Pursuant to Governor Jay Inslee’s Proclamation 20-28, in-person attendance at open public meetings is temporarily suspended. Board of Commissioner meetings will be held virtually through ZOOM Cloud Meetings.

Join our online meeting by following this link: https://zoom.us/j/401114938
Meeting ID: 401 114 938
Or dial in at (253) 215-8782.

If you have a question or comment for the Board, please submit it by 5 p.m. the Monday prior to the meeting by calling (360) 848-4460 or email to pud@skagitpud.org

PLEDGE OF ALLEGIANCE

CONSENT AGENDA
1. Approval of Agenda 4/14/20
2. Approval of Minutes: 3/24/20 Commission Meeting
3. Ratification of Vouchers 3/31/20 & 4/7/20
4. Voucher Approval 4/14/20
5. Water Treatment Plant Fiberglass Chlorite Tank Repair
6. District Auditor Contract Renewal

AUDIENCE COMMENTS

OLD BUSINESS
7. Manager’s Report

PUBLIC HEARING – Transfer Real Property

NEW BUSINESS
8. Real Estate Transfer Agreement: Skagit PUD and Dike District #17 for Ranney Well Property - Action
9. 2020 Budget Amendment - Action
10. Document Management Software - Action
11. SkagitNet Infrastructure Use Agreement - Action

INFORMATION
12. Judy Reservoir Data Report
13. Recent News Articles

COMMISSIONER COMMENTS

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

March 24, 2020

The meeting was held virtually due to the COVID-19 pandemic. The Aqua Room of the utility located at 1415 Freeway Drive, Mount Vernon, Washington was open to the public.

Commissioners Appearing Remotely: Eron Berg, President; Al Littlefield, Vice President; and Joe Lindquist, Secretary.

Staff Appearing Remotely: George Sidhu, Brian Henshaw, Mark Handzlik, Kevin Tate, Kathy White, Mark Semrau, Krista Lewis, Chris Shaff, Bill Trueman, Jay Sedivy, Skagit PUD Auditor Doug Streeter, and Skagit PUD Attorney Peter Gilbert.

Staff Appearing in Person: Luis Gonzalez and Deana Dean.

Other Parties Appearing Remotely: Others may have appeared but were not identified.

Commissioner Berg called the meeting to order at 4:30 p.m. and the Pledge of Allegiance followed.

CONSENT AGENDA
Commissioner Lindquist moved to approve the Consent Agenda for March 24, 2020 which was unanimously approved.

1. Approval of Agenda 3/24/20
2. Approval of Minutes: 3/10/20 Commission Meeting
3. Ratification of Vouchers 3/17/20
4. Voucher Approval:
   3/24/20 – No. 2917: Accounts Payable voucher No. 17944 – 18001 ($246,438.72) and Electronic Funds Transfer ($121,389.74).
5. Project Acceptance:
   Daisy Lane Stream Crossing (Mount Vernon)

AUDIENCE COMMENTS
None.

OLD BUSINESS
6. Manager’s Report
   General Manager George Sidhu noted there have been challenges in dealing with the COVID-19 pandemic. Staff has worked together to find solutions and making adjustments to operations while still adhering to the advisory from the public health department. George provided a summary including issuance of an emergency declaration, and an email sent to staff and the Board which allows more flexibility in operations and work schedules in order to respond to the changing situation. He noted some employees are working remotely, which is helpful. He has been telling staff that we are an essential service and we need to continue
to perform our jobs while trying to meet the goal of the public health advisory. Human Resources Manager Kathy White spoke to the new leave options for employees. Brief discussion followed.

**NEW BUSINESS**

7. Resolution 2276-20; Declaring a Local Emergency due to COVID-19  
   Commissioner Lindquist moved to approve Resolution 2276-20 declaring a local emergency of Skagit PUD and delegation of authority in response to issues related to COVID-19 which was unanimously approved.

8. Mountain View Road Pipeline Project – Cellular Telemetry Installation  
   General Manager George Sidhu introduced this agenda item noting this is a contract for a telemetry consultant to perform work as part of the Mountain View Road Project and is consistent with the funding set aside for that project. Brief discussion followed.

   Commissioner Lindquist moved to authorize the General Manager to execute and enter into a contract with Quality Controls Corporation for Cellular Telemetry installation/improvements in the amount of $46,447.51 which was unanimously approved.

**INFORMATION**


10. Judy Reservoir Data Report

**COMMISSIONER COMMENTS**

Commissioner Lindquist noted the Skagit Council of Governments meeting was cancelled this month. Commissioner Littlefield indicated he would be attending a water committee meeting by telephone conference this week. Commissioner Berg thanked staff for their work and in recognizing the function of the PUD in providing safe drinking water is mission critical. He noted the expectation is for continued meetings in this format at least through April in order to maintain social distancing and to protect staff for as long as recommended. He also noted that special meetings can be held within 24 hours’ notice and the Commissioners will be available should the need arise.

**ADJOURNMENT**

With no further business to come before the Board, the meeting was adjourned at 5:03 p.m.

Deana Dean  
Clerk of the Board
We, the undersigned Board of Commissioners of Public Utility District No. 1 of Skagit County, Washington, do hereby certify that the merchandise and/or services hereinafter specified have been received and are hereby approved for payment in the amount of $431,529.18 this 31st day of March, 2020.

The total is comprised of the following:

Accounts Payable voucher No. from 18002 through 18057 in the amount of $171,882.76, Electronic Funds Transfer in the amount of $74,434.79, Payroll Electronic Funds Transfers and checks No. 030573 through 030656 in the amount of $185,211.63.

Attest:

President
Manager
Vice - President
Auditor

Date: 04/01/2020

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Total: 246,317.55
Agenda Item #3

As of APRIL 07, 2020

No. 2919

We, the undersigned Board of Commissioners of Public Utility District No. 1 of Skagit County, Washington, do hereby certify that the merchandise and/or services hereinafter specified have been received and are hereby approved for payment in the amount of $260,577.27 this 7th day of April, 2020.

The total is comprised of the following:

Accounts Payable voucher No. from 18058 through 18112 in the amount of $259,267.27, Electronic Funds Transfer in the amount of $1,310.00. Payroll Electronic Funds Transfers and checks No. through in the amount of $0.00.

Attest:

__________________________________________
President

__________________________________________
Manager

__________________________________________
Vice - President

__________________________________________
Auditor

Secretary

Date: 04/03/2020

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Total: 260,577.27
April 14, 2020

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

FROM: Mike Fox, Operations Manager

BY: Kurt Van Burkleo, P.O., Operations Project Coordinator

SUBJECT: FIBERGLASS CHLORITE TANK REPAIR
Ratification of Contract/Approve Funding

Guidance Related to Governor’s Proclamation 20-28:
This matter is being taken up for action at this meeting due to it being considered both necessary and routine. A brief explanation of each criteria follows:

Necessary – There is an operational consequence for not entering into this contract in that the chemical storage tanks are currently leaking and need to be replaced. If they are not replaced, they will continue to endanger the safety of the operators that maintain the chemical treatment process and if the tanks are not operable, they will affect the ability of water treatment to process water.

Routine – This is a routine matter because the amount of the contract is above the signatory authority of the General Manager and these types of operational contracts are routinely take to the Board for approval.

Requested Action:
Ratification of contract with Advanced Composite Services in the amount of $61,845.00 for repair of the sodium chlorite tanks at the Water Treatment Plant.

Background:
The existing fiberglass chlorite storage tanks were installed in 1988 and are coming to the end of their useful life. They are recently showing signs of leakage and need immediate attention from a safety and security standpoint. Staff has considered a complete replacement of the tanks or a repair to extend their life another 5-10 years. Tank replacement is considerably more expensive than repairing the tanks because it would involve other costs related to getting the new tanks in the building. Knowing that there are other capital projects that we will be undertaking at the water treatment plant in the future where the access issue could be addressed and combined with another project, staff has concluded that a complete rebuild of the tanks is the most prudent option.
Quotes were solicited on February 11, 2020 and three (3) proposals were received on the closing date of March 5, 2020. The bid results are as follows:

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Advanced Composite Services was the apparent low bidder. Upon review of their bid proposal, comparison to the bidding requirements and checking of references, they were deemed to be responsive and responsible.

In this instance, due to the tank leakage and the ability for the contractor to move forward quickly, and after discussions with the Commissioners, the General Manager executed the contract on April 1, 2020. Staff are asking the Commission to ratify the contract and approve funding.

**Fiscal Impact:**
Funding for this project will come from the District’s operations budget as amended.
April 1, 2020

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

FROM: Brian Henshaw, Finance Manager

SUBJECT: Recommendation to Approve Contract Auditing Services Modification #3 Extend Agreement for Professional Services with Doug Streeter, CPA

Guidance Related to Governor’s Proclamation 20-28:
This matter is being taken up for action at this meeting due to it being considered both necessary and routine. A brief explanation of each criteria follows:

Necessary – There is an operational consequence for not approving this contract modification in that Doug Streeter’s services as the District’s contracted auditor are necessary to meet our financial obligations. Doug reviews and approves all District expenditures and the District does not have enough staff to provide proper internal financial controls if someone else were to perform Doug’s duties.

Routine – This is a routine matter because operational contracts are routinely taken to the Board for approval.

Requested Action:
Authorize the General Manager to sign Modification #3 of the Agreement for Professional Services with Doug Streeter, CPA for auditing services in the amount of $50,000.00.

Background:
In March 2017, the District issued a Request for Proposals (RFP) to provide contracted internal auditing services. The work to be performed under this contract involves financial, compliance, and operation audits that will ensure:

- The District’s assets are safeguarded
- Effective and efficient operations of the District
- Accuracy of financial and operating information
- District’s Mission, Goals and Objectives are achieved
- Compliance with Federal laws, Revised Code of Washington (RCW), Washington Administrative Code (WAC), Generally Accepted Accounting Principles (GAAP), Government Accounting Standards Board (GASB), and District policies and procedures.
Contracting with Doug Streeter for auditing services has provided an efficient separation of responsibilities within the Finance Department. Doug Streeter has also provided additional services as needed due to staffing turnover, review of internal policies and assistance with unplanned tasks and projects.

This is the third contract modification with Doug Streeter, CPA to provide internal auditing services. There are no changes to the terms and conditions of the existing Agreement except to extend the terms of the contract through April 30, 2021.

Fiscal Impact:
Funding for this work is budgeted in the Finance Department’s 2020 Professional Services budget. The scope and fee are consistent with the intended use of these funds.
April 14, 2020

TO: Board of Commissioners
FROM: George Sidhu, P.E., General Manager

SUBJECT: Ranney Well Property Transfer

Guidance Related to Governor’s Proclamation 20-28:
This matter is being taken up for action at this meeting due to it being considered both necessary and routine. A brief explanation of each criteria follows:

Necessary – This item is considered necessary because there is a risk of potential liabilities and costs for the District to continue to own the property. It is located in an area where people have historically set up tents and shelters to live and without any operational benefit, we do not have the time to make site visits to keep the site clear.

Routine – This is a routine matter because this type of agreement is typically brought to the Board for approval. Any property transfer is completed according to state regulations and has been taken to the Board for approval so that the General Manager can execute the transfer.

Requested Action:
Approve the conveyance of the Ranney Well Property to Dike District #17 and authorize the General Manager and Counsel to sign the Agreement for Transfer of Real Estate.

Background:
The Ranney Well Property (P23933) was purchased in 1951 as a location for a Ranney well (a horizontal water collector which uses lateral perforated pipes under the riverbed and a pump system) to draw water from the Skagit River. The well was constructed in 1954 and abandoned in 1981. The Ranney Well water right was transferred to the Skagit River Diversion in 2002 and the well was decommissioned in 2019.

The Commission approved the surplus of this property at their regular meeting on February 25, 2020.

This property no longer possesses an operational benefit to the District and continued ownership involves potential liabilities and costs. The District desires to convey this property to Dike District #17. The proposed Agreement for Transfer of Real Estate has been reviewed by counsel for the Dike District as well as counsel for Skagit PUD.

Fiscal Impact:
None at this time.
AGREEMENT FOR TRANSFER OF REAL ESTATE

THIS AGREEMENT is made and entered into this _______ day of ________________________ 2020, by and between Dike District #17 of Skagit County, herein referred to as “District,” and Pu ublic Utility District No. 1 of Skagit County herein referred to as “PUD.”

REQUITALS

A. WHEREA S, PUD is the legal owner of the Property located at 14012 Riverbend Road, Mount Vernon, Skagit County, Washington, consisting of approximately 3.38 acres under the following legal description: That portion of Government Lot 5 in Section 7, Township 34 North, Range 4 East, W.M., described as follows: Beginning at a point on the South line of said Lot, 353.1 feet West of the Southeast corner thereof; thence North to the Skagit River; thence along the Skagit River North 73 1/2° West, 227.2 feet, more or less, to the Northeast corner of a tract conveyed to Clarence A. Hanson by Deed recorded under Auditor’s File No. 443524; thence South 725.34 feet, more or less, to the South line of said Government Lot 5; thence East to the point of beginning, EXCEPT County road and dike, situate in the County of Skagit, State of Washington, and;

B. WHEREA S, said Property is within the boundaries of the District, and;

C. WHEREA S, as provided in the Interlocal Agreement between the District and the PUD dated August 1, 2018 (“Interlocal Agreement”), the PUD planned, designed, and carried out the abandonment and decommissioning of an inactive Ranney Well on the Property in compliance with all federal, state, and local laws, administrative code provisions, and standards; and

D. WHEREA S, said Property is no longer necessary, material, or useful to the operation of PUD’s business within the definitions and requirements of RCW 54.16.180(2)(b), and;

E. WHEREA S, continued PUD ownership of the Property involves potential liabilities and costs to the PUD; and

F. WHEREA S, it is of mutual advantage to PUD and District to enter into this Agreement setting forth the terms, conditions, and requirements for conveying the Property to District.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the parties agree as follows:

1. Property. Subject to the terms, covenants and conditions set forth in this Agreement, PUD agrees to convey to District, and District agrees to accept from PUD, the real property as described below hereinafter referred to as “Property.”

Property ID: P23933
Tax Account No: 340407-0-028-0008

(3.3800 Acres) That portion of Government Lot 5 in Section 7, Township 34 North, Range 4 East, W.M., described as follows: Beginning at a point on the South line of said Lot, 353.1 feet West of the Southeast corner thereof; thence North to the Skagit River; thence along the Skagit River North 73 1/2° West, 227.2 feet, more or less, to the Northeast corner of a tract
conveyed to Clarence A. Hanson by Deed recorded under Auditor’s File No. 443524; thence South 725.34 feet, more or less, to the South line of said Government Lot 5; thence East to the point of beginning, EXCEPT County road, and the dike, situate in the County of Skagit, State of Washington.

The parties agree that the legal description of the Property will be substituted for the above legal description.

By entering into this Agreement, PUD represents that a) it has the legal power, right, and authority to enter into this Agreement and the conveyance documents; b) there are no legal actions, claims, or disputes pending or threatened against PUD arising out of its ownership or use of the Property or of the abandonment and decommissioning of the Ranney Well on the Property; and c) Property is free and clear of any encumbrances.

2. As-Is Conveyance. Subject to District’s obligations set forth in the Interlocal Agreement, including but not limited to the abandonment and decommissioning of the Ranney Well, and except as otherwise provided for in this Agreement, District specifically acknowledges and agrees that the Property is being accepted on an “as-is with all faults” basis subject to all applicable laws, rules and ordinances, including without limitation, any zoning ordinances, or other regulations governing the use, occupancy or possession of the Property.

3. Indemnification. PUD shall release, hold harmless, indemnify, and defend District from and against all claims, actions, debts, liabilities, and costs, including professional fees and costs, related to or arising out of PUD’s ownership and operation of the Property for the period prior to Closing and District shall release, hold harmless, indemnify, and defend PUD for claims, actions, debts, liabilities, and costs, including professional fees and costs, related to or arising out of District’s ownership and operation of the Property after Closing. The rights and obligations set forth in this Section shall survive Closing and the recording of the Deed.

4. Public Use. The District agrees it will accept the Property in “as-is,” condition, subject to the terms and conditions of this Agreement and further agrees it will own and use the Property consistent with the provisions of Chapter 85 RCW. If at any time, the District discontinues such use of the Property, the District agrees to convey the Property back to PUD ownership within 60 days.

5. Closing and Expenses. The consideration that District is paying for the Property is limited to its obligations to pay for the customary escrow fees, if any, to close the conveyance transaction, and all title insurance premiums, recording charges and any other costs and charges of the escrow for the conveyance of the Property. In the event the Property is transferred back to PUD ownership, PUD shall pay any escrow fees, all title insurance premiums, recording charges and any other costs and charges of the escrow for the conveyance of the Property. In advance of and as a condition of Closing, the District shall receive and approve a preliminary title commitment with respect to the Property (“Title Commitment”). At Closing, which shall be a date mutually agreed upon by the parties, the Property shall be conveyed by PUD to the District by deed, the form of which shall be agreed to by the parties and the District shall receive an ALTA Owner’s Standard Policy of Title Insurance with title to its satisfaction (“Title Policy”).

6. Attorney Fees. Each party shall pay their own attorney fees and costs.

7. Governance. This Agreement is entered into and under the authority granted by the laws of the state of Washington and any applicable federal laws. The provisions of this Agreement shall be construed to conform to those laws.
8. **Recitals.** The parties agree that the Recitals set forth in this Agreement are true and correct statements of fact and are hereby incorporated as part of this Agreement and are binding provisions of the Agreement.

9. **Survival of Warranties.** All representations, warranties, and covenants of the parties in this Agreement shall survive Closing and shall not merge with the Deed.

DATED this _____ day of __________________, 2020.

Dike District #17 of Skagit County

By: ____________________________
Commissioner Position #____

APPROVED AS TO FORM:

By: ____________________________
Laura Minton Breckenridge, Attorney for Dike District #17 of Skagit County

Public Utility District No. 1 of Skagit County

By: ____________________________
George Sidhu, P.E., General Manager

APPROVED AS TO FORM:

By: ____________________________
Peter Gilbert, Attorney for Public Utility District No. 1 of Skagit County
April 14, 2020

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

FROM: Brian Henshaw, Finance Manager

SUBJECT: 2020 Budget Amendment

Guidance Related to Governor’s Proclamation 20-28:
This matter is being taken up for action at this meeting due to it being considered both necessary and routine. A brief explanation of each criteria follows:

Necessary – These projects are necessary to improved safety, replace and protect assets, and to improve operational efficiency. Delaying these projects may endanger the safety of staff or result in more expensive repairs in the future.

Routine – It is a routine matter to revise the annual budget for emergent issues, change in conditions, and project schedules.

Requested Action:
Approve the budget amendment for $227,000 modifying the capital facilities plan and operations budget to include these projects.

Asset Maintenance:
1. Pressure Release Valve (PRV) Program ($45,000) is a new maintenance program that inspects and performs preventive maintenance on District PRVs.

2. Water Treatment Plant septic replacement ($25,000) will design and install a new septic tank. The existing tank failed late last year and must be replaced.

Safety:
3. The Cross-Connection Program ($50,000) provides funds to reimburse water customers for installing backflow devices that protect the public water system from contamination.

4. Walkway to fish screen ($15,000) will replace the walkway at the Judy Reservoir and bring it into compliance with current safety regulations.

5. Sodium-chlorite Tank repair ($72,000) will repair two of the fiberglass tanks at the Water Treatment Plan that are beyond their useful life.
Operational Efficiency:
6. Set up lockbox services ($20,000) to receive customer water payments. Automatic Funds Transfer Services (AFTS) will begin processing customer water payments paid thru the mail. This will enable the customer service staff to focus on walk-in and drive-thru customers as well as customers who call the District with questions regarding their accounts.

Fiscal Impact:
Funding for these projects will increase the District’s budget by $227,000.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. PRV Program</td>
<td>45,000</td>
<td>Asset Maintenance</td>
</tr>
<tr>
<td>2. WTP Septic System</td>
<td>25,000</td>
<td>Asset Maintenance</td>
</tr>
<tr>
<td>3. Backflow Program</td>
<td>50,000</td>
<td>Safety</td>
</tr>
<tr>
<td>4. Walkway to fish screen</td>
<td>15,000</td>
<td>Safety</td>
</tr>
<tr>
<td>5. Sodium Chlorite Tanks</td>
<td>72,000</td>
<td>Safety</td>
</tr>
<tr>
<td>6. Lockbox</td>
<td>20,000</td>
<td>Operational Efficiency</td>
</tr>
<tr>
<td>Total</td>
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<td></td>
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</tbody>
</table>
TO: Board of Commissioners
FROM: George Sidhu, P.E., General Manager

SUBJECT: ELECTRONIC DOCUMENT MANAGEMENT SYSTEM
Negotiate with Preferred Vendor
Recommendation to Award Contract Negotiation Task

Guidance Related to Governor’s Proclamation 20-28:
This matter is being taken up for action at this meeting due to it being considered both necessary and routine. A brief explanation of each criteria follows:

Necessary – There is an operational and financial consequence for not proceeding with this project. The District has paid a consultant to lead us through the process of reviewing vendor proposals, staff has spent a considerable amount of time determining our software needs and evaluating proposals, and continuation of this project will allow us to take advantage of the pricing that has been proposed. Deferring this action would waste the money and effort that has been spent so far and it would put us another year behind on the implementation of the software.

Routine – This is a routine matter because these types of operational contracts are routinely taken to the Board for approval. This project was split into phases, as our projects routinely are, and this action would allow us to proceed to the second phase.

Requested Action:
Authorize Accent Business Services Inc. to enter into contract negotiations on the District’s behalf with CDI for an Electronic Document Management System and authorize the General Manager to sign the attached statement of work with Accent in the amount of $15,050 for services related to the contract negotiations.

Background:
On April 9, 2019, the Board authorized me to enter into a contract with Accent Business Services for the selection of a new Enterprise Document Management System (EDMS). The original scope of work was divided into two phases: 1) Roadmap Development and 2) Software Evaluation. Phase 1 was completed by July 2019 and Phase 2 was completed last month.

Phase 2 Software Evaluation involved the creation of an internal Evaluation Team that was made up of staff across all departments in order to review and evaluate proposals from the vendors that responded to our Request for Proposals. We also included vendors that were on the state roster in the evaluation process to ensure that we considered all
possible options. The Evaluation Team worked closely with Joe Brookhouse from Accent and after participating in on-site demonstrations from two vendors that were short-listed, the Evaluation Team has selected a vendor that they are recommending entering into contract negotiations with. The recommended vendor is CDI and their EDMS product is Laserfiche.

Phase 3 of this project is to negotiate a scope of work and fee estimate with CDI before entering into a contract. Their proposal included a scope of work and fee estimate based on the Request for Proposal, but the contract negotiations will determine the final scope of work for the implementation of Laserfiche, including total cost and schedule. Contract negotiations are expected to last until mid-June.

Staff is excited about the prospect of using an EDMS as it will help to make our internal processes more efficient, it will allow our data access and retrieval methods to be more secure and it will improve our ability to manage all of our data and be able to respond more thoroughly to public records requests.

I fully support the recommendation of the Evaluation Team to proceed with Phase 3 of this project and negotiate a contract with CDI. Joe Brookhouse from Accent will be our negotiator, but he will work in close contact with both Brian Henshaw and I before we bring a contract recommendation to the Board in June.

**Fiscal Impact:**
Funding for this phase of the project will come from Line Item 13 of the District’s adopted 2020 Capital Improvement Plan.
PROPOSAL FOR SERVICES

UNDERSTANDING

Accent Business Services Inc. ("Accent") is pleased to submit this proposal to Skagit Public Utility District ("the District") for consulting services to support the implementation of an Enterprise Document Management System (EDMS).

- The District has engaged Accent to facilitate the evaluation of EDMS to address its records and document management needs.
- The District requests additional support to address contract negotiation facilitation.

CONTRACT NEGOTIATION FACILITATION

Accent will collaborate with the District to negotiate a contract with the apparently successful vendor that clearly defines deliverables, assumptions, responsibilities, and dependencies.

Our approach to contract negotiation facilitation is as follows:

1. Determine approach desired from the District. Include a discussion of contract controls and project controls.
2. Conduct a one- or two-day discovery session with the chosen vendor onsite at District facilities.
3. Obtain license, maintenance agreement, method documents, etc., and any other contracts from vendor.
4. Review RFP and response, along with any additional “promises” made.
5. Draft the key documents:
   a. Professional Services Agreement (base contract)
   b. Statement of Work
   c. Payment Schedule / Milestones
   d. License Agreement
   e. Maintenance and Support Agreement
   f. Source-code escrow
   g. Initial work plan
6. Support the legal review by the District attorney.
7. Meet with vendor, gain agreement where possible.
8. Track iterative changes to the documents, version numbers, etc.
9. Negotiate over time to reach agreement.
10. Brief District stakeholders, as required.

Deliverables

1. Defined project scope and project budget
2. Facilitation of discovery session with the chosen vendor.
3. Negotiation with selected vendor(s) as needed to reach price, approach, terms and conditions, and other contract elements suitable to all stakeholders at the District

4. Draft and complete contract document set:
   a. Professional Services Agreement (PSA)
   b. Statement/Scope of Work and Appendices
   c. License and Maintenance Agreement(s)
   d. PSA appendices/exhibits as needed, e.g., payment milestones, initial plan, etc.
   e. Source Code Escrow

**COST PROPOSAL**

**Fees**

<table>
<thead>
<tr>
<th>Item</th>
<th>Est. Hours</th>
<th>Rate</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Negotiation Facilitation</td>
<td>75</td>
<td>$175</td>
<td>$13,125</td>
</tr>
<tr>
<td>Travel Hours</td>
<td>6</td>
<td>$87.50</td>
<td>$525</td>
</tr>
<tr>
<td><strong>Total Fees</strong></td>
<td></td>
<td></td>
<td><strong>$13,650</strong></td>
</tr>
<tr>
<td>Estimated Expenses</td>
<td></td>
<td></td>
<td><strong>$1,400</strong></td>
</tr>
<tr>
<td><strong>Total Fees and Expenses</strong></td>
<td></td>
<td></td>
<td><strong>$15,050</strong></td>
</tr>
</tbody>
</table>

**Cost Assumptions**

- Hours are estimates only. Actual hours may be fewer or greater.
  - Estimated hours for Contract Negotiation Facilitation assume 25 hours monthly over the course of three (3) months.
  - Estimated hours for Travel assume two trips.
  - For items above, the hours each month may be greater or less than the estimate. In all cases, the actual hours accrued will be invoiced.

- Duration of round-trip travel assumes flight to Paine Field (Everett, WA) and subsequent drive to Mount Vernon. Transportation to PDX and airport wait time are not considered.

- Accent will bill travel expenses as incurred. Travel expenses will be comprised of travel (mileage, airfare, car rental), parking/tolls, hotel, and meals and sundry expenses).

- All expenses are estimated but will be passed directly through to the District with no administrative add-on.

- Travel time to District facilities will be billed at 1/2 the labor rate.
April 14, 2020

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

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

BY: Sam Shipp, P.E., Capital Project Manager

SUBJECT: SkagitNet – Infrastructure Use Agreement

Guidance Related to Governor’s Proclamation 20-28:
This matter is being taken up for action at this meeting due to it being considered both necessary and routine. A brief explanation of each criteria follows:

Necessary – This item is considered necessary because District assets have been and continue to be contributed to SkagitNet without an appropriate agreement for the use of those assets. As SkagitNet works with its customers on the assignment of fiber strands within the fiber cable, it is crucial for the District to have an agreement in place on the reservation of strands for its own operation.

Routine – This is a routine matter because this type of agreement is typically brought to the Board for approval. Any interlocal or agreement with another public agency has been taken to the Board for approval so that the General Manager can execute the agreement.

Requested Action:
Authorize the General Manager to execute the Infrastructure Use Agreement with the Port of Skagit and SkagitNet.

Background:
The Port and the District formed SkagitNet, LLC in May 2018 as a joint governmental LLC to own, operate and manage a fiber optic backbone throughout Skagit County. As SkagitNet continues to grow and develop more facilities, this Infrastructure Use Agreement provides general terms, covenants, and conditions by which the Port and the District contribute fiber optic infrastructure to SkagitNet.

The Infrastructure Use Agreement is intended to address any and all facilities provided to SkagitNet from the Port and the District. The agreement requires an annual budget from SkagitNet and an annual work plan as well as quarterly meetings. The agreement clarifies leasing conditions to private parties, asset tracking, standard specifications for equipment, maintenance of system, insurance and agreement termination.
Fiscal Impact
None at this time.

Attachments:  Infrastructure Use Agreement
INFRASTRUCTURE USE AGREEMENT

BETWEEN

SKAGITNET LLC,

THE PORT OF SKAGIT COUNTY,

and

PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY

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

I. RECITALS

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

WHEREAS, RCW 53.08.240 (2) authorizes the Port to enter into contracts with other municipal
entities for the purposes of exercising its lawfully authorized powers; and

R:\Meetings\2020\4.14.20\SkagitNet Port_PUD Infrastructure Use Agreement.docx
WHEREAS, RCW 54.16.330 grants authority to the PUD to construct, purchase, acquire, develop, finance, lease, license, handle, provide, add to, contract for, interconnect, alter, improve, repair, operate, and maintain any telecommunications facilities within or without the PUD's district's limits for its own use and/or for the provision of wholesale telecommunications services; and

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

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

WHEREAS, the Port owns and operates fiber optic infrastructure, including fiber optic cable, vaults, splice cases, and other associated appurtenances, in Skagit County for its own use and for provision of wholesale services to retail telecommunications providers that serve businesses and governmental entities with internet access; and

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

WHEREAS, the Port and the PUD formed SkagitNet as a limited liability company with the Washington Secretary of State on May 17, 2018, to serve as a joint operating entity for purposes of facilitating the construction, ownership and management of an open access fiber
optic backbone throughout Skagit County for the benefit of Skagit County citizens and businesses; and

WHEREAS, the Parties deem that it is necessary and beneficial to the operation of SkagitNet to specify agreed upon general terms, covenants and conditions for use of the Port’s and the PUD’s fiber optic infrastructure by SkagitNet.

NOW THEREFORE, in consideration of the following terms and conditions, the parties mutually agree as follows:

II. CONTRACTUAL PROVISIONS

A. OVERVIEW

1. This Agreement states the general terms, covenants, and conditions by which the Port and PUD will contribute fiber optic infrastructure to SKAGITNET, including all fiber optic cable, vaults, splice cases, and other appurtenances for the fiber system runs identified in the VETRO FiberMap. This Agreement is intended to cover any and all facilities to be provided by the Port and PUD to SKAGITNET. SKAGITNET may use Port or PUD fiber and facilities only for authorized and lawful purposes and within the scope of this Agreement.

B. SkagitNet Budget

1. SkagitNet will timely prepare and submit to the Port and PUD No. 1 a proposed annual budget. The proposed budget will describe SkagitNet’s planned work for the year. SkagitNet will have quarterly meetings with the Port and PUD No. 1 to provide updates on SkagitNet’s activities.
C. FIBER OPTIC INFRASTRUCTURE LEASING

1. All leasing of fiber optic infrastructure by Parties to this Agreement will be on a wholesale basis pursuant to the Port’s and PUD’s respective telecommunications statutory authority.

2. SkagitNet will be the entity responsible for executing and managing wholesale leases of fiber optic infrastructure.

3. Port and PUD agree to assign or terminate and reissue existing wholesale leases on individually owned infrastructure to SkagitNet by May 30, 2020.

D. INFRASTRUCTURE USE

1. All fiber optic infrastructure to be leased by SkagitNet will be cataloged in the VETRO FiberMap and will be input into SkagitNet’s system map in Vetro FiberMap for network management purposes. The capacity of the fiber line shall be included.

2. The SkagitNet Manager is responsible for ensuring that all infrastructure leased by SkagitNet has been inventoried on the VETRO Viewer prior to use. Records of such inventory shall be maintained by SkagitNet and made available promptly upon request of either other Party. The Manager shall reserve 2 strands for the sole use by Skagit PUD. These strands shall be the same color coding within the SkagitNet system.

E. LOCATE SERVICES
1. All infrastructure in use by SkagitNet will be mapped in the One Call program for utility locates. The SkagitNet Manager is responsible for ensuring the addition of new infrastructure to the One Call system map.

2. The SkagitNet Manager will maintain a list of current vendors for locate services.

F. SYSTEM CONSTRUCTION

1. Parties agree to construct fiber optic infrastructure to common standards, using common construction specifications and materials.

2. Fiber System Specifications:

   a) Fiber optic cable in use for SkagitNet must meet the specifications set forth below as measured by optical time domain reflectometer (“OTDR”):

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Specifications</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum attenuation</td>
<td>1310nm (A1)</td>
<td>.50 dB/km</td>
</tr>
<tr>
<td>Maximum attenuation</td>
<td>1550nm (A2)</td>
<td>.40 db/km</td>
</tr>
<tr>
<td>Cladding diameter</td>
<td>125 +3</td>
<td>nm</td>
</tr>
<tr>
<td>Cutoff Wavelength</td>
<td>1250 +100</td>
<td>nm</td>
</tr>
<tr>
<td>Zero dispersion wavelength</td>
<td>1310 +12</td>
<td>nm</td>
</tr>
<tr>
<td>Maximum dispersion</td>
<td>(1285-1330nm)</td>
<td>3.5 ps/nm km</td>
</tr>
</tbody>
</table>

   Reference: EIA RS-455 test method

   b) SKAGITNET shall have the right, at its expense, to test fibers covered under this Agreement any time for consistency with the
technical specifications set forth above.

c) In the event the result of any test performed in accordance with Section E.2.b herein shows that the fiber(s) are not operating in accordance with the technical specifications, SKAGITNET shall have the right to remedy performance prior to use of infrastructure for leasing purposes at its’ expense.

G. MAINTENANCE

1. Infrastructure covered under this Agreement will be included in a monitoring contract with an approved Network Operating Center (NOC) pursuant to SkagitNet’s current Plan of Operations.

2. The SkagitNet Manager will be responsible for maintaining a list of approved maintenance and repair contractors authorized to work on the SkagitNet system. This list will be provided to the NOC to deploy outage repairs in the event of after-hours outages.

H. INDEMNIFICATION AND INSURANCE

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

2. Each Party shall have in place a policy of general liability and automobile liability insurance applicable to all activities performed during the term hereof. Such insurance shall have minimum limits of liability as follows: personal injury and death – FIVE MILLION & NO/100 DOLLARS ($5,000,000.00); property damage – ONE MILLION & NO/100 DOLLARS ($1,000,000.00). Proof of such insurance shall be provided by each Party to the other Parties and shall not cancellable or the limits lowered without prior notice to the other Parties.

I. TERM, TERMINATION, AND BUYOUT PROVISION

1. This Agreement shall be for 20 years but may be terminated, with or without cause by a Party on ONE HUNDRED EIGHTY (180) days written notice to both other Parties; provided, that should it be necessary to preserve safety of persons or property or to preserve public funds, this Agreement may be terminated for cause on such time as is deemed reasonable by the terminating Party.

2. Dispute Resolution. The Port of Skagit Executive Director and the PUD No. 1 General Manager shall meet to resolve any default in a mutually agreeable manner. Failing agreement between the Director and General Manager, they shall identify, and the Parties shall participate in good faith in, a binding alternative dispute resolution process to do so.

3. Venue. The venue for any dispute related to this Agreement shall be
J. SCOPE OF AUTHORITY:

No Party has any independent authority to direct the management of the other Parties’ activities under this Agreement nor, unless authorized in writing by the other Parties, the joint activities of the Parties hereunder. Neither Party has any authority to bind or to act for or to assume any obligations or responsibilities on behalf of the other Parties. The Parties may, upon mutual agreement, acquire real property interests and personal property in common.

K. NOTICES:

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

If to the Port of Skagit County:

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

If to PUD No. 1 of Skagit County:

PUD No. 1 of Skagit County
1415 Freeway Drive
Mount Vernon, Washington 98273
Attn: General Manager
L. ENTIRE AGREEMENT/MODIFICATION:

This Agreement represents the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior negotiations and discussions with respect to the subject matter of this Agreement. This Agreement may be supplemented by additional agreements executed in writing by the Parties, or may be amended or modified by written agreement signed by the Parties hereto. Such amendments may be for the purposes of, among other things, adding or deleting parties to this Agreement or expanding the responsibilities of the Administrator.

M. APPLICABLE LAW:

This Agreement, and any rights and obligations hereunder, shall be construed and interpreted in accordance with the laws of the State of Washington. Any dispute or proceeding arising out of this Agreement shall be filed in the Superior Court of the State of Washington for Skagit County.

N. ATTORNEYS’ FEES.

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

O. ASSIGNMENT/NO BENEFICIARIES:

This Agreement is personal to the Parties. No Party to this Agreement may assign its rights or obligations hereunder. This Agreement is for the sole benefit of the Parties and no third party shall be deemed a beneficiary hereof.
P. AUTHORIZATION:
Each Party represents and warrants to the others that it is duly authorized to enter into and to carry out the terms of this Agreement.

Q. INDEPENDENT REVIEW.
This Agreement has been reviewed and revised by legal counsel for all Parties and no presumption or rule that ambiguity shall be construed against the Party drafting the document shall apply to the interpretation or enforcement of this Agreement.

R. SEVERABILITY.
In the case any term of this Agreement is held invalid, illegal or unenforceable in whole or in part, neither the validity of the remaining part of such term nor the validity of the remaining terms of this Agreement will in any way be affected thereby.

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

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

U. RECORDING/POSTING/EFFECTIVE DATE

This Agreement shall become effective when recorded by the Parties or when posted on both
the Port’s and the PUD’s web sites (“Effective Date”).

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

PORT OF SKAGIT COUNTY: PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT
COUNTY:

_________________________________  ___________________________________
Patricia H. Botsford-Martin  By: George Sidhu, P.E.
Its: Executive Director  Its: General Manager
Dated: ______________________  Dated:____________________

SKAGITNET, LLC

_________________________________
Andrew Entrikin
Its: Manager
Dated: ______________________
2020 Judy Reservoir Inflows & Outflows

April 08  Elevation:  457.04
April 01  Elevation:  455.64
Change in Elevation  1.4
Spillway elevation:  465.10'
Stream Inflow YTD:  551.20 MG
Pumped from river YTD:  102.13 MG
JUDY RESERVOIR ELEVATIONS

5-YEAR RESERVOIR ELEVATIONS

Reservoir Elevation (ft)

2015-2019 Reservoir Level

2020 Reservoir Level

Agenda Item #12
City acquisition of Fidalgo Water System could take place by end of year

By Richard Walker rwalker@goanacortes.com
Apr 1, 2020

The city’s acquisition of the Fidalgo Island Water System could take place this summer if approved by the Anacortes City Council and the Skagit Public Utility District board of commissioners.

That’s what residents of the water system’s service area — Dewey Beach, Gibralter, Fidalgo Heights, Summit Park and Highway 20/Deception Road — learned at an early March open house hosted by the city and PUD.

Water system customers learned they could end up paying slightly less each month for water service — the district's charges a base rate of $32.38 and a per-gallon rate of 2 cents per gallon; the city charges a base rate of $30.99 and a per-gallon rate of about 1.1 cents per gallon.

And they learned that acquisition of the water system doesn’t mean their communities will someday be annexed by Anacortes or that more development will result. Those communities are outside the city’s urban growth area, and City Councilman Ryan Walters said last fall that the city taking over operation of the water system doesn’t increase “the likelihood of further development in that area. Development is controlled by zoning.”

The benefit of the acquisition, city and PUD officials say, is it will be easier and less expensive for the city to provide the service because of the service area’s proximity to Anacortes. And the city is already the wholesale provider of water to the Skagit PUD and, by extension, the Fidalgo Island Water System.

The community meeting took place March 5 at the Dewey Beach Community Center; another may be scheduled, followed by an opportunity for the public to comment to the City Council and PUD board.

The council approved on Dec. 9 an agreement with Skagit PUD to work out the details of the city’s proposed acquisition of the 63-year-old water system. The city, which has a water right on the Skagit River, supplies water wholesale to the Fidalgo Island Water System as well as the Town of La Conner, the Swinomish Tribe and the City of Oak Harbor.
The City of Anacortes has the right to 54 million gallons a day from the Skagit River, but typically draws 20 million gallons a day, Finance Director Steve Hoglund said previously.

The proposal, as it now stands, is for a no-cost transfer of ownership from Skagit PUD to the city. The transfer would need to be approved by the City Council, Skagit PUD board and the county Boundary Review Board.

Tate said transferring ownership of the system to the city makes sense because the city, by virtue of its location, could respond more efficiently to system needs.

Acquisition of the Fidalgo Island Water System would increase the size of Anacortes’ water system by 9%, Buckenmeyer said when the proposed acquisition was presented last fall. It would generate about $424,000 in annual revenue and cost $51,000 a year to operate. The revenue balance would go toward capital improvements on the system, he said.

What must be finalized is which improvements will be completed by which agency, according to Skagit PUD general manager George Sidhu. Projects on Skagit PUD’s priority list: routine pipe replacement; relocation of a pressure-reducing valve, which would allow more water to flow through the existing connection; and adding a fourth connection to Anacortes’ water transmission line.

Fidalgo Island Water System consists of about 95,000 linear feet of pipe, four reservoirs and one booster pump station. The system serves about 720 customers.

By comparison, Anacortes’s water system comprises 850,000 feet of pipe and 8,000 connections. Fidalgo Island Water System would increase by 9% the total feet of water lines under the city’s ownership and the number of water customers by 11%, Buckenmeyer said. He doesn’t believe the acquisition would warrant an increase in the current city water staff of seven employees.

Sidhu said Skagit PUD collected $442,000 from Fidalgo Island Water System customers and spent $110,000 to operate the system in 2017.

Buckenmeyer said of the city’s rates, “If we imposed our rates (at Fidalgo Island Water System), we would have $424,000 (in revenue), really closely to the same amount. It’s a financially viable system and is able to stand on its own.”