PLEDGE OF ALLEGIANCE

CONSENT AGENDA
1. Approval of Agenda 03/05/19
2. Approval of Minutes 02/26/19 Commission Meeting
3. Approval of Vouchers 03/05/19
4. Project Acceptance
   LaQunita Hotel (Burlington)
   Plat of Arbor Glen Trail Road (Sedro-Woolley)

AUDIENCE COMMENTS

OLD BUSINESS
5. Reopen Hearing for Jason Graham
6. Manager’s Report

STATUS OF BUDGET – 4th Quarter

NEW BUSINESS
7. Recommendation to Award Real Estate Services-New Ventures Group –Action
8. SkagitNET LLC Banking Resolution No. 19-01 - Action

MISCELLANEOUS
   Per Governance Policy Section 7.2.2; Commission obligation to disclose any conflicts of interest as defined in Chapter 42.23 RCW

COMMISSIONER COMMENTS

ADJOURNMENT

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

February 26, 2019

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 February 26, 2019.

The meeting was called to order at 4:30 PM. Those Commissioners in attendance were: Eron Berg, President; Al Littlefield, Vice President. Joe Lindquist, Secretary was on excused absence. 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, Andrew Entrikin, Port of Skagit County; District Employees: Mike Fox, Gary Chrysler, Kevin Tate, Mark Semrau, Brian Henshaw, Bill Trueman, Kurt VanBurkleo and Luis Gonzalez.

Commissioner Lindquist led the Pledge of Allegiance.

Commissioner Littlefield moved to approve the Consent Agenda for February 26, 2019

1. Approval of Agenda 02/26/19
2. Approval of Minutes 01/22/19 Commission Meeting
3. Ratification of Vouchers
   No. 2841-Voucher Nos. 14643-14681 ($175,415.16) 01/29/19
   No. 2842-Voucher Nos. 14682-14726, Payroll Check Nos. 25744-25825 ($314,959.86) 02/05/19
   No. 2843-Voucher Nos. 14727-14775 ($310,998.88) 02/12/19
   No. 2844-Voucher No. 14738 ($23,735.93) 02/12/19
   No. 2845-Voucher Nos. 14776-14824, Payroll Check Nos. 25908-25989 ($556,777.94) 02/19/19
4. Approval of Vouchers 02/26/19
   No. 2846-Voucher Nos. 14825-14876 ($1,004,876.74)
5. Project Acceptance
   ABP Choice Hotel Burlington (Burlington)
   Helping Hands Food Bank (Sedro-Woolley)
   Conway Muse (Conway)
   Yorkston Oil Company, Cedardale Road (Mount Vernon)

The motion passed.

OLD BUSINESS

6. SkagitNET Update
   Andrew Entrikin presented an update including fiber backbone segments, and a recent meeting with the tribes regarding needs and connectivity goals.

7. Manager’s Report
   Manager Sidhu reported on the following items:
   • Updated meeting and work session schedule
     03/05 Added Regular Meeting
     03/12 Regular Meeting
     03/19 Work Session – Commissioner Orientation (Finance) 4:30 PM
     03/26 Regular Meeting
04/02 Work Session – Commissioner Orientation (Engineering) 4:00 PM
04/09 Regular Meeting
- Continuation of Jason Graham hearing is scheduled for 03/05 meeting
- Update regarding capital budget request for Little Mountain pipeline funding. Lobbyist indicated proposal was well received.
- Operating agreements with smaller agencies for after-hours and technical support. District has been approached by Del Mar Community Service for some kind of agreement for after-hours assistance. Staff will meet with representatives on Friday to discuss an agreement similar to the District’s agreement with the Town of Lyman.

8. Quarterly Report – Engineering Department
   Engineering Manager Handzlik presented the quarterly report for the Engineering Department, including updates regarding projects completed to date, staffing changes and progress regarding the Judy Reservoir to Mount Vernon Transmission Line Project and selection of a consultant for the Water Treatment Plant Condition Assessment.

NEW BUSINESS

9. Decommissioning of Underground Storage Tank at Judy Reservoir Raw Water Pump Station - Potential Action
   Manager Sidhu stated that the tank is out of compliance and reaching the end of useful life and the recommendation is to remove and replace with an above ground tank. Discussion ensued regarding the tank size difference and efficiency. Commissioner Littlefield moved to authorize the General Manager to execute a contract with Ultra Tank Services for the decommissioning of an underground diesel tank located at the Judy Water Treatment Plant raw water pump station, in the amount of $45,822.56 with funding from Capital Budget Line Item 20 (Best Road Pipeline). The motion passed.

10. Faber Construction-Change Order No. 1 (Final) – McLean Road, Wall Street to Best Road Phase 1 - Potential Action
    Manager Sidhu stated that phase 1 of the project is now complete and the proposed change order reconciles bid quantities and outstanding work changes. Project bids were good, and the final project cost is under budget. Commissioner Littlefield moved to authorize the General Manager to execute Change Order No. 1 with Faber Construction in the amount of $221,224.47 plus sales tax. The motion passed.

11. Disposition of Marblemount Surplus Property - Potential Action
    Manager Sidhu stated that the recommendation of staff is to accept the offer of $12,500 for the property as is and stop the eviction process. Commissioner Littlefield moved to authorize the General Manager to sign a Quit Claim Deed in consideration of $12,500 for the disposition of the Marblemount Property (P45123) to Patrick Martin, and to take all necessary actions to complete the transaction. The motion passed.

12. Recommendation to Reject Bids - Conway I-5 Pipeline Crossing Project - Action
    Manager Sidhu stated that four bids were received for the project; however, all the bids were 15% or more above the Engineer’s estimate and RCW 54.04.080 requires that bids 15% or more above the engineer’s estimate be rejected. Staff spoke with contractors and clarified items on the bid documents and are prepared to rebid the project. Discussion ensued regarding clarification of the bid documents and staff is comfortable with the project estimate. A pre-bid meeting will be held to explain changes to the bid documents.
Commissioner Berg moved to reject all bids received on February 20, 2019 for the Conway I-5 Pipeline Crossing Project in accordance with RCW 54.04.080. The motion passed.

MISCELLANEOUS

13. Commission Disclosure of Conflicts of Interest

Per Governance Policy Section 7.2.2; Commission obligation to disclose any conflicts of interest as defined in Chapter 42.23 RCW

Commissioner Littlefield stated he had no conflicts of interest.

Commissioner Berg stated he had no conflicts, disclosed that he works for the City of Sedro-Woolley and is not related to anyone at Skagit PUD.

This item will remain on the agenda until such time as Commissioner Lindquist makes his declaration.

Having no further business to come before the Board, Commissioner Berg stated the meeting of January 22, 2019 was adjourned at 5:12 PM.

Respectfully submitted:

_________________________________________
Kim Carpenter
Clerk of the Board
February 26, 2019

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: La Quinta Hotel  
Reference: C.O. # 5000, Project # 3714  
Location: Burlington  
Developer: Trimark-Burlington Hospitality, LLC  
Contractor: Faber Construction Corp.

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
March 5, 2019

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 Arbor Glen Trail Road
Reference:  C.O. # 4883, Project # 3580
Location:  Sedro-Woolley
Developer:  Granite Holdings 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
MEMORANDUM

TO: PUD Commission

FROM: Peter A. Gilbert, Attorney

DATE: February 28, 2019

SUBJECT: Continuation of Graham Hearing.

This hearing was properly scheduled under Section 2.8 of the District’s Water Policy Manual, attached. Under that provision, the Commission will sit in a quasi-judicial capacity to decide the issue and its decision will be the final decision of the District. Further dispute resolution after your decision would be under the jurisdiction of the Skagit County Superior Court.

- Background:
  The District presented Mr. Graham with direction to install an RPBA at his facility in October 2018. Mr. Graham disputed the need for such a measure and began the dispute resolution process. A formal hearing was held on December 11, 2018. A decision by the Board was stayed pending an onsite investigation by the District’s Cross-connection Control Coordinator. The inspections were performed in December 2018 and January 2019. The District’s Cross-connection Control Coordinator has presented her findings in a report that was included in the meeting packet. On Tuesday March 5, 2019 we will re-open the hearing for Mr. Graham.

- Evidence:
  The Commission may consider any evidence which will assist it in reaching a decision and may give effect to the rules of privileged communications under the law. This means you can consider evidence that may be inadmissible under the evidence rules, as long as the evidence is helpful in making your decision. You may exclude evidence based on privilege if it’s appropriate.

- Legal Authority:
  The Commission shall apply as the first source of law District Resolutions, Code and Regulations. If District authority fails to adequately address the situation, the Commission shall resolve the issue based upon the legal authority and reasoning available, including that found in state and federal constitutions, statutes, and caselaw.
• Burden of Proof:
Since this issue involves a dispute over whether a District decision is inconsistent with its regulations, the customer, Mr. Graham must establish by clear, cogent and convincing evidence that the District action is unreasonable and in disregard of the facts and circumstances. This standard of proof is an intermediate standard - more is required than a mere preponderance of the evidence (50+%) but proof does not need to be made beyond a reasonable doubt. WPI defines this standard to be proof by evidence that carries greater weight and is more convincing than a preponderance of the evidence.

• Decision:
A decision can be made to support the position of District staff, to support the position of the customer or to determine another reasonable remedy. The Commission’s authority to fashion a remedy herein is broad and the remedy can take most any form you choose; however, the final decision should be clear and unequivocal and grounded in our Resolutions, Code, and/or regulations, assuming they’re applicable.

PAG/kac
2.8 Dispute Resolution

2.8.1 Appearance before Commission

Any Customer or other person who believes that he/she has been wrongfully treated by a decision of the District related to:

- Termination of the delivery of water service or disconnection of the Customer; or
- Refusal to deliver water service (i.e., not connect the Customer); or
- Require the Customer to pay for water service previously delivered (i.e., transfer an outstanding balance to a new water account); or
- Require the Customer to make periodic payments in specific amounts to pay for water service previously delivered as a condition of receiving water service (i.e., require a payment plan); or
- Require the Customer to provide security as a condition of receiving water (i.e., require a security deposit); or,
- Require the Customer to pay a fee or penalty; (e.g., reconnection fee, account service fee, etc.);
- or other issues as may be presented;

may have that decision reviewed by the District’s Board of Commissioners.

Binding Decision

The decision of the Commissioners shall be a final decision of the District.

Appearance Request

A request for an appearance before the Commission must be made a minimum of eight (8) business days prior to the desired Commission meeting by the Customer or by someone with legal authority to act on the Customer’s behalf. Each appearance request should include a description of both the decision to be reviewed and the relief requested. If the description and relief warrant, the District may require that the request be in writing. The Customer’s request must be directed to the Board of Commissioners, General Manager or Executive Assistant at the District’s office complex located at 1415 Freeway Drive, Mount Vernon.

Appearance Date

The General Manager will set the date for the appearance within ten (10) business days after the hearing request is received by General Manager. Unless otherwise indicated, the hearing will be held at the District’s Mount Vernon office.

District’s Action Stayed Pending Receipt of Request for Appearance

If a Customer:
Contacts the District within eight (8) business days after receiving notification, whether written or oral, of a decision of the District; and

- informs the District that he/she intends to request an appearance before the Commission to review that decision; the District will stay the action which would have been taken unless to do so would cause substantial disproportionate harm to the District or it’s customers. The stay will remain in affect for six (6) business days or until receipt of a formal request for an appearance, whichever is earlier. Upon receipt of a formal request for an appearance the District will stay the action through the appearance absent substantial disproportionate harm.

**Performance Pending Hearing**

All obligations which are not the subject of the dispute to be decided by the Commission shall be performed by the District and/or the Customer. This shall include, in the case of a dispute over amounts to be paid, the payment of all non-disputed amounts.

**Failure to Appear**

If a Customer fails to appear before the Commission within thirty (30) minutes after the time set for the appearance, the Customer will be in default, and the Commission shall decide the disputed matter in favor of the District. If the Customer fails to appear, the Customer’s request for another appearance will not be granted unless the failure to appear was caused by an emergency or because of the occurrence of an unforeseeable circumstance or event, which shall be determined by the General Manager. In such case, the subsequent appearance must be held within ten (10) business days of the original hearing.

**Continuances**

Any request for a continuance shall be made to the General Manager, which shall grant such a continuance only in the case of an emergency or because of the occurrence of an unforeseeable circumstance or event.

**Representation**

A Customer may represent himself/herself or may be represented by an attorney, relative, friend, or any person other than a District employee. If the Customer is to be represented by an attorney, the Customer must inform the District of that fact at the time the request for an appearance is delivered to the District, or if the services of an attorney are procured later, then as soon as such representation is arranged.

**Evidence**

The Commission may consider evidence which will assist the Commission in reaching a decision and may give effect to the rules of privileged communications (e.g., attorney/client privilege, husband/wife privilege, etc.) under the law. Information that is irrelevant and unduly repetitious may be excluded. Documentary evidence may be received in the form of copies or excerpts. Each party shall have the right to ask questions of persons who make statements at the appearance.
Legal Authority

The Commission shall apply as the first source of law District Resolutions, Code and Regulations. If District authority fails to adequately address the situation, the Commission shall resolve the issue(s) based upon the legal authority and reasoning available, including that found in the state and federal constitutions, statutes, and court decisions.

Review of District Action

If the dispute involves a question of whether the Customer is indebted to the District, the District must establish the Customer’s obligation by a preponderance of the evidence. If the dispute involves a question of whether a District decision is inconsistent with the regulations of the District, the Customer must establish by clear cogent and convincing evidence that the District action is unreasonable and in disregard of facts and circumstances.
February 12, 2019

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

FROM: Mark Handzlik, P.E. Engineering Manager

SUBJECT: 1800 South Second Street
Cross-connection On-site Survey Report

Requested Action:
Resume the Dispute Resolution hearing for Jason Graham, owner of the property at 1800 South Second Street, Mount Vernon, WA, that was recessed on December 11, 2018 following an on-site cross-connection survey of the property.

Background:
Through a water service inquiry, the District came to know about a cross-connection risk to the District’s water system at 1800 South Second Street, Mount Vernon, WA. As a result of discussions with the property owner, evaluation of the service line and facilities being served, the Engineering Department determined a cross-connection device was required to protect the District’s system. The property owner and the Engineering Department were unable to come to an agreement on the necessary level of protection. To enforce the cross-connection control requirement the Engineering Department took measures to disconnect the service line to the property to secure compliance.

The property owner requested to formally dispute the action. On December 11, 2018 a hearing was held at the request of the owner of the property at 1800 South Second Street, Mount Vernon to dispute the Engineering Department’s requirement to install a Reduced Pressure Backflow Assembly and stay the disconnection of service for failure to comply.

The December 11, 2018 hearing concluded with a final decision on the matter being postponed until the District’s Cross-connection Control Specialist could perform an on-site survey of the property.

On December 14, 2018 access was provided for an on-site survey of the laundry facility only. On January 7, 2019 the remainder of the on-site survey was completed when District Staff were granted access to the residential units. The delay between the two inspection dates was a result of accommodating the property owner’s schedule and allowing proper notice to the tenants.

Attached to this memo is the Cross-Connection Control Survey and Risk Assessment for LaundryLand, 1800 South Second Street Mount Vernon, WA 98273 by Cross-Connection Control Coordinator Courtney Shilling.

Fiscal Impact:
None

kac
Cross-Connection Control Survey & Risk Assessment

LaundryLand - 1800 S Second St. Mount Vernon, WA 98273

Courtney Shilling
Cross-Connection Control Coordinator
February 7, 2019
Executive Summary

A cross-connection control site survey was conducted at 1800 S. Second Street in Mount Vernon, WA as part of a formal hearing requested by Jason Graham to dispute the District’s requirement to install a Reduced Pressure Backflow Assembly (RPBA) immediately downstream of the meter serving the property. The request for a survey was made by the District’s Board of Commissioners and agreed to by Jason Graham through course of the hearing. A prior request to conduct an on-site inspection was denied by Mr. Graham.

On the property is a seven-unit multifamily residential building and a separate twenty-unit coin operated commercial laundry for the public to use.

After conducting the site survey, I recommend premises isolation by installation of an approved RPBA. This recommendation is based on the degree of health hazard to the water system by the customer’s premises, probability of cross-connections to occur, the unfortunate lack of coordination between the Authority Having Jurisdiction (AHJ), and the reliability of the backflow prevention assembly.

Background

Current Washington State regulations require the water purveyor to protect the public water system from contamination via cross-connections. The return of any water to the public system after it has been used for any purpose on the customer’s side of the meter threatens water quality for all customers and is unwanted.

The District currently practices passive enforcement of cross-connection control to eliminate new and existing hazards in remodeled buildings or changes of use. This system relies on coordination with the local AHJs and customers to alert the District of changes in plumbing so that they may be evaluated. Unfortunately, the AHJs are not reliable in alerting the District to these plumbing changes and changes of use, and customers are largely unaware of cross-connections. Using this instance as an example, the property owner obtained at least two plumbing permits without the District’s involvement. There are other recent examples elsewhere in our service area of significant use changes that the District gained knowledge of outside of the expected communication pathways between the permitting agencies and the District.

The District’s current practice with new commercial development is to require the installation of a RPBA. This level of protection eliminates concerns over future changes in use and plumbing changes because it is the best level of protection to separate cross-connections from the District’s system. Employing such a measure to retroactive cross-connection control installations would provide a consistent level of protection with new commercial buildings and the property owner is free to pursue changes in use or plumbing changes without the District’s oversight and the District can have confidence that the premises is isolated from the District’s system.

In November 2017 the District received a call from Jason Graham, the owner of 1800 S Second St., in reference to low pressure alerts he received from his washing machine equipment. This site is currently
served by a 5/8-inch meter that serves seven residential apartment units and a commercial laundromat facility with twenty commercial grade coin operated washing machines.

A District Meter Technician responded to the call to investigate possible causes of the reported pressure issues. He determined that the public water system provided adequate pressure at the meter and the District was not aware of any similar issues reported in the area at that time. The Meter Technician informed the owner it was likely that the pressure issues were caused by something on his side of the meter.

After being made aware of the pressure issue, the District conducted a cursory examination of the plumbing fixtures at the site to help with troubleshooting. Based on the fixture count and water usage at this location, the Uniform Plumbing Code recommends a 2-inch meter. After considering the circumstances, the Engineering Department recommended to the owner that he upsize the meter to a minimum size of 1 inch. The Engineering Department also informed the property owner that due to the commercial use of the building and the fact that there was knowledge of a pressurized tank, a cross-connection device would be required to be installed within ninety days and to coordinate with the Cross-Connection Control Coordinator. In October 2018 a meeting was held at the District office with the property owner to discuss the meter sizing and cross-connection control requirements. The property owner stated that he was no longer having any pressure issues and had removed the pressure tanks. Engineering staff informed the owner that a RPBA would still be required to be installed immediately downstream of the existing water meter.

After the meeting, the owner submitted a specification sheet for a DCVA made by Flowmatic.
Agenda Item #5

Per WAC 246-290-490 (5) (a) “The purveyor shall ensure that all backflow prevention assemblies relied upon by the purveyor are models included on the current list of backflow prevention assemblies approved for use in Washington State.” The Foundation for Cross-Connection Control and Hydraulic Research, a Division of the University of Southern California, maintains and updates the List of Approved Backflow Prevention Assemblies. The type of assembly submitted to the District by the owner for installation is not on the USC List of Approved Assemblies. It also does not meet the level of protection provided by a RPBA.

Through continuing email correspondence, the property owner stated that he would only install a Double Check Valve Assembly (DCVA) and not an RPBA. The Engineering Manager requested that I be allowed to complete a cross-connection control survey at the property and the owner refused.

The owner requested a formal hearing with the District’s Board of Commissioners to dispute the District’s decision to require the installation of an RPBA. The public hearing was held on December 11, 2018. At the conclusion of the hearing the property owner agreed to provide access to conduct a site survey and the disconnection of service subject to installation of an RPBA was stayed pending the results of the survey.

Site Survey

An email request for a site survey was sent on December 12, 2018 immediately following the hearing on December 11, 2018. Over the course of the next two days and six emails a site survey meeting for the commercial laundry was scheduled for December 14, 2018. The site survey of the multifamily residential building was held on January 7, 2019 after another five emails. The site survey delay was in an effort to accommodate the owner’s varying schedule and to allow the owner to provide adequate notice the tenants. See Appendix A for the email chain.
The commercial building has twenty (20) Dexter brand Commercial Washers, two hot water tanks, one sink and one restroom. The Air Gap illustrated in the Owner’s Manual for the washing machines does not meet the Department of Health’s definition of an Air Gap.

An “approved” air gap separation must be at least twice the diameter of the supply line piping, but never less than one inch. The washing machines have a built-in Vacuum Breaker (listed as an Air Gap in the manual) that guides the water to the tub through the soap dispenser. However, a vacuum breaker does not have the physical separation of an air gap, and therefore the Department of Health does not consider these to be an equal level of protection.

Evaluation Results

The Department of Revenue has this business listed as a Coin Operated Laundry and Dry Cleaner. WAC 246-290-490 defines Commercial laundries and dry cleaners as a high health hazard and requires premise isolation by a RPBA. Despite the property owner previously disagreeing that the business is a
commercial laundry or dry cleaner, there is a potential for this business to make changes or upgrades to the type of equipment and services offered without the District’s knowledge.

If a new owner takes over the facility, or a washing machine breaks and needs replacement the owner could replace the machine with a lower quality unit, without the District’s knowledge. The vacuum breaker providing minimal protection in these machines may not be included on the replacement model and the District would not know about it. Based on past experience it is unlikely that such a change would be brought to the attention of the permitting AHJ. In the case of a replacement machine it is also highly unlikely that a new machine would be cause for a new property owner to seek a cross-connection review.

The District relies on the permit process with the local government agencies to discover changes in use or plumbing changes that occur. The permit process is used to initiate a water service evaluation and ensure that the proper backflow protection is installed and maintained. Currently, the District is only notified of upcoming pre-application meetings with the City of Mount Vernon, not individual building permit applications. The District was not informed of the two building permits issued to Jason Graham in 2015 or 2018.

In the event of a backflow incident there is potential that any of the liquids and/or chemicals from the washing machines and water heaters could be siphoned back into the public water system. A DCVA is not approved to protect against high health hazard conditions like the ones present at this location.

There is also evidence of complex plumbing arrangements and a history of frequent changes to the plumbing that make it impracticable to assess whether cross-connection hazards exist. The photos that follow illustrate their presence.
Complex Plumbing

Agenda Item #5

Complex Plumbing

Domestic ➔

Sanitary Sewer ➔

Complex Plumbing
An RPBA would not require resurveying of the in-premise plumbing and allows the property owner freedom to make plumbing changes without District scrutiny. RPBAs are designed and approved to prevent backflow in low and high health hazard conditions and would provide the proper level of protection against public water system contamination. The installation of a RPBA at the meter would also meet the District’s legal liability of properly protecting the public water system from contamination via cross-connections.

An employee of the Washington State Department of Health, Office of Drinking Water, also provided some further clarification on assessing the degree of hazard between commercial laundries and laundromats. He explained that all commercial laundry equipment should be considered a high. All of the laundry equipment present at this location is commercial grade.

The determination of risk considers several aspects. These include the type of equipment, their use, chemicals on site, potential for changes to the system, and potential for changes of equipment. If the only consideration were the washing machines, the installation of a DCVA would meet the cross-connection control requirements for a low health hazard. However, this business has commercial grade machines and existing complex plumbing, which moves it to a high health hazard, especially when considering the chemicals onsite. This is supported by the Washington State Department of Health in their assessment that all commercial laundry equipment should be considered a high health hazard. Furthermore, the potential for additional plumbing or use changes by the current or future property owners increases the risk of a future cross connection.
After the completion of a site survey, risk assessment and evaluation of the degree of hazard, I recommend premise isolation by installation of an approved Reduced Pressure Backflow Assembly (RPBA). Categorizing this premise as a high health hazard is in accordance with the guidance of WAC 246-290-490 and the Cross-Connection Control Manual, Accepted Procedure and Practice published by the Pacific Northwest Section of the AWWA.
Appendix A

Site Survey Email Coordination Chain
Re: 1800 S Second St Inspection

Jason Graham

to:
Shilling@skagitpud.org
01/17/2019 01:27 PM
Hide Details
From: Jason Graham <graham.jason@live.com>
To: “Shilling@skagitpud.org” <Shilling@skagitpud.org>

Thanks

Get Outlook for Android

From: Shilling@skagitpud.org <Shilling@skagitpud.org>
Sent: Thursday, January 17, 2019 1:20:56 PM
To: Jason Graham
Cc: Sidhu@skagitpud.org; Handzik@skagitpud.org; trueman@skagitpud.org; Demers@skagitpud.org
Subject: Re: 1800 S Second St Inspection

Jason,

I wanted to let you know that we are planning to resolve this matter at the February 12, 2019 Regular Commission Meeting. The action and penalty of this issue have been stayed and will remain that way until a decision is made at the meeting. Nothing will be discussed about this at the January 22, 2019 meeting. You will be formally notified when the agenda item has been confirmed for the February 12th meeting.

Please let me know if you have any questions.

Thank you.

Courtney Shilling
Cross Connections Control Coordinator

1415 Freeway Dr
PO Box 1436
Mount Vernon, WA 98273

P. (360) 846-2138
F. (360) 424-8764
E. Shilling@skagitpud.org
W. www.skagitPUD.org

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From: Jason Graham <graham.jason@live.com>
To: “Shilling@skagitpud.org” <Shilling@skagitpud.org>
Date: 01/17/2019 07:23 AM
Subject: Re: 1800 S Second St Inspection

file:///C:/Users/shilling/AppData/Local/Temp/notes5D3EFE-~/web8304.htm
2/6/2019
Courtney,

I got the units posted for an inspection today. 2 or 3 pm would work. Pick one and I'll meet you there.

Jason

Get Outlook for Android

From: Jason Graham <graham.jason@live.com>
Sent: Thursday, January 3, 2019 8:58:17 PM
To: Shilling@skagitpud.org
Subject: Re: 1800 S Second St Inspection

I'm still out of town, but plan to be back Saturday. If I get back I'll go post a Monday inspection.

Get Outlook for Android

From: Shilling@skagitpud.org <Shilling@skagitpud.org>
Sent: Thursday, January 3, 2019 9:52:00 AM
To: Jason Graham
Subject: Re: 1800 S Second St Inspection

Good morning,

Just checking in to see if you think you will be back in time to post the notice of inspection for January 7th?

Thank you,

Courtney Shilling
Cross Connections Control Coordinator

P. (360) 848-2138
F. (360) 848-8764
E. Shilling@skagitpud.org
W. www.skagitpud.org

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From: Jason Graham <graham.jason@live.com>
To: "Shilling@skagitpud.org" <Shilling@skagitpud.org>
Courtey,

I am out of town and will be available Jan 7th, but I have to provide 48 hours notice for an inspection. I am not sure I will be back before Jan 5th in order to post the notice for a Jan 7th inspection. I will let you know as soon as I can post the inspection date.

Thanks
Jason

Get Outlook for Android

From: Shiling@skagitpud.org <Shiling@skagitpud.org>
Sent: Tuesday, December 18, 2018 11:37:33 AM
To: Jason Graham
Cc: Handzik@skagitpud.org; Demers@skagitpud.org; trueman@skagitpud.org; Sidhu@skagitpud.org
Subject: Re: 1800 S Second St Inspection

Jason,

Thank you for showing us around your property last Friday. In order for us to complete a full site survey, we still need to schedule the inspection of the residential units. You previously mentioned that your nearest availability to do that would be 01/07/19. Please give all of your tenants the proper notice of this inspection. Let me know if there is a preferred time that you would like to meet on the 7th.

Thank you,

Courtey Shilling
Cross Connections Control Coordinator

P (360) 849-2138
F (360) 424-8764
E Shiling@skagitpud.org
W www.SkagitPUD.org

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From: Jason Graham <graham.jason@live.com>
To: Shiling@skagitpud.org <Shiling@skagitpud.org>
Date: 12/14/2018 09:50 AM

file:///C:/Users/shilling/AppData/Local/Temp/notes5D3EFE/-web8304.htm
2:30 will work, I do have electronic manuals and I can open up a machine for you to look inside if you want.

Get Outlook for Android

From: Shilling@skagitpud.org <Shilling@skagitpud.org>
Sent: Friday, December 14, 2018 8:28:43 AM
To: Jason Graham
Cc: Handzik@skagitpud.org; Demers@skagitpud.org; trueman@skagitpud.org; Siddhu@skagitpud.org
Subject: Re: 1800 S Second St Inspection

How about 2:30PM today then? The water will only need to be shut off for a couple minutes. Do you also have manuals for the laundry equipment?

Thank you,

Courtney Shilling  
Cross Connections Control Coordinator

P. (360) 849-2138  
F. (360) 849-2139  
E. Shilling@skagitpud.org  
W. www.SkagitPUD.org

---

Ok, I'm caught up at my other stores and I could meet you later tomorrow, like 2 to 3. I would prefer to do this Jan 7th, but if you want I can do it tomorrow. How long does the water need to be shut off? I do need to plan for that somewhat.

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From: Shilling@skagitpud.org <Shilling@skagitpud.org>
Agenda Item #5

Sent: Thursday, December 13, 2018 9:31:03 AM
To: Jason Graham
Cc: Demers@skagitpud.org, Handzik@skagitpud.org, Sidhu@skagitpud.org; trueman@skagitpud.org
Subject: Re: 1800 S Second St Inspection

If you are not able to make the time is there someone else that would be able to meet us?

Thank you,

Courtney Shilling
Cross Connections Control Coordinator

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From: Jason Graham <graham.jason@live.com>
To: "Shilling@skagitpud.org" <Shilling@skagitpud.org>, "Fackler@skagitpud.org" <Fackler@skagitpud.org>, "Demers@skagitpud.org" <Demers@skagitpud.org>, "Demers@skagitpud.org" <Demers@skagitpud.org>, "trueman@skagitpud.org" <trueman@skagitpud.org>, "Sidhu@skagitpud.org" <Sidhu@skagitpud.org>
Cc: Handzik@skagitpud.org; Demers@skagitpud.org; trueman@skagitpud.org; Sidhu@skagitpud.org
Date: 12/12/2018 05:13 AM
Subject: Re: 1800 S Second St Inspection

I have to get caught up on some maintenance items at my other laundromat. I'll see how much I get caught up today perhaps maybe Friday afternoon we can do the inspection. I'll let you know as soon as I can see an end to my tasks.

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From: Shilling@skagitpud.org <Shilling@skagitpud.org>
Sent: Wednesday, December 12, 2018 3:44:36 PM
To: Jason Graham
Cc: Handzik@skagitpud.org; Demers@skagitpud.org; trueman@skagitpud.org; Sidhu@skagitpud.org
Subject: Re: 1800 S Second St Inspection

Jason,

Can we set up an inspection for just the commercial building sometime tomorrow or Friday, before you leave town? If your availability is limited due to your work schedule, we could arrange for an after hours inspection. I do not anticipate it to take very long but the water service will still be temporarily turned off during the inspection. We can schedule the inspection for the residential units at a later date.

file:///C:/Users/shilling/AppData/Local/Temp/notes5D3EFE/-web8304.htm 2/6/2019
Thank you,

Courtney Shilling  
Cross Connection Control Coordinator

P. (360) 848-2138  
F. (360) 424-8764  
E. Shilling@skagitpud.org  
W. www.skagitpud.org

---

From: Jason Graham <graham.jason@live.com>  
To: Shilling@skagitpud.org; Shilling@skagitpud.org  
Date: 12/12/2018 12:22 PM  
Subject: Re: 1800 S Second St Inspection

Courtney,

We are heading out of town for the holidays in a few days and will return the weekend of January the 4th. January the 7th would be the closest time I could schedule an inspection.

Since you want to see the inside of some of the residential units I need to give proper notice for that inspection. How many units do you need to see, they are all the same?

Thanks
Jason

Get Outlook for Android

---

From: Shilling@skagitpud.org; Shilling@skagitpud.org  
Sent: Wednesday, December 12, 2018 11:37:42 AM  
To: graham.jason@live.com  
Cc: Handzik@skagitpud.org; Demers@skagitpud.org; Sidhu@skagitpud.org; True@skagitpud.org  
Subject: 1800 S Second St Inspection

Hello,

My name is Courtney Shilling, I am the Cross Connection Control Coordinator for Skagit PUD. It is my understanding that after the hearing at the 12/11/18 Commission Meeting, a site inspection is to be conducted at 1800 S. Second St. We will need access to survey the entire facility including inside of the commercial building and some of the residential units. Please notify your tenants that during the inspection, water service may be temporarily discontinued. We will need to look at all of the plumbing and equipment on site. Please be aware that...
photos will also be taken for site survey documentation.

When is your soonest availability? We would like to have the inspection completed before 12/20/18.

Thank you,

Courtney Shilling
Cross Connections Control Coordinator

Skagit PUD
1410 Freeway Drive
PO Box 1436
Mount Vernon, WA 98273

P. (360) 849-2138
F. (360) 424-8764
E. Shilling@skagitpud.org
W. www.SkagitPUD.org

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Appendix B

Definitions
PNWS-AWWA Cross-Connection Control Manual Definitions:

**Cross Connection:** Any actual or potential connection between a potable water supply and any pipe, vessel, tank, plumbing fixture, equipment or device through which it is possible for used, polluted or contaminated water, or any other substance to enter into the potable water system.

**Low Health Hazard:** Those contaminants which, at the levels found in the water, could cause adverse aesthetic problems to the drinking water supply such as taste, odor, and color of the water but do not present a danger to public health.

**Health Hazard:** Any physical, chemical, biological, or radiological substance that may enter the drinking water supply and impair the quality of the potable water and may result in injury, poisoning, or the spread of disease. Also referred to as “high health hazard”.

**Double Check Valve Assembly (DCVA):** An approved assembly consisting of two, independently-operating check valves, loaded to the closed position by springs or weights that are installed between two tightly closing resilient-seated shutoff valves with four properly located test cocks for testing. DCVAs are designed to protect against both backsiphonage and backpressure that are subject to low health hazard conditions.

**Reduced Pressure Backflow Assembly (RPBA):** An approved assembly consisting of two independently-operating check valves, spring loaded to the closed position, separated by a properly located and independently-operating spring-loaded differential pressure relief valve loaded to the open position and installed as a unit between two tightly-closing resilient-seated shut-off valves with four test cocks properly located for testing. RPBAs are designed to protect against backsiphonage and backpressure in both low health and high health hazard conditions.

**Air Gap (AG):** A method of preventing backflow by using the unobstructed vertical distance between the lowest opening of any pipe facet suppling potable water and the flood-level rim of any receiving vessel, such as a tank, vat or fixture. An “approved” air gap separation must be at least twice the effective opening (the inside diameter) of the supply line piping, but never less than one inch.

**Approved Backflow Prevention Assembly:** A backflow preventer assembled as a unit with properly located and approves shutoff valves and test cocks so that assembly can be approved by a recognized testing agency as meeting material, construction and operating requirements acceptable to the administrative authority.

**Backflow Prevention Device:** A backflow preventer generally not designed for in-line testing or repair, such as an atmospheric vacuum breaker, single check or dual check.
PUD NO 1 OF SKAGIT COUNTY  
STATEMENT OF NET POSITION (Unaudited)  
AS OF DECEMBER 31, 2018

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH AND INVESTMENTS</td>
<td>$5,478,484</td>
<td>$10,939,260</td>
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<tr>
<td>CUSTOMER ACCOUNTS RECEIVABLE (NET)</td>
<td>2,681,352</td>
<td>2,643,906</td>
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<tr>
<td>ACCOUNTS RECEIVABLE, OTHER</td>
<td>281,567</td>
<td>42,333</td>
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<tr>
<td>MATERIALS INVENTORY</td>
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<td>1,528,459</td>
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<tr>
<td>PREPAID EXPENSES</td>
<td>306,297</td>
<td>375,887</td>
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<tr>
<td>OTHER CURRENT ASSETS</td>
<td>23,131</td>
<td>28,831</td>
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<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td><strong>10,366,765</strong></td>
<td><strong>15,558,676</strong></td>
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</table>

<table>
<thead>
<tr>
<th><strong>RESTRICTED ASSETS</strong></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH AND INVESTMENTS</td>
<td>7,134,563</td>
<td>6,642,747</td>
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<tr>
<td>RECEIVABLES</td>
<td>152,384</td>
<td>128,277</td>
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<td><strong>TOTAL RESTRICTED ASSETS</strong></td>
<td><strong>7,286,947</strong></td>
<td><strong>6,771,024</strong></td>
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</table>

<table>
<thead>
<tr>
<th><strong>NONCURRENT ASSETS</strong></th>
<th>2017</th>
<th>2018</th>
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<tbody>
<tr>
<td>INVESTMENTS</td>
<td>2,966,082</td>
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<td>LUD ASSESSMENTS RECEIVABLE</td>
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<td>CAPITAL ASSETS</td>
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<tr>
<td>NON OPERATING PROPERTY</td>
<td>29,521</td>
<td>29,521</td>
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<tr>
<td>LAND AND LAND RIGHTS</td>
<td>1,950,116</td>
<td>1,950,116</td>
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<tr>
<td>CONSTRUCTION IN PROGRESS</td>
<td>12,314,211</td>
<td>27,447,144</td>
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<td>PLANT</td>
<td>200,580,834</td>
<td>200,580,833</td>
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<tr>
<td>EARTHEEN IMPOUNDING RESERVOIR</td>
<td>12,340,502</td>
<td>12,340,502</td>
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<tr>
<td>EQUIPMENT</td>
<td>9,521,360</td>
<td>9,521,360</td>
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<tr>
<td>GENERAL</td>
<td>12,637,082</td>
<td>12,637,082</td>
</tr>
<tr>
<td>ACCUMULATED DEPRECIATION</td>
<td>(76,117,274)</td>
<td>(81,648,659)</td>
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<tr>
<td><strong>TOTAL NONCURRENT ASSETS</strong></td>
<td><strong>176,945,113</strong></td>
<td><strong>184,356,585</strong></td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$194,598,825</strong></td>
<td><strong>$206,686,285</strong></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th><strong>DEFERRED OUTFLOWS OF RESOURCES</strong></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEFERRED OUTFLOWS RELATED TO PENSIONS</td>
<td>717,153</td>
<td>887,911</td>
</tr>
<tr>
<td>DEFERRED OUTFLOWS RELATED TO OPEB</td>
<td>46,011</td>
<td>117,819</td>
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<tr>
<td><strong>TOTAL DEFERRED OUTFLOWS OF RESOURCES</strong></td>
<td><strong>$763,164</strong></td>
<td><strong>$1,005,730</strong></td>
</tr>
</tbody>
</table>

PUD No 1 of Skagit County (Skagit PUD) has prepared these financial statements in accordance with generally accepted accounting principles. These financial statements should be read in conjunction with the notes to the financial statements included in Skagit PUD’s Annual Report as of December 31, 2017. This information is provided for general information. Not all the information is intended for nor should it be relied upon for making investment decision by current or prospective investors.
# Statement of Net Position (Unaudited)

**PUD NO 1 OF SKAGIT COUNTY**

**STATEMENT OF NET POSITION (Unaudited)**

**AS OF DECEMBER 31, 2018**

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT LIABILITIES:</strong></td>
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<td></td>
</tr>
<tr>
<td>ACCOUNTS PAYABLE</td>
<td>$ 1,691,858</td>
<td>$ 1,953,337</td>
</tr>
<tr>
<td>TAXES PAYABLE</td>
<td>169,680</td>
<td>154,187</td>
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<tr>
<td>CUSTOMER DEPOSITS</td>
<td>149,213</td>
<td>147,406</td>
</tr>
<tr>
<td>ACCRUED INTEREST ON DEBT</td>
<td>336,670</td>
<td>281,710</td>
</tr>
<tr>
<td>BONDS AND LOANS PAYABLE</td>
<td>3,447,407</td>
<td>2,721,524</td>
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<tr>
<td>OTHER CURRENT LIABILITIES</td>
<td>234,138</td>
<td>241,888</td>
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<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td>$ 6,028,966</td>
<td>$ 5,500,052</td>
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<tr>
<td><strong>NONCURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COMPENSATED ABSENCES</td>
<td>937,761</td>
<td>993,776</td>
</tr>
<tr>
<td>REVENUE BONDS OUTSTANDING,NET</td>
<td>13,052,697</td>
<td>12,381,938</td>
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<tr>
<td>PUBLIC WORKS TRUST FUND LOANS</td>
<td>6,168,922</td>
<td>4,887,721</td>
</tr>
<tr>
<td>DRINKING WATER STATE REV FUND LOANS</td>
<td>7,455,210</td>
<td>9,651,395</td>
</tr>
<tr>
<td>DEPT OF ECOLOGY LOANS</td>
<td>0</td>
<td>1,135,748</td>
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<tr>
<td><strong>TOTAL NONCURRENT LIABILITIES</strong></td>
<td>27,614,590</td>
<td>29,050,578</td>
</tr>
<tr>
<td>NET PENSION LIABILITY</td>
<td>4,189,495</td>
<td>2,864,437</td>
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<tr>
<td>TOTAL OPEB LIABILITY</td>
<td>1,460,733</td>
<td>1,406,449</td>
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<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>$ 39,293,784</td>
<td>$ 38,821,516</td>
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<tr>
<td><strong>DEFERRED INFLOWS OF RESOURCES</strong></td>
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</tr>
<tr>
<td>DEFERRED INFLOWS RELATED TO PENSIONS</td>
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<td>1,598,814</td>
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<td>DEFERRED INFLOWS RELATED TO OPEB</td>
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<td><strong>TOTAL DEFERRED INFLOWS OF RESOURCES</strong></td>
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<td><strong>NET POSITION</strong></td>
<td>$ 155,162,131</td>
<td>$ 167,181,224</td>
</tr>
</tbody>
</table>

PUD No 1 of Skagit County (Skagit PUD) has prepared these financial statements in accordance with generally accepted accounting principles. These financial statements should be read in conjunction with the notes to the financial statements included in Skagit PUD’s Annual Report as of December 31, 2017. This information is provided for general information. Not all the information is intended for nor should it be relied upon for making investment decision by current or prospective investors.
<table>
<thead>
<tr>
<th></th>
<th>2017 YTD Actual</th>
<th>2018 YTD Actual</th>
<th>2018 YTD Budget</th>
<th>Actual to Budget</th>
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</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUE</strong></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Residential-Multiple</td>
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<td>$15,897,438</td>
<td>$16,090,000</td>
<td>$(192,562) 99%</td>
</tr>
<tr>
<td>Commercial-Industrial-Farms-Fire Protection</td>
<td>5,119,191</td>
<td>5,656,318</td>
<td>5,769,000</td>
<td>112,682 98%</td>
</tr>
<tr>
<td>Resale</td>
<td>120,342</td>
<td>124,854</td>
<td>106,000</td>
<td>18,854 118%</td>
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<tr>
<td>Irrigation</td>
<td>654,802</td>
<td>805,048</td>
<td>470,000</td>
<td>335,048 171%</td>
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<tr>
<td>Total Water Sales</td>
<td>20,725,825</td>
<td>22,483,658</td>
<td>22,435,000</td>
<td>48,658 100%</td>
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<tr>
<td>Other Water Revenues</td>
<td>287,172</td>
<td>258,808</td>
<td>195,000</td>
<td>63,808 133%</td>
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<tr>
<td>Other Operating Revenues</td>
<td>296,288</td>
<td>311,695</td>
<td>250,000</td>
<td>61,695 125%</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>21,309,285</td>
<td>23,054,161</td>
<td>22,880,000</td>
<td>174,161 101%</td>
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<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply</td>
<td>691,163</td>
<td>697,756</td>
<td>790,128</td>
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<td>Transmission and Distribution</td>
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<tr>
<td>Purchased Telecommunications SVCS</td>
<td>904,104</td>
<td>35,345</td>
<td>55,200</td>
<td>19,855 64%</td>
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<td>Customer Accounts</td>
<td>1,559,835</td>
<td>1,652,583</td>
<td>1,710,376</td>
<td>57,793 97%</td>
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<tr>
<td>Administrative and General</td>
<td>5,593,167</td>
<td>6,212,665</td>
<td>6,460,842</td>
<td>248,177 96%</td>
</tr>
<tr>
<td>Utility Taxes</td>
<td>1,026,230</td>
<td>1,091,487</td>
<td>1,109,000</td>
<td>17,513 98%</td>
</tr>
<tr>
<td>Depreciation Expense</td>
<td>5,086,464</td>
<td>5,531,385</td>
<td>4,936,902</td>
<td>594,483 112%</td>
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<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>16,902,992</td>
<td>18,470,938</td>
<td>18,418,607</td>
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</tr>
<tr>
<td><strong>Operating Income (Loss)</strong></td>
<td>4,406,293</td>
<td>4,583,223</td>
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<td>121,830 103%</td>
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<tr>
<td><strong>NON OPERATING REVENUE</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Interest Income</td>
<td>147,439</td>
<td>341,224</td>
<td>78,200</td>
<td>263,024 436%</td>
</tr>
<tr>
<td>Interest and Penalty Income on LUDS</td>
<td>37,192</td>
<td>34,690</td>
<td>32,700</td>
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</tr>
<tr>
<td>Miscellaneous Income</td>
<td>88,696</td>
<td>45,804</td>
<td>50,533</td>
<td>19,255 41%</td>
</tr>
<tr>
<td>Pensation and OPEB Net Adjustment</td>
<td>545,014</td>
<td>838,707</td>
<td>(271,030)</td>
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<tr>
<td>Gains (Losses) on Capital Asset Disposals</td>
<td>(34,121)</td>
<td>145,103</td>
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<td>145,103 100%</td>
</tr>
<tr>
<td><strong>Total Non Operating Revenue</strong></td>
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<td>1,405,528</td>
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<td><strong>NON OPERATING EXPENSE</strong></td>
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<td></td>
</tr>
<tr>
<td>Miscellaneous Expense</td>
<td>44,955</td>
<td>3,360</td>
<td>800</td>
<td>(2,560) 420%</td>
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<tr>
<td>Interest on Debt, Net</td>
<td>408,605</td>
<td>589,441</td>
<td>788,132</td>
<td>198,691 75%</td>
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<tr>
<td><strong>Total Non Operating Expense</strong></td>
<td>453,560</td>
<td>592,801</td>
<td>788,132</td>
<td>196,313 75%</td>
</tr>
<tr>
<td><strong>Income (Loss) Before Contributions</strong></td>
<td>4,736,953</td>
<td>5,395,950</td>
<td>3,562,864</td>
<td>1,833,086 151%</td>
</tr>
<tr>
<td><strong>CAPITAL CONTRIBUTIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non Donated Plant</td>
<td>305,577</td>
<td>245,342</td>
<td>300,000</td>
<td>(45,658) 82%</td>
</tr>
<tr>
<td>Donated Plant</td>
<td>696,172</td>
<td>3,315,473</td>
<td>400,000</td>
<td>2,915,473 829%</td>
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<tr>
<td>System Development Fees</td>
<td>1,552,681</td>
<td>1,652,743</td>
<td>1,100,000</td>
<td>552,743 150%</td>
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<tr>
<td>Services</td>
<td>523,113</td>
<td>399,984</td>
<td>408,000</td>
<td>(8,016) 98%</td>
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<tr>
<td>Pipe Replacement</td>
<td>619,102</td>
<td>626,652</td>
<td>611,000</td>
<td>15,652 103%</td>
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<tr>
<td>Grants</td>
<td>30,000</td>
<td>382,950</td>
<td>427,500</td>
<td>(44,550) 0%</td>
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<tr>
<td><strong>Total Capital Contributions</strong></td>
<td>3,726,645</td>
<td>6,623,144</td>
<td>3,246,500</td>
<td>3,376,644 204%</td>
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<tr>
<td><strong>Change in Net Position</strong></td>
<td>8,463,598</td>
<td>12,019,094</td>
<td>6,809,364</td>
<td>5,209,730 177%</td>
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<tr>
<td>Net Position, January 1</td>
<td>146,698,533</td>
<td>155,162,131</td>
<td></td>
<td></td>
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<tr>
<td>Net Position, December 31</td>
<td>155,162,131</td>
<td>167,181,225</td>
<td></td>
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</tr>
</tbody>
</table>

PUD No 1 of Skagit County (Skagit PUD) has prepared these financial statements in accordance with generally accepted accounting principles. These financial statements should be read in conjunction with the notes to the financial statements included in Skagit PUD’s Annual Report as of December 31, 2017. This information is provided for general information. Not all the information is intended for nor should it be relied upon for making investment decision by current or prospective investors.
<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2018</th>
<th>Actual to Budget</th>
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<tbody>
<tr>
<td></td>
<td>YTD Actual</td>
<td>YTD Actual</td>
<td>YTD Budget</td>
<td>favorable (unfavorable)</td>
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<tr>
<td><strong>OPERATING REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>WATER SALES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>JUDY SYSTEM</td>
<td>$19,967,061</td>
<td>$21,681,569</td>
<td>$21,628,000</td>
<td>$53,569</td>
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<tr>
<td>FIDALGO/SIMILK</td>
<td>434,463</td>
<td>489,719</td>
<td>477,000</td>
<td>12,719</td>
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<tr>
<td>CEDARGROVE</td>
<td>87,669</td>
<td>96,652</td>
<td>96,000</td>
<td>652</td>
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<tr>
<td>ROCKPORT</td>
<td>30,593</td>
<td>33,993</td>
<td>35,000</td>
<td>(1,007)</td>
</tr>
<tr>
<td>MOUNTAIN VIEW</td>
<td>10,070</td>
<td>12,117</td>
<td>11,000</td>
<td>1,117</td>
</tr>
<tr>
<td>ALGER/SAMISH</td>
<td>102,721</td>
<td>58,859</td>
<td>83,000</td>
<td>(24,141)</td>
</tr>
<tr>
<td>POTALATCH</td>
<td>41,884</td>
<td>42,437</td>
<td>41,000</td>
<td>1,437</td>
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<tr>
<td>SKAGIT VIEW VILLAGE</td>
<td>35,994</td>
<td>15,756</td>
<td>15,000</td>
<td>2,556</td>
</tr>
<tr>
<td>MARBLEMOUNT</td>
<td>15,370</td>
<td>17,556</td>
<td>15,000</td>
<td>2,556</td>
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<tr>
<td><strong>TOTAL WATER SALES</strong></td>
<td>$20,725,825</td>
<td>$22,483,658</td>
<td>$22,435,000</td>
<td>$48,658</td>
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<tr>
<td><strong>OTHER OPERATING REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OTHER WATER REVENUE</td>
<td>287,172</td>
<td>258,808</td>
<td>195,000</td>
<td>63,808</td>
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<tr>
<td><strong>TOTAL OTHER OPERATING REVENUE</strong></td>
<td>583,460</td>
<td>570,503</td>
<td>445,000</td>
<td>125,503</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING REVENUE</strong></td>
<td>$21,309,285</td>
<td>$23,054,161</td>
<td>$22,880,000</td>
<td>$174,161</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SALARIES/WAGES/BENEFITS</td>
<td>7,863,063</td>
<td>8,553,523</td>
<td>8,550,094</td>
<td>(3,429)</td>
</tr>
<tr>
<td>WATER PURCHASED FROM OTHERS</td>
<td>224,834</td>
<td>194,759</td>
<td>185,000</td>
<td>(9,759)</td>
</tr>
<tr>
<td>ELECTRICITY PURCHASED FOR PUMPING</td>
<td>456,926</td>
<td>497,652</td>
<td>484,500</td>
<td>(13,152)</td>
</tr>
<tr>
<td>CHEMICALS FOR TREATMENT</td>
<td>463,949</td>
<td>506,483</td>
<td>426,550</td>
<td>(79,933)</td>
</tr>
<tr>
<td>MATERIALS SUPPLIES AND SERVICES</td>
<td>755,181</td>
<td>872,100</td>
<td>848,479</td>
<td>(23,621)</td>
</tr>
<tr>
<td>EQUIPMENT AND VEHICLE EXPENSE</td>
<td>156,960</td>
<td>177,746</td>
<td>194,178</td>
<td>16,432</td>
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<td>HEALTH PERMITS</td>
<td>34,011</td>
<td>34,011</td>
<td>34,265</td>
<td>254</td>
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<td>PURCHASED TELECOMMUNICATIONS SVCS</td>
<td>44,726</td>
<td>28,188</td>
<td>39,100</td>
<td>10,912</td>
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<td>MEMBERSHIPS</td>
<td>80,354</td>
<td>72,172</td>
<td>83,066</td>
<td>10,894</td>
</tr>
<tr>
<td>POSTAGE AND SHIPPING</td>
<td>95,931</td>
<td>77,293</td>
<td>94,960</td>
<td>17,667</td>
</tr>
<tr>
<td>PROFESSIONAL SERVICES</td>
<td>465,437</td>
<td>378,223</td>
<td>628,740</td>
<td>250,517</td>
</tr>
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<td>UTILITIES</td>
<td>187,055</td>
<td>206,983</td>
<td>191,310</td>
<td>(15,673)</td>
</tr>
<tr>
<td>TECHNOLOGY/SCADA/SUPPORT</td>
<td>260,942</td>
<td>383,160</td>
<td>462,890</td>
<td>79,730</td>
</tr>
<tr>
<td>PROFESSIONAL DEVELOPMENT AND TRAINING</td>
<td>142,880</td>
<td>118,377</td>
<td>235,875</td>
<td>117,498</td>
</tr>
<tr>
<td>GENERAL SUPPLIES AND SERVICES</td>
<td>360,571</td>
<td>407,634</td>
<td>350,393</td>
<td>(57,241)</td>
</tr>
<tr>
<td>INSURANCE EXPENSE</td>
<td>451,622</td>
<td>426,085</td>
<td>445,085</td>
<td>19,000</td>
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<td>ADVERTISING EXPENSE</td>
<td>30,023</td>
<td>31,343</td>
<td>39,100</td>
<td>7,757</td>
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<td>BAD DEBT EXPENSE</td>
<td>40,429</td>
<td>39,755</td>
<td>30,000</td>
<td>(9,755)</td>
</tr>
<tr>
<td>MISCELLANEOUS EXPENSES</td>
<td>97,058</td>
<td>66,670</td>
<td>49,120</td>
<td>(17,550)</td>
</tr>
<tr>
<td>UTILITY TAXES</td>
<td>1,026,230</td>
<td>1,091,487</td>
<td>1,109,000</td>
<td>17,513</td>
</tr>
<tr>
<td>TRANSFERS TO CONSTRUCTION IN PROGRESS</td>
<td>(1,421,655)</td>
<td>(1,224,324)</td>
<td>(1,000,000)</td>
<td>224,324</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td>$11,816,527</td>
<td>$12,939,320</td>
<td>$13,481,705</td>
<td>$542,385</td>
</tr>
</tbody>
</table>
| **NET OPERATING INCOME BEFORE DEPRECIATION AND OPEB COSTS** | $9,492,758 | $10,114,841 | $9,398,295 | $716,546 | 108%
February 12, 2019

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

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

BY: Wendy LaRoque, Environmental Compliance Coordinator

SUBJECT: Recommendation to Award Real Estate Services Contract to New Ventures Group

Requested Action:
Authorize the General Manager to enter into an agreement with New Ventures Group for real estate consulting services in the amount of $92,500 to support Driftmier Architects in the facility needs assessment.

Background:
The District has contracted with Driftmier Architects to perform a facility needs analysis. This analysis estimates staff growth over the next 30 years and determines the size of facility needed to meet that growth. Proposed facilities will be home to all District staff including administration, engineering, and operations facilities. Part of the needs assessment will evaluate the options of staying at the current location or relocating to a new site.

A real estate consultant is required to provide a list of potential properties and aid Driftmier Architects in the process of analyzing potential site options that meet the needs assessment. The District issued a Request for Qualifications (RFQ) for qualified real estate professionals and has selected New Ventures Group (NVG) as the most qualified firm to assist the architect in analysis of real estate costs related to a new headquarters facility.

The proposed scope of work with NVG contains four primary components:

1. Identify Alternate Sites: will provide the short list of potential sites for a new headquarters site to allow for preliminary analysis. If new property is required, NVG would support the selection of a final site and would act as the District’s real estate agent.
2. Land Market Value Analysis: would provide opinions of value for the variety of options available at the current headquarters property and the potential new sites.
3. Options Analysis: would allow for NVG to support Driftmier Architects in the preliminary analysis to facilitate a determination of the best path for the District (remain on the current property or acquire a new site).
4. Property Disposition: would allow for NVG to act as the District’s real estate agent in the sale of all or a portion of the current headquarters property.
Fiscal Impact:
Funding for the initial work of this contract will come from the 2019 capital budget for "PUD Campus Assessment / Replacement" (Planned Capital Improvement Projects 2018-2028/line no. 50) as follows:

Task 1/Phase 1: $50,000 (2019 Budget)
Task 1/Phase 2: $18,000 (on hold pending decision to acquire property)
Task 1/Phase 3: No fee, commission if acquisition occurs
Task 2.1: No fee, commission if disposition occurs
Task 2.2: $11,250 (2019 Budget)
Task 3: $13,250 (2019 Budget)
Task 4: No fee, commission if disposition occurs

Sub-total 2019 Budget: $74,500
Total Fee: $92,500

If property dispositions or acquisitions are determined necessary, such activities will be budgeted in future years. NVG will not proceed on these items unless directed by the District. If a sale or purchase occurs within the timeline of the agreement, the fees detailed above would be credited against the real estate commission paid to NVG.

kac
New Ventures Group (NVG) - Public Utilities District  
No. 1 of Skagit County (District)  
Real Estate Consultant Scope of Work

New Ventures Group’s Program for Public Facility Site Acquisition.  Public agency property transactions are very different than private sector transactions, particularly in regard to property acquisition. Three critical differences are:

- **Properties Not For Sale.** Our clients usually purchase properties that are not listed for sale, so New Ventures Group (NVG) looks at all potential sites within a defined study area. We consider all properties (usually not on the market) including assemblages of multiple properties. We complement this approach by sourcing the traditional multiple listings and working with the local brokerage community.

- **Public Involvement.** While real estate discussions with the client are usually conducted in the privacy of executive session, the process must be documented and transparent so, when asked, the Public can participate in the process. As we develop our survey of sites we assess and document potential impacts of the siting on individual property owners and neighborhoods. This type of documentation is critical to successfully explain how decisions were made. It is very likely that we will be asked to address these issues in a public forum.

- **Site Assemblage.** Often, the selection criteria are best met by an assembled site – a compilation of properties, usually with different owners. This multiplicity of properties adds greatly to the complexity and uncertainty of the acquisition. It is common to have both willing and unwilling sellers, so a proven strategy for timing offers and responses and disseminating information is very important. The client is directly involved in this strategy.

**Task 1: Identify Alternate Sites**

**Siting Process:**

New Ventures Group typically carries out a 3-phase approach including (1) Site Identification, (2) Analysis, and (3) Acquisition.
Phase 1 – Site Identification

- Development of basic site selection criteria with District and Driftmier
- Definition of the geographical study area
- Compilation of a “Long List” of potential sites
- Cursory level analysis of sites
- Elimination of less desirable sites; documentation of rationale
- Refinement of site selection criteria and establishment of a “Short List” of no more than 6 potential sites

Phase 2 – Site Analysis

- Further analysis of site finalists (including independent appraisal)
- Site Plan “Test-Fits” with Driftmier Architects
- Formal scoring of sites (if required)
- Selection of preferred site(s)

The entire process is documented, including a list of the eliminated properties and the reasons for their elimination. The documentation supports transparency of the process and will become essential (a) if/when the client engages the public, (b) for possible regulatory filings such as SEPA, and (c) should the client decide that it is necessary to pursue eminent domain.

If acquisition is authorized NVG will perform the following tasks:

Phase 3 – Acquisition (if authorized by the District)

- Offers / Letters of Intent
- Negotiation with sellers
- Acquisition due-diligence
- Transaction Processing
- Closing

Task 2 - Land Market Value Analysis

2.1 Marketability Study - Headquarters Site. Study would include an opinion of value (based on market comparables), assessment of highest-and-best use, and market pricing strategy.
Valuation and marketability analysis may also be required for (a) the entire Headquarters Site, and (b) the surplus land/building, should the District decide to build on a portion of this site. The Marketability Study is provided when there is a listing agreement.

2.2 Valuation Analysis – Alternate Sites. Estimated values of Short-list sites in Task 1, Phase 1 above.

**Task 3 - Options Analysis**

3.1 Assist in analysis of Sell/Relocate/Expand/Remodel/New Building Decision. This analysis includes the development of a budget, planning a “sources-and-uses of funds,” procuring construction cost estimates, building a strategy model that includes estimated purchase prices, sales prices, construction cost amounts, and timing of transactions. Options analysis is the “what if?” (e.g. Option 1 - If we sell x acres of highway frontage land for $x and build an x s.f. building on the existing site for $x our cash shortfall/surplus will be $x. Option 2 – we sell the existing site for $x and purchase a site for $x …) NVG would assist as directed in the exploration and analysis of the various facility options by creating models and providing cost and market value data.

**Task 4 – Marketing HQ Property (if authorized by the District)**

**Marketing Plan HQ Property**

New Ventures Group has a proven marketing program for public properties. This program combines traditional marketing techniques with a targeted, direct marketing program. NVG will engage and enlist the assistance of the local brokerage community in marketing the HQ Property.

The Marketing Plan includes the following essential components:

A. Market Positioning
B. Assessing the Target Market(s)
C. Marketing Plan Implementation

**A. Market Positioning**

**Initial Assessment - Positioning the Property for Maximum Value**

New Ventures Group will conduct an initial assessment of the sale property with the District client. NVG will also investigate alternative uses and make recommendations for best
positioning the property. At the start, we will confirm that the formal surplus process has kept pace with the marketing plan, including appraisals and public notices. Part of the initial assessment will be to estimate the values of the surplus property.

**Initial Assessment - Marketability Study Deliverable**

The information gathered in the Initial Assessment will be assembled and presented as a Marketability Study – a single deliverable. At the conclusion of the Initial Assessment we will have an estimate of value and a foundation for developing a marketing plan.

**B. Assessing the Target Market(s)**

**Target Specific Groups in Addition to Traditional Marketing**

Concurrent with the Market Positioning is the identification of the Target Market(s). NVG advocates a pro-active marketing approach that involves the targeting and pursuit of specific buyer groups and involving the local brokerage community.

**C. Marketing Plan Implementation**

**Three-tiered Approach**

For the HQ Property we recommend a 3-tiered marketing approach that targets three groups: (A) Targeted Owner Users; (B) The Brokerage Community (including niche brokers), and (C) Public, Institutional and Campus Users.

**A. Targeted Marketing to owner users:** A focused and active marketing of the property to likely users with a known or potential requirement for similar properties. Targeting ensures that the property receives the attention of those best qualified to redevelop the property.

**B. Marketing to the Brokerage Community; Local Brokers:** NVG will pay particular attention to engaging the local brokerage community. We use established, effective tools including multiples, industry websites, and e-mail marketing. It is an indirect approach, but it is not passive, and it is still the source of most buyers.

**C. Marketing to Public Sector, Campus-users and Non-profit Groups:** Frequently, a surplus property is useful to another public entity or institutional user. Public sector direct marketing relies heavily on our extensive data base of public agency contacts, as well as non-profit and other institutional users of real estate and their niche brokers.
Fee Schedule

New Ventures Group’s compensation for property acquisition (Task 1 below) is a 5% commission less accumulated hourly fees related to Task 1, less any commission paid by seller (hourly fee rates per attached Billing Policy).

New Ventures Group’s compensation for marketing the HQ Property (Tasks 2, 3, and 4 below) is a 5% commission. If there is a Buyer’s broker this commission is split 2.5% / 2.5%.

<table>
<thead>
<tr>
<th>Task Category</th>
<th>Rate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Identify Alternate Sites, Acquisition</td>
<td>Hours to be credited against commission on acquisition of property</td>
<td>Phase 1 $50,000&lt;br&gt;Phase 2 $18,000&lt;br&gt;Phase 3 $0 Fee (commission only)&lt;br&gt;Total $68,000</td>
</tr>
<tr>
<td>2. Land Market Value Analysis</td>
<td>Hours to be credited against commission on acquisition of property</td>
<td>Task 2.2 $11,250</td>
</tr>
<tr>
<td>3. Options Analysis</td>
<td>Hours to be credited against commission on acquisition of property</td>
<td>Task 3.1 $13,250</td>
</tr>
<tr>
<td>4. Marketing HQ Property</td>
<td>$0 Fee (commission only)</td>
<td>$92,500</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$92,500</td>
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Agenda Item #7
## Timeline Estimate

<table>
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<tr>
<th>Task Category</th>
<th>Deliverable</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Identify Alternate Sites</td>
<td>Phase 1: Property Long List</td>
<td>Phase 1: April 30, 2019</td>
</tr>
<tr>
<td></td>
<td>Phase 2: Selected Site</td>
<td>Phase 2: Months 4-8 (following decision to acquire)</td>
</tr>
<tr>
<td></td>
<td>Phase 3: Acquisition</td>
<td>Phase 3: TDB</td>
</tr>
<tr>
<td>2. Land Market Value Analysis</td>
<td>Marketability Study (If hired to market HQ Property)</td>
<td>April 30, or 1-2 months after executed contract to market HQ Property</td>
</tr>
<tr>
<td>3. Options Analysis</td>
<td>Contribute to Driftmier</td>
<td>Months 3-4 (May-June 2019)</td>
</tr>
<tr>
<td>4. Marketing Headquarters Site</td>
<td></td>
<td>Months 12-24</td>
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</table>
### Property Disposition Commission Schedule

<table>
<thead>
<tr>
<th>NVG Represents District, Listing Agent represents Seller</th>
<th>NVG (Listing Agent)</th>
<th>Other, (Buyer's Agent)</th>
<th>Total Commission Paid by PUD</th>
</tr>
</thead>
<tbody>
<tr>
<td>NVG Represents Seller, Buyer unrepresented</td>
<td>2.5% Paid at Closing</td>
<td>2.5% Paid at Closing</td>
<td>5% Paid at Closing</td>
</tr>
<tr>
<td></td>
<td>5% Paid at Closing</td>
<td>0%</td>
<td>5% Paid at Closing</td>
</tr>
</tbody>
</table>

### Property Acquisition Commission Schedule

<table>
<thead>
<tr>
<th>Property is listed</th>
<th>NVG (Buyer's Agent)</th>
<th>Other, (Listing Agent)</th>
<th>Total Commission Paid by PUD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seller represented, offering 2.5% Selling Commission</td>
<td>2.5%</td>
<td>2.5%</td>
<td>2.5% Less hourly paid to date, paid at Closing</td>
</tr>
<tr>
<td>(5% Total Commission per Buyer's Agency Agreement)</td>
<td>(Total of 5% Paid at Closing)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(&lt;$2,000,000 Purchase Price)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Property is not listed</th>
<th>NVG (Buyer's Agent)</th>
<th>Other, (Listing Agent)</th>
<th>Total Commission Paid by PUD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seller not represented, offering 0.0% Selling Commission</td>
<td>5%</td>
<td>0%</td>
<td>5% Less hourly paid to date, paid at Closing</td>
</tr>
<tr>
<td>(5% Total Commission per Buyer's Agency Agreement)</td>
<td>(Total of 5% Paid at Closing)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(&lt;$2,000,000 Purchase Price)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Property is listed**

| Seller represented, offering 2.5% Selling Commission   | 5% on first $2,000,000 | 2.5%                  |
| (5% Total Commission per Buyer's Agency Agreement)     | 3% On Balance          | 2.5%                  |
| (>=$2,000,000 Purchase Price)                          | >$2,000,000            | >$2,000,000           |
| Paid at Closing, less hourly paid to Date              | 5% / 3% formula paid at closing |
| 5% Less hourly paid to date, less paid by Seller       | 5%                     | 3% On Balance         |
| (>=$2,000,000 Purchase Price)                          | >$2,000,000            | >$2,000,000           |

**Property is not listed**

| Seller not represented, offering 0.0% Selling Commission | 5% on first $2,000,000 | 0%                     |
| (5% Total Commission per Buyer's Agency Agreement)     | 3% On Balance          | 0%                     |
| (>=$2,000,000 Purchase Price)                          | >$2,000,000            | >$2,000,000           |
| 5% /3% formula less hourly paid to date, Paid at Closing | 5%                     | 3% On Balance         |
| Prorated Down                                           | 5%                     | 3% On Balance         |
New Ventures Group works on a “fee against commission” basis whereby hourly fees are paid and credited against a commission should a transaction occur. The fee will be billed and paid on a monthly basis. The Billing Policy and Commission rates are as follows:

NEW VENTURES GROUP
BILLING POLICY

Effective January 1, 2019

**Professional Fee Schedule:**
- Principal: $185/hour
- Associate: $165/hour
- Administrative Support: $65/hour

**Non-Labor Fees:**
Non-labor expenses incurred in performance of the services shall be reimbursed at unit prices as follows:
- Reimbursable expenses for client approved consultants at cost plus 10% (Non-reimbursable)
- Marketing material and signage for listed properties to be reimbursed at cost. (Reimbursable)

**Commission:**

New Ventures Group’s commission for acquisition assignments is 5% of the first $2,000,000 of the sale price and 3% of the remainder of the sale price. Any hourly fees related to the acquisition that are paid by Buyer shall be credited against the commission. In no instance shall NVG receive the total of both the hourly fee and the commission.

Invoices remaining unpaid after 30 days will receive an interest charge of 1.5% per month.

**Commission Calculation Example:**

**Example 1:**
- Purchase Price: $1,500,000
- Total Commission Earned: 5% $75,000
- Paid by Seller 2.5%: ($37,500)
- Paid by Buyer in Fee: ($25,000)
- Balance due from Buyer at Closing: ($12,500)

**Example 2:**
- Purchase Price: $2,500,000
- Total Commission Earned: 5/3% $115,000
- Paid by Seller 2.5%: ($62,500)
- Paid by Buyer in Fee: ($35,000)
- Balance due from Buyer at Closing: ($17,500)
This Agreement is made by and between Public Utility District No.1 of Skagit Co. ("Buyer") and New Ventures Group Inc. ("Firm"). Buyer hereby grants to Firm the ☑ sole and exclusive right ☐ non-exclusive right (exclusive right if not filled in) to locate real property of the description below for ☑ purchase; ☑ lease; ☐ option to purchase.

1. DURATION OF AGREEMENT. This Agreement shall commence on March 1, 2019 and shall expire at 11:59 p.m. on February 28, 2021 (the "Expiration Date").

2. DEFINITIONS. As used in this Agreement, (a) “CBA” shall mean the Commercial Brokers Association; (b) “Buyer” shall not only mean a principal who wishes to purchase real property or an option to purchase property but also a principal who desires to lease or rent real property; and (c) “Firm” shall mean and include the broker assigned to represent Buyer, any subagents appointed to represent Buyer, and the Designated Broker of the Firm identified above. The phrase “this Agreement” and “during the term hereof” include separate, written extensions or renewals of this Agreement.

3. AGENCY / DUAL AGENCY. Buyer authorizes Firm to appoint George Jakotich and Peter Folkins as Buyer’s Broker. This Agreement creates an agency relationship with Buyer’s Broker and any of Firm’s brokers, including Designated Broker who supervise Buyer’s Broker’s performance as Buyer’s agent ("Supervising Broker"). No other brokers affiliated with Firm are agents of Seller, except to the extent that Firm, in its discretion, appoints other brokers to act on Buyer’s behalf as and when needed.

If Property is purchased or leased from an owner represented by one of Firm’s brokers other than Buyer’s Broker ("Owner’s Broker"), Buyer consents to any Supervising Broker who also supervises Owner’s Broker acting as a dual agent. If Property is purchased, leased or optioned from an owner who Buyer’s Broker also represents, Buyer consents to Buyer’s Broker and Supervising Broker acting as dual agents. Buyer has received from Buyer’s Broker the pamphlet entitled "The Law of Real Estate Agency." If Firm acts as a dual agent, then Firm shall be entitled to both the listing and the selling office commission, plus any additional compensation Firm may have negotiated with the owner.

4. COMPENSATION. In consideration of the services to be rendered by Firm, Buyer agrees to pay Firm as follows:

☐ Retainer Fee. Buyer shall pay Firm a nonrefundable retainer fee of $___, payable when Buyer signs this Agreement. The retainer shall be credited against any hourly fee or commission to which Firm shall become entitled under this Agreement.

☒ Hourly Fee. Buyer shall pay to Firm $____ Per the attached Billing Policy per hour for time spent by Buyer’s Broker pursuant to this Agreement, payable when billed to Buyer. Buyer shall pay the hourly fees even if Firm does not locate a property for Buyer or Buyer does not enter into a written purchase, option to purchase, or lease agreement for property located by Firm.

☒ Commission. Buyer shall pay to Firm $____ or 5% of the first $2,000,000 of the purchase price and 3% of the remaining amount % of the purchase price or 5% of the transaction price, if Buyer enters into a lease or option. This commission shall be payable if Buyer shall, during the term of this Agreement or within six months after the Expiration Date or earlier termination (COMMISSION PERIOD), enter into a written purchase, option to purchase, or lease agreement for a property that Buyer learned about during the term of this Agreement, regardless of whether Buyer learned of the same through the efforts of Firm, a third party, or through Buyer’s own efforts. NEGOTIATIONS COMMENCE AND CONTINUE LEADING TO THE ACQUISITION OF PROPERTY IDENTIFIED BY FIRM AND SET FORTH ON A LIST OF PROPERTIES PROVIDED BY FIRM AT ANY TIME WITHIN THIRTY (30) DAYS AFTER THE EXPIRATION OR EARLIER TERMINATION OF THE AGREEMENT, INCLUDING ANY SUCH ACQUISITION THAT MAY OCCUR BEYOND THE COMMISSION PERIOD. If, however, Broker is granted a "non-exclusive" right to find property on Buyer’s behalf (see above), then the commission shall be payable only if Buyer shall, during the term of this Agreement or within six months after the Expiration Date or earlier termination, enter into a written
BUYER’S AGENCY AGREEMENT  
(Purchase, Option to Purchase, and/or Lease)  
(CONTINUED)

purchase, option to purchase, or lease agreement for a property that Buyer learned about during the term of this Agreement through the efforts of Firm.

GIFT, DISCOUNT, CONDEMNATION, OR TRADE. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, SHOULD BUYER ACQUIRE PROPERTY ON A LIST PROVIDED DURING THE COMMISSION PERIOD, ENTIRELY OR PARTIALLY, BY GIFT, BY THE EXERCISE OR THREATENED EXERCISE OF ITS POWER OF EMINENT DOMAIN, THROUGH TRADE, OR FOR MONETARY COMPENSATION AT A PRICE OR VALUE THAT IS LESS THAN THE FAIR MARKET VALUE, FIRM WILL BE ENTITLED TO THE COMMISSION REQUIRED HEREUNDER BASED ON THE FAIR MARKET VALUE OF THE PROPERTY SO RECEIVED. IF BUYER AND FIRM DO NOT AGREE ON THE FAIR MARKET VALUE OF SUCH PROPERTY, THE FAIR MARKET VALUE SHALL BE DETERMINED BY AN APPRAISAL OBTAINED FROM AN INDEPENDENT MAI APPRAISER ACCEPTABLE TO BOTH BUYER AND BROKER, THE COST OF WHICH APPRAISAL SHALL BE SHARED BY BUYER AND BROKER.

RELATED TRANSACTIONS. SHOULD ANY ACQUISITION UNDER THIS AGREEMENT RESULT IN A RELATED TRANSACTION OR TRANSACTIONS, BROKER SHALL BE ENTITLED TO A COMMISSION FOR SUCH TRANSACTIONS. BY WAY OF EXAMPLE, SHOULD BUYER LEASE BACK TO SELLER ANY PROPERTY ACQUIRED UNDER THIS AGREEMENT, BROKER SHALL BE ENTITLED TO A LEASE COMMISSION.

Buyer authorizes Firm to enter into co-operative brokerage agreements and acknowledges that Firm may use CBA to locate property for Buyer. Buyer agrees that CBA’s rules may require the owner to compensate Firm by apportioning a commission between a listing firm and Firm. If the owner compensates Firm, whether pursuant to CBA rules or otherwise, then a) Firm shall disclose that fact to Buyer; b) the compensation paid by the owner shall be credited against the compensation that Buyer is required to pay pursuant to this Agreement, and c) Buyer shall pay the difference, if any, to Firm. If the amount paid by the owner is greater than the compensation that Buyer must pay pursuant to this Agreement, then Firm shall be entitled to keep the additional amount, less any retainer or compensation paid by Buyer to Firm.

5. EXPENSES. In addition to any compensation due Firm, Buyer ☐ shall ☑ shall not (shall not if not filled in) be obliged to pay any expenses incurred by Firm in locating property for Buyer, including but not limited to advertising; mileage or travel expenses; and the following other expenses: Subconsultants pre-approved by Buyer and contracted through Firm.

6. TERMINATION. This Agreement may be terminated in writing by either party. If this Agreement is terminated by Buyer before the Expiration Date and Buyer is required by this Agreement to pay Firm’s expenses, Buyer shall reimburse Firm for all expenses reasonably incurred by Firm prior to termination.

7. REPRESENTATIONS AND WARRANTIES. Firm makes no representations or warranties about any of the properties that Firm may identify for Buyer, their value, or whether they will be suitable for Buyer’s intended or actual use. Firm recommends that Buyer perform due diligence investigations and inspections using parties competent to determine property value and suitability, and Buyer acknowledges that Firm does not have expertise in such matters.

8. ATTORNEYS’ FEES. In the event either Buyer or Firm employs an attorney to enforce any terms of this Agreement, the prevailing party is entitled to court costs and reasonable attorneys’ fees. In the event of trial, this Agreement shall be governed by and construed in accordance with Washington law, and the amount of attorney’s fees shall be fixed by the Court.

9. ADDITIONAL TERMS AND CONDITIONS are ☑ attached ☐ as follows: Per Sections 1, 2 and 3. of the Scope of Work; 1. Identify Alternate Sites, Acquisition; 2. Land market Value Analysis 3.Options Analysis; of the attached Real Estate Scope of Work.

10. GENERAL NATURE OF PROPERTY.

SIZE: Approximately 8 useable acres
LOCATION: Within the Skagit PUD service area
PRICE/RENTAL RANGE: Market rate or as acceptable to Buyer
BUYER’S AGENCY AGREEMENT
(Purchase, Option to Purchase, and/or Lease)
(CONTINUED)

TERMS: Cash or terms

SPECIAL REQUIREMENTS: as directed by Buyer
BUYER’S AGENCY AGREEMENT
(Purchase, Option to Purchase, and/or Lease)
(CONTINUED)

DATED this _____ day of _____, 20_____.

BUYER

Buyer/Authorized Signature

Name: _____

Title _____

Date _____

FIRM

New Ventures Group Inc. Firm (Company)
Office

By: ______________________
Authorized Representative

Date: 2/5/19
This Agreement is made by and between Public Utility District No.1 of Skagit County ("Seller") and New Ventures Group Inc. ("Firm"). Seller hereby grants to Firm the exclusive and irrevocable right to sell and to receipt for deposit in connection therewith Seller’s commercial real estate legally described as set forth on attached Exhibit A and commonly described as ALL OR A PORTION OF Parcel P26303. City of Mount Vernon, Skagit County, Washington (the “Property”).

1. DURATION OF AGREEMENT. This Agreement shall commence on March 1, 2021 and shall expire at 11:59 p.m. on February 28, 2023.

2. PRICE AND TERMS. Seller agrees to list the Property at a price of $to be determined and shall consider offers that include the following terms:
   Possession: As acceptable to Seller
   Terms: Cash

3. DEFINITIONS. As used in this Agreement, (a) “CBA” shall mean the Commercial Brokers Association; and (b) “sell” shall mean sell, contract to sell, enter into a contract to sell, exchange, lease for over 5 years, and/or enter into an option to purchase the Property. The phrases “this Agreement” and “during the term hereof” include separate, written extensions or renewals of this Agreement.

4. AGENCY/DUAL AGENCY. Seller authorizes Firm to appoint George Jakotich and Peter Folkins as Seller’s Listing Broker. This Agreement creates an agency relationship with Listing Broker and any of Firm’s brokers who supervise Listing Broker’s performance as Seller’s agent (“Supervising Broker”). No other brokers affiliated with Firm are agents of Seller, except to the extent that Firm, in its discretion, appoints other brokers to act on Seller’s behalf as and when needed.

If the Property is sold to a buyer represented by one of Firm’s brokers other than Listing Broker (“Buyer’s Broker”), Seller consents to any Supervising Broker who also supervises Buyer’s Broker acting as a dual agent. If the Property is sold to a buyer who Listing Broker also represents, Seller consents to Listing Broker and Supervising Broker acting as dual agents. Seller has received from Listing Broker the pamphlet entitled “The Law of Real Estate Agency.”

If any of Firm’s brokers act as a dual agent, Firm shall be entitled to the entire commission payable under this Agreement plus any additional compensation Firm may have negotiated with the buyer.

5. PROPERTY OWNERSHIP AND INFORMATION. Seller warrants that Seller has the right to sell the Property on the terms set forth in this Agreement and agrees to furnish and pay for a buyer’s policy of title insurance showing marketable title to the Property. Seller also warrants that the Property information on the Property Information pages of this Agreement is correct. Seller understands that Firm and other members of CBA will make representations to prospective buyers based solely on the Property information in this Agreement and agrees to indemnify and hold Firm and other members of CBA harmless in the event the foregoing warranties are incorrect. Seller acknowledges that following closing, the amount of the purchase price and any other terms of the sale of the Property shall not be deemed confidential information, and Seller authorizes disclosure of the same. Seller acknowledges receipt of a copy of this Agreement, with the Property Information pages of this Agreement fully filled in.

6. CLOSING COSTS. In addition to purchasing a buyer’s policy of title insurance, Seller agrees to pay one-half of any escrow fees. Rents, insurance, taxes, interest and reserves on assumed encumbrances are to be prorated between Seller and buyer as of the date of closing. A sale on real estate contract shall be on Form LPB45, currently distributed by title insurance companies.

7. COMMISSION. Firm shall be entitled to a commission if: (a) Firm sells or procures a buyer on the terms of this Agreement or on other terms acceptable to Seller; (b) Seller sells the Property through
EXCLUSIVE AGENCY SALE LISTING AGREEMENT

any other real estate Firm during the term of this Agreement; (c) Seller sells the Property within six months after the expiration or sooner termination of this Agreement to a person or entity that submitted an offer to purchase the Property during the term of this Agreement or that appears on any registration list provided by Firm pursuant to this Agreement or to an "Affiliate" of such a person or entity that submitted an offer or that appears on the registration list; (d) the Property is made unmarketable by Seller's voluntary act; or (e) Seller withdraws the Property from sale, or otherwise prevents Firm from selling it. The commission shall be calculated as follows: 5% of the Sale Price, less fees paid to date per the attached Billing Policy.

Firm shall submit any registration list to Seller within 15 days after the expiration or sooner termination of this Agreement and shall only include on the registration list persons or entities to whose attention the Property was brought through the signs, advertising or other action of Firm, or who received information secured directly or indirectly from or through Firm during the term of this Agreement. Seller shall provide the registration list to any other brokers that assist the Seller with this Property. "Affiliate" means, with respect to any person or entity that submitted an offer during the term of this Agreement or that appears on the registration list, any buyer which has more than a 10% ownership or voting interest in such an entity or any buyer in which more than 10% of the ownership or voting interests are owned or controlled by such a person or entity.

8. FIRM/MULTIPLE LISTING. Firm shall cause this listing to be published by CBA for distribution to all CBA members through CBA's listing distribution systems. Firm shall cooperate with all other members of CBA in working toward the sale of the Property. Seller understands and agrees that all Property information contained in this Agreement or otherwise given to CBA becomes the Property of CBA, is not confidential, and will be given to third parties, including prospective buyers, other cooperating members of CBA who do not represent the Seller and, in some instances, may represent the buyer and other parties granted access to CBA's listing systems. Seller agrees that Firm may record this Agreement. Regardless of whether a cooperating member is the broker of the buyer, the Seller, neither or both, the member shall be entitled to receive the selling office's share of the commission as designated by the listing office. IT IS UNDERSTOOD THAT CBA IS NOT A PARTY TO THIS AGREEMENT, AND ITS SOLE FUNCTION IS TO FURNISH THE DESCRIPTIVE INFORMATION SET FORTH IN THIS LISTING TO ITS MEMBERS, WITHOUT VERIFICATION AND WITHOUT ASSUMING ANY RESPONSIBILITY FOR SUCH INFORMATION OR IN RESPECT TO THIS AGREEMENT.

9. ATTORNEY'S FEES. In the event either party employs an attorney to enforce any terms of this Agreement and is successful, the other party agrees to pay a reasonable attorney's fee and any costs and expenses incurred. In the event of trial, venue shall be in the county in which the Property is located, and the amount of the attorney's fee shall be as fixed by the court.

10. ADDITIONAL TERMS. In addition to the Property Information pages of this Agreement and Exhibit A (legal description), the following amendments or addenda (which are also attached hereto) are part of this Agreement: Per the attached New Ventures Group- Public Utilities District No. 1 of Skagit County

Real Estate Consultant Scope of Work
EXCLUSIVE AGENCY SALE LISTING AGREEMENT

SELLER

Seller/Authorized Signature

Name: ______
Title: ______
Date: ______

FIRM

New Ventures Group Inc., Firm (Company)
(Office)

By: [Signature]
(Authorized Representative)
Date: ______
EXCLUSIVE AGENCY SALE LISTING AGREEMENT

EXHIBIT A

(Legal Description)

To be attached or as follows:

Legal Description of P30137:
THAT PORTION OF LOT 3, SECTION 6, TOWNSHIP 34 NORTH, RANGE 5 EAST
W.M., DESCRIBED AS FOLLOWS: BEGINNING AT A POINT 295 FEET NORTH AND
221.7 FEET EAST OF THE SOUTHWEST CORNER OF SAID LOT 3; THENCE
SOUTH 69-22 EAST 350 FEET; THENCE NORTH 24-14 EAST 375.5 FEET; THENCE
SOUTH 88-19 WEST 412 FEET; THENCE SOUTH 18-37 WEST 218.5 FEET TO
PLACE OF BEGINNING. SURVEY AF#201206140115
SKAGITNET, LLC

RESOLUTION No. 19-01

A RESOLUTION CONCERNING BANKING AND AMENDING OPERATING AGREEMENT

WHEREAS, SkagitNet, LLC (the “Company”) is legally organized in and pursuant to the laws of the State of Washington.

WHEREAS, the Members of the Company, adopted by this resolution at a meeting of each member where notice was proper, and quorum was met in accordance with applicable state law and all Company rules; and

WHEREAS, the Members have determined that opening one or more bank accounts at Banner Bank is in the Company’s best interests; and

WHEREAS, the Members have agreed to amend the Company’s Operating Agreement effective May 16, 2018 (“Agreement”) as set forth herein to name the Port of Skagit County as Treasurer of the Company and to name Skagit County Public Utility District No. 1 as Auditor of the Company; and

WHEREAS, the Members have decided that the Port of Skagit County’s Finance Director, Greg Thramer, or his designee, acting on behalf the Company and the Treasurer, be given signature authority on the Company’s bank accounts;

NOW, THEREFORE, THE FOLLOWING IS RESOLVED:

1. The Company is authorized to establish one or more accounts with Banner Bank (the "Institution"), which includes, but is not limited to, maintaining and funding savings, checking, and other financial accounts required for the Company to do business.

2. The Agreement is hereby amended as follows:
   a. Section 3.1. (b) is hereby amended to read in its entirety as follows:
      The Finance Director of the Port ("Treasurer"), or his/her designee, serving as the custodian of funds made available for the purposes of such telecommunication services and that the Treasurer may make payments from NETWORK funds in its possession upon approval of the Manager and audits
by the appropriate auditing officer of the PUD; provided, that the funds 
held by the Treasurer shall not be co-mingled with the funds of any Member 
and shall be separately accounted for as owned exclusively by SkagitNet. 

b. Section 3.1 (d) is hereby amended to read in its entirety as follows: 

The PUD shall serve as the auditing officer of the NETWORK's funds and 
accounts; provided, that the accounting and other activities of SkagitNet 
are subject to audit by the Office of the State Auditor to the same extent 
as is each of the Members; and 

3. The following Company agent (the "Authorized Agent"), or his/her designee, is 
authorized to endorse and make deposits, sign checks, withdraw funds, and 
otherwise operate such account on behalf of the Company: 

   Greg Thramer, Finance Director, Port of Skagit County, Treasurer. 

   That person then currently designated as acting Manager by the 
Executive Director of the Port of Skagit County after conferring with the 
General Manager of Skagit PUD. 

4. The Authorized Agent may not borrow money or obtain credit on the Company's 
behalf. 

5. The Company records shall be updated with this Resolution and this Resolution shall 
be presented to the Institution, as appropriate. 

6. The Manager is hereby authorized to take all necessary and reasonable actions 
required to carry out this Resolution. 

7. This Resolution may be executed in counterparts. Facsimile or scanned signatures 
are binding and are considered to be original signatures. 

8. This Resolution is adopted by the Members as follows: Port of Skagit County on 
February 25, 2019; and Skagit County PUD No. 1 on February as, 2019 and 
shall be immediately effective upon adoption by both Members. 

   [SIGNATURE PAGES TO FOLLOW]
Agenda Item #8

COMMISSION, PORT OF SKAGIT COUNTY

Kevin E. Ware, Commission President

Date: 2/25/19

Steven Omdal, Commission Secretary

Date: 2/25/19

William Shuler, Commissioner

Date: 2/25/19

COMMISSION, SKAGIT COUNTY PUBLIC UTILITY DISTRICT No. 1

Eron Berg, Commission President

Date

Al Littlefield, Commission Vice President

Date

Joe Lindquist, Commissioner Secretary

Date
CERTIFICATE OF MEMBER ACTION AND RESOLUTION

I, Steven Omdal, duly elected and qualified Commission Secretary, hereby certify that the attached is a true, correct, and complete copy of the Resolution that was duly adopted at a meeting of the Port of Skagit County on February 25, 2019.

I further certify that the aforementioned Resolution is now in full force and effect without modification or rescission.

Signed this 25th day of February 2019.

Signature:

CERTIFICATE OF MEMBER ACTION AND RESOLUTION

I, Joe Lindquist, duly elected and qualified Commission Secretary, hereby certify that the attached is a true, correct, and complete copy of the Resolution that was duly adopted at a meeting of the Skagit County PUD No. 1 on February 25, 2019.

I further certify that the aforementioned Resolution is now in full force and effect without modification or rescission.

Signed this 25th day of February 2019.

Signature:
Section 7.  COMMISSION CODE OF CONDUCT

7.1  Commissioners are Trustees.  Our courts have held that public office is synonymous with public trust and that a public officer’s relationship with the public is that of a fiduciary.  Northport v. Northport Townsite Co., 27 Wash. 543, 548-50 (1902).  Commissioner loyalty is to the interests of the District’s residents and ratepayers.  This loyalty supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other Boards or staffs.  It also supersedes the personal interest of any Commission member acting as a consumer of the District’s activities.  Additionally, holding the public trust requires maintaining high ethical standards.

7.2  State Code of Ethics.  The State of Washington has adopted a “Code of Ethics” that applies to all municipal officers.  Chapter 42.23 RCW.  The declared purpose of the Code of Ethics is to make uniform the laws of the State concerning the transaction of business by municipal officers in conflict with the proper performance of their duties in the public interest, and to promote the efficiency of local government by prohibiting certain instances and areas of conflict while at the same time sanctioning, under sufficient controls, certain other instances and areas of conflict.  RCW 42.23.010.  The obligations under the state’s ethics laws, and other laws impacting local government officials, include:

7.2.1  Commission members are strictly prohibited by law from entering into or engaging in any activity defined by Chapter 42.23 RCW as a conflict of interest with their official duties as a District Commissioner.

7.2.2  At the first regular meeting of each year and in a public forum, each Commissioner shall acknowledge their obligation to disclose any conflicts of interest as defined in Chapter 42.23 RCW.

7.2.3  On a case by case basis, each Commission member will disclose to the other Commission members, in a public forum, any remote conflicts of interest as defined under Chapter 42.23 RCW.  Disclosure will be noted in the District’s official minutes which are public records.  A Commissioner with such remote interest will not participate in any discussion and/or debate concerning such interest, will not vote on the matter, and will do nothing to influence any other Commissioner concerning their decision on the matter.

7.2.4  This Policy incorporates the District’s Conflict of Interest Code and Code of Ethics Policy #1010 adopted by the Commission.  Consistent with that Policy, Commissioners shall conduct themselves with civility and respect at all times with one another, with staff, and with members of the public.

7.2.5  Commission members will adhere to the District policy on appropriate use of District Resources.

7.2.6  Commission members will become familiar with their individual and joint obligations pertaining to the District’s directive on reporting alleged improper governmental action, including actions required of the Commission regarding employee complaints of alleged
**RCW 42.23.070**

**Prohibited acts.**

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

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

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

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

[ 1994 c 154 § 121.]

**NOTES:**

Effective date—1994 c 154: See RCW 42.52.904.