, 2009
Effective Date: May 5, 2009
Revision Date:
G.M. Signature: Date: 5/7/2009
Agenda Item #9

Employment Classification
(Non-Bargaining Unit Employees)
Policy #1012

In accordance with the authority granted by Board Resolution # 2160-09, an Employment Classification Policy, as described below, is hereby established for Public Utility District No. 1 of Skagit County.

Purpose:
To define the District’s employment classifications and clarify how wages, benefits and job duties are affected by them. Initial classification of new and reclassification of current employees and exemption status will be determined by Human Resources in consultation with the appropriate supervisor. Human Resources is responsible for ensuring that employees are properly classified, and exemption status will be based on a review of job duties, not the job title.

Classifications:
Regular Non-Exempt Employee: An employee who is either (1) paid an hourly rate of pay, or (2) who is paid on a salary basis and is subject to the overtime provisions of the Fair Labor Standards Act (FLSA). Regular non-exempt employees may work a full-time (40 hours per week on a continuing basis), or part-time (less than 40 hours per week on a continuing basis) schedule.

Regular Exempt Employee: An employee who is paid on salary basis and is exempt from the overtime provisions of the FLSA. Exempt employees occupy positions that are primarily executive, professional, computer-related, or as otherwise described within the definitions of the FLSA and Washington law. Regular exempt employees may work a full-time (40+ hours per week on a continuing basis), or part-time (less than 40 hours per week on a continuing basis) schedule.

Temporary Exempt Employee: An employee who (1) works for a limited period of time for a particular program, recurring seasonal need, or to staff special projects, abnormal workloads, and/or emergencies; (2) is paid on a salary basis and is exempt from the overtime provisions of the FLSA; and (3) may work a full-time (40 hours per week), or part-time (less than 40 hours per week) schedule.

Temporary (or Seasonal) Nonexempt Employee: An employee who; (1) works for a limited period of time to support a particular program, recurring seasonal needs, or to staff special projects, abnormal workloads, and/or emergencies; (2) is subject to the overtime provisions of the FLSA; and (3) may work a full-time (40 hours per week), or part-time (less than 40 hours per week) schedule.

On-Call Employee: An employee who is not scheduled to work on a regular basis and whose employment is sporadic or on-call, and on an hourly basis.
Agenda Item #9

Contract Employee: The District may execute individual employment contracts. In addition to the terms of the employment contract, a contract employee is subject to District policies, practices, and procedures. Where inconsistency exists, the employment contract will govern the employment relationship. Benefits eligibility will be governed by the employment contract.

NOTE: For additional information on work schedule expectations, please refer to Administrative Practice & Procedure #2006 Work Schedule and Attendance.

Benefit Eligibility:
Specific criteria for eligibility are defined in the respective benefit policies and plan documents. Below is a summary of eligibilities. In the event of a disparity, the individual benefit policy or plan document will rule.

<table>
<thead>
<tr>
<th>Medical/Dental/Vision</th>
<th>Regular FT</th>
<th>Regular PT</th>
<th>Temp. FT</th>
<th>Temp PT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Yes, if 30+ hrs/wk</td>
<td>Yes, if 30+ hrs/wk for 5 mos. or more</td>
<td>Yes, if 30+ hrs/wk for 5 mos. or more</td>
<td></td>
</tr>
<tr>
<td>Life</td>
<td>Yes</td>
<td>Yes, if 30+ hrs/wk</td>
<td>Yes, if 5 mos. or more</td>
<td>No</td>
</tr>
<tr>
<td>Retirement</td>
<td>Yes</td>
<td>Yes, with exceptions*</td>
<td>Yes, with exceptions*</td>
<td>Yes, with exceptions*</td>
</tr>
<tr>
<td>Short-Term Disability</td>
<td>Yes</td>
<td>Yes, prorated</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Personal Leave</td>
<td>Yes</td>
<td>Yes, prorated</td>
<td>No</td>
<td>No</td>
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*PERS retirement benefits are based on the position, not the employee’s status or classification.

Former Title/Policy #: Categories of Employment (unnumbered): Employment Classification (Non-Bargaining Unit Employees)

Board Approval Date: 05/07/09
Effective Date: 
Revision Date: 
G.M. Signature: /on file/ Date:
their respective benefit levels.

**Policy**

Fair Labor Standards Act (FLSA). Regular exempt employees may work a full-time (forty (40) hours per week on a continuing basis), or part-time (less than forty (40) hours per week on a continuing basis).

Regular Nonexempt Employee: An employee who is
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An on-call employee is paid an hourly rate of pay and is subject to the overtime provisions of the FLSA, and is eligible only for state or federal mandatory benefits.
Agenda Item #9

Skagit PUD
PUBLIC UTILITY DISTRICT

Overtime and Compensatory Time
Policy #1023

In accordance with the authority granted by Board Resolution No. 2160-09, an Overtime and Compensatory Time Policy, as described below, is hereby established for employees of Public Utility District No. 1 of Skagit County.

Purpose:
To establish overtime and compensatory time payment and usage guidelines. All employees are subject to this policy.

Policies:
1) Non-exempt employees are subject to the minimum wage and overtime provisions of the Fair Labor Standards Act (FLSA), and will be paid overtime compensation, either in cash or as compensatory time off, at the rate of one and one-half (1.5) times their regular hourly rate for work in excess of 40 hours during their normal workweek.

2) If a non-exempt employee elects to accrue compensatory time in lieu of overtime pay, one and one-half (1.5) hours of compensatory time off is earned for every hour of work in excess of 40 hours during their normal workweek.

3) Exempt employees are paid on a salary basis instead of hours worked, and are exempt from minimum wage and overtime pay requirements of state and federal law. Employees may contact their manager or human resources to determine their status.

4) Exempt employees may accrue compensatory time in some situations, with the following stipulations:
   a) Comp time for exempt employees is hour for hour; and
   b) Comp time will only be approved if the extra work time was for something other than normal day-to-day work, such as special projects, working on the weekend to work on a time sensitive assignment, or a similar situation.

NOTE: For more information on employee classifications, please see Policy #1012 Employment Classification (Non-Bargaining Unit Employees). For more information on work schedules and expectations, please see AP&P #2006 (Work Schedules and Attendance).

5) Seasonal and temporary employees are not eligible for compensatory time, but will be paid overtime wages for hours worked beyond 40 hours per week.
6) All overtime or compensatory time must be approved in advance whenever possible by the supervisor or manager, and it should be authorized only when in the best interest of the District.

7) Overtime and compensatory time will generally not be authorized for any work which could be completed during regular working hours; however, the District complies with all local, state and federal regulations, and will pay overtime as required by law.

8) There is an accrual cap of 120 hours for compensatory time.

9) Unused earned compensatory time will be paid out upon termination as a lump sum. It cannot be used incrementally upon retirement as with Personal Leave.

10) An employee may not earn overtime or compensatory time while on any paid or unpaid leave.

11) Accumulated compensatory time should be used as soon as possible after accrual provided such usage does not disrupt the operations of the District. The approval process for the use of compensatory time is the same as for personal leave. Approval for the usage of compensatory time will not be unreasonably denied, subject to the needs of the District and the department.

12) Compensatory time cannot be taken before it is earned.

13) Employees are responsible for accurately recording their time. Supervisors are responsible for ensuring that their employees’ timesheets accurately reflect all time earned and used, including overtime and compensatory time.

14) For record keeping purposes, compensatory time (unless otherwise specified in this policy) shall be accrued in half-hour increments.

15) For any conflict between this policy and the current collective bargaining agreement (CBA), the CBA will prevail. Represented employees should refer to the current CBA for additional information on overtime and/or compensatory time guidelines.

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Compensatory Time
Policy #1023

In accordance with the authority granted by Board Resolution No. 2160-09, a Compensatory Time Policy, as described below, is hereby established for employees of Public Utility District No.1 of Skagit County.

Purpose:
The purpose of this policy is to establish compensatory time usage and payment guidelines and to ensure conformity with the Federal Fair Labor Standards Act (FLSA).

Eligibility:
All employees are subject to this policy.

Definitions:

1. FLSA Covered Positions: Positions that are covered by the Fair Labor Standards Act (also known as FLSA non-exempt). Employees may contact human resources to determine if their position is covered by the FLSA. Employees in positions not covered by the FLSA are referred to as FLSA exempt.

2. FLSA Compensatory Time: Compensatory time worked beyond 40 hours in a standard workweek. Standard work weeks may consist of four 10-hour work days per week, or five 8-hour work days. FLSA covered or non-exempt positions accrue overtime at time and a half (1.5). Employees who are employed under a collective bargaining agreement (CBA) may also bank compensatory time when hours worked qualify as double or triple time, as identified in the CBA. (Note that FLSA covered or non-exempt positions are not eligible for alternative work schedules that exceed 40 hours in a given week.)

3. Earned Compensatory Time: Compensatory time earned at straight time for preapproved time worked by FLSA exempt employees in increments of one-half hour or greater over the standard workweek of 40 hours. For further clarification of FLSA and Earned Compensatory Time refer to items #2 and #3 in the policy below.

4. Seasonal and temporary employees are not eligible for compensatory time. Seasonal employees are paid on an hourly basis, and therefore are FLSA covered or non-exempt. They will be paid at time and a half after working 40 hours per week unless FLSA law provides for an exception.
Policy:

1. There is a cap on compensatory time of 120 payable hours for both FLSA exempt and non-exempt.

2. Compensatory time earned by FLSA non-exempt employees for hours worked in excess of scheduled workday is time and a half.

3. All compensatory time granted to FLSA exempt employees is at straight time.

4. Employees who request to attend conferences, seminars or other training during weekends or after their regularly scheduled day are not entitled to compensatory time unless in a position covered by the FLSA. Employees may flex their work time around the event with the approval of their supervisor. If management requires the conferences, seminars or other training, then an employee may be entitled to compensatory time. Employees in an FLSA non-exempt position must be compensated if required to attend conferences, seminars or other training during times when they would not normally be required to work. The hours the employee would be compensated in this latter case would exclude the time that the individual would normally travel to their job site.

5. All overtime services performed beyond the standard workweek must be approved in advance whenever possible. Compensation, either in the form of cash payment or compensatory time, must be determined in advance between the employee and the designated authority within the District. Supervisors should authorize overtime only when in the best interest of the District. Overtime should not be authorized for any assignment which could have been completed during the regular working hours.

6. For FLSA non-exempt employees, unused earned compensatory time will be paid out upon separation.

7. For FLSA exempt employees, unused earned compensatory time is forfeited upon separation and in the case of death.

8. An employee may not earn compensatory time while on any leave (paid or unpaid).

9. Accumulated compensatory time should be used as soon as possible after accrual provided such usage does not disrupt the operations of the District. The approval process for the use of compensatory time should be similar to the approval process for personal leave. Approval for the usage of compensatory time should not be unreasonably withheld.

10. Compensatory time will never be taken before it is earned.

11. Supervisors shall be held accountable for ensuring that the employee’s timesheet accurately reflects all time earned and used, including overtime and compensatory time. Employees are responsible for knowing their own compensatory accrual and usage thereof.

12. For record keeping purposes, compensatory time (unless otherwise specified in this policy) shall be accrued and taken in half-hour increments. Less than seven (7) minutes into the quarter hour is not counted, but seven (7) minutes or more is rounded up to the next quarter hour.
13. As long as all other applicable laws, rules and regulations are not violated, management may make more restrictive compensatory time policies in order to meet operational needs, but cannot make less restrictive policies.

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Overtime and Compensatory Time
Policy #1023

In accordance with the authority granted by Board Resolution No. 2160-09, the Overtime and Compensatory Time Policy, as described below, is hereby established for employees of Public Utility District No. 1 of Skagit County.

Purpose:
To establish overtime and compensatory time payment and usage guidelines. All employees are subject to this policy.

Policies:

1. Non-exempt employees are subject to the minimum wage and overtime provisions of the Fair Labor Standards Act (FLSA), and will be paid overtime compensation, either in cash or as compensatory time off, at the rate of one and one-half (1.5) times their regular hourly rate for work in excess of 40 hours during their normal workweek.

2. If a non-exempt employee elects to accrue compensatory time in lieu of overtime pay, one and one-half (1.5) hours of compensatory time off is earned for every hour of work in excess of 40 hours during their normal workweek.

3. Exempt employees are paid on a salary basis instead of hours worked, and are exempt from minimum wage and overtime pay requirements of state and federal law. Employees may contact their manager or human resources to determine their status.

4. Exempt employees may accrue compensatory time in some situations, with the following stipulations:
   a. Comp time for exempt employees is hour for hour; and
   b. Comp time will only be approved if the extra work time was for something other than normal day-to-day work, such as special projects, working on the weekend to work on a time sensitive assignment, or a similar situation.

NOTE: For more information on employee classifications, please see Policy #1012 Employment Classification (Non-Bargaining Unit Employees). For more information on work schedules and expectations, please see AP&P #2006 (Work Schedules and Attendance).

5. Seasonal and temporary employees are not eligible for compensatory time, but will be paid overtime wages for hours worked beyond 40 hours per week.
6) All overtime or compensatory time must be approved in advance whenever possible by the supervisor or manager, and it should be authorized only when in the best interest of the District.

7) Overtime and compensatory time will generally not be authorized for any work which could be completed during regular working hours; however, the District complies with all local, state and federal regulations, and will pay overtime as required by law.

8) There is an accrual cap of 20 hours for compensatory time.

9) Unused earned compensatory time will be paid out upon termination as a lump sum. It cannot be used incrementally upon retirement as with Personal Leave.

10) An employee may not earn overtime or compensatory time while on any paid or unpaid leave.

11) Accumulated compensatory time should be used as soon as possible after accrual provided such usage does not disrupt the operations of the District. The approval process for the use of compensatory time is the same as for personal leave. Approval for the usage of compensatory time will not be unreasonably denied, subject to the needs of the District and the department.

12) Compensatory time cannot be taken before it is earned.

13) Employees are responsible for accurately recording their time. Supervisors are responsible for ensuring that their employees' timesheets accurately reflect all time earned and used, including overtime and compensatory time.

14) For record keeping purposes, compensatory time (unless otherwise specified in this policy) shall be accrued in half-hour increments.

15) For any conflict between this policy and the current collective bargaining agreement (CBA), the CBA will prevail. Represented employees should refer to the current CBA for additional information on overtime and/or compensatory time guidelines.

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Former Title/Policy #: Employee Handbook & Policy 1023 Compensatory Time

Board Approval Date:  
Effective Date:  
Revision Date:  
General Manager Signature:  Date:  

Policy #1023 2 of 2
Agenda Item #9

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FLSA exempt employees, unused earned compensatory time is forfeited

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shall be held accountable

shall be held accountable

shall be held accountable

shall be held accountable

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and taken in half-hour increments. Less than seven (7) minutes into the quarter hour is not counted, but seven (7) minutes or more is rounded up to the next quarter hour

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As long as all other applicable laws, rules and regulations are not violated, management may make more restrictive compensatory time policies in order to meet operational needs, but cannot make less restrictive policies.

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Page 2: [16] Deleted  Kathy White  10/3/2018 9:02:00 AM
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In accordance with the authority granted by Board Resolution #2160-09, a Code of Conduct Policy is hereby established for Public Utility District No. 1 of Skagit County.

**Purpose:**
The District is committed to a safe, courteous and professional work environment. This Policy addresses the District’s code of conduct and expectations of all employees. Employees must demonstrate mutual respectfulness and professionalism, promote civil behavior, and refrain from all forms of harassment and violence. Employees must conduct themselves in an appropriate manner as judged by a reasonable person.

The following lists are not meant to be exhaustive, but rather to identify what is expected of employees in general, and indicates examples of behavior that may lead to disciplinary action.

**Expected Behavior:**
Employees must conduct themselves appropriately to promote the best interests of the District. This includes (but is not limited to) the following:

1) Treat everyone courteously and respectfully; communicate openly; use patience with others.
2) Demonstrate integrity and honesty.
3) Take personal responsibility for your work and job performance.
4) Report to management any suspicious, unethical or illegal conduct by coworkers, customers, contractors, vendors or third parties; immediately report any threatening or violent behavior.
5) Cooperate fully with District internal or external investigations.
6) Coordinate your work schedule with your supervisor; work a full day and make good use of your time while at work; respect the time of other employees.
7) Be punctual and maintain good attendance; avoid unexcused absenteeism and tardiness; use personal leave and other District-provided leave appropriately and in accordance with policies (see Policy #1003 Personal Leave and AP&P #2006 Work Schedules and Attendance).
8) Comply with all safety policies and procedures; properly use equipment and materials.
9) Help other employees work safely by pointing out potential hazards or safety concerns, and inform management, the Safety/Risk Coordinator, or the Safety Committee (if not an immediate danger) of your concerns so hazards can be appropriately addressed.
10) Utilize and wear all appropriate personal protective equipment (PPE), and report all accidents and injuries immediately (for items 8-10, see Policy #1026 District Safety Requirements and Commitment to Safety and AP&P #2021 General Safety and Accident Reporting).
11) Respect the rights of others; the workplace is made up of individuals from diverse cultural, racial and social backgrounds, and everyone deserves respect, courtesy and professionalism.

12) Manage conflict appropriately; most conflicts can be resolved through open communication.

13) Wear appropriate attire for your position and duties, and be neat and clean in appearance and dress (see AP&P #2008 Dress Code).

14) Report fit and safe for duty by being in a rested and alert state; if you feel you cannot adequately perform your duties due to illness or other factors, notify your supervisor.

15) Use communication systems (email, computers, Internet, handheld devices, telephones, etc.) and/or social media in a manner consistent with District policies and practices (see Information Technology Policy Statement and any associated IT Practices and Procedures).

16) Adhere to all District Practices, Procedures, and Policies at all times, regardless of position.

**Prohibited Behavior:**
Following are some, but not all, examples of conduct that may lead to disciplinary action:

1) Possessing firearms or other weapons in secured areas on District property (areas not open to the public).

2) Any type of workplace violence, including harming, threatening, intimidating, or causing undue stress or hardship to another individual (for items 1-2, see Policy #1029, Workplace Violence Policy).

3) Engaging in any form of discrimination, sexual or other harassment, bullying, or retaliation; use of abusive, threatening or obscene language toward any other individual (see Policy #1008, Discrimination, Harassment and Bullying Prevention).

4) Unauthorized possession or willful destruction of District property, the property of an employee or member of the public, or tampering with or abusing any equipment.

5) Misuse or unauthorized use of District supplies, materials or machines; use of District equipment must always be appropriate to avoid appearance of impropriety or personal gain.

6) Disclosing confidential District information without authorization (for items 5-6, see Policy #1010 Ethics in the Workplace).

7) Falsifying records or reports, including time records, accident forms, or any other documents.

8) Reporting for work under the influence of any prohibited substance; consumption of any prohibited substances during work hours or on District property; any other violation of the District’s substance abuse policies (see Policy #1013 Drug Free Workplace).

9) Refusing to follow management’s instructions concerning a job-related matter; disobedience or insubordination toward a supervisor or manager.

**THANK YOU** for your part in keeping our workplace safe, cooperative and pleasant for everyone! We are proud of the employee team and encourage all employees to ask questions and to make suggestions to management that may improve the working environment.

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Code of Conduct and Employee Expectations
Administrative Practice & Procedure #2041

**Purpose**
This Administrative Practice & Procedure (AP&P) addresses the District’s code of conduct and expectations of all employees with regard to teamwork, cooperation, productivity and a safe, pleasant and professional working environment.

The District’s view is that everyone has the right to work in a safe, courteous and productive work environment. In addition, it is the District’s policy that employees maintain a working environment that encourages mutual respectfulness, promotes civil and congenial relationships among employees, and is free from all forms of harassment and violence. All employees are expected to conduct themselves in an appropriate manner as judged by a reasonable person.

This AP&P outlines what is expected and required of all District employees and any third parties affiliated with the District (temporary employees, contractors, vendors, etc.) The following lists are not meant to be exclusive, but rather to identify what is expected in general of all employees, and indicates some behaviors that may lead to disciplinary action. Expectations include, but are not limited to the following:

**Code of Conduct and Prohibited Behavior**

1) The District prohibits employees from harming or threatening to harm other employees, clients, vendors, visitors, other third parties, or property.

2) The District prohibits employees from intimidating, harassing, bullying or otherwise causing undue stress or hardship to any other individual.¹

3) The District prohibits unauthorized possession of District property or the property of a fellow employee, willful destruction of District property or the property of a fellow employee, and/or tampering with or abusing any mechanical equipment.

4) The District prohibits misuse or unauthorized use of District supplies, materials or machines. Use of District equipment must always be appropriate to avoid any appearance of personal gain.

5) The District prohibits falsifying records or reports, including one’s time records or the time records of another employee, or any accident reporting forms.

6) The District prohibits intoxication during work hours, including all prohibited substances, the consuming of same on District property, or any other violation of the District’s substance abuse policy.²

¹ For further information about the District’s policies against discrimination, harassment or bullying behavior, please see AP&P #2040, “Discrimination, Harassment and Bullying.”

²
7) The District prohibits disobedience or insubordination toward a supervisor or manager, and/or using excessively abusive, threatening or obscene language toward any other employee or third party affiliated with the District.

**Basic Expectations of All Employees**

1) Employees are expected to perform their job duties effectively and productively by taking personal responsibility for job performance, and seeking appropriate help to resolve problems that may interfere with their work.

2) Employees are expected to communicate respectfully, openly and effectively with co-workers, supervisors and members of the public. They must address people with courtesy, keeping humor appropriate, and using patience and courtesy when dealing with any other individual in the working environment.

3) Employees are expected to work collaboratively and respectfully with others at all times, including other District employees, customers, vendors, and any other third parties associated with the District.

4) Employees are expected to coordinate work schedules effectively with their supervisor or manager and co-workers, and must let supervisors and co-workers know where they are during the work day and respect the schedules of other employees and their department.

5) Employees are expected to make every effort to be punctual and maintain good attendance, avoiding unexcused absenteeism and/or tardiness. The District has determined that an efficient work force is dependent on a punctual and available staff, and attendance issues affect fellow workers and the productivity of the District as a whole. Employees are also expected to use their accrued personal leave appropriately and in accordance with District policies.

6) Employees are expected to keep other employees informed of important or notable events in the workplace that affect other people’s positions or their ability to get the work done effectively.

7) Employees must make every effort to ensure the safety of themselves, their co-workers, and the public, and are required to perform their jobs in a safe manner, follow all safety regulations, drive safely, to not use cell phones or any personal electronic devices while driving, and properly use all District equipment and materials by accepting safety as a personal responsibility.

8) Employees are also expected to help other employees work safely by pointing out potential hazards or safety concerns, and by informing the Safety Officer or a member of the Safety Committee of their concerns so potential hazards can be appropriately addressed (if those individuals are not available, employees may report safety concerns to anyone in a management capacity).

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2 *For further information about the District's policies about substance abuse, please see Policy #1013 “Drug Free Workplace.”*

3 *For further information about attendance requirements and personal leave, please see: (a) AP&P #2006 “Work Schedule and Attendance”; and (b) Policy #1003 “Personal Leave.”*
9) Employees must wear all required personal protective equipment (PPE) in the performance of job duties, and must report all accidents, injuries or hazardous conditions immediately by using the proper reporting channels.

10) Employees are expected to perform all job duties and interactions with other individuals with integrity, honesty and professionalism. All employees are expected to adhere to work instructions, finish assignments completely, correctly and on time, and to notify their immediate supervisor if they have questions or are unable to finish their work tasks.

11) Employees are expected to respect the rights of others by recognizing that the workplace is made up of individuals from diverse cultural, racial and social backgrounds, and that everyone is deserving of respect, courtesy and professionalism.

12) Employees are expected to set a good example by welcoming new employees with courtesy and openly sharing their knowledge and experience for the benefit of all employees and for the District.

13) Employees are expected to work a full shift and to make good use of their time while at work.

14) Employees are expected to manage conflict appropriately by recognizing that most conflicts can be resolved through open communication and a willingness to seek appropriate compromise and build upon common goals.

15) Employees are expected to wear appropriate attire for their position and duties, and to be neat and clean in appearance and dress, except as provided for construction, grounds and other field-related tasks.

16) Employees must report fit for duty by being in a rested and alert state so that sound judgments can be made and job duties can be safely performed. If an employee feels they cannot adequately perform their job duties due to illness or other factors, they must notify their immediate supervisor.

17) Employees must adhere to all District Practices, Procedures, and Policies at all times, regardless of their position or department.

The District feels that if all employees observe these basic expectations and guidelines, we will have a safe, pleasant and productive work environment.

The District is proud of the employee team at the PUD and encourages all employees to ask questions and to make suggestions to management.

THANK YOU for your part in keeping our workplace safe, cooperative and pleasant for everyone!

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Note: For further information about workplace safety requirements and accident reporting, please see AP&P #2021 “General Workplace Safety, Accident Reporting & Drug/Alcohol Testing Requirements.”
In accordance with the authority granted by Board Resolution #2160-09, a Code of Conduct Policy is hereby established for Public Utility District No. 1 of Skagit County.

**Purpose:**
The District is committed to a safe, courteous and professional work environment. This Policy addresses the District’s code of conduct and expectations of all employees. Employees must demonstrate mutual respectfulness and professionalism, promote civil behavior, and refrain from all forms of harassment and violence. Employees must conduct themselves in an appropriate manner as judged by a reasonable person.

The following lists are not meant to be exhaustive, but rather to identify what is expected of employees in general, and indicates examples of behavior that may lead to disciplinary action.

**Expected Behavior:**
Employees must conduct themselves appropriately to promote the best interests of the District. This includes (but is not limited to) the following:

1. Treat everyone courteously and respectfully; communicate openly; use patience with others.
2. Demonstrate integrity and honesty.
3. Take personal responsibility for your work and job performance.
4. Report to management any suspicious, unethical or illegal conduct by coworkers, customers, contractors, vendors or third parties; immediately report any threatening or violent behavior.
5. Cooperate fully with District internal or external investigations.
6. Coordinate your work schedule with your supervisor; work a full day and make good use of your time while at work; respect the time of other employees.
7. Be punctual and maintain good attendance; avoid unexcused absenteeism and tardiness; use personal leave and other District-provided leave appropriately and in accordance with policies (see Policy #1003 Personal Leave and AP&P #2066 Work Schedules and Attendance).
8. Comply with all safety policies and procedures; properly use equipment and materials.
9. Help other employees work safely by pointing out potential hazards or safety concerns, and inform management, the Safety/Risk Coordinator, or the Safety Committee (if not an immediate danger) of your concerns so hazards can be appropriately addressed.
10. Utilize and wear all appropriate personal protective equipment (PPE), and report all accidents and injuries immediately (for items 8-10, see Policy #1026 District Safety Requirements and Commitment to Safety and AP&P #2021 General Safety and Accident Reporting).

**Deleted:**

*The deleted text is hidden for privacy reasons.*
11. **Respect** the rights of others; the workplace is made up of individuals from diverse cultural, racial and social backgrounds, and everyone deserves respect, courtesy and professionalism.

12. **Manage** conflict appropriately; most conflicts can be resolved through open communication.

13. **Wear** appropriate attire for your position and duties, and be neat and clean in appearance and dress (see AP&P #2008 Dress Code).

14. **Report** fit and safe for duty by being in a rested and alert state; if you feel you cannot adequately perform your duties due to illness or other factors, notify your supervisor.

15. Use **communication systems** (email, computers, Internet, handheld devices, telephones, etc.) and/or social media in a manner consistent with District policies and practices (see Information Technology Policy Statement and any associated IT Practices and Procedures).

16. **Adhere** to all District Practices, Procedures, and Policies at all times, regardless of position.

**Prohibited Behavior:**
Following are some, but not all, examples of conduct that may lead to disciplinary action:

1. Possessing firearms or other weapons in secured areas on District property (areas not open to the public).

2. Any type of workplace violence, including harming, threatening, intimidating, or causing undue stress or hardship to another individual (for items 1-2, see Policy #1029, Workplace Violence Policy).

3. Engaging in any form of discrimination, sexual or other harassment, bullying, or retaliation; use of abusive, threatening or obscene language toward any other individual (see Policy #1008, Discrimination, Harassment and Bullying Prevention).

4. Unauthorized possession or willful destruction of District property, the property of an employee or member of the public, or tampering with or abusing any equipment.

5. Misuse or unauthorized use of District supplies, materials or machines; use of District equipment must always be appropriate to avoid appearance of impropriety or personal gain.

6. Disclosing confidential District information without authorization (for items 5-6, see Policy #1010 Ethics in the Workplace).

7. Falsifying records or reports, including time records, accident forms, or any other documents.

8. Reporting for work under the influence of any prohibited substance; consumption of any prohibited substances during work hours or on District property; any other violation of the District’s substance abuse policies (see Policy #1013 Drug Free Workplace).

9. Refusing to follow management’s instructions concerning a job-related matter; disobedience or insubordination toward a supervisor or manager.

THANK YOU for your part in keeping our workplace safe, cooperative and pleasant for everyone! We are proud of the employee team and encourage all employees to ask questions and to make suggestions to management that may improve the working environment.
with regard to teamwork, cooperation, productivity and a safe, pleasant and professional working environment.

The District's view is that everyone has the right to work in a safe, courteous and productive work environment. In addition, it is the District's policy that employees maintain a working environment that encourages
The District prohibits employees from harming or threatening to harm other employees, clients, vendors, visitors, other third parties, or property.

The District prohibits employees from intimidating, harassing, bullying or otherwise causing undue stress or hardship to any other individual.\(^1\)

The District prohibits unauthorized possession of District property or the property of a fellow employee, willful destruction of District property or the property of a fellow employee, and/or tampering with or abusing any mechanical equipment.

The District prohibits misuse or unauthorized use of District supplies, materials or machines. Use of District equipment must always be appropriate to avoid any appearance of personal gain.

The District prohibits falsifying records or reports, including one’s time records or the time records of another employee, or any accident reporting forms.

The District prohibits intoxication during work hours, including all prohibited substances, the consuming of same on District property, or any other violation of the District’s substance abuse policy.\(^2\)

The District prohibits disobedience or insubordination toward a supervisor or manager, and/or using excessively abusive, threatening or obscene language toward any other employee or third party affiliated with the District.

**Basic Expectations of All Employees**
Employees are expected to perform their job duties effectively and productively by taking

Employees are expected to communicate respectfully, openly and effectively with coworkers, supervisors and members of the public. They must address people with courtesy, keeping humor appropriate, and using patience and courtesy when dealing with any other individual in the working environment.

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\(^1\) For further information about the District’s policies against discrimination, harassment or bullying behavior, please see AP&P \#2040, “Discrimination, Harassment and Bullying.”

\(^2\) For further information about the District’s policies about substance abuse, please see Policy \#1013 “Drug Free Workplace.”
Employees are expected to work collaboratively and respectfully with others at all times, including other District employees, customers, vendors, and any other third parties associated with the District.

Employees are expected to coordinate work schedules effectively with their

or manager and co-workers, and must let supervisors and co-workers know where they are during the work

or manager and co-workers, and must let supervisors and co-workers know where they are during the work

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Employees are expected to make every effort to be

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Employees are expected to keep other employees informed of important or notable events in the workplace that affect other people’s positions or their ability to get the work done effectively.
Employees must make every effort to ensure the safety of themselves, their co-workers, and the public, and are required to perform their jobs in a safe manner, follow all safety regulations, drive safely, to not use cell phones or any personal electronic devices while driving, and properly use all District equipment and materials by accepting safety as a personal responsibility.

Employees are also expected to help by informing
Workplace Violence
Policy #1029

In accordance with the authority granted by Board Resolution #2160-09, a Workplace Violence Policy is hereby established for Public Utility District No. 1 of Skagit County.

**Purpose:**
The District strives to promote a safe environment for its employees, customers and visitors. The District is committed to working with its employees to maintain a work environment free from violence, threats of violence, harassment, intimidation, and other disruptive behavior.

**District Requirements:**
The District has a “zero tolerance” policy for actions that threaten employees, customers or visitors. This includes verbal and physical harassment, verbal confrontations, threats, and any actions that cause others to feel unsafe in the workplace.

As part of this policy, employees are prohibited from bringing weapons into any secured areas not open to the public. This includes, but may not be limited to, inside the building where key card access is required, the Water Treatment Plant, and any other secured areas. The District follows all applicable state law with regard to weapons and areas open to the public.

NOTE: For purposes of this policy, the District defines the meaning of “weapon” as defined by the Revised Code of Washington, as follows: “Deadly weapon” means any explosive or loaded or unloaded firearm, and shall include any other weapon, device, instrument, article, or substance, including a “vehicle” as defined in this section, which, under the circumstances in which it is used, attempted to be used, or threatened to be used, is readily capable of causing death or substantial bodily harm.

You are encouraged to raise workplace concerns with your immediate supervisor. If your supervisor is unavailable, if the complaint remains unresolved after talking with your supervisor, or if the nature of the complaint is such that you do not feel you can discuss the complaint with your supervisor, you may make a complaint to Human Resources. You may make an anonymous complaint; however, this may limit the District’s ability to investigate it.

**Employer Investigation:** Upon receiving a complaint, the District will promptly investigate the matter to determine relevant facts and circumstances. The District will not tolerate retaliation against individuals who report incidents of workplace violence and anyone found to have engaged in such retaliation may be subject to disciplinary action, up to and including termination of employment.

**Protection Orders:** If you have obtained an Order for Protection that includes the District as your workplace, immediately provide a copy of the order to Human Resources and your supervisor.
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Agenda Item #9

PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY
1415 FREEWAY DRIVE • MOUNT VERNON, WASHINGTON 98273 • PHONE 360 / 424-7104

October 3, 2018

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

FROM: Kathy White, HR Manager

SUBJECT: Revisions to Administrative Practice & Procedure #2006
Work Schedules and Attendance

Requested Action:
Review and sign revised AP&P #2006.

Background:
This AP&P summarizes general attendance guidelines and expectations for all employees. The purpose of the proposed is to update the information and provide more clarity on expectations of exempt employees and how the expectations of their schedule differs from non-exempt employees.

In addition, our timekeeping procedures have changed with the new ESS time tracking function, so updated language was needed to reflect those changes.

Attached you will find the proposed new version, the old version from 2009, and a version comparing the two and showing the proposed revisions.

Fiscal Impact:
No impact is anticipated.

cmp

Attachments: Proposed AP&P #2006
Existing AP&P #2006
Redlined comparison
Agenda Item #9

Skagit PUD
PUBLIC UTILITY DISTRICT

Work Schedules & Attendance
Administrative Practice & Procedure #2006

Purpose:
This Administrative Practice & Procedure (AP&P) outlines the District’s expectations with regard to work schedules and general attendance guidelines.

Work Schedules:
Non-Exempt Employees
A normal work schedule for non-exempt employees generally consists of eight (8) hours of work per day (excluding an unpaid meal period) within a workweek consisting of five (5) consecutive days. There are two (2) paid fifteen (15) minute breaks each work day. The employee’s supervisor may assign scheduled work days, working hours, breaks, and meal periods as necessary.

Schedules may vary for employees covered under a Collective Bargaining Agreement (CBA), and may include 10 or 12 hour days as appropriate. Please refer to the current CBA for any questions concerning alternative schedules for represented employees.

Exempt Employees
Exempt employees are paid a salary for the work that they do as opposed to hours of work. Generally, this means they often work the hours needed to get the work done, which may mean over 40 hours. Exempt employees are subject to a higher standard because as a rule they are usually on call, and do not get paid overtime for putting in extra time. However, they also have more flexibility with their work schedule, but must still meet acceptable attendance and punctuality standards as determined by District management.

If exempt employees take personal leave or other scheduled time off, but end up working during that time, they should only claim the actual amount of time needed. Example: An exempt employee takes a PL day but gets called due to a problem or time sensitive project that needs their attention, and ends up working 3 hours that day. The employee should claim only 5 hours of PL for the day instead of 8. PLEASE NOTE: This only applies for work other than normal everyday duties. Checking email, returning a text, answering a brief phone call, or other normal day-to-day work is considered part of the exempt nature of their position and should not counted as work time during off hours.

Alternative Work Schedules:
An alternative work schedule arrangement is a change to the standard work schedule described in “Work Schedules” above. A work schedule that falls outside of the standard typically necessitates the need for a written plan. An alternative work schedule is not a universal employee benefit, but rather, an alternate method of meeting the business needs of the District. Approval of an alternate schedule will be made on a case-by-case basis by the employee’s supervisor and
Human Resources, and can be discontinued upon written notice for any reason.
NOTE: For more information on alternative work schedules, please see AP&P #2001 Alternative Work Schedules.

Authorization:
District management determines the days and times employees will be scheduled based on operational needs, including which positions will be required to perform overtime, standby or call back duty, and which work schedules may be adjusted in order to maintain efficient and orderly operations. Additional scheduling provisions may apply to employees covered by a Collective Bargaining Agreement.

Attendance Expectations:
Attendance and punctuality are critical to the effective and efficient performance of District functions, and punctuality and dependability are measures for success for employees. It is important that employees report for work on time every day, and all types of leave are recorded appropriately and according to District policies and practices.

Each employee is essential to the operations of the District, and any excessive or unplanned absences or tardiness adversely affects fellow workers and the productivity of the organization. The District intends to employ only individuals who comply with its standards for attendance. Excessive, unexcused tardiness or absences impact operations and may result in disciplinary action.

Employees must comply with all requirements for proper use of forms for time off. For questions on policies, administrative practice & procedures or expectations with regard to proper usage of time, please ask your manager, supervisor or Human Resources.

Time Sheets:
Employee time sheets are the basis for computing compensation. Time sheets should be maintained daily to ensure an accurate accounting of all hours worked and/or benefit time used. All time worked or taken (including overtime and compensatory time, holidays, paid personal leave, Washington state sick leave, and time off without pay) are to be designated as such on time sheets, and must be approved by the employee and their supervisor.

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Work Schedules:
The normal work schedule consists of eight (8) hours of work per day (excluding an unpaid meal period) within a workweek consisting of five (5) consecutive days. There are two (2) paid fifteen (15) minute breaks each work day. The employee’s supervisor will assign scheduled work days, working hours, breaks, and meal periods.

Alternative Work Schedule:
An alternative work schedule arrangement is a change to the standard work schedule described above. Any work schedule that falls outside of the standard generates the need for a written plan. Administrative Practice & Procedure #2001, Alternative Work Schedules, describes such arrangements. An alternative work schedule is not a universal employee benefit, but rather, an alternate method of meeting the business needs of the District. Approval of an alternate schedule will be made on a case-by-case basis, by the employee’s supervisor, and can be discontinued upon written notice.

Authorization:
The District determines the exact days employees will be scheduled, which positions will be required to perform overtime, standby or call back duty, and may adjust work schedules in order to maintain efficient and orderly operations.

Attendance:
An efficient work force is dependent on a punctual and available staff. It is important that employees report for work every day on time. Each employee is an essential part of the District and any absence adversely affects fellow workers and the productivity of the organization. Attendance and punctuality are critical to the effective and efficient performance of District functions. The District intends to employ only individuals who comply with its standards for attendance. Punctuality is a measure of the dependability of the employee.

Employees must report instances of tardiness or absence to his/her supervisor in a timely manner. Per the District’s Personal Leave Policy:

- Use of planned personal leave will be scheduled such that advance approval is sought at least twice as early as the length of the requested leave; (e.g. one weeks’ leave would require at least two weeks’ notice).
Agenda Item #9

* An employee must promptly notify his/her supervisor on the first day of unplanned personal leave use and each day after, unless there is an agreement to do otherwise. If an employee is in a position where a relief replacement is necessary during an absence, he/she will notify their supervisor at least one (1) hour in advance of their regular work shift, or as directed by their supervisor.

Excessive, unexcused tardiness or absence is unsatisfactory and will result in disciplinary action.

Employee time sheets are the basis for computing compensation. Time sheets should be maintained daily to insure an accurate accounting of all hours worked and/or benefit time used. Overtime, holiday, paid personal leave, and time off without pay are to be designated as such on the time sheets, and are to be signed by the employee, and verified by the supervisor. A signed, dated Leave Request form must be attached to each time sheet that reports use of paid or unpaid leave.

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General Manager Signature: [Signature] Date: 3/3/09
Work Schedules & Attendance
Administrative Practice & Procedure #2006

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NOTE: For more information on alternative work schedules, please see AP&P #2001 Alternative Work Schedules.

**Authorization:**
District management determines the days and times employees will be scheduled based on operational needs, including which positions will be required to perform overtime, standby or call back duty, and which work schedules may be adjusted in order to maintain efficient and orderly operations. Additional scheduling provisions may apply to employees covered by a Collective Bargaining Agreement.

**Attendance Expectations:**
Attendance and punctuality are critical to the effective and efficient performance of District functions, and punctuality and dependability are measures for success for employees. It is important that employees report for work on time every day, and all types of leave are recorded appropriately and according to District policies and practices.

Each employee is essential to the operations of the District, and any excessive or unplanned absences or tardiness adversely affects fellow workers and the productivity of the organization. The District intends to employ only individuals who comply with its standards for attendance. Excessive, unexcused tardiness or absences impact operations and may result in disciplinary action.

Employees must comply with all requirements for proper use of forms for time off. For questions on policies, administrative practice & procedures or expectations with regard to proper usage of time, please ask your manager, supervisor or Human Resources.

**Time Sheets:**
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General Manager Signature: Date:
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report for work every day on time. Each employee is an essential part of the District and any absence adversely affects fellow workers and the productivity of the organization.

The District intends to employ only individuals who comply with its standards for attendance. Punctuality is a measure of the dependability of the employee or absence to his/her supervisor in a timely manner. Per the District’s Personal Leave Policy:
Use of planned personal leave will be scheduled such that advance approval is sought at least twice as early as the length of requested leave; (e.g. one week’s leave would require at least two weeks’ notice).
An employee must promptly notify his/her supervisor on first day of unplanned personal leave use and each day after, unless there is an agreement do otherwise. If an employee is in a position where a relief replacement is necessary during an absence, he/she will notify their supervisor at least one (1) hour in advance of their regular work shift, or as directed by their supervisor.
A signed, dated Leave Request form must be attached to each time sheet that reports use of paid or unpaid leave.
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October 4, 2018

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

SUBJECT: Quit Claim Deed – Relinquishing District Ownership Of Existing 12- & 8-inch Ductile Iron Pipe

Requested Action:
Authorize the General Manager to execute a Quit Claim Deed and Hold Harmless Agreement with Pacific Woodtech Corporation relinquishing the District’s ownership and liability of that portion of a waterline as it lays in the former North Hill Boulevard Right of Way (ROW) vacated April 27, 2017 by the City of Burlington (City), Ordinance No. 1841.

Background:
In 2014, Pacific Woodtech extended the District’s water system in a public ROW to provide fire flow for their development. In the years following Pacific Woodtech’s extension, plans for this area have changed and the City has vacated the public ROW at Pacific Woodtech’s request. There are no existing ROWs in which to extend the waterline for public purposes and topography limits the opportunity for waterline extensions.

Pacific Woodtech, would like to install a fence and gate on the vacated portion of North Hill Boulevard ROW, now known as P133984. The gate and fence would limit the District’s access to the waterline and valves that presently lay in the former ROW. Pacific Woodtech is the only entity which is served by this waterline. Staff does not anticipate future extensions.

Staff has reviewed the water system in the area and determined that the waterline as it lies has no benefit to the District or the public. The City’s relinquishment of the ROW removed access to all properties south of the vacated ROW. Buildout of the area would come from Dane Lane or Park Lane.

To complete the project Pacific Woodtech will be required to relocate their Double Check Detector Assembly to a new 20-foot easement adjacent to the public ROW outside the fence.

Fiscal Impact:
None anticipated at this time. The 12- and 8-inch ductile iron pipe will be left in place and will become a portion of Pacific Woodtech’s existing private fire lines. The Quit Claim Deed and Hold Harmless Agreement will be recorded by the District.

cmp

Attachments: Maps
Quit Claim Deed and Hold Harmless Agreement
QUIT CLAIM DEED AND HOLD HARMLESS AGREEMENT

For and in consideration of mutual benefits and other valuable consideration, receipt of which is hereby acknowledged, PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, a municipal corporation ("Grantor"), hereby conveys and quit claims to PACIFIC WOODTECH CORPORATION, a Washington Corporation and their successors and assigns ("Grantee"), all rights, title and interest in and to that portion of a water line as it lays in the former North Hill Boulevard Right of Way Vacated April 27, 2017 by City of Burlington Ordinance No. 1841 and recorded under Skagit County Auditor's file No. 201711200142, November 20, 2017.

Said tract of land is designated as:
Tax P133964 as described in Auditor’s File No. 201711200142 & 201711200141.
See Exhibit A Waterline location sketch.

Grantee(s), their heirs, successors, or assigns agree to defend, indemnify, and hold harmless Grantor from any and all claims, demands, losses, and liabilities connected with any pipelines or other utility appurtenances remaining on or buried in the property. Grantee also assumes all ownership and liability related to such material.

PACIFIC WOODTECH CORPORATION:
In Witness Whereof, the Grantee(s) hereunto sets his hand and seal this ___ day of __________, 2018.

STATE OF WASHINGTON
COUNTY OF SKAGIT

Randy Schilling, Senior Vice President Operations
I certify that I know or have satisfactory evidence that Randy Schilling is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Senior Vice President Operations of Pacific Woodtech Corporation to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Date: ____________________________
(Signature)
Notary Public in and for the State of Washington
(Printed Name)
My appointment expires:

PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY:
In Witness Whereof, the Grantee(s) hereunto sets his hand and seal this ___ day of __________, 2018.

STATE OF WASHINGTON
COUNTY OF SKAGIT

George Sidhu, P.E., General Manager
I certify that I know or have satisfactory evidence that George Sidhu, P.E. is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated he was authorized to execute the instrument and acknowledged it as the General Manager of Public Utility District No. 1 of Skagit County, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Date: ____________________________
(Signature)
Notary Public in and for the State of Washington
(Printed Name)
My appointment expires:
Agenda Item #10

EXHIBIT A

LOT 13
P117839
PACIFIC WOODTECH CORP.
1850 PARK LANE

LOT 22
P119929
PACIFIC WOODTECH CORP.
1850 PARK LANE

LOT 21
P133984
VACATED NORTH HILL BLVD.
QUIT CLAIM DEED AF #201711200142

LOT 23
BURLETON HILL
BUSINESS PARK PHASE II
BINDING SITE PLAN
AF #9701290033

LOT 26
EXHIBIT MAP OF 12" WATER LINE RELINQUISHMENT TO PACIFIC WOODTECH CORP. IN NORTH HILL BOULEVARD STREET VACATION

HERRIGSTAD ENGINEERING
& SURVEYING
4320 WHISTLE LAKE ROAD
ANACORTES, WA 98221 299-8804

SCALE: 1 inch = 60 ft.
DATE: September 26, 2018
October 4, 2018

TO: George Sidhu, P.E., General Manager
FROM: Mark Handzlik, P.E., Engineering Manager
BY: Wendy LaRocque, Environmental Compliance Coordinator

SUBJECT: Alger Well Property Transfer

Requested Action:
Authorize the General Manager to execute an Interlocal Cooperative Agreement with Skagit County and the corresponding Utility Easement for the purpose of acquiring an easement around the existing well site for the Alger Satellite Water System.

Background:
In 1997, the District responded to requests to assume ownership and operation of the Alger Water System. As a part of the project, Skagit County was to deed a portion of the land surrounding the well site to the District; however, the transaction never took place.

Staff has been working to resolve the property ownership. In order to convey the one-acre well site to the District, the County would need to subdivide the property and obtain a variance (the minimum lot size in the zone is 10 acres). This process is often laborious and expensive and may not end in the District’s favor, as the request to create a non-conforming parcel may not be granted. Non-conforming lots may also prove difficult to sell in the future if no longer needed. Working cooperatively, the staff at Skagit County and the District has determined the most appropriate course of action to be a new Interlocal Agreement and an associated permanent easement on the site. The easement includes a 100-foot well protection area to ensure compliance with Department of Health regulations.

Legal Review:
The agreement and easement language has been reviewed by Skagit County legal staff as well as the District’s attorney, Peter Gilbert.

Fiscal Impact:
There is no cost to this easement other than staff review time and the recording fees. A survey of the easement area and creation of a legal description has been assembled. Funding is by way of line item 78 in the 2018 operating budget.

Attachments: Map
            Easement
            Interlocal
After Recording Return to:

SKAGIT COUNTY BOARD OF COMMISSIONERS
1800 CONTINENTAL PLACE, STE. 100
MOUNT VERNON, WA 98273

DRAFT.

INTERLOCAL COOPERATIVE AGREEMENT

BETWEEN

SKAGIT COUNTY

AND

PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY

THIS AGREEMENT (herein "Agreement") is made and entered into by and between the Public Utility District No. 1 of Skagit County, a Washington municipal corporation ("District") and Skagit County, a political subdivision of the State of Washington ("County") pursuant to the authority granted by Chapter 39.34 RCW, INTERLOCAL COOPERATION ACT. The District and the County may be individually referred to herein as a "party", and may be collectively referred to herein as the "parties." In consideration of the following terms and conditions, the parties mutually agree as follows:

1. PURPOSE: The County owns a parcel of real property commonly described as Skagit County Assessor Tax Parcel No.: P49105 (herein the "Property"). Portions of the Property were formerly used for purposes of operating the former Alger landfill. Pursuant to a previous agreement between the County and the District, dated February 24, 1997 (Skagit County Contract No: 03397), the parties had agreed to transfer a portion of the Property from the County to the District for purposes of allowing the District to construct, place, operate, use, and maintain certain public water utility infrastructure including, but not necessarily limited to, a well site, water lines, access road, and appurtenant facilities, owned or operated by District (the "District’s facilities"), as provided therein. The proposed transfer of a portion of the Property to the District has not occurred (per the terms of the previous agreement), and the parties have subsequently determined that it would be preferable and more appropriate for the County to instead provide the District with a utility easement for the District’s facilities on a portion of the Property, pursuant to the terms of this Agreement (which shall specifically supersede the terms of the previous agreement between the County and the District, dated February 24, 1997 [Skagit County Contract No: 03397]). The parties mutually agree that the local Skagit County community may be benefited by the terms of this Agreement, and the County desires to convey a utility easement for a portion of the Property to the District pursuant to the terms of this Agreement. The parties agree that the mutual benefit provided by the terms of this Agreement are adequate consideration for this Agreement.

INTERLOCAL AGREEMENT

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2. RESPONSIBILITIES: The parties to this Agreement mutually agree as follows:

2.1 The County shall perform the following duties and obligations pursuant to the terms of this Agreement (upon and subject to the following conditions):

2.1.1 Concurrent with or immediately subsequent to the mutual execution of this Agreement, the County shall provide an appropriate utility easement to the District for the District's existing and future facilities located within the utility easement area on the Property. The substantial form of the utility easement is attached hereto as Exhibit “1”, and is hereby incorporated by reference. The utility easement shall become effective upon recording with the Skagit County Auditor. The parties shall cooperate with one another to conduct such further acts as may be necessary for the formal execution and recording of the utility easement as soon as possible. The terms of the utility easement are part of the consideration mutually provided by the parties for this Agreement.

2.1.2 The parties recognize and agree that but for and in reliance upon the terms of this Agreement, the County would not have conveyed the utility easement to the District, and that such conveyance of the utility easement by the County to the District shall be subject to the terms of this Agreement.

2.1.3 The County shall convey the utility easement for a portion of the Property to the District "as is" without any representations or warranties of any kind (express or implied).

2.1.4 The County is not otherwise obligated to provide any funds, or perform or provide any other services, duties, or responsibilities pursuant to the terms of this Agreement.

2.2 The District shall perform the following duties and obligations pursuant to the terms of this Agreement (upon and subject to the following conditions):

2.2.1 If necessary, concurrent with or immediately subsequent to the mutual execution of this Agreement, the District shall provide the County with an executed original real estate excise tax affidavit to accompany the utility easement (and any other necessary documentation) to accompany the utility easement for recording, or as may otherwise be necessary to effectuate the transfer of the utility easement from the County to the District.

2.2.2 The District shall defend, indemnify, and hold harmless the County from any and all claims, demands, judgments and damages arising from and/or related to the District's ownership and use of the utility easement on the Property.

2.2.2.2 The District shall be responsible for the payment of any applicable costs or real estate excise taxes (including applicable recording fees, or other fees, costs, and expenses) for said conveyance of the utility easement from the County to the District.

2.2.2.3 The District shall be solely and separately liable and responsible for any and all future costs, expenses, and liability associated with the District's ownership and use of the utility easement on the Property.

INTERLOCAL AGREEMENT
Page 2
3. TERM OF AGREEMENT: This Agreement shall commence upon mutual execution, and continue for a period of one (1) year, or until the utility easement has been conveyed to the District by the County (as described in Section 2., above), or unless this Agreement is sooner terminated by the Parties pursuant to the terms of this Agreement.

4. MANNER OF FINANCING: No funds will be provided by the County to the District pursuant to the terms of this Agreement. Upon transfer of the utility easement to the District, the District will assume any and all liability and responsibility for the utility easement, and the District shall be solely and separately responsible and liable for any and all costs, charges, and expenses arising from and/or related to the utility easement (once the utility easement has been conveyed to the District).

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

5.1 The County's representative shall be the County Engineer, or his/her designee.

5.2 The District's representative shall be the General Manager, or his/her designee.

6. INDEMNIFICATION: Except as is otherwise set forth per the terms of this Agreement, each party agrees to be responsible and assume liability for its own wrongful and/or negligent acts or omissions or those of their officials, officers, agents, or employees to the fullest extent required by law, and further agrees to save, indemnify, defend, and hold the other party harmless from any such liability. It is further provided that no liability shall attach to the County or District by reason of entering into this contract except as expressly provided herein.

6.1 The parties recognize and acknowledge that portions of the Property were previously used as a municipal solid waste landfill. As such, the District shall, at District's sole and separate cost, expense, and liability, comply with all hazardous waste laws, rules, and regulations and shall treat, store, dispose of or otherwise handle hazardous substances in a safe and proper manner, and the District shall not allow or cause any hazardous, toxic or petroleum materials to be released, disposed of, or discharged on any portion of the Property. The District (at the District's expense) shall take whatever precautions are necessary to prevent the release, discharge, or unlawful disposal of hazardous substances, and shall assume responsibility and liability for any such release, discharge or unlawful disposal that occurs as a result of the District's activities within the Easement area. The term "hazardous substance", "hazardous waste", or "hazardous material" shall specifically include, but shall not be limited to, petroleum and petroleum products and their by-products, residue, and remainder in whatever form or state, and any other material or substance which does cause or may cause environmental pollution or contamination (and associated liability and clean-up costs related thereto) as defined under applicable state and federal laws, rules, and regulations (specifically including, but not limited to, RCW 70.105D, and related Washington State Department of Ecology regulations, specifically including, but not limited to, WAC 174-340). The District shall be solely and separately liable responsible for the remediation of any hazardous materials that are spilled, released, or discharged on or about the Property that are caused by the actions,
activities, or omissions of the District, the District’s employee(s), District’s contractor(s), and/or District’s agent(s). District shall indemnify, defend and hold the County harmless from any fines, suits, procedures, claims, costs, damages, expense, and actions of any kind arising out of or in any way connected with any releases, spills or discharges of hazardous substances or waste at the Property that are caused by the actions, activities, or omissions of the District, the District’s employee(s), District’s contractor(s), and/or District’s agent(s). This indemnity includes, but is not limited to: (a) liability for a governmental agency’s including but not limited to, the County’s costs of removal or remedial action for hazardous substances; (b) damages to natural resources caused by hazardous substances, including the reasonable costs of assessing such damages; (c) liability for any other person’s costs of responding to hazardous substances; and (d) liability for any costs of investigation, abatement, mitigation, correction, cleanup; fines, penalties, or other damages arising under any environmental laws (specifically including, but not limited to, RCW 70.105D, and related Washington State Department of Ecology regulations, specifically including, but not limited to, WAC 174-340). The parties agree that the County shall not be responsible or liable for the use, operation, or maintenance of the District’s facilities located within the Easement area in any way.

7. TERMINATION: Either party hereto may terminate this Agreement upon thirty (30) days’ notice in writing either personally delivered or mailed postage-prepaid by certified mail, return receipt requested, to the other party’s representative provided above.

8. UTILITIES: The District shall be separately responsible and liable for the payment of any utilities (i.e., electricity, etc.) and/or other similar expenses (if any) arising from or related to the utility easement on the Property.

9. TREATMENT OF ASSETS AND PROPERTY: Except as may be expressly provided herein to the contrary, no fixed assets or personal or real property will be jointly or cooperatively held or used pursuant to this Agreement.

10. NEUTRAL AUTHORSHIP: Each of the terms and provisions of this Agreement have been reviewed and negotiated, and represents the combined work product of the parties hereto. No presumption or other rules of construction which would interpret the provisions of this Agreement in favor of or against the party preparing the same shall be applicable in connection with the construction or interpretation of any of the provisions of this Agreement. The parties represent that they have had a full and fair opportunity to seek legal advice with respect to the terms of this Agreement and have either done so, or have voluntarily chosen not to do so. The parties represent and warrant that they have fully read this Agreement, that they understand its meaning and effect, and that they enter into this Agreement with full knowledge of its terms. The parties have entered into this Agreement without duress or undue influence.

11. CHANGES, MODIFICATIONS, AMENDMENTS, & WAIVERS: The Agreement may be changed, modified, amended or waived only by subsequent written agreement duly executed by the parties hereto. Waiver or breach of any term or condition of this Agreement shall not be considered a waiver of any prior or subsequent breach.

12. SEVERABILITY: In the event any term or condition of this Agreement or application thereof to any person or circumstances is held invalid, such invalidity shall not affect other terms, conditions or applications of this Agreement which can be given effect without the invalid.
term, condition, or application. To this end the terms and conditions of this Agreement are declared severable.

13. **VENUE AND CHOICE OF LAW:** In the event that any litigation should arise concerning the construction or interpretation of any of the terms of this Agreement, the venue of such action of litigation shall be in the Superior Court of the State of Washington in and for the County of Skagit. This Agreement shall be governed by the laws of the State of Washington.

14. **NO THIRD PARTY BENEFICIARIES:** This Agreement is not intended to nor does it create any third party beneficiary or other rights in any third person or party, including, but not limited to, property owners, tenants, and/or residents located at or in the vicinity of the Property, or any agent, contractor, subcontractor, consultant, employee, volunteer, or other representative of either party.

15. **COMPLIANCE WITH LAWS:** The parties to this Agreement shall comply with all applicable federal, state, and local laws, rules, and regulations in carrying out the terms and conditions of this Agreement. If necessary, the District (at the District's own expense and liability) shall obtain and comply with all necessary permits and approvals from all applicable jurisdictions prior to commencing any use of the utility easement for the Property, or conducting any work on or within the utility easement area, and individually each party shall be solely and separately responsible and liable for compliance with all terms and conditions of any permit(s) and/or approvals obtained or procured in such party's name.

16. **SURVIVAL:** The terms of Section 6. shall survive, notwithstanding the withdrawal from, termination, or invalidity of this Agreement.

17. **ASSIGNMENT AND SUBCONTRACTING:** Unless otherwise expressly provided herein, no portion of this Agreement may be assigned, contracted, and/or subcontracted by the District to any other individual, firm, company, and/or other entity without the express and prior written approval of the County.

18. **USE OF DOCUMENTS AND MATERIALS PRODUCED:** Both parties shall have the right to use and distribute any and all documents, writings, programs, data, public records or other materials prepared by any party (and/or any party's contractors, consultants, and/or subcontractors), in connection with performance of this Agreement. Unless privileged or otherwise exempt from public disclosure, the parties recognize and agree that any documents and/or materials arising from and/or related to this Agreement may be subject to public disclosure pursuant to applicable law (including RCW 42.56).

19. **ENTIRE AGREEMENT:** This Agreement contains all the terms and conditions agreed upon by the parties. All items incorporated herein by reference are attached. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the parties hereto. The parties mutually recognize and agree that the terms of this Agreement shall wholly supersede the terms of the previous agreement between the parties dated February 24, 1997 (Skagit County Contract No: 03397).
20. STATUS OF AGREEMENT: This Agreement is in addition to, and is not intended to replace, substitute, modify, or otherwise amend any other agreements by and between the parties. Any other agreements by and between the parties shall continue in full force and effect, unless specified to the contrary herein (see Section 19., above). Each of the signatories hereto warrants and represents that he or she is duly authorized to enter into this Agreement on behalf of the party for whom he or she purports to sign this Agreement.

Public Utility District No. 1 of Skagit County ("District"):

DATED this __________ day of ________________, 2018

______________________________
George Sidhu, P.E.
General Manager
DATED this _____ day of ___________________, 2018.

BOARD OF COUNTY COMMISSIONERS
SKAGIT COUNTY, WASHINGTON

Kenneth A. Dahlstedt, Chair

Lisa Janicki, Commissioner

Ron Wesen, Commissioner

For contracts under $5,000:
Authorization per Resolution R20030140

County Administrator

Attest:

Clerk of the Board

Recommended:

Department Head

Approved as to form:

Civil Deputy Prosecuting Attorney

Approved as to indemnification:

Risk Manager

Approved as to budget:

INTERLOCAL AGREEMENT
Page 7
DOCUMENT TITLE: Utility Easement

GRANTOR(S): Skagit County, a political subdivision of the State of Washington.

GRANTEE(S): Public Utility District No. 1 of Skagit County, a Washington municipal corporation.

ASSessor's Tax / Parcel Number(S): P49105 (XrefID: 360406-0-010-0004)

Abbreviated Legal Description: (25.8000 ac) NW1/4 SW1/4 N OF CO RD & W 50FT IN NE1/4 SW1/4 N OF CO RD & W OF BDLM RLY LESS R/W & TAX 12 & W 60FT. Situate in County of Skagit, State of Washington.

Utility Easement

The undersigned, Skagit County, a political subdivision of the State of Washington ("Grantor"), for good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, hereby grants to the Public Utility District No. 1 of Skagit County, a Washington municipal corporation ("Grantee"), a permanent, perpetual, non-exclusive utility easement ("Easement"), as provided herein. Grantor and Grantee may be individually referred to herein as a "Party," and may be collectively referred to herein as the "Parties." The terms of this Easement are further provided as follows:

1. Nature and Location of Easement. The Easement hereby granted by Grantor herein shall be a permanent, perpetual, non-exclusive, utility easement for the benefit of Grantee, over, upon, across, along, in, and under a portion of real property located within and upon Grantor's Property, such Easement area as legally described on Exhibit "A" and as further described and depicted on Exhibit "B," attached hereto and incorporated herein by this reference, for the purpose of providing a partial route for the placement, installation, use, maintenance, and operation of certain public water system utilities, specifically including, but not necessarily limited to, electrical, water line(s), and related communication lines owned or operated by Grantee, including groundwater wells, appurtenant structures, and access roads (the "Grantee's facilities"). The Grantee recognizes and agrees that any access roads located within the Easement area shall not become County road(s) by virtue of this Easement. A legal description for the Grantor's Property is attached hereto as Exhibit "C," and is hereby incorporated by reference. The Easement and the covenants, terms, and conditions contained
herein are perpetual in duration, and shall run with the Grantor’s Property and shall be binding upon Grantee and Grantor, and each Party’s respective successors.

2. Use of Easement. The Grantee shall have the reasonable right to enter upon the Grantor’s Property within the Easement area (as described and depicted in Exhibit “A” and “B”) for purposes of using the Easement for the location, placement, installation, use, inspection, improvement, removal, replacement, maintenance, and operation of Grantee’s facilities, subject to the terms of this Easement agreement. Grantee shall not have the right to exclude Grantor from the Easement area or from the Grantor’s Property (without the revocable written permission of Grantor). Grantee shall not unreasonably interfere with the Grantor’s use of the Grantor’s Property (including, but not limited to, Grantor’s reasonable use of the property located within the Easement area). Grantee accepts use of the Easement area on Grantor’s Property “as is”, without any representations or warranties from Grantor whatsoever (express or implied). The Grantee shall be responsible for the payment of any utility expenses (such as electrical charges, etc.) and/or other similar expenses for the Grantee’s facilities within the Easement area. The Grantee specifically recognizes and agrees that Grantor is not obligated to make, construct, operate, maintain, or repair any particular improvements or facilities at (or within the vicinity of) Grantor’s Property or the Easement area pursuant to the terms of this Easement. The Grantee agrees that use of this Easement by Grantee shall be at the sole expense and risk of the Grantee. Grantor shall conduct its activities and all other activities on the Easement area so as not to unreasonably interfere with Grantee’s use of the Easement area. The Parties both reasonably believe that the Grantor owns the Grantor’s Property and that Grantor may convey this Easement to Grantee.

2.1 Grantee agrees to be responsible and liable for any damages or impact to Grantor’s Property arising from Grantee’s use of the Easement, and if Grantee does cause such damage or impact, upon the request of Grantor the Grantee shall repair and restore the Grantor’s Property to a substantially similar condition as existed before Grantee entered onto the Grantor’s Property for the purposes described in this Easement. Prior to the commencement of any such work within the Easement area, the Grantee shall coordinate with Grantor to avoid any disturbance, impact, or damage to facilities owned by Grantor at or within the Easement area (if any). Any such work performed within the Easement area by Grantee shall be promptly performed at the sole cost and expense of Grantee.

2.2 The Grantee shall be responsible and liable for the maintenance of vegetation that may affect or impair the Grantee’s facilities within the Easement area. The Grantee shall coordinate its vegetation management activities with the Grantor and shall as necessary manage vegetation in close proximity to Grantee’s facilities within the Easement area in compliance with all applicable laws, ordinances, regulations, resolutions, policies and rules. Trimming and removal of vegetation within the Easement area shall be performed by the Grantee using the best industry standards and practices. Nothing in this Easement agreement shall impair the Grantor’s ability to perform vegetation management activities within the Easement area, as the Grantor may determine to be useful or necessary to serve and protect the public interest and welfare; provided, that nothing in this Easement agreement shall create or impose any duty or obligation on the part of the Grantor to perform any vegetation management activities within the Easement area. Vegetation management activities undertaken by Grantor within the Easement area (if any) shall be performed by Grantor after providing reasonable notice to Grantee, and shall be performed in such a way as to not unreasonably interfere with the Grantee’s use of the Easement area.
2.3 Subject to the terms herein, the Grantor agrees that Grantor and Grantor's successors, and assigns will not construct, maintain, or cause to be constructed or maintained upon the Easement Area and within one hundred feet (100') of the Grantee's facilities, so long as the same is operated to furnish water for public consumption, any potential source of contamination, such as septic tanks and drain fields, sewer lines, underground storage tanks, roads, railroad tracks, vehicles, structures, barns, feed stations, grazing animals, enclosures for maintaining fowl or animal manure, liquid or dry chemical storage, herbicides, insecticides, hazardous waste, or garbage of any kind or description (except as may already currently exist upon Grantor's Property).

3. **Hold Harmless, Defense, & Indemnification.** The Grantee hereby unconditionally releases and forever discharges and holds harmless the Grantor (including the Grantor's elected officials, employees, volunteers, officers, and/or agents in both their official and individual capacities) from any and all past, present, and/or future claims, counterclaims, demands, judgments, debts, costs, liabilities, expenses, suits, and proceedings of any kind and nature, as arising from and/or related to the Grantee's use of the Easement area on Grantor's Property. *Except as is otherwise set forth per the terms of this Easement agreement, each party agrees to be responsible and assume liability for its own wrongful and/or negligent acts or omissions or those of their officials, officers, agents, or employees to the fullest extent required by law, and further agrees to save, indemnify, defend, and hold the other party harmless from any such liability. The Grantee agrees to be responsible for and to assume liability for Grantee's own wrongful and/or negligent acts or omissions or those of their officials, officers, agents, contractors, or employees to the fullest extent required by law, and further agrees to save, indemnify, defend, and hold the Grantor harmless from any such liability.* It is further provided that no liability shall attach to the *either party* Grantor by reason of entering into this Easement except as expressly provided herein. The terms of this section (including Section 3.1, below) shall survive any termination of this Easement, and shall continue in full force and effect.

3.1 The Parties recognize and agree that portions of the Grantor's Property were previously used as a municipal solid waste landfill. As such, the Grantee shall, at Grantee's sole and separate cost, expense, and liability, comply with all hazardous waste laws, rules, and regulations and shall treat, store, dispose of or otherwise handle hazardous substances in a safe and proper manner and the Grantee shall not allow or cause any hazardous, toxic or petroleum materials to be released, disposed of, or discharged on any portion of the Grantor's Property. The term "hazardous substance", "hazardous waste", or "hazardous material" shall specifically include, but shall not be limited to, petroleum and petroleum products and their by-products, residue, and remainder in whatever form or state, and any other material or substance which does cause or may cause environmental pollution or contamination (and associated liability and clean-up costs related thereto) as defined under applicable state and federal laws, rules, and regulations (specifically including, but not limited to, RCW 70.105D, and related Washington State Department of Ecology regulations, specifically including, but not limited to, WAC 174-340). The Grantee shall be solely and separately liable responsible for the remediation of any hazardous materials that are spilled, released, or discharged on or about the Grantor's Property that are caused by the actions, activities, or omissions of the Grantee, the Grantor's employee(s), Grantee's contractor(s), and/or Grantee's agent(s). Grantee shall indemnify, defend and hold the Grantor harmless from any fines, suits, procedures, claims, costs, damages, expense, and actions of any kind arising out of or in any way connected with any releases, spills or discharges of hazardous substances or waste at the Grantor's Property that are caused by the actions, activities, or omissions of the Grantee, the Grantor's
employee(s), Grantee’s contractor(s), and/or Grantee’s agent(s). This indemnity includes, but is not limited to: (a) liability for a governmental agency's including but not limited to, the Grantor's costs of removal or remedial action for hazardous substances; (b) damages to natural resources caused by hazardous substances, including the reasonable costs of assessing such damages; (c) liability for any other person’s costs of responding to hazardous substances; and (d) liability for any costs of investigation, abatement, mitigation, correction, cleanup, fines, penalties, or other damages arising under any environmental laws (specifically including, but not limited to, RCW 70.105D, and related Washington State Department of Ecology regulations, specifically including, but not limited to, WAC 174-340). The parties agree that the Grantor shall not be responsible or liable for the use, operation, or maintenance of Grantee's facilities located within the Easement area in any way.

4. Governing Law; Venue. This Easement shall be construed under the laws of the State of Washington. It is agreed by the Parties that the venue for any legal action brought under or relating to the term of this Easement shall be in Skagit County, State of Washington.

5. Compliance with Laws and Permits. Grantee shall, at Grantee's own cost, expense, and liability, obtain and comply with all applicable federal, state, and local laws, rules, and regulations, and any applicable permits and/or approvals, in using the Easement, and shall be solely and separately liable and responsible for any non-compliance with any applicable federal, state, and local laws, rules, regulations, permits and/or approvals.

6. No Third Party Beneficiaries. This Easement is not intended to nor does it create any third party beneficiary or other rights in any third person or party, including, but not limited to, the general public, third party property owner(s) and/or tenant(s) at or in the vicinity of the Easement area, any other organization or entity, or any agent, contractor, subcontractor, consultant, employee, volunteer, or other representative of any Party.

7. No Assignment. This Easement may not be assigned, contracted, and/or transferred to any other individual, firm, company, party, and/or other entity by Grantee without the express and duly authorized prior written approval of the County. Grantor may assign or transfer this Easement without the consent of Grantee.

8. Other Terms (Modifications; Neutral Authorship; Captions & Counterparts; Entire Agreement). This Easement may be changed, modified, amended or waived only by subsequent written agreement, duly executed by the Parties hereto. Waiver or breach of any term or condition of this Easement shall not be considered a waiver of any prior or subsequent breach. In the event any term or condition of this Easement or application thereof to any person or circumstances is held invalid, such invalidity shall not affect other terms, conditions or applications of this Easement which can be given effect without the invalid term, condition, or application. To this extent and end the terms and conditions of this Easement are declared severable. Each of the terms and provisions of this Easement have been reviewed and negotiated, and represents the combined work product of the Parties hereto. No presumption or other rules of construction which would interpret the provisions of this Easement in favor of or against the Party preparing the same shall be applicable in connection with the construction or interpretation of any of the provisions of this Easement. Grantor (Skagit County) does not represent Grantee. The Parties represent and warrant that they have fully read this Easement, that they understand its meaning and effect, and that they enter into this Easement with full knowledge of its terms. The Parties have entered into this Easement without duress or undue influence. The captions in this Easement are for convenience and reference only and do not define, limit, or describe the scope or
intent of this Easement. This Easement may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one Easement agreement. This Easement contains all the terms and conditions mutually agreed upon by the Parties. This Easement supersedes any prior oral statements, discussions, and/or understandings between the Parties. All items incorporated herein by reference are attached. No other understandings, oral or otherwise, regarding the subject matter of this Easement shall be deemed to exist or to bind any of the Parties hereto.

9. Recording. Upon mutual execution, this Easement shall be recorded with the Skagit County Auditor, and shall become effective immediately upon recording.

GRANTEE:

Public Utility District No. 1 of Skagit County, a Washington municipal corporation:

DATED this _________ day of ______________, 2018

______________________________
George Sidhu, P.E.
General Manager

STATE OF WASHINGTON

COUNTY OF SKAGIT

I certify that I know or have satisfactory evidence that George Sidhu, P.E., is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was duly authorized execute the instrument and acknowledged it as the General Manager of the Public Utility District No. 1 of Skagit County, to be the free and voluntary act of such party for the uses and purposes herein mentioned.

DATED this ______ day of ______________, 2018.

(SEAL)

Notary Public
Print name: ________________________________
Residing at: ________________________________
My appointment expires: ________________
GRANTOR:

DATED this _____ day of __________________________, 2018.

BOARD OF COUNTY COMMISSIONERS
SKAGIT COUNTY, WASHINGTON

__________________________________________
Kenneth A. Dahlstedt, Chair

__________________________________________
Lisa Janicki, Commissioner

Attest:
__________________________________________
Ron Wesen, Commissioner

Clerk of the Board

Authorization per Resolution # R20050224:

Recommended: ________________________________
County Administrator

Department Head

Approved as to form:

Civil Deputy Prosecuting Attorney

Approved as to indemnification:

Risk Manager

Approved as to budget:

Budget & Finance Director
STATE OF WASHINGTON
COUNTY OF SKagit

I certify that I know or have satisfactory evidence that Kenneth A. Dahlsedt, Lisa Janicki, and/or Ron Wesen is/are the person(s) who appeared before me, and said person(s) acknowledged that she/he/they signed this instrument, on oath stated that she/he/they was/were authorized execute the instrument and acknowledged it as Commissioner(s) of Skagit County, to be the free and voluntary act of such party for the uses and purposes herein mentioned.

DATED this _____ day of _______________ 2018.

(SEAL)

Notary Public
Print name: ________________________________
Residing at: ________________________________
My appointment expires: ________________
EXHIBIT “A”

EASEMENT AREA LEGAL DESCRIPTION

Easement Description over P49105
A portion of the Northwest ¼ of the Southwest ¼ of Section 8, Township 36 North, Range 4 East, W.M., more particularly described as follows:

Commencing at the Southwest corner of said Northwest ¼ of the Southwest ¼; thence North 0°47’32" West along the West line of said Southwest ¼ a distance of 124.71 feet to the Northerly Right-of-Way of Alger-Cain Lake Road as conveyed by Deed recorded under Auditor’s File No. 463822, records of Skagit County; thence South 84°24’52" East along said Northerly Right-of-Way a distance of 60.37 feet to the Southeast corner of the West 60 feet of said Northwest ¼ as recorded in Quit Claim Deed recorded under Auditor’s File No. 712462, records of Skagit County and the Point of Beginning; thence continuing South 84°24’52" East along said Northerly Right-of-Way a distance of 200.00 feet; thence North 0°47’32" West parallel with said West line a distance of 250.00 feet; thence North 84°24’52" West parallel with said Northerly Right-of-Way a distance of 200.00 feet to the East line of said West 60 feet; thence South 0°47’32" East a distance of 250.00 feet to the point of beginning.

Situated in the County of Skagit, State of Washington.
EXHIBIT “C”
LEGAL DESCRIPTION OF GRANTOR’S PROPERTY

P49105
The land referred to herein is situated in the State of Washington, County of Skagit, and is
described as follows:

The Northwest 1/4 of the Southwest 1/4 and that portion of the Northeast 1/4 of the Southwest
1/4 lying westerly of Coal Bunker Road, Section 8, Township 36 North, Range 4 East, W.M.;
EXCEPT the West 80 feet of said Northwest 1/4 of the Southwest 1/4, EXCEPT the Alger Cain
Lake Road, EXCEPT any portion lying Southerly of the Alger Cain Lake Road, AND EXCEPT
the following described tract:

Beginning at the Section corner common to Sections 7, 8, 17 and 18, Township 36 North,
Range 4 East, W.M.; thence North 29°21' East 1506.4 feet to the true point of beginning; thence
North 61°32' East 450 feet; thence N 17°00' West 1000 feet; thence South 61°32' West 450
feet; thence South 17°00' West 1000 feet, more or less, to the true point of beginning.

Situate in the County of Skagit, State of Washington.

NOTE: Course described as “thence N 17°00' West 1000 feet”, should read “North 17°00' East
1000 feet as shown on the graphics of ROS AFIN 200405260024. The legal description on said
ROS contains the same error as shown in the above Legal Description.
October 4, 2018

TO: Commission
FROM: George Sidhu, P.E., General Manager
SUBJECT: Cost of Living Allowance for 2019

Requested Action:
Discussion item.

Background:
As part of the District’s compensation program for non-represented employees, Administrative Practice & Procedure #2043 – Salary Administration for Non-Represented Employees describes one portion of the salary adjustments to include a yearly Cost of Living Adjustment (COLA) based on the Consumer Price Index (CPI) from the Bureau of Labor Statistics (BLS). During the discussion of the compensation program, it was recommended to use the CPI-U for the Seattle-Tacoma-Bremerton area from June-June, which would include all items, all customers and not seasonally adjusted.

Based on the information from BLS, the CPI-U from June 2017 to June 2018 was calculated as 3.3%. In previous discussions with the Board, it was requested to look at other metrics that more closely represent Skagit County rather than the CPI-U from Seattle-Tacoma-Bremerton. Unfortunately, there is no other information collected by BLS which looks at the areas surrounding Seattle, and nothing specifically that represents Skagit County.

However, through contacts within the local and regional Human Resources community, we were able to compile information on what other public agencies are using for their COLA for 2019 for the Board to use as a comparison. The first attached table summarizes 2019 COLA for represented and non-represented staff for 13 other local and regional agencies. The second attached table shows the historical CPI-U calculations since 1998 for various categories, and compares them to the historical COLA for the District.

Fiscal Impact:
None at this time. After further discussion and agreement on the COLA, the salaries will be adjusted by the agreed upon amount beginning January 1, 2019.

cmp

Attachments: 2019 COLA Comparison Info from Other Agencies
CPIU/COLA Comparison
### 2019 COLA Comparison Info from Other Agencies (gathered September 2018)

<table>
<thead>
<tr>
<th>Organization</th>
<th>Non-Rep COLA for 2019</th>
<th>Union COLAs for 2019</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Anacortes</td>
<td>2.00%</td>
<td>2.00%</td>
<td>Most units @ 2%, commissioned police at 2.25, non-rep probably 2</td>
</tr>
<tr>
<td>City of Bellingham</td>
<td>Unknown</td>
<td>2.25%</td>
<td>Average of 2.25-2.5% - varies by union, non-rep unknown until December</td>
</tr>
<tr>
<td>City of Lynden</td>
<td>3.25%</td>
<td>3.25%</td>
<td>Public works, clerical, public safety support, as well as unrepresented employees. Fire 4%</td>
</tr>
<tr>
<td>Island County</td>
<td>2.00%</td>
<td>2.00%</td>
<td>Not including Corrections or Criminal Guilds, non-rep probably 2</td>
</tr>
<tr>
<td>Island Transit</td>
<td>2.00%</td>
<td>2.00%</td>
<td>Non-rep probably 2%</td>
</tr>
<tr>
<td>Oak Harbor</td>
<td>Unknown</td>
<td>2.25%</td>
<td>Police are only unit settled</td>
</tr>
<tr>
<td>Port of Anacortes</td>
<td>3.30%</td>
<td>2.5-3.3%</td>
<td>ILWU is 2.5; non-reps are 3.3 (they use CPI-U S/T/B 12-mo change as of June)</td>
</tr>
<tr>
<td>Port of Bellingham</td>
<td>3.00%</td>
<td>2.5-3%</td>
<td>Varies depending on union, non-rep probably 3%</td>
</tr>
<tr>
<td>San Juan County</td>
<td>Unknown</td>
<td>2.50%</td>
<td>Non-rep unknown at this time</td>
</tr>
<tr>
<td>Skagit County</td>
<td>2.00%</td>
<td>1.5-2%</td>
<td>3% for Patrol and Corrections</td>
</tr>
<tr>
<td>Skagit PUD</td>
<td>Unknown</td>
<td>?</td>
<td>In negotiations</td>
</tr>
<tr>
<td>Skagit Transit</td>
<td>2.00%</td>
<td>2.00%</td>
<td></td>
</tr>
<tr>
<td>WTA</td>
<td>Unknown</td>
<td>?</td>
<td>In negotiations</td>
</tr>
</tbody>
</table>

* Some are estimates based on probable COLA
## CPIU/COLA Comparison

Updated: 10/03/18

All CPI-U information taken directly from Bureau of Labor Statistics data site on 09/13/18
All CPI-U figures show annual figures from June of each year

<table>
<thead>
<tr>
<th>Year</th>
<th>CPI-U (All items in Seattle-Tacoma-Bellevue, WA, all urban consumers, not seasonally adjusted)</th>
<th>CPI-U (All items in West, not seasonally adjusted - Size Class B/C (50,000-1,500,000 pop). &quot;West&quot; includes AK-AZ-CA-CO-HI-ID-MT-NV-NM-OR-UT-WA-WY)</th>
<th>CPI-U (All items in U.S. City Average, all urban consumers, not seasonally adjusted)</th>
<th>CPI-U (All items in West urban, all urban consumers, not seasonally adjusted)</th>
<th>Skagit PUD negotiated COLAs for each year (for entire year, not taken from one month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>N/A</td>
<td>1.00%</td>
<td>1.70%</td>
<td>2.00%</td>
<td>3.00%</td>
</tr>
<tr>
<td>1999</td>
<td>3.10%</td>
<td>2.20%</td>
<td>2.00%</td>
<td>2.50%</td>
<td>3.00%</td>
</tr>
<tr>
<td>2000</td>
<td>3.80%</td>
<td>3.10%</td>
<td>3.70%</td>
<td>3.60%</td>
<td>3.00%</td>
</tr>
<tr>
<td>2001</td>
<td>4.00%</td>
<td>3.20%</td>
<td>3.20%</td>
<td>4.40%</td>
<td>2.70%</td>
</tr>
<tr>
<td>2002</td>
<td>1.70%</td>
<td>0.90%</td>
<td>1.10%</td>
<td>1.40%</td>
<td>3.00%</td>
</tr>
<tr>
<td>2003</td>
<td>1.20%</td>
<td>2.00%</td>
<td>2.10%</td>
<td>2.00%</td>
<td>3.00%</td>
</tr>
<tr>
<td>2004</td>
<td>1.90%</td>
<td>3.10%</td>
<td>3.30%</td>
<td>2.80%</td>
<td>3.00%</td>
</tr>
<tr>
<td>2005</td>
<td>2.30%</td>
<td>2.70%</td>
<td>2.50%</td>
<td>2.40%</td>
<td>3.00%</td>
</tr>
<tr>
<td>2006</td>
<td>4.20%</td>
<td>3.70%</td>
<td>4.30%</td>
<td>4.20%</td>
<td>3.00%</td>
</tr>
<tr>
<td>2007</td>
<td>3.50%</td>
<td>2.90%</td>
<td>2.70%</td>
<td>3.00%</td>
<td>3.00%</td>
</tr>
<tr>
<td>2008</td>
<td>5.80%</td>
<td>4.70%</td>
<td>5.00%</td>
<td>4.90%</td>
<td>4.50%</td>
</tr>
<tr>
<td>2009</td>
<td>-0.40%</td>
<td>-1.70%</td>
<td>-1.40%</td>
<td>-1.40%</td>
<td>0.00%</td>
</tr>
<tr>
<td>2010</td>
<td>-0.50%</td>
<td>0.50%</td>
<td>1.10%</td>
<td>0.60%</td>
<td>0.00%</td>
</tr>
<tr>
<td>2011</td>
<td>3.20%</td>
<td>3.50%</td>
<td>3.60%</td>
<td>3.10%</td>
<td>4.00%</td>
</tr>
<tr>
<td>2012</td>
<td>2.70%</td>
<td>1.50%</td>
<td>1.70%</td>
<td>2.00%</td>
<td>4.00%</td>
</tr>
<tr>
<td>2013</td>
<td>1.40%</td>
<td>1.00%</td>
<td>1.80%</td>
<td>1.50%</td>
<td>2.50%</td>
</tr>
<tr>
<td>2014</td>
<td>2.00%</td>
<td>1.90%</td>
<td>2.10%</td>
<td>2.30%</td>
<td>3.00%</td>
</tr>
<tr>
<td>2015</td>
<td>1.60%</td>
<td>0.50%</td>
<td>0.10%</td>
<td>1.10%</td>
<td>3.50%</td>
</tr>
<tr>
<td>2016</td>
<td>1.80%</td>
<td>0.50%</td>
<td>1.00%</td>
<td>1.60%</td>
<td>3.50%</td>
</tr>
<tr>
<td>2017</td>
<td>3.00%</td>
<td>2.00%</td>
<td>1.60%</td>
<td>2.50%</td>
<td>3.50%</td>
</tr>
<tr>
<td>2018</td>
<td>3.30%</td>
<td>3.20%</td>
<td>2.90%</td>
<td>3.60%</td>
<td>3.50%</td>
</tr>
<tr>
<td>Average</td>
<td>2.48%</td>
<td>2.02%</td>
<td>2.20%</td>
<td>2.39%</td>
<td>2.94%</td>
</tr>
</tbody>
</table>
October 9, 2018

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

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

SUBJECT: College Way Widening Project Mount Vernon

Requested Action:
Authorize the General Manager to modify and execute the inter-local agreement with the City of Mount Vernon for water system improvements along East College Way to provide for project cost sharing measures, subject to legal review, and authorize a total project budget of $800,000.

Background:
At the regular meeting of the Commission on August 14, 2018, the Board approved a motion to authorize the General Manager to enter into an interlocal agreement with the City of Mount Vernon to install a 12-inch waterline under I-5 in conjunction with the City’s College Way widening project. At that time, the project had not advertised for bids.

The interlocal agreement was structured to provide the City and the District the greatest flexibility in awarding the project. In practice the District and the City would have separate bid schedules and the awarding agency would have the option of awarding the City’s work or the City’s work and the District’s work together, subject to District approval. However, the bid package was not arranged in this manner and did not carry the provisions described in the interlocal agreement. Instead, the award is based on the low bidder for the two bid schedules put together.

The District is not a party to the contract and therefore the City will be required to evaluate its choices in awarding the project.

Modifications to the interlocal agreement delete references to a separate bid schedule for District work. Instead, the District will take ownership of the water system improvements at the completion of the project and provide reimbursement to the City for capital contributions relative to the water system improvements.

The revised interlocal has been subject to District legal review.

Fiscal Impact:
Funding for this project would come from the remaining balance in the 2018 budget line item 60 Mandated by Other Agencies ($158,917.17) and from a similar request of funds in the 2019 budget. This project is identified in the budget requests for 2018 and 2019 and their use is consistent with the intended purpose of these funds.

kac
After Recording Return to:

Attn: Kevin Rogerson
City Attorney's Office
City of Mount Vernon
PO Box 809
910 Cleveland Avenue
Mount Vernon, WA 98273

THIS AGREEMENT is made and entered into this ___ day of 
__________________, 2018, by and between the PUBLIC UTILITY DISTRICT NO. 1 
OF SKAGIT COUNTY, a Public Utility District of the State of Washington, 
(hereinafter referred to as the “PUD”); and the CITY OF MOUNT VERNON, a 
unicipal corporation of the State of Washington, (hereinafter referred to as the 
“City”),

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

WHEREAS, the City has through the Designer prepared and received bids 
for construction of the City’s Project that includes bid Schedule “A” for street 
 improvements hereinafter known as “Street Project”, and bid Schedule “B” for 
waterline improvements hereafter known as “Water Project”; and

WHEREAS, the City Project award requires both the Water Project and 
Street Project to be awarded under one contract by the City; and

WHEREAS the PUD has planned for the upgrade and installation of 
waterline facilities within the City’s Project; and

WHEREAS, the PUD owns and operates the public water system within 
the City; and

WHEREAS, the City and PUD recognize the efficiency of constructing the 
Water Project and Street Project under one contract known as the City’s Project; 
and

WHEREAS, it is necessary for the City and the PUD to enter into an 
agreement setting forth the terms, conditions, and requirements and under the 
which the PUD may reimburse the City for water improvement; and

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

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

WHEREAS, the City desires to enter into a contract with the PUD under which the ownership of the water system improvements is transferred to the PUD and the City is reimbursed for the cost of the same water system improvements.

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

1. **Award and Construction of City’s Project.**
   
   Upon the City’s award of the City’s Project PUD shall reimburse the City as set forth in the terms and conditions of this Agreement for the Water Project; provided however the City reserves the right to reject all bids without cause for the City’s Project. City shall be Project Owner of the City’s Project with respect to all contract documents and state law. The City’s Project shall be bid and awarded pursuant to all state law requirements for a code city of the City’s population. Upon award by the City, the City shall authorize and direct the Contractor to construct and install the Water Project consistent with Schedule B attached hereto.

2. **Conflict of terms.**
   
   In the event of a conflict between terms of this Agreement, Schedule A, Schedule B or contract documents related to the construction of the City’s Project, the parties shall meet and confer as soon a reasonably practicable to reconcile any inconsistencies or conflicts; provided however the City shall have sole discretion to resolve any inconsistencies or conflict of terms.

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

   A. **Contractual Privity – Contractor.** For the purposes of this Agreement, the City shall be deemed to be the sole entity in contractual privity with the Contractor for construction of the City’s Project.
B. Tort Claims. It is the intent of the parties that the Contractor and the Contractor's insurance policies shall fully indemnify the City from any claims or causes of action resulting in whole or in part from the Contractor's negligent or intentionally tortuous acts. The PUD agrees that it shall provide to the City within three (3) business days of receipt a copy of any notice of claim the PUD receives that implicates the City's Project.

4. **Standards of Construction.** Construction of the City's Project shall be in accordance with this Agreement and Schedule B which includes the approved plans and specifications for the improvements of the Water Project.

5. **Inspection.** The PUD shall inspect the Contractor's water pipe and appurtenance installation and testing work in accordance with the Water Project plans and specifications. In addition, the City will inspect the remainder of the Contractor's work on the City's Project to determine conformance with the City Project's plans and specifications. The PUD is hereby authorized to enter the job site to inspect the work performed by the Contractor on the Water Project; provided however, such entry shall be coordinated by the City with the Contractor and may be reasonably limited pursuant to the City's agreement with the Contractor. PUD shall be responsible and assume liability for its own wrongful and/or negligent acts or omissions or those of their elected officials, officers, agents, or employees to the fullest extent required by law, and further agrees to save, indemnify, defend, and hold the City harmless from any such liability resulting from negligence in performing inspections.

A. **Rejection of Work.** PUD inspectors shall have the authority to request rejection of defective material and/or work that is being done improperly. Such rejection shall be accomplished by providing written notice to the City's representative, describing in detail all discrepancies between the Water Project plans and specifications and the work performed by the Contractor on the Water Project pursuant to the Project Contract and all related documents, and also describing in detail, as appropriate, such actions as may be necessary to correct the defective work. Such notice shall be provided to the City within two (2) working days of observation of the defective work. The City's representative shall forward a copy thereof to the Contractor.

B. **Acceptance of Work.** PUD inspectors shall not have authority to accept work, to accept materials, to issue instructions to the Contractor, or give advice contrary or inconsistent to the Water Project's plans and specifications.
6. **Payments.** Construction payment requests shall be submitted by the Contractor to the City. The City shall forward to the PUD the portion of the payment request attributable to the Water Project including agreed upon changes. PUD shall pay to the City payment requests for the Water Project portion of the City’s Project, including change orders thereto, absent disapproval as set forth herein. The City shall not charge an administrative overhead fee for management of the Water Project; provided however, PUD shall reimburse the City for actual, direct costs incurred by the City for additional, outside engineering services related to the Water Project. In the event of any contract dispute, claim, or change order between the City and the Contractor resulting from the Water Project (in whole or in part) the PUD shall pay its proportionate share of all actual costs, including legal fees, judgments, demands, and awards related to the contract dispute, claim, or change order and shall indemnify, defend, and hold the City harmless from any claims, demands, or lawsuits brought by the Contractor alleging damages or further costs resulting from such dispute, claim, or change order.

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

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

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

7. **Modifications With Significant Cost Implications.** For the purpose of this paragraph, the term “Modification with Significant Cost Implications” shall refer to a change to be incorporated in the Water Project that increases the cost of construction in an amount estimated to exceed twenty thousand dollars ($20,000.00). If the City or PUD determines it necessary to consider a change in the work to the Water Project whether defined as a Modification with Significant Cost Implications or not, the parties agree to meet in good faith and conduct reasonable efforts to reach a mutual determination regarding such change order; provided however; the City retains sole discretion in determining to proceed with such change order.

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

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

10. **Right to Review:** This contract is subject to review by the State auditor’s office. Each party, or the party’s designee, shall have the right to review and monitor the financial components of this project. Such review may include, but is not limited to, on-site inspection by agents or employees, inspection of all records or other materials. Each party shall preserve and maintain all financial records and records relating to this project under this Agreement for 3 years after contract termination, and shall make them available for such review, within Skagit County, State of Washington, upon request.
11. **Contractual Relationships.** This Agreement does not establish that a party may act as the agent or legal representative of the other for any purpose whatsoever. Neither party is granted any express or implied right or authority to assume or create any obligation or responsibility on behalf the other in the name of the other or to bind the other in any manner or thing whatsoever.

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

13. **Mutual Indemnity.**

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

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

   C. If such claims are caused by or result from the concurrent negligence of the parties, or their agents, employees, and/or officers, then these indemnity provisions shall be valid and enforceable only to the extent of the negligence of the indemnifying party; provided that nothing herein shall require either party to hold harmless or defend the other party or the other party’s agents, employees and/or officers from any claims arising from the sole negligence of the other party, or its agents, employees, and/or officers.
D. Each party specifically assumes potential liability for actions brought by that party's own employees against the other party and, solely for the purpose of this indemnification and defense, the parties specifically waive any immunity under the State Industrial Insurance Law, RCW 51. THE PARTIES RECOGNIZES THAT THIS WAIVER WAS SPECIFICALLY ENTERED INTO PURSUANT TO THE PROVISIONS OF RCW 4.24.115 AND WAS THE SUBJECT OF MUTUAL NEGOTIATION.

14. **Termination.**

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

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

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

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

   The PUD's representative shall be the Mark Handzlik, Engineering Manager
The City's representative shall be Mikael Love, Assistant Public Works Director.

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

CITY:  
CITY OF Mount Vernon  
Attn: Mikael Love  
1024 Cleveland Avenue  
Mount Vernon, WA 98273

PUD:  
PUD #1 of Skagit County  
1415 Freeway Drive  
P.O. Box 1436  
Mount Vernon, WA 98273

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

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

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

21. **Force Majeure.** If either party is rendered unable, wholly or in part, by force majeure or any other cause of any kind not reasonably within its control to perform or comply with any obligation or condition of this Agreement upon giving written notice to the other party, such obligation or condition shall be suspended during the continuance of the inability so caused and such party shall be relieved of any liability during such period. The term force majeure shall include, without limitation by the following enumeration, acts of God, federal, state, county, or municipal orders, regulations or directives of any governmental authority or persons purporting to act therefor, or when the supply of product or any facility of production, manufacture/storage, transportation, distribution or delivery contemplated by either party is prevented or delayed by terrorist or enemy attack, riots, other disturbances, earthquakes, hurricanes, strikes, or lockouts of any class of workmen, or stoppage of labor, or damage to
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piers or essential equipment, floods, fire, explosion, or destruction from any cause of any character either similar or dissimilar to the foregoing and reasonably beyond the control of the party failing to perform

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

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

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

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

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

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

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

**CITY OF MOUNT VERNON**

By: ________________________
Mayor

**PUBLIC UTILITY DISTRICT NO. 1**

By: ________________________

Approved as to form:

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City Attorney

Finance Director