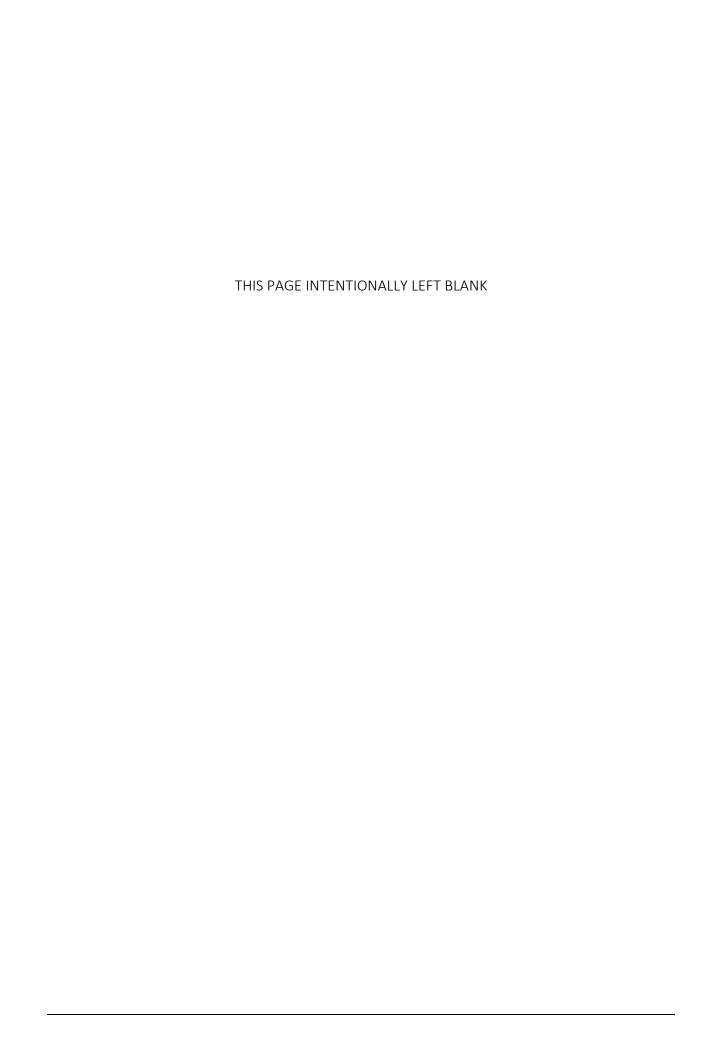


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Appendix 2-2

Pertinent District Resolutions

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- No. 4919 Executed Sultan Pipeline Agreement
- No. 5028 Setting Rates for 2002-2005
- No. 5029 Setting 2002 Connection Fees
- No. 5113 Executed Marysville Water Supply Agreement
- No. 5158 Amending Water Policies & Connection Fees
- No. 5218 Setting Rates for 2006-2008
- No. 5255 Amending PWTF & DWSRF Loan Agreements
- No. 5275 Executed Water and Sewer Mutual Aid Agreement
- No. 5279 Revising SEPA Procedures
- No. 5367 Amending Water Policies & Misc Fees
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- No. 5460 Authorizing Water System Revenue Bonds
- No. 5463 Executed Granite Falls Wholesale Water Agreement
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- No. 5490 Executed Twin Falls Wholesale Water Agreement
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- No. 5499 Authorizing Application for Water Efficiency Grants
- No. 5512 Establishing Water Low-Income & Senior Discount Program
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- No. 5544 Adopting 2011 Water System Plan and Reestablishing Water Use Efficiency Goals
- No. 5550 Fifth Supplemental Water System Revenue Bond
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- No. 5563 Hearing to Form LUD 54
- No. 5569 Approve and Form LUD 54
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- No. 5610 Fixing Date, Time and Place for Public Hearing on Water Rates
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- No. 5616 Revising Rates for Water Utility Service
- No. 5620 Approving Formation of LUD 55
- No. 5627 Authorizing Water Rate Stabilization Account 2012
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- No. 5750 Adopting Setting Hearing 2015 LUD 58
- No. 5768 Authorizing Warm Beach Water Association Feasibility Study 2016
- No. 5778 Authorizing Contract Terms and Conditions for Electric and Water Meter

 Reading Services
- No. 5791 Adopting 2016 LUD
- No. 5810 Authorizing City of Snohomish Wholesale Water Agreement Amendment
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- No. 5827 Adopting LUD 60
- No.5829 Amending Water Rates and Establishing Review of Charges
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- No. 5845 Amending Water Utility Wholesale Rates for Arlington and Granite Falls
- No. 5854 Establishing Water System Financial Reserve Policy
- No. 5864 Establishing Warm Beach Water Rates
- No. 5879 Setting Hearing 2018 LUD 61
- No. 5883 Forming LUD No. 61
- No. 5896 Amending Water Utility Wholesale Rates for Arlington and Granite Falls
- No. 5923 Authorizing Amendment No. 1 to Wholesale Water Agreement with Granite Falls
- No. 5930 Setting Hearing 2019 LUD 62
- No. 5933 Ratifying Sale of Water System Revenue Refunding Bonds, Series 2019
- No. 5936 Forming LUD No. 62
- No. 5942 Authorizing Wholesale Water Agreement Sale Seymour's Twin Falls
- No. 5943 Authorizing Wholesale Water Agreement Sale Iliad-Sudden View
- No. 5947 Amending Water Utility Wholesale Rates for Arlington and Granite Falls
- No. 5965 Authorizing Amendment No. 1 to Everett and JOA Participants Water Supply Contract
- No. 5983 Establishing Rates and Charges for Water Utility Service to Snohomish
- No. 5985 Authorizing Wholesale Water Agreement with Granite Falls
- No. 5986 Authorizing Wholesale Water Agreement with Snohomish
- No. 5988 Setting Hearing 2020 LUD 63
- No. 5991 Forming LUD No. 63
- No. 6016 Authorizing Water Supply Contract with Everett
- No. 6038 Authorizing Water Service Agreement with Gold Bar

RESOLUTION NO. 5563

A RESOLUTON Adopting a Plan or System of Additions to and Extensions of the District's Water Utility; Declaring the Intention of the Board of Commissioners to Form Water Local Utility District No. 54 to Carry Out that Plan; and Fixing the Date, Time and Place for a Public Hearing on Formation of the Proposed Local Utility District and Confirmation of the Assessment Roll

WHEREAS, the owners of the land described in Exhibit "A" hereto have requested a connection to the District's water system either through direct attachment to a supply pipeline serving the District's water supply main or attachment to an existing District-installed main, and the owners have entered into a Water Connection Contract establishing the terms for such connection, requesting financing for public improvements installed for the benefit of their property through the formation of a water local utility district, and waiving publication of notice of the hearing establishing the local utility district and confirming the assessment roll; and

WHEREAS, pursuant to the terms of such Water Connection Contract, the District has completed construction of such improvements; and

WHEREAS, the Board of Commissioners of the District has considered the information presented by staff regarding the feasibility of extending and adding to the District's system of distribution of water to lands described in Exhibit "A," and has determined the method of distributing the cost and expense thereof against the District and against the local utility district proposed to be created within such lands, and has determined that the cost and expense of constructing and installing such additions to the District's Water Utility, and to acquire the necessary easements and facilities in connection therewith, shall be

paid from Water Utility Revenues and from the proceeds of assessments levied on property specially benefited thereby; and

WHEREAS, the plan of improvements proposed to be financed through the formation of the proposed Water Local Utility District is shown on Exhibit "B" hereto; and

WHEREAS, the Commission has considered the recommendations of staff and determined that the formation of such local utility district is appropriate and in the best interests of the District,

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, as follows:

Section 1. The plan for additions to the existing distribution system of the District, consisting of the installation of a meter, pressure reducing valve, and service line, all as more fully described in Exhibit "B," appears to be financially and economically feasible and is hereby adopted.

Section 2. The cost of carrying out the plan provided in Section 1 hereof, including all construction and installation, general facilities charge, distribution system charge, meter installation fees, and overhead and general expenses, is hereby declared to be \$88,416.36.

Section 3. The cost of the plan provided in Section 1 hereof and hereby adopted, shall be met and defrayed from Water Utility Revenues and from the proceeds of assessments levied and assessed against all property within the local utility district referred to in Section 6 hereof, legally and properly assessable therefore and specifically benefited by such improvement, as provided by the laws of the State of Washington and the resolutions of the District. The entire principal and interest on such assessments as well as penalties for late

payment shall be paid into a local improvement revenue fund, which shall be created and established in the office of the Snohomish County Treasurer, to be known as "Local Utility District No. 54 (Water Distribution System) – Non-Contiguous" and shall be used for paying principal and interest on District warrants and/or notes, inter-fund loans and bonds to be issued in payment of the cost and expense of the plan provided in Section 1. The assessments in such local utility district may be paid in cash, without penalty, interest or cost, any time within 30 days from the first day of publication of notice by the Treasurer of Snohomish County, Washington, that the assessment roll is in his or her hands for collection or if not then paid may, at the option of the several property owners, be paid in twenty equal annual installments and with interest at the rate of 5.0 percent per annum. The levying, collection and enforcement of all assessments in such local utility district shall be in the manner now or hereafter provided by law or resolution of the District.

Section 4. The method of assessment shall be made against the property within said local utility district on a per buildable lot basis. Each assessment shall include a general facilities charge, which represents the charge imposed by the District for access to the source, storage and transmission facilities of the District's Water Utility; distribution system charge, which represents the average cost per lot for new distribution systems installed; a service connection charge, which is the average cost of installation of a meter, pressure reducing valve, service line; when applicable, a charge to cover the cost of a county right-of-way permit; and a \$200 LUD administration charge to recover costs associated with administering the LUD including formation costs and annual fees charged by the Snohomish County Treasurer.

Section 5. It is the intention of the Board of Commissioners of the District to approve, ratify and confirm the construction of the additions to the District's integrated water system as described in Section 1 of this Resolution and described in Exhibit "B" attached hereto.

Section 6. The Board of Commissioners of the District hereby declares its intention to form a local utility district to be known and designated as Local Utility District No. 54 of Snohomish County, Washington, and as fully described and set forth in the Resolution forming such local utility district, which is attached hereto as Exhibit "C."

Section 7. Not to exceed 100 percent of the cost of the improvements described in Section 1 hereof shall be borne by assessments against the property within the proposed local utility district specially benefited by such improvements. Actual assessments may vary from assessment estimates so long as they do not exceed a figure equal to the increased true and fair value the improvement adds to the property assessed.

Section 8. A public hearing shall be held by the Commission in the Commission Meeting Room, Headquarters Building, 2320 California Street, Everett, Washington, at 1:30 p.m. on the 20th day of December, 2011, for the purpose of determining whether the above-described proposed local utility district shall be established and, if appropriate, confirming the proposed assessment roll, as set forth in Exhibit "B" to the attached Resolution.

The Secretary of the Board of Commissioners of the District is hereby authorized and instructed to cause notice of the adoption of this Resolution to be given to each owner or reputed owner of any lot, tract, parcel of land, or any other property within the proposed local utility district, and to mail such notice at least 15 days before the date fixed for the public

hearing to the owner or reputed owner of the property shown on the tax rolls of the County Treasurer of Snohomish County, at the address shown therein as required by law.

PASSED AND APPROVED this 5th day of December, 2011.

President

Vice-President

Secretary

Resolution No. 5563

Tax Acct. No.	Recorded Owner & Mailing Address	Legal Description	Preliminary Assessment
300634-002-011-00	Douglas L. Eklund 5921 147th Ave NE Lake Stevens WA 98258	SEC 34 TWP 30 RGE 06 N 225FT OF THAT PTN OF N1/2 NW1/4 LY E OF SCHWARTZMUELLER RD & W OF PILCHUCK RIV	\$8,255.00
300602-003-036-00	Jodi Eggert 16911 126th St NE Arlington WA 98223	S 02 T 30 R 06 QUARTER SW N 325FT OF W 330FT OF NE1/4 SE1/4 TGW W 30FT OF NE1/4 SE1/4SW1/4 EXC N 325FT THOF ALSO EXC S 30FT FOR CO RD AKA LOT 1 SP 52 (2-80) AF NO. 8010270190	\$8,255.00
290705-004-017-00	Jason Smith 2410 Newberg Rd Snohomish WA 98290	S 05 T 29 R 07 QUARTER SE LOT 1 OF PFN 00-101379- SP REC AF 200209175003 BEING A PTN OF NW1/4 SE1/4 (DF-00 TO OST-03 TO OSG-07T - 4.48 OF 6.48 ACRES)	\$8,395.00
004011-000-001-00	Mike Fish PO Box 1833 Granite Falls WA 98252	CANYON FALLS PARK NO 2 BLK 000 D-00 - LOT 1 UND INT IN PRIV RDS	\$8,255.00

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EXHIBIT A

Resolution No. 5563

Tax Acct. No.	Recorded Owner & Mailing Address	Legal Description	<u>Preliminary</u> Assessment
300731-004-008-00	Christopher Ocwieja 4828 Robe Menzel Rd Granite Falls WA 98252	Legal Description SEC 31 TWP 30 RGE 07 COM AT SW COR NW1/4 SE1/4 TH N00*33 32W ALG W LN 330.02FT TH N63*13 08E 941.51FT TH S08*16 51E 245.78FT TH N69*00 05E 260.18FT TO WLY R/W LN 60FT WIDE CO RD & BEG OF A CRV CONCAVE TO SW TH RAD PT OF WH BEARS S69*00 05W A DIST OF 2367.09FT TH SELY ALG SD R/W LN & ALG ARC OF SD CRV THRU A C/A OF 01*27 09 AN ARC DIST OF 60.01FT TO TPB TH S69*00 05W 272.96FT TH S08*16 51E 206.79FT TH N88*54 05 E PLW S LN SD SUB 321.04FT TO WLY R/W LN OF SD 60FT RD TH N17*43 06W ALG SD R/W LN 235.93FT TO BEG OF TANGENT CRV CONCAVE TO SW HAV A RAD OF 2367.09FT TH NWLY ALG SD R/W LN & ALG ARC OF SD CRV THRU A C/A OF 01*49 40	\$8,255.00
		AN ARC DIST OF 75.51FT TO TPB AKA LOT 2 SP 14 (1 -83) AF NO 8408160198	

EXHIBIT A

Tax Acct. No.	Recorded Owner & Mailing Address	Legal Description	Preliminary Assessment
006223-000-017-01	Rose Holdings, LLC 7304 10th St SE Lake Stevens WA 98258	S 11 T 30 R 06 QUARTER SE CEDAR LANE ESTATES DIV. 2 BLK 000 D-01 - PTN LOT 17 & 18 & SE1/4 SE1/4 DAF: BEG AT SW COR LOT 18 SD PLAT TH N33*02 35E ALG WLY LN SD LOT 18 70FT TH N01*22 10W PLW W LN SD SUB 235FT TH N56*57 25W PLW SD S LN LOT 18 270.94FT TH N88*37 50E PLW N LN SD SUB 287.38FT TH S01*22 10E PLW SD W LN 383.38FT TH S33*02 35W PLW ELY LN SD LOT 18 110FT TO SLY LN SD LOT 18 TH N56*57 25W ALG SLY LN SD LOT 18 50FT TPB AKA LOT F OF BLA 171-92 REC AF 9210090363 TGW THAT PTN SD PAR E DAF: COM SE COR PAR F SD BLA TH N54*41 40W ALG S LN SD PAR F 50FT TO SE COR SD PAR E & TPB TH N54*41 40W ALG S LN SD PAR E 100FT TO SW COR SD PAR E TH N35*18 20E ALG WLY LN SD PAR E 120FT TO ANG PT IN SD WLY LN TH N22*27 36E 147.56FT TO AN ANG PT IN SWLY LN SD PAR F TH S00*53 36W ALG WLY LN SD PAR F 235FT TO AN ANG PT IN SD WLY LN TH S35*18 20W ALG SD WLY LN 70FT TPB AKA PAR 2 SNO CO BLA 07-106130BA AFN 200706270230	\$11,321.36
300731-004-002-00	Robert W. Raduziner 4819 Robe Menzel Rd Granite Falls WA 98252	SEC 31 TWP 30 RGE 07 BAAP 416FT E OF SW COR NE1/4 SE1/4 TH S88*54 05W ALG S LN SD SUB 346.81FT TO E R/W LN ROBE-MENZEL RD TH N19*15 12W ALG SD E R/W LN 380.96FT TO A LN WH LIES 361.9FT N OF & PLW S LN SD SUB TH N88*54 05E PLW S LN SD SUB 201.05FT TH S20*23 35E 56.15FT TH N88*54 05E 137.74FT TH S20*23 35E 327.39FT TO S LN SD NE1/4 SE1/4 & POB AKA LOT 3 SP 45 (2-80) REC AF 8006260176	\$8,255.00

Tax Acct. No.	Recorded Owner & Mailing Address	Legal Description	Preliminary Assessment
290621-004-039-00	Laurence Knutson 1222 145th Ave SE Snohomish WA 98290	S 21 T 29 R 06 QUARTER SE - LOT 1 SNO CO PFN 99 -101002 SP REC UND AFN 200208055006 TGW EQ & UND INT IN TRS 998-999 BEING A PTN SE1/4 NE1/4 & NW1/4 SE1/4 & NE1/4 SE1/4	\$10,915.00
300731-004-011-00	Timothy J. Bickel 1720 3rd Ave SE Cedar Rapids IA 52403	SEC 31 TWP 30 RGE 07 RT-12E) COM AAP 416FT E OF SW COR OF NE1/4 SE1/4 31-30-7 TH S88*54 05W ALG S LN SD SUB 416FT TO SD SW COR TH N ALG W LN OF SD SUB 600FT TPB TH N88*54 05E PLW S LN OF SD SUB 200FT TH S20*23 35E 137.84FT TO A LN WH LIES 469.9FT N OF & IS PLW S LN OF SD SUB TH S88*54 05W PLW S LN OF SD SUB 336.39FT TO E R/W LN OF ROBE-MENZEL RD TH N19*15 12W ALG SD E R/W LN 136.92FT TO A LN WH LIES 600FT N OF & IS PLW S LN OF SD SUB TH N88*54 05E PLW S LN OF SD SUB 133.51FT M/L TO W LN OF NE1/4 SE1/4 SD SEC 31 TPB AKA LOT 1 OF SP 45(2-80) REC'D AF NO 8006260176	\$8,255.00
300731-004-013-00	Larry & Debbie Cease 4820 Robe Menzel Rd. Granite Falls WA 98282	SEC 31 TWP 30 RGE 07 COM AT SW COR NW1/4 SE1/4 TH N88*54 05E ALG S LN SD SUB 913.61FT TO TPB TH CON N88*54 05E ALG S LN SD SUB 195FT TAP LY 208FT W OF SE COR SD SUB AS MEAS ALG S LN SD SUB TH N00*31 50W PLW E LN SD SUB 208FT TH N88*54 05E PLW S LN SD SUB 132.20FT TO WLY R/W LN OF 60FT CO RD TH N17*43 06W ALG SD R/W LN 20.87FT TH S88*54 05W PLW S LN SUB 321/04FT TH S00*31 50E PLW E LN SD SUB 227.99FT TO S LN SD SUB & TPB AKA LOT 3 SP 14 (1-83) AF NO 8408160198	\$8,255.00
		Total Assessment Amount	\$ 88,416.36

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EXHIBIT B

PUBLIC UTILITY DISTRICT NO. 1 OF SNOHOMISH COUNTY

WATER UTILITY

NON-CONTIGUOUS WATER LUD NO. 54

FEASIBILITY STUDY REPORT

DECEMBER, 2011

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Feasibility Study Non-Contiguous LUD No. 54 December 2011

1. INTRODUCTION AND BACKGROUND

The properties included in Local Utility District (LUD) No. 54 are located in unincorporated Snohomish County in the Granite Falls, Snohomish, Arlington, and Lake Stevens areas. They are attached to the District's main on Robe Menzel Road, 126th Street NE, 145th Ave SE, Canyon Dr, Engebretsen Road, and on 147th Ave NE (See maps for property locations).

Research by the District's Office of General Counsel determined that an LUD was the only mechanism through which the District could offer financing for attachment to District water service, and that an LUD need not include contiguous parcels. Thus, the concept of a Non-Contiguous LUD was developed to allow voluntary participation by property owners wishing to take permanent service from an existing District water supply main.

Participants have been provided with a Water Connection Contract as shown in Exhibit 1. The Water Connection Contract is written such that the property owner's signature qualifies as a signed LUD petition. Since only those requesting financing for water service have signed Contracts, the LUD has 100 percent property owner support.

2. COST

The cost per customer varies depending upon which main the service is connecting to.

The following fees for connection are charged at the 2011 rates:

The cost for the properties connecting to the distribution main on Robe Menzel Road, 147th Avenue NE, 126th Street NE, Canyon Drive, and Engebretsen Road is \$8,255 each, which is a full service connection, including a pressure reducing valve. The connection fee is composed of a General Facilities Charge (GFC) of \$3,060, a Distribution System Charge (DSC) of \$3,530, a Service Connection Charge (SCC) of \$1,135 (for a ³/₄" meter), a Snohomish County Right-of-Way permit costing \$100, a pressure reducing valve costing \$230, and a LUD Administrative fee of \$200. There are three of these properties.

One of the properties connecting to the distribution main on Robe Menzel Road is \$8,395, which is the cost for a full service connection with a 1" meter and pressure reducing valve. The connection fee is composed of a General Facilities Charge (GFC) of \$3,060, a Distribution System Charge (DSC) of \$3,530, a Service Connection Charge (SCC) of \$1,275 (for a 1" meter), a Snohomish County Right-of-Way permit costing \$100, a pressure reducing valve costing \$230, and a LUD Administrative fee of \$200.

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Feasibility Study Non-Contiguous LUD No. 54 December 2011

The property connecting to the distribution main on Engebretsen Road costs \$11,321.36, which is two full service connections for a duplex, including pressure reducing valves for each unit. The connection fee is composed of a General Facilities Charge (GFC) of \$4,761.36, a Distribution System Charge (DSC) of \$3,530, two Service Connection Charges (SCC) at \$2,270 (for two ¾" meters), a Snohomish County Right-of-Way permit costing \$100, two pressure reducing valves costing \$460, and a LUD Administrative fee of \$200.

The cost for the property connecting to the distribution main on 145th Ave SE is \$10,915. This customer entered into an Interim Connection Agreement (ICA) with the District because a main did not front the parcel. The \$10,915 amount is composed of a General Facilities Charge (GFC) of \$3,060, a Distribution System Charge (DSC) of \$3,530, a 1" Service Connection Charge (SCC) of \$1,275, a Snohomish County Right-of-Way Permit of \$100, a pressure reducing valve of \$230, a LUD Administrative fee of \$200, and an Interim Connection Agreement (ICA) fee of \$2,520.

The GFC represents a pro-rata share of the cost of funding transmission, storage and water source improvements, which are required to serve the LUD properties. The DSC is based on the average cost per lot for new distribution systems installed in the District's rural service area (this amount will vary based on when the District-installed water main extension was completed or if the property was located in an area where another LUD-financed main was installed). The SCC is the average cost of installation of a meter and a service line from the main to the property line. The LUD administrative fee provides recovery of costs associated with administering the LUD, including formation costs and annual fees charged by the Snohomish County Treasurer's Office.

No. of	Connection Fee	Assessment
Properties		
7	2011 Standard Connection Fee w/PRV	\$ 57,785.00
1	2011 Standard Connection Fee w/ 1" MTR & PRV	\$8,395.00
1	2011 Standard Connection Fee w/ ICA, 1" MTR & PRV	\$10,915.00
1	2011 Standard Connection Fee for Duplex w/PRV	\$11,321.36
10 TOTAL		\$88,416.36

2011 Standard SF Connection Fee w/PRV	
General Facilities Charge	\$ 3,060.00
Distribution System Charge	\$ 3,530.00
Service Connection Charge (3/4")	\$ 1,135.00
Pressure Reducing Valve	\$ 230.00
County Right-of-Way Permit	\$ 100.00
LUD Administrative Fee	\$ 200.00
	\$ 8,255.00

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Feasibility Study Non-Contiguous LUD No. 54 December 2011

2011 Standard SF Connection Fee w/ 1" MTR & PRV	
General Facilities Charge	\$ 3,060.00
Distribution System Charge	\$ 3,530.00
Service Connection Charge (3/4")	\$ 1,275.00
Pressure Reducing Valve	\$ 230.00
County Right-of-Way Permit	\$ 100.00
LUD Administrative Fee	\$ 200.00
	\$ 8,395.00
	φ 0,575.00
2011 Standard SF Connection Fee w/ ICA, 1" MTR & P.	RV
General Facilities Charge	\$ 3,060.00
Distribution System Charge	\$ 3,530.00
Service Connection Charge (3/4")	\$ 1,275.00
Pressure Reducing Valve	\$ 230.00
County Right-of-Way Permit	\$ 100.00
ICA & Meter Relocation Fee	\$ 2,520.00
LUD Administrative Fee	\$ 200.00
	\$10,915.00
2011 Standard Connection Fee for Duplex w/PRV	410,910 ,00
General Facilities Charge	\$ 4,761.36
Distribution System Charge	\$ 3,530.00
2 Service Connection Charges (3/4")	\$ 2,270.00
2 Pressure Reducing Valves	\$ 460.00

3. **FINANCING**

LUD Administrative Fee

County Right-of-Way Permit

Bonds will not be sold for this LUD since the District incurs no substantial costs in providing the new customer service attachments to existing facilities. Once the final assessment roll has been approved, the Snohomish County Treasurer will be notified, and the Treasurer will in turn notify the property owner. Following a 30-day opportunity to pay the assessment off in-full with no interest or penalty, the first annual installment would be due 12 months following that notice. The interest rate charged to the property owners would be established by the District at the public hearing on the final assessment roll. An interest rate of approximately 5.0 percent is anticipated. As the Treasurer collects assessment payments, the proceeds are forwarded to the District.

\$

100.00

200.00 \$11,321.36

Since the assessment will be secured by a senior lien on the property, in second position behind general property taxes, the District may foreclose on a parcel if the assessment is not paid. For all parcels included in the LUD, the value of the property exceeds by several times the amount of the assessment. Further, District policy provides for disconnection of water service in the event of default, hence the District is well protected from possible non-payment.

Resolution No. 5563

Feasibility Study Non-Contiguous LUD No. 54 December 2011

4. ECONOMIC FEASIBILITY

For an LUD to be economically feasible, the assessed parcel's value must be increased by at least as much as the amount of the assessment. By signing the Connection Contract, all owners stipulate and agree that the benefits to their property exceed the estimated cost of the assessment. Further, all property owners applying for a District water connection via the non-contiguous local utility district method agree that the benefits to their property will be greater than the estimated cost of the improvements. Property owners also acknowledge and agree that water service options other than direct connection to the District's system are more expensive and provide less benefit than a direct connection to the District's water system.

5. PRELIMINARY ASSESSMENT ROLL

The preliminary assessment is attached as Exhibit A.

6. RATES

All customers in this LUD will pay the District's standard single-family water rate. Rates currently in effect for a single-family residential water service include a \$16.88 minimum monthly charge and \$2.58 per 100 cubic feet (748 gallons) of water usage. An average single-family household using 1,000 cubic feet per month would see a monthly bill of \$42.68 per month, or \$512.16 per year (the District bills on a bi-monthly basis).

7. SUMMARY AND RECOMMENDATION

The proposed LUD is financially, economically and technically feasible. The District will not issue bonds for the LUD, and will collect assessment payments over the projected 20-year life of the LUD. It is recommended that the LUD be formed and the properties assessed as outlined in the Feasibility Report.



EXHIBIT 1

WATER CONNECTION CONTRACT FOR NON-CONTIGUOUS LOCAL UTILITY DISTRICT

THIS Contract is entered into between the Public Utility District No. 1 of Snohomish County, Washington (the District), and (Applicants), for the purpose of establishing the terms for connection to the District's water system through direct access to a District-funded water supply pipeline.

Applicant declares and warrants as follows:

(1)	Applicant's service address is:	(2)	Applicant's mailing address is:
(3)	Property tax account number is:	4)	Applicant's telephone number is (H) (W)

(5) The legal description of the property is:

The Applicant and the District agree as follows:

- (1) Applicant requests District water service through direct connection to the supply pipeline.
- (2) Applicant agrees to pay the District the following amounts per residential unit:

a.	General Facilities Charge	\$.00
b.	Distribution Service Charge	\$.00
c.	Service Connection Fee	\$.00
d.	County Right-of-Way Permit	\$.00
e.	Pressure Reducing Valve	\$.00
f.	LUD Administration Fee	<u>\$.00</u>
	Total:	\$.00

Financing is available through participation in a non-contiguous Local Utility District (LUD) to owners of existing single-family residences adjacent to a District-funded water supply pipeline. The dwelling must serve as the residence of the Applicant or of Applicant's lessee and must be a residence that cannot otherwise be served from an ancillary water distribution main in a cost-effective manner.

Applicant agrees that the benefits to Applicant's property will be greater than the estimated cost of the improvements as disclosed by this Contract when the District-constructed improvements have been installed.

Applicant acknowledges and understands that the District-constructed improvements consist of a direct water service access from the District's supply pipeline to a water meter at the edge of the right-of-way within which the supply pipeline is constructed. Applicant understands and acknowledges that the responsibility to run a service line from the District's water meter to the Applicant's residence is the Applicant's responsibility.

Applicant acknowledges and declares that water service options other than connection to the District's system are more expensive or provide less benefit than connection to the District's water system. Applicant also acknowledges that a direct connection to the District's supply pipeline is both financially and economically feasible and accepts the District's determination that such is the case.

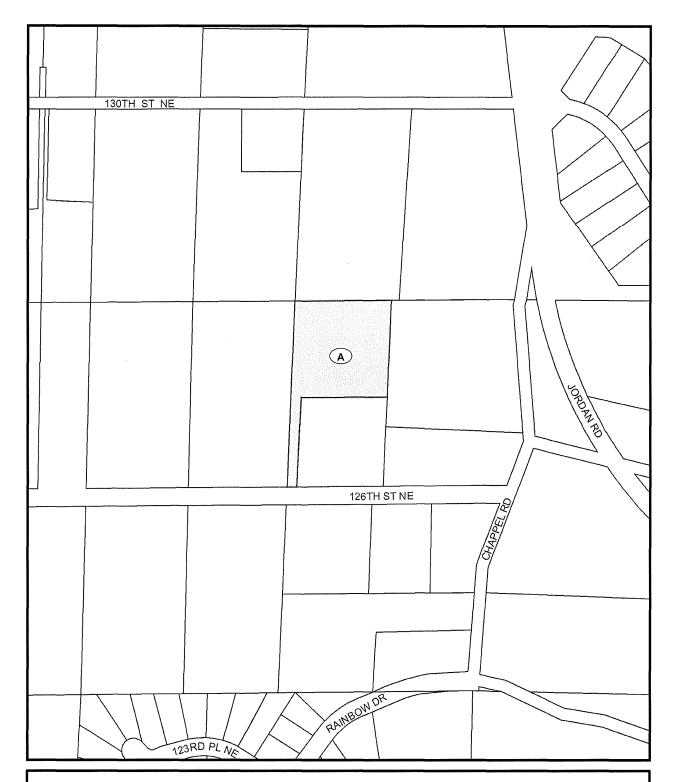
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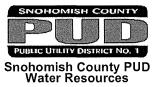
Applicant hereby waives publication of notice of a hearing establishing a non-contiguous Local Utility District and agrees that written notice by first class U.S. Mail, postage pre-paid, to Applicant's address as indicated above, sent at least 15 days prior to the hearing on the formation of the Local Utility District and confirmation of the assessment roll shall be sufficient notice for constructive compliance with applicable law.

ASSESSMENT

water connection rights and services des described above, securing such assessme performed by the Snohomish County T any time within 30 days of the first day cost. If not paid within the 30-day perio annual installments beginning in 2012 as	on assessment will be levied in the total amount of \$\frac{1}{2}\$ for the scribed herein and a lien established upon Applicant's real property as ent. The levying, collection and enforcement of all assessments are reasurer's Office. Payment of such assessment amount may be made at of notification by the Treasurer's Office without penalty, interest, or od, assessments will be billed by the Treasurer's Office in 20 equal and continuing each and every year thereafter until the total assessment, compounded annually on the declining unpaid balance, is paid in full.
process is for the sole benefit and improcessonable collection methods will be used outstanding delinquent balance, discont	water service obtained through the non-contiguous local utility district overment of their property. In the event of delinquent assessments, sed, including charging a penalty of 12 percent per annum on the nection of water service, collection agency assignment, or legal action on of Water Service, Section 2.4.9, Appendix B, Table B-10).
Entered into this day of	, 2011.
Public Utility District No. 1 Of Snohomish County	
Ву:	Ву:
Representative	Applicant
	By:
State of Washington)	11
County of Snohomish)	
	y evidence that and
	s/are the person(s) who appeared before me, and said person(s) d this instrument and acknowledged it to be (his/her/their) free and mentioned in this instrument.
Date:	
Signature of Notary Public in a	nd for the State of Washington
Residing at	Ŭ
9	
My appointment expires	

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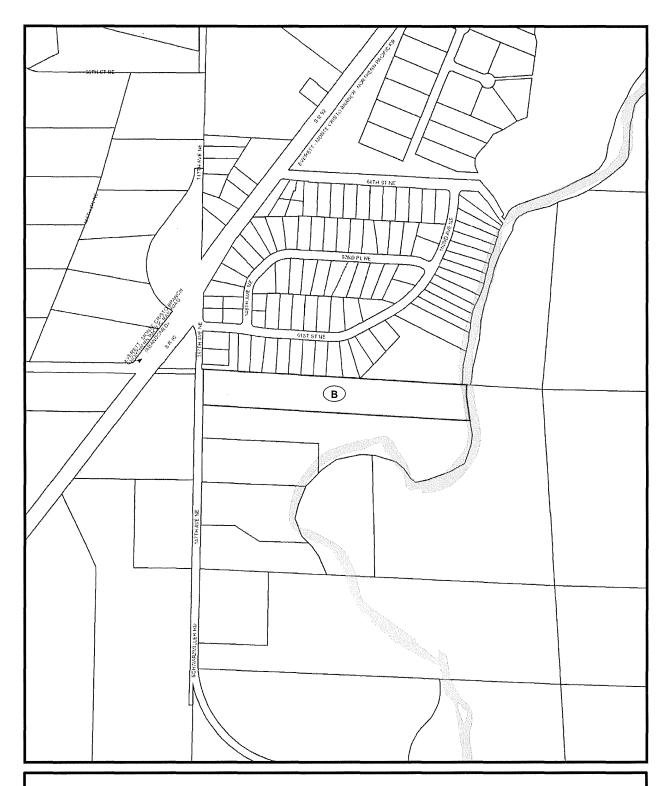




NON-CONTIGUOUS LUD NO. 54

TAX ACCOUNT #: A 300602-003-036-00

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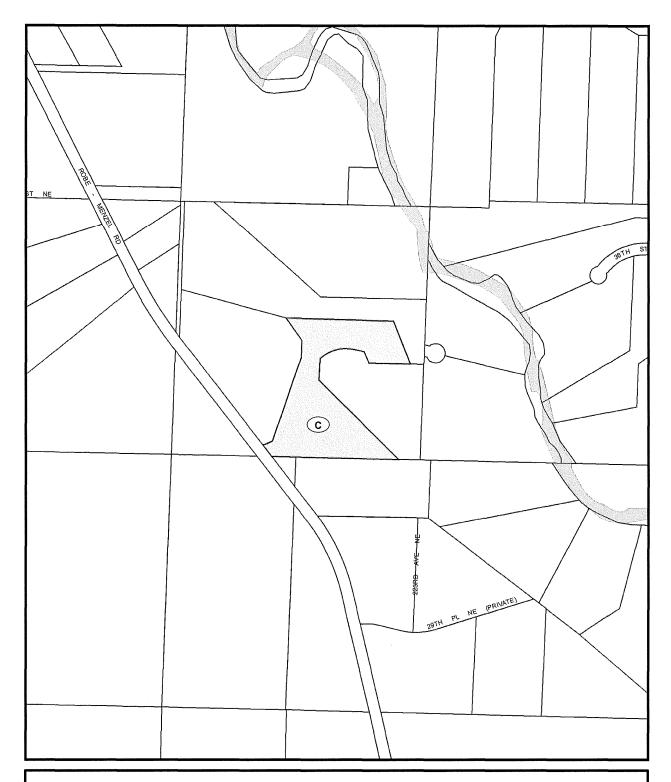




NON-CONTIGUOUS LUD NO. 54

TAX ACCOUNT #: B 300634-002-011-00

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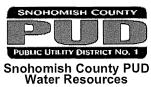


NON-CONTIGUOUS LUD NO. 54

TAX ACCOUNT #: C 29705-004-017-00

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NON-CONTIGUOUS LUD NO. 54

TAX ACCOUNT #: D 300731-004-011-00

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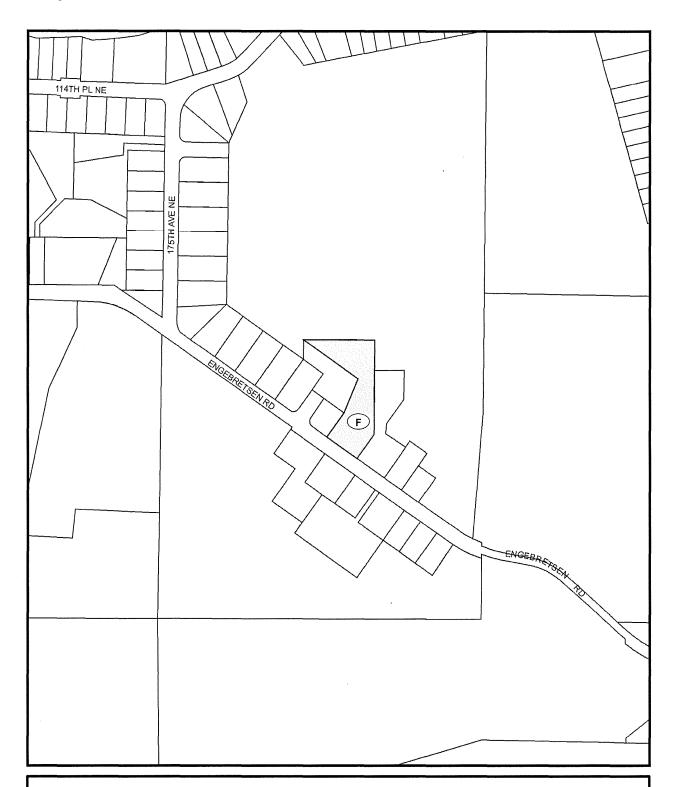


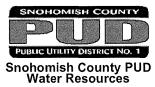


NON-CONTIGUOUS LUD NO. 54

TAX ACCOUNT #: E 300731-004-008-00

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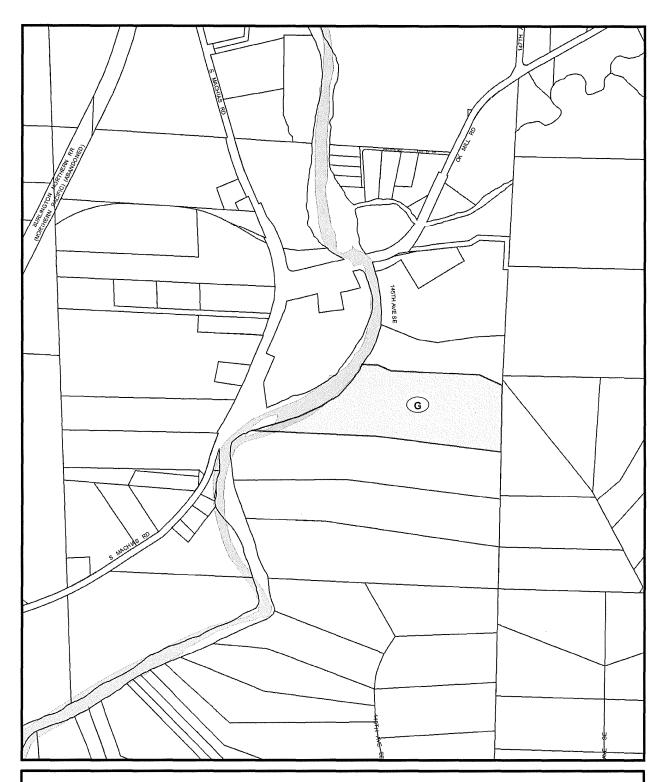


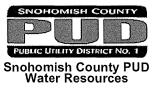


NON-CONTIGUOUS LUD NO. 54

TAX ACCOUNT #: F 006223-000-017-01

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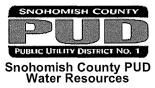


NON-CONTIGUOUS LUD NO. 54

TAX ACCOUNT #: G 290621-004-039-00

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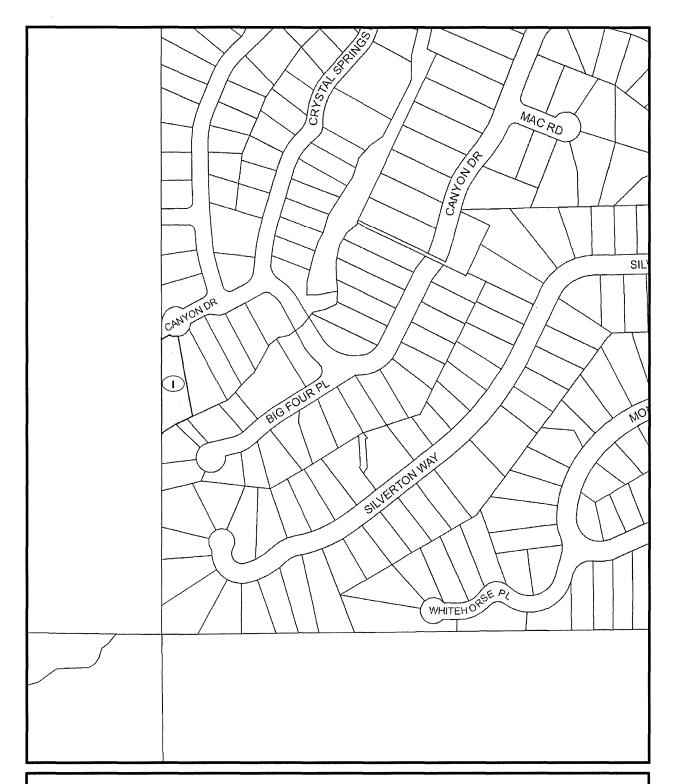




NON-CONTIGUOUS LUD NO. 54

TAX ACCOUNT #: H 300731-004-002-00

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NON-CONTIGUOUS LUD NO. 54

TAX ACCOUNT #: I 004011-000-001-00

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Snohomish County PUD Water Resources NON-CONTIGUOUS LUD NO. 54

TAX ACCOUNT #: J 300731-004-013-00

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RESOLUTION NO. _____

A RESOLUTION ordering, approving, ratifying and confirming the construction and installation of the plan or system of additions to the District's Water Utility, as adopted on December 5, 2011, and applicable to the local utility district hereinafter described, forming Local Utility District No. 54 of Snohomish County, Washington, and confirming the final assessment roll

WHEREAS, by Resolution No. XXXX passed by the Board of Commissioners of the District on December 5, 2011, a plan or system of additions and related appurtenances to the District's Water Utility, all in accordance with "Exhibit B" thereto, which by this reference is made a part hereof, was adopted, which resolution also declared the intention of the Board of Commissioners to form Local Utility District No. 54 in connection with carrying out such plan; and

WHEREAS, the boundaries and a general description of the proposed local utility district, together with the names and addresses of the owners of all lots, parcels, or tracts of land or other property within such local utility district, as shown on the tax rolls of the County Treasurer, and the legal descriptions and proposed annual assessments for all such lots, parcels or tracts of land or other property within the proposed local utility district, are as set forth in "Exhibits A" and "B," attached hereto and by this reference incorporated herein; and

WHEREAS, on December 5, 2011, written notice of the hearing to form such proposed local utility district and adopt related assessment rolls was sent by first class mail, U.S. postage prepaid, to the owners of all lots, parcels, or tracts of land or other property within the proposed local utility district; and

WHEREAS, the publication of such notice has been waived in writing by each and every member of the proposed local utility district; and

WHEREAS, no protest petition signed by fifty percent (50%) or more of the property owners within such proposed local utility district was filed with the Secretary of the Board of Commissioners on or before twelve o'clock noon on the date fixed for hearing; and

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WHEREAS, on December 20, 2011, commencing at 1:30 p.m., the Commission conducted a hearing on such proposed local utility district, and considered all timely written objections and oral arguments presented for or against the formation of such district and for or against the proposed assessment roll for such district; and

WHEREAS, under the State Environmental Policy Act, WAC 197-11-800 (17) and -800 (24)(b), no environmental checklist was prepared prior to the formation and construction of Local Utility District No. 54; and

WHEREAS, the Commission finds that it is reasonable and proper and in the best interest of the District to form Local Utility District No. 54 as hereinbefore described, and to confirm the assessment roll for such local utility district;

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, as follows:

- Section 1. The construction of the plan or system of additions to and extensions of the District's Water Utility as adopted in Resolution No. XXXX and as more particularly set forth in "Exhibit B" thereto, is hereby approved, ratified and confirmed.
- Section 2. The proposed Local Utility District No. 54 of Snohomish County, Washington, as more particularly described in "Exhibit A," appears to be financially and economically feasible, and is hereby formed.
- Section 3. The cost and expense of carrying out the plan or system provided in Section 1, including construction and installation, overhead and general expenses and engineering and legal expenses, is hereby declared to be \$88,416.36. Not to exceed 100 percent of such cost and expense shall be borne by assessments against property within said local utility district specially benefited by the improvement. The Commission finds that the cost and expense to be borne by each lot is not greater than the benefit to be conferred on each lot.
- Section 4. Assessment shall be made against the property within said local utility district on a per buildable lot basis. Each assessment shall include, in addition to a proportionate share of the cost of facilities constructed as part of the plan or system described in Section 1 hereof, a general facilities charge, which represents the charge imposed by the District for access to the source, storage and transmission facilities of the

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District's Water Utility. A connection charge shall also be levied for each service connection. The Board of Commissioners hereby finds that such method of assessment is equitable and proper and fairly reflects the special benefits to the respective assessed properties.

Section 5. The proposed final assessment roll and assessments for Local Utility District No. 54 as set forth in the attached "Exhibit A" is fair and reasonable and is hereby approved and confirmed.

Section 6. The assessments in such utility district may be paid in cash, without penalty, interest or cost, at any time within thirty days from the first day of publication of notice by the Treasurer of Snohomish County, Washington, that the assessment roll is in his or her hands for collection, and if not then paid, such assessments may, at the option of the several property owners, be paid in 20 equal annual installments; that the first of such installments be due one year after the expiration of the aforesaid 30-day period, and subsequent installments shall be due annually after such date; that the sum remaining unpaid at the expiration of such 30-day period shall bear interest at the rate 5.0 percent per annum, and interest on the unpaid amount shall be due on the due date of the first installment of principal and each year thereafter on the due date of each installment of principal; that assessments or installments thereof, when delinquent, in addition to such interest, shall bear a penalty in the amount of 12 percent per annum on the outstanding delinquent balance; and that the owner of any lot, tract or parcel of land or other property charged with any such assessment may redeem it from all liability for the unpaid amount of the assessment, at any time after the 30-day period allowed for payment of the assessment without penalty or interest, by paying the entire unpaid amount of the assessment to the Snohomish County Treasurer, with interest thereon to the date of maturity of the installment next falling due.

Section 7. The cost of the plan described in Section 1 hereof shall be met and defrayed from the District's Water Utility General fund and the proceeds of assessments levied and assessed against all property within the local utility district created by Section 2 hereof, legally and properly assessable therefore and specially benefited by said improvement, as provided by the laws of the State of Washington and the resolutions of the District. The entire principal of and interest on such assessments, as well as penalties

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for late payment, shall be paid into a local improvement fund which is hereby created and established in the office of the Snohomish County Treasurer to be known as "Utility Local Improvement District No. 54, (Water Distribution System) – Non-Contiguous" and shall be used for the sole purpose of paying the cost of the plan described in Section 1, and/or paying principal of and interest on District warrants and/or notes, inter-fund loans or bonds issued in payment of the cost and expense of such improvements; and the Snohomish County Treasurer is hereby authorized and directed to remit to the District, on or prior to the tenth day of the month following receipt thereof, for use for such purposes, any and all monies received by the Treasurer from time to time in said fund.

Section 8. The Secretary of the Board of Commissioners of the District is hereby authorized and directed to certify unto the Snohomish County Treasurer and any and all public authorities or others interested in LUD No. 54 or properties contained therein as to the giving of all notices, the manner and form of all resolutions or proceedings and any other information or material which may be necessary or appropriate with respect thereto.

PASSED AND APPROVED this 20th day of December, 2011.

Presiden	t		
Vice-Pre	esident	 	
Secretar	y		

RESOLUTION NO. 5569

A RESOLUTION Ordering, Approving, Ratifying and Confirming the Construction and Installation of the Plan or System of Additions to the District's Water Utility, as Adopted on December 5, 2011, and Applicable to the Local Utility District Hereinafter Described, Forming Local Utility District No. 54 of Snohomish County, Washington, and Confirming the Final Assessment Roll

WHEREAS, by Resolution No. 5563 passed by the Board of Commissioners of the District on December 5, 2011, a plan or system of additions and related appurtenances to the District's Water Utility, all in accordance with "Exhibit B" thereto, which by this reference is made a part hereof, was adopted, which resolution also declared the intention of the Board of Commissioners to form Local Utility District No. 54 in connection with carrying out such plan; and

WHEREAS, the boundaries and a general description of the proposed local utility district, together with the names and addresses of the owners of all lots, parcels, or tracts of land or other property within such local utility district, as shown on the tax rolls of the County Treasurer, and the legal descriptions and proposed annual assessments for all such lots, parcels or tracts of land or other property within the proposed local utility district, are as set forth in "Exhibits A" and "B," attached hereto and by this reference incorporated herein; and

WHEREAS, on December 5, 2011, written notice of the hearing to form such proposed local utility district and adopt related assessment rolls was sent by first class mail, U.S. postage prepaid, to the owners of all lots, parcels, or tracts of land or other property within the proposed local utility district; and

WHEREAS, the publication of such notice has been waived in writing by each and every member of the proposed local utility district; and

WHEREAS, no protest petition signed by fifty percent (50%) or more of the property owners within such proposed local utility district was filed with the Secretary of the Board of Commissioners on or before twelve o'clock noon on the date fixed for hearing; and

WHEREAS, on December 20, 2011, commencing at 1:30 p.m., the Commission conducted a hearing on such proposed local utility district, and considered all timely written

objections and oral arguments presented for or against the formation of such district and for or against the proposed assessment roll for such district; and

WHEREAS, under the State Environmental Policy Act, WAC 197-11-800 (17) and -800 (24)(b), no environmental checklist was prepared prior to the formation and construction of Local Utility District No. 54; and

WHEREAS, the Commission finds that it is reasonable and proper and in the best interest of the District to form Local Utility District No. 54 as hereinbefore described, and to confirm the assessment roll for such local utility district.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, as follows:

Section 1. The construction of the plan or system of additions to and extensions of the District's Water Utility as adopted in Resolution No. 5563 and as more particularly set forth in "Exhibit B" thereto, is hereby approved, ratified and confirmed.

Section 2. The proposed Local Utility District No. 54 of Snohomish County, Washington, as more particularly described in "Exhibit A," appears to be financially and economically feasible, and is hereby formed.

Section 3. The cost and expense of carrying out the plan or system provided in Section 1, including construction and installation, overhead and general expenses and engineering and legal expenses, is hereby declared to be \$80,021.36. Not to exceed 100 percent of such cost and expense shall be borne by assessments against property within said local utility district specially benefited by the improvement. The Commission finds that the cost and expense to be borne by each lot is not greater than the benefit to be conferred on each lot.

Section 4. Assessment shall be made against the property within said local utility district on a per buildable lot basis. Each assessment shall include, in addition to a proportionate share of the cost of facilities constructed as part of the plan or system described in Section 1 hereof, a general facilities charge, which represents the charge imposed by the District for access to the source, storage and transmission facilities of the District's Water Utility. A connection charge shall also be levied for each service connection. The Board of Commissioners hereby finds that such method of assessment is equitable and proper and fairly reflects the special benefits to the respective assessed properties.

Section 5. The proposed final assessment roll and assessments for Local Utility District No. 54 as set forth in the attached "Exhibit A" is fair and reasonable and is hereby approved and confirmed.

Section 6. The assessments in such utility district may be paid in cash, without penalty, interest or cost, at any time within thirty days from the first day of publication of notice by the Treasurer of Snohomish County, Washington, that the assessment roll is in hisor her hands for collection, and if not then paid, such assessments may, at the option of the several property owners, be paid in 20 equal annual installments; that the first of such installments be due one year after the expiration of the aforesaid 30-day period, and subsequent installments shall be due annually after such date; that the sum remaining unpaid at the expiration of such 30-day period shall bear interest at the rate 5.0 percent per annum, and interest on the unpaid amount shall be due on the due date of the first installment of principal and each year thereafter on the due date of each installment of principal; that assessments or installments thereof, when delinquent, in addition to such interest, shall bear a penalty in the amount of 12 percent per annum on the outstanding delinquent balance; and that the owner of any lot, tract or parcel of land or other property charged with any such assessment may redeem it from all liability for the unpaid amount of the assessment, at any time after the 30-day period allowed for payment of the assessment without penalty or interest, by paying the entire unpaid amount of the assessment to the Snohomish County Treasurer, with interest thereon to the date of maturity of the installment next falling due.

Section 7. The cost of the plan described in Section 1 hereof shall be met and defrayed from the District's Water Utility General fund and the proceeds of assessments levied and assessed against all property within the local utility district created by Section 2 hereof, legally and properly assessable therefore and specially benefited by said improvement, as provided by the laws of the State of Washington and the resolutions of the District. The entire principal of and interest on such assessments, as well as penalties for late payment, shall be paid into a local improvement fund which is hereby created and established in the office of the Snohomish County Treasurer to be known as "Utility Local Improvement District No. 54, (Water Distribution System) – Non-Contiguous" and shall be used for the sole purpose of paying the cost of the plan described in Section 1, and/or paying principal of and interest on District warrants and/or notes, inter-fund loans or bonds issued in payment of

the cost and expense of such improvements; and the Snohomish County Treasurer is hereby authorized and directed to remit to the District, on or prior to the tenth day of the month following receipt thereof, for use for such purposes, any and all monies received by the Treasurer from time to time in said fund.

Section 8. The Secretary of the Board of Commissioners of the District is hereby authorized and directed to certify unto the Snohomish County Treasurer and any and all public authorities or others interested in LUD No. 54 or properties contained therein as to the giving of all notices, the manner and form of all resolutions or proceedings and any other information or material which may be necessary or appropriate with respect thereto.

PASSED AND APPROVED this 20th day of December, 2011.

Fresident a Charie

Vice-President

Secretary /

EXHIBIT A

Final Assessment Roll for Lots Within Boundaries of Non-Contiguous 2011 LUD 54 of Public Utility District No. 1 of Snohomish County, Washington

Tax Acct. No.	Recorded Owner & Mailing Address	Legal Description	<u>Final</u> Assessment
300634-002-011-00	Douglas L. Eklund 5921 147th Ave NE Lake Stevens WA 98258	SEC 34 TWP 30 RGE 06 N 225FT OF THAT PTN OF N1/2 NW1/4 LY E OF SCHWARTZMUELLER RD & W OF PILCHUCK RIV	\$8,255.00
300602-003-036-00	Jodi Eggert 16911 126th St NE Arlington WA 98223	S 02 T 30 R 06 QUARTER SW N 325FT OF W 330FT OF NE1/4 SE1/4 TGW W 30FT OF NE1/4 SE1/4SW1/4 EXC N 325FT THOF ALSO EXC S 30FT FOR CO RD AKA LOT 1 SP 52 (2-80) AF NO. 8010270190	\$8,255.00
004011-000-001-00	Mike Fish PO Box 1833 Granite Falls WA 98252	CANYON FALLS PARK NO 2 BLK 000 D-00 - LOT 1 UND INT IN PRIV RDS	\$8,255.00
300731-004-008-00	Christopher Ocwieja 4828 Robe Menzel Rd Granite Falls WA 98252	SEC 31 TWP 30 RGE 07 COM AT SW COR NW1/4 SE1/4 TH N00*33 32W ALG W LN 330.02FT TH N63*13 08E 941.51FT TH S08*16 51E 245.78FT TH N69*00 05E 260.18FT TO WLY R/W LN 60FT WIDE CO RD & BEG OF A CRV CONCAVE TO SW TH RAD PT OF WH BEARS S69*00 05W A DIST OF 2367.09FT TH SELY ALG SD R/W LN & ALG ARC OF SD CRV THRU A C/A OF 01*27 09 AN ARC DIST OF 60.01FT TO TPB TH S69*00 05W 272.96FT TH S08*16 51E 206.79FT TH N88*54 05 E PLW S LN SD SUB 321.04FT TO WLY R/W LN OF SD 60FT RD TH N17*43 06W ALG SD R/W LN 235.93FT TO BEG OF TANGENT CRV CONCAVE TO SW HAV A RAD OF 2367.09FT TH NWLY ALG SD R/W LN & ALG ARC OF SD CRV THRU A C/A OF 01*49 40 AN ARC DIST OF 75.51FT TO TPB AKA LOT 2 SP 14 (1-83) AF NO 8408160198	\$8,255.00

EXHIBIT A

Final Assessment Roll for Lots Within Boundaries of Non-Contiguous 2011 LUD 54 of Public Utility District No. 1 of Snohomish County, Washington

				Final	

Tax Acct. No.	Recorded Owner & Mailing Address	Legal Description	Assessment
006223-000-017-01	Rose Holdings, LLC 7304 10th St SE Lake Stevens WA 98258	S 11 T 30 R 06 QUARTER SE CEDAR LANE ESTATES DIV. 2 BLK 000 D-01 - PTN LOT 17 & 18 & SE1/4 SE1/4 DAF: BEG AT SW COR LOT 18 SD PLAT TH N33*02 35E ALG WLY LN SD LOT 18 70FT TH N01*22 10W PLW W LN SD SUB 235FT TH N56*57 25W PLW SD S LN LOT 18 270.94FT TH N88*37 50E PLW N LN SD SUB 287.38FT TH S01*22 10E PLW SD W LN 383.38FT TH S33*02 35W PLW ELY LN SD LOT 18 110FT TO SLY LN SD LOT 18 TH N56*57 25W ALG SLY LN SD LOT 18 50FT TPB AKA LOT F OF BLA 171-92 REC AF 9210090363 TGW THAT PTN SD PAR E DAF: COM SE COR PAR F SD BLA TH N54*41 40W ALG S LN SD PAR E 100FT TO SW COR SD PAR E TH N35*18 20E ALG WLY LN SD PAR E 120FT TO ANG PT IN SD WLY LN TH N22*27 36E 147.56FT TO AN ANG PT IN SWLY LN SD PAR F TH S00*53 36W ALG WLY LN SD PAR F 235FT TO AN ANG PT IN SD WLY LN TH S55*18 20W ALG SD WLY LN 70FT TPB AKA PAR 2 SNO CO BLA 07-106130BA AFN 200706270230	\$11,321.36
300731-004-002-00	Robert W. Raduziner 4819 Robe Menzel Rd Granite Falls WA 98252	SEC 31 TWP 30 RGE 07 BAAP 416FT E OF SW COR NE1/4 SE1/4 TH S88*54 05W ALG S LN SD SUB 346.81FT TO E R/W LN ROBE-MENZEL RD TH N19*15 12W ALG SD E R/W LN 380.96FT TO A LN WH LIES 361.9FT N OF & PLW S LN SD SUB TH N88*54 05E PLW S LN SD SUB 201.05FT TH S20*23 35E 56.15FT TH N88*54 05E 137.74FT TH S20*23 35E 327.39FT TO S LN SD NE1/4 SE1/4 & POB AKA LOT 3 SP 45 (2-80) REC AF 8006260176	\$8,255.00

EXHIBIT A

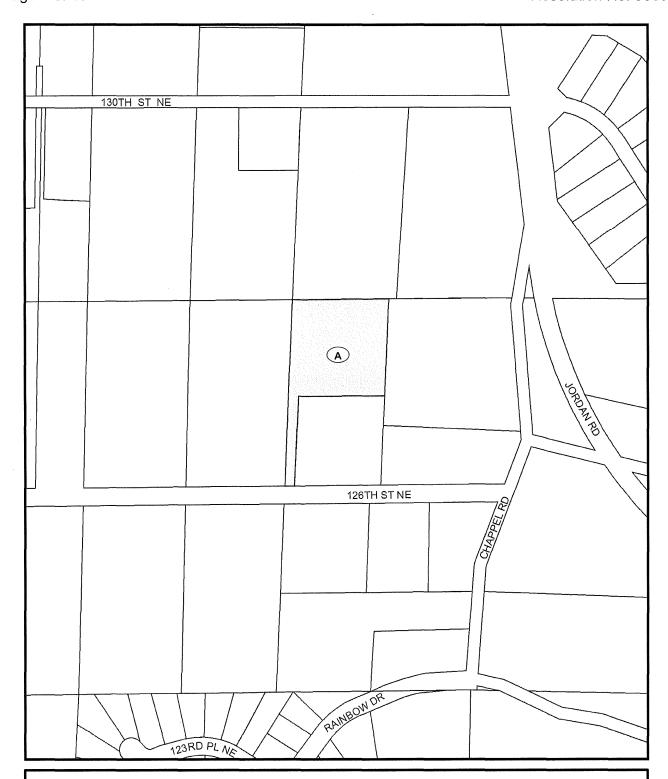
Final Assessment Roll for Lots Within Boundaries of Non-Contiguous 2011 LUD 54 of Public Utility District No. 1 of Snohomish County, Washington

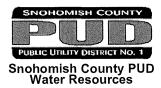
Tax Acct. No.	Recorded Owner & Mailing Address	Legal Description	<u>Final</u> Assessment
290621-004-039-00	Laurence Knutson 1222 145th Ave SE Snohomish WA 98290	S 21 T 29 R 06 QUARTER SE - LOT 1 SNO CO PFN 99 -101002 SP REC UND AFN 200208055006 TGW EQ & UND INT IN TRS 998-999 BEING A PTN SE1/4 NE1/4 & NW1/4 SE1/4 & NE1/4 SE1/4	\$10,915.00
300731-004-011-00	Timothy J. Bickel 1720 3rd Ave SE Cedar Rapids IA 52403	SEC 31 TWP 30 RGE 07 RT-12E) COM AAP 416FT E OF SW COR OF NE1/4 SE1/4 31-30-7 TH S88*54 05W ALG S LN SD SUB 416FT TO SD SW COR TH N ALG W LN OF SD SUB 600FT TPB TH N88*54 05E PLW S LN OF SD SUB 200FT TH S20*23 35E 137.84FT TO A LN WH LIES 469.9FT N OF & IS PLW S LN OF SD SUB TH S88*54 05W PLW S LN OF SD SUB 336.39FT TO E R/W LN OF ROBE-MENZEL RD TH N19*15 12W ALG SD E R/W LN 136.92FT TO A LN WH LIES 600FT N OF & IS PLW S LN OF SD SUB TH N88*54 05E PLW S LN OF SD SUB 133.51FT M/L TO W LN OF NE1/4 SE1/4 SD SEC 31 TPB AKA LOT 1 OF SP 45(2-80) REC'D AF NO 8006260176	\$8,255.00
300731-004-013-00	Larry & Debbie Cease 4820 Robe Menzel Rd. Granite Falls WA 98282	SEC 31 TWP 30 RGE 07 COM AT SW COR NW1/4 SE1/4 TH N88*54 05E ALG S LN SD SUB 913.61FT TO TPB TH CON N88*54 05E ALG S LN SD SUB 195FT TAP LY 208FT W OF SE COR SD SUB AS MEAS ALG S LN SD SUB TH N00*31 50W PLW E LN SD SUB 208FT TH N88*54 05E PLW S LN SD SUB 132.20FT TO WLY R/W LN OF 60FT CO RD TH N17*43 06W ALG SD R/W LN 20.87FT TH S88*54 05W PLW S LN SUB 321/04FT TH	\$8,255.00

Total Assessment Amount

S00*31 50E PLW E LN SD SUB 227.99FT TO S LN SD SUB & TPB AKA LOT 3 SP 14 (1-83) AF NO 8408160198

\$80,021.36



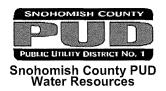


NON-CONTIGUOUS LUD NO. 54

TAX ACCOUNT #: A 300602-003-036-00

Page 5 of 13 Resolution No. 5569





NON-CONTIGUOUS LUD NO. 54

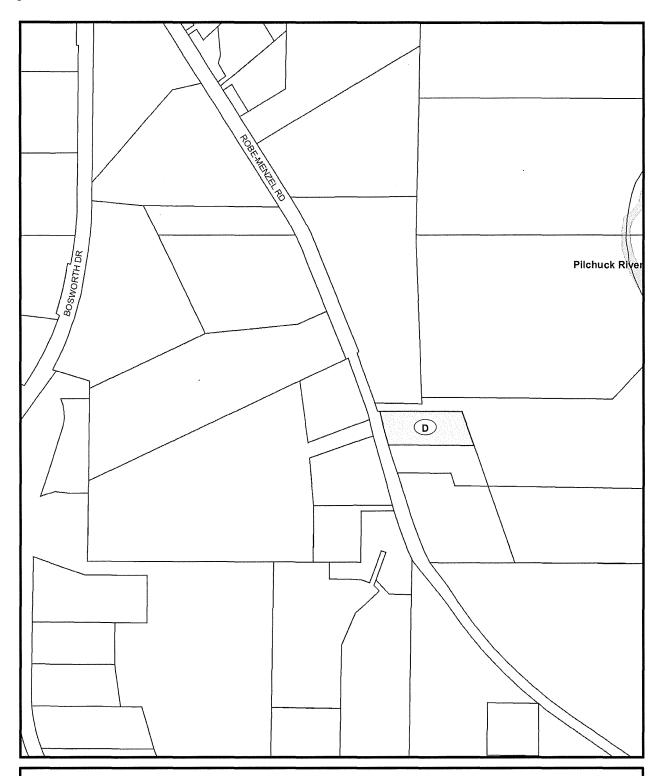
TAX ACCOUNT #: B 300634-002-011-00

NON-CONTIGIOUS LUD NO. 54

MAP C REMOVED

CUSTOMER PAID FOR WATER SERIVCE AND WILL NOT BE INCLUDED IN THE FINAL ASSESSMENT ROLL FOR LUD NO. 54

Page 7 of 13 Resolution No. 5569





NON-CONTIGUOUS LUD NO. 54

TAX ACCOUNT #: D 300731-004-011-00

Page 8 of 13 Resolution No. 5569





NON-CONTIGUOUS LUD NO. 54

TAX ACCOUNT #: E 300731-004-008-00

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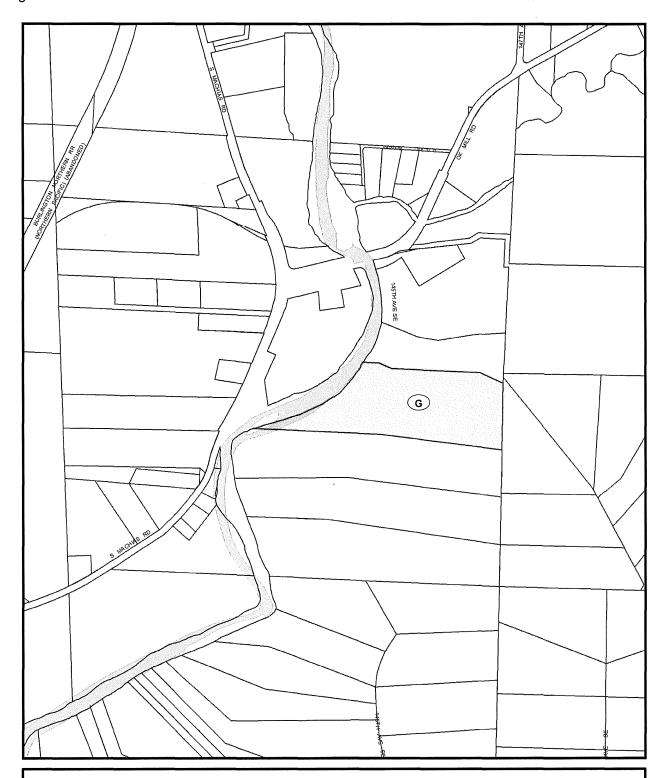




NON-CONTIGUOUS LUD NO. 54

TAX ACCOUNT #: F 006223-000-017-01

Page 10 of 13 Resolution No. 5569





NON-CONTIGUOUS LUD NO. 54

TAX ACCOUNT #: G 290621-004-039-00

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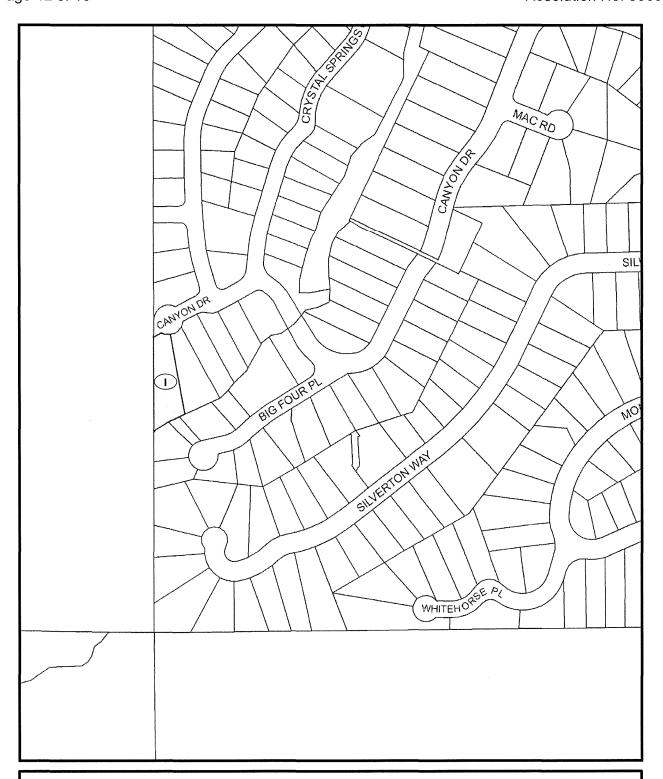




NON-CONTIGUOUS LUD NO. 54

TAX ACCOUNT #: H 300731-004-002-00

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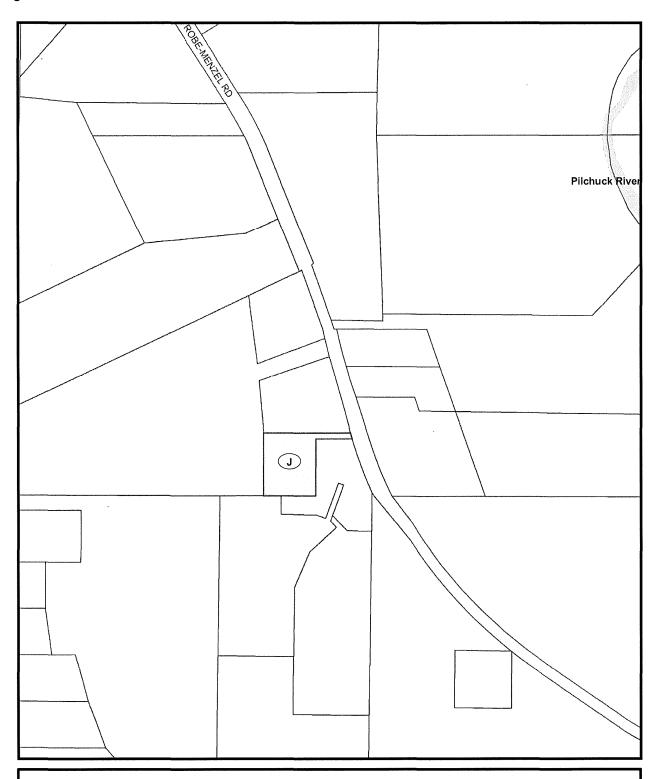




NON-CONTIGUOUS LUD NO. 54

TAX ACCOUNT #: I 004011-000-001-00

Page 13 of 13 Resolution No. 5569





NON-CONTIGUOUS LUD NO. 54

TAX ACCOUNT #: J 300731-004-013-00

RESOLUTION NO. 5578

A RESOLUTION Authorizing the General Manager to Execute a Wholesale Water Agreement Providing for the Sale of Water by the District to the City of Snohomish

WHEREAS, the City of Snohomish ("City") requires a high quality, dependable supply of water in order to serve its current and future retail water service customers, and the availability of such a water supply is a component of the City's 2011 Comprehensive Water System plan; and

WHEREAS, the City currently has one water source to supply its existing transmission main customers, but desires to access an additional water supply to accommodate these customers when an emergency situation requires that the City's Water Treatment Plant be shut down; and

WHEREAS, Public Utility District No. 1 of Snohomish County (the "District") constructed a pipeline in the fall of 2011, part of which is located along Robe Menzel Road in close proximity to the City of Snohomish's transmission main; and

WHEREAS, the City of Snohomish's 2011 Comprehensive Water System Plan identified a possible intertie between the City of Snohomish and the District systems at approximately 675 feet northwest of the intersection of Robe Menzel Road and 29th Place NE, and the intertie now has been constructed at City expense; and

WHEREAS, the City desires to purchase wholesale water from the District for resale to its water utility customers on an emergency only basis up to one (1) time per year, not to exceed ten (10) consecutive days, and on a temporary or seasonal reoccurring use basis up to eight (8) times per year, not to exceed ten (10) consecutive days per time, and the District is willing to sell water wholesale to the City for resale, under these terms, as set forth in the proposed Agreement attached hereto as Exhibit A; and

WHEREAS, no General Facilities Charge is proposed to be charged to the City for emergency only use in consideration of the limited nature of that use, however, the City

Resolution No. 5578

acknowledges that a General Facilities Charge as described under the terms of Exhibit A will apply once the City utilizes the temporary or seasonal reoccurring use basis for a second time in one year; and

WHEREAS, District staff members have negotiated with representatives of the City of Snohomish and recommend that the District enter into a Wholesale Water Agreement substantially in the form attached hereto as Exhibit A, to provide for the sale of water to the City on a wholesale basis until the year 2032; and

WHEREAS, the Board of Commissioners, based upon the information and evaluation provided by staff, believes that it is in the best interests of the District and its ratepayers for the District to sell water to the City of Snohomish on substantially the terms and conditions set forth in the proposed Agreement.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of Public Utility District No.1 of Snohomish County hereby approves the sale of water by the District to the City of Snohomish on a wholesale basis, substantially on the terms and conditions set forth in Exhibit A - "Wholesale Water Agreement," and hereby authorizes and directs the General Manager to execute on behalf of the District a Wholesale Water Agreement substantially in the form set forth in Exhibit A.

PASSED AND APPROVED this 17th day of April, 2012.

President

Vice President

Secretary

Resolution No. 5578 Page 1 of 8

EXHIBIT A WHOLESALE WATER AGREEMENT

	THIS AGREEMENT is made and entered into this _	_day of	, 20	
by and	between the Public Utility District No. 1 of Snohomish	County,	herein referred to	as
"the D	strict," and the City of Snohomish, herein referred to as	"the Cit	y."	

WHEREAS, the City wishes to purchase water wholesale from the District for resale by the City to its retail customers for <u>Temporary/Seasonal Reoccurring Use</u>, and for <u>Emergency Only Use</u>, and the District is willing to sell water wholesale to the City, for resale, under the terms of this Agreement,

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

Section 1 - Definitions

As used in this Agreement, the following words and phrases shall have the meanings indicated below unless the context shall clearly indicate that another meaning is intended.

- a) <u>Average Daily Demand:</u> shall mean the total annual amount of water received by the City from the District (in cubic feet), divided by the number of days the temporary / seasonal use occurred in that year.
- b) <u>Cubic Foot:</u> shall mean a unit of measurement of water equal to 7.48 gallons.
- c) <u>Emergency Only Use:</u> shall mean that the District will allow the City to receive water supply from the 2" intertie up to one (1) time per year for no more than ten (10) consecutive days.
- d) Equivalent Residential Unit ("ERU"): shall mean the volume of water demand and use deemed and agreed by the District and the City to be characteristic of a single family residential unit in 2011, and shall equal 0.55 gallons per minute (gpm) measured on the basis of a maximum instantaneous rate of flow.
- e) General Facilities Charge ("GFC"): shall represent the proportionate share of the District's cost of source, storage and transmission facilities necessary to supply an ERU. The General Facilities Charge shall be the same as that established for the District's Integrated Water System, except as otherwise provided herein, and shall be subject to amendment by the Board of Commissioners from time to time. The 2012 GFC amount shall be \$ 3,180 per ERU.

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f) Master Meter: shall mean the water volume measuring device and appurtenances, including a City owned, operated, and maintained pressure reducing valve and double check backflow prevention assembly, at the point of connection with the City's water system. The master meter shall be located in the vicinity of the City's 16" asbestos cement transmission main on Robe Menzel Road some 675 feet northwest of its intersection with 29th Place NE, as shown on Exhibit B. The master meter site marks the location of delivery between the District's water system and the City's water system. The Master Meter shall remain locked except during periods of authorized City use for Temporary/Seasonal Reoccurring Use and Emergency Only Use.

- g) May: shall mean permissive.
- h) <u>Peak Day Demand:</u> shall mean the amount of water purchased by the City from the District (in cubic feet) on the day of each year on which the City receives the greatest amount of water from the District.
- i) Peaking Factor: shall mean Peak Day Demand divided by Average Daily Demand.
- j) Shall: shall mean mandatory.
- k) <u>Snohomish Water Service Area:</u> shall mean that area identified in the December 2010 edition of the North Snohomish County Coordinated Water System Plan as the City's water service area, plus any real property which is added to the City's water service area through subsequent amendments to the Coordinated Water System Plan.
- 1) <u>Temporary/Seasonal Reoccurring Use:</u> shall mean that the District will allow the City to receive water supply from the 2" intertie up to eight (8) times per year for no more than ten (10) consecutive days at a time. Any desired use in excess of eight (8) times per year would be outside the scope of this agreement and require an amendment to allow full time wholesale use of the intertie.
- m) Year: shall mean a 365-day time period and represent the time from the date of the official execution of the Wholesale Water Agreement or from a future annual anniversary of this date, to a date 365 days later. It is the time during which the City is allowed to exercise its one (1) intertie use under the Emergency Only Use option or its eight (8) uses under the Temporary/Seasonal Reoccurring Use option.

Section 2 - Delivery and Use of Water

Resolution No. 5578 Page 3 of 8

a) The District shall be available to unlock the Master Meter for City use immediately upon finalization of this Wholesale Water Agreement and within twenty-four (24) hours of a request from the City. The District shall supply water in accordance with Section 8 as described herein. A request for supply may be verbal but must be followed up with a formal written request and corresponding acceptance of such within fourteen (14) calendar days.

- b) The City agrees to receive supply from the District under the *Emergency Only Use* provision up to one (1) time per year for no more than ten (10) consecutive days, or under the *Temporary/Seasonal Reoccurring Use* option, up to eight (8) times per year, for no more than ten (10) consecutive days each time.
- c) The District reserves the right to lock the Master Meter upon expiration of the ten (10) consecutive day period permitted for each Temporary/Seasonal Reoccurring Use or Emergency Only Use. If the City wishes to obtain additional wholesale water supply beyond the ten (10) consecutive days allowed per use, further use would constitute another request for use of the wholesale connection. If the total number of times the City needs to use the wholesale supply exceeds the eight (8) times allowed by the Temporary/Seasonal Use definition in this agreement, the District agrees to enter into good faith negotiations promptly to establish an amendment to this Wholesale Water Agreement to provide for such additional supply.

Section 3 - Wholesale Water Rate and Billing

- a) The wholesale water rate to be paid by the City to the District shall be per 100 cubic feet ("CCF") of water, delivered to the City at the Master Meter. The rate shall be the District's then-current Commercial/Industrial Rate as set forth in Table B-8 of Appendix B of the District's Water Policy and Procedures Manual, as it may be amended from time to time (the "Commodity Rate"). For clarification purposes, the Commercial/Industrial Commodity Rate for 2012 is \$2.64/CCF.
- b) In addition to the Commodity Rate as defined above, the City shall pay the District all time and materials costs as required to unlock, lock, flush, record, and bill the Emergency Only Use or Temporary/Seasonal Reoccurring Use. Such costs shall include all District incurred overtime and overhead costs necessitated by the timeline under which the City requests the Master Meter to be activated and de-activated. District crews typically work Monday through Friday from 7 am to 3:30 pm minus District Holidays. Any work outside of those normal working hours will be billed as overtime and the crew's time will be two (2) times the normal rate.

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c) Period for Billing. The Master Meter shall be read by the District and the results recorded at the end of the month following the end of the Emergency Only Use or the Temporary/Seasonal Reoccurring Use. Billing to the City will be issued on or before the 10th day of the month following the Use and the final reading of the Master Meter as recorded by District crews. Payment to the District shall be due within thirty (30) days of issuance of the billing invoice. A payment shall be deemed delinquent if more than ten (10) days past due. Delinquent wholesale water charge amounts shall accrue interest on the unpaid balance, from the date of delinquency until paid, at the rate of one percent (1%) per month, or twelve percent (12%) per year.

Section 4 - General Facilities Charge

- a) There will be no General Facilities Charge to the City for Emergency Only Use in consideration of the limited nature of that use.
- b) If the City chooses to use the Master Meter more than one (1) time per year as allowed by Emergency Only Use status, a onetime only General Facilities Charge to the City will be imposed and the City will enter into the *Temporary/Seasonal Reoccurring Use* status as defined in section 1. The General Facilities Charge will be due no later than sixty (60) days after the City requests that the status of the agreement change from Emergency Use Only to Temporary Seasonal Use or other mutually agreeable payment arrangements as described in Section 5 below.
- c) The amount of the General Facilities Charge for Temporary/Seasonal Reoccurring Use will be calculated on the basis of the General Facilities Charge applicable to Commercial/Industrial Use per Table B-3 of the District's then-current Water Policy and Procedures Manual, as amended from time to time. For clarification, a Commercial / Industrial 2" meter is assessed as equivalent to 8 ERU's under this Table, and at the 2012 GFC rate of \$ 3,180 / ERU the City would pay a total GFC of \$25,440 if they chose to change from Emergency Only Use (1 allowed use per year) to Temporary/Seasonal Use (8 total allowed uses per year).

Section 5 - Payment of Charges and Fees

The City has already made payment to the District in the amount of \$20,683.79 for the physical installation of the 2" intertie and the transfer of four (4) services along the City's transmission line right of way. The construction of the intertie and transfer of services has been completed and the intertie is currently locked off and ready for use.

Resolution No. 5578 Page 5 of 8

As an alternative to the payment of General Facilities Charge in full as set forth under Section 4, the City may provide the District with a written proposal for a revised payment schedule at the time they request the use be changed from Emergency Only to Temporary/Seasonal Use. Provided, however, that any payment made more than sixty (60) days after the scheduled payment date established in Section 4 shall accrue interest at the rate of six percent (6%) per annum until paid; and provided further, that in no event shall the payment schedule be modified to extend more than four (4) years beyond that established in Section 4.

Section 6 - Master Meter

All water supply delivered by the District to the City shall be delivered and measured through the 2" Master Meter installed by the District. The installed cost of the Master Meter and appurtenances, including the pressure reducing valve and backflow prevention assembly, have already been paid by the City as specified in Section 5 above.

The line of demarcation and "point of delivery" between the District's and the City's transmission main shall be the 2" meter. The City shall be responsible for the operation and ongoing maintenance of the pressure reducing valve and backflow prevention assembly installed downstream of the 2" meter as necessary to protect their transmission line and customers. The City shall at their sole cost have the backflow assembly tested by a Washington State Certified Backflow Assembly Tester (BAT) on an annual basis and the results forwarded to the District.

Access to the Master Meter and appurtenances shall be made available to the City at all reasonable times and at the City's expense as described in Section 3 (b) above. The District shall check the Master Meter for accuracy on a frequency recommended by the meter manufacturer, as part of normal maintenance, and Master Meter test data shall be available to the City at all reasonable times, upon request.

Section 7 - Water Quality

The water supplied by the District to the City under this agreement shall meet all state and federal drinking water standards at the point of delivery to the City and shall be of the same standard and quality as that normally delivered by the District to its retail customers. The City to the extent allowed by law, shall be responsible for maintaining water quality beyond the point of delivery and assurance of compatibility of delivered water with that supplied by the City; and the City shall hold the District harmless from and against any claims, losses, or damages arising from or relating to the introduction into its system of water or other substances beyond the point of delivery.

Resolution No. 5578 Page 6 of 8

In consideration of the District's agreement to provide water service to the City, the City hereby agrees to release, indemnify and hold the District harmless from and against any and all claims, damages, injuries or losses, whether physical or monetary, arising from or relating to the District's supply of water service to the City, to the extent any such claim, damage, injury or loss is caused by or results from conditions within the City's Water System or its failure to properly treat and maintain the quality of the water delivered to it by the District.

Section 8 - Quantity, Pressure and Reliability.

- a) The District shall attempt at all times to provide water to the City at a hydraulic grade line elevation between 790 feet and 811 feet above mean sea level at the Master Meter connection. The District's system will have sufficient storage and hydraulic capacity to supply water to meet the City's intended use as agreed to and described herein, subject to conditions beyond the reasonable control of the District.
- b) It shall be the responsibility of the City to install and maintain such control valves and appurtenances as may be needed to regulate the pressure to conform to the needs of the City's transmission line and distribution system and its water service customers. The DISTRICT shall not be responsible for any loss or damage related to failure of the City to install and maintain all control valves required for system and customer protection.
- c) The District's system will be designed, maintained and operated by the District in a manner consistent with municipal water system standards and applicable rules and regulations in order to provide maximum reliability of service to the City. However, it is understood and agreed that the District can make no guarantee as to pressure, quantity, or continuity of service because of the possibility of accidents or unforeseen failures to the District's or City of Everett's water systems. Therefore, the District shall not be held liable for losses or damage from a deficiency or failure to supply water due to accidents, acts of God, and any conditions beyond the reasonable control of the District. In the event of an emergency or other necessity that may disrupt service to the City, the District shall immediately notify the City through verbal or telephone contact, and shall restore service and make water available as soon as it can reasonably do so.

In the event of scheduled maintenance, alterations, extensions, or connections, the District shall provide written notification to the City, and schedule such work to minimize the potential disruption of service to the City.

Resolution No. 5578 Page 7 of 8

Section 9 - Use of City's Existing Water Sources

It is understood that the City intends to retain and utilize its existing sources and water rights in addition to water purchased from the District and to support reasonably uniform daily and seasonal demand for water from the District during those times it receives water from the District.

Section 10 - Resolution of Disputes

The parties may elect to submit any disputes to binding arbitration or other alternative dispute resolution measures agreeable to both parties. Disputes between the parties not submitted by mutual agreement to such an alternative process shall be resolved by application to the Superior Court of the State of Washington, with venue in Snohomish County. This contract shall be enforced and interpreted in accordance with the laws of the United States and the State of Washington. The prevailing party in any dispute which proceeds to judgment in superior court shall be entitled to reasonable attorney fees and costs.

Section 11 - Term

This Agreement shall be effective from the date of execution by authorized representatives of both parties hereto and shall continue in effect through 2032 and thereafter unless terminated by mutual agreement or upon five (5)-year written notice by either party.

This Agreement may be amended at any time upon mutual written agreement of the parties. Any Notices required by this Agreement shall be given by certified mail to the official mailing address of each party.

Section 12 – Exhibit

Exhibit B, referred to in this Agreement, is attached hereto and incorporated herein as fully set forth at its reference.

		, the parties ha , 20	ve caused thi	s Agreement t	o be executed the	S
PUBLIC UTII	LITY DISTR	LICT NO. 1				
OF SNOHMIS	SH COUNT	Y				
D						

Resolution No. 5578 Page 8 of 8

Steven Klein, General Manager

APPROVED AS TO FORM

By:______
Anne Spangler, PUD General Counsel

CITY OF SNOHOMISH

By:______
Larry Bauman, City Manager

APPROVED AS TO FORM

ATTEST

By:______
Grant K. Weed, City Attorney

Torchie Corey, City Clerk

RESOLUTION NO. 5589

A RESOLUTION Authorizing the Transfer of \$1,285,000 from the Electric System to the Water System for the Transfer of the Use of Real Property

WHEREAS, Public Utility District No. 1 of Snohomish County is the owner of certain real property which is approximately 4.52 acres in size, is located at 3301 Old Hartford Road, Lake Stevens, Washington (Snohomish County Tax Parcel No. 29060500400100) (the "Property"), is legally described on attached and incorporated Exhibit "A", and is zoned general industrial; and

WHEREAS, the Property was purchased in 2005 by the District using Water System funds; and

WHEREAS, while District Water Utility offices and other facilities have been developed on an adjacent property, the Property remains undeveloped and is essentially surplus to the needs of the Water Utility; and

WHEREAS, District personnel have identified the remainder of the Property as a good location to construct a substation, offices and other facilities for the District's Electric Utility; and

WHEREAS, if the remainder of the Property is going to be utilized as proposed for the District's Electric Utility, it is recommended that funds representing the fair market value of this portion of the Property be transferred from the Electric System to the Water System; and

WHEREAS, based upon the information presented and the recommendation of staff, the Commission finds that it is in the best interest of the District to utilize the Property described in the attached Exhibit "A" for Electric System purposes, that the fair market value

of said remainder is approximately \$1,285,000, and that it is appropriate to transfer said funds from the Electric System to the Water System.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Public Utility District No.1 of Snohomish County, Washington, that the Treasurer of the District is hereby authorized to transfer the amount of \$1,285,000 (representing the fair market value of the Property described on the attached Exhibit "A") from the Electric System to the Water System to effectuate the future use of said remainder by the Electric System.

PASSED AND APPROVED this 7th day of August, 2012.

President

Vice-President

wid a lanche

Secretary

EXHIBIT "A"

Revised Parcel A as shown on City of Lake Stevens Boundary Line Adjustment No. BLA 2008-5, recorded under Snohomish County Auditor File No. 200810195341, being a portion of the Southwest quarter of the Southwest quarter and the Northwest quarter of the Southwest quarter of Section 4, Township 29 North, Range 6 East, W. M., and a portion of the Southeast quarter of the Southeast quarter and the Northeast quarter of the Southeast quarter of Section 5, Township 29 North, Range 6 East, W. M.

Situated in the County of Snohomish, State of Washington.

RESOLUTION NO. 5610

A RESOLUTION Fixing the Date, Time and Place for a Public Hearing on Proposed Revisions to the District's Rates for Water Utility Service

WHEREAS, Public Utility District No. 1 of Snohomish County, Washington (the "District"), has full and exclusive authority under RCW 54.16.030 to regulate and control the use, distribution, and price of its water utility services, and has the power and obligation under RCW 54.24.080, to establish, maintain, and collect rates or charges for water and other services supplied by the District which shall be fair, nondiscriminatory, and adequate to provide revenues sufficient for payment of its lawful obligations, to fund its planned improvements, and to provide quality water service to its existing and new water service customers; and

WHEREAS, on December 2, 2008, the Board of Commissioners adopted Resolution No. 5403 changing certain Water Utility rates; and the Commission now finds that such rates are in need of further revision; and

WHEREAS, District's staff have updated the Water Utility's financial model, construction improvement plan, and reviewed applicable issues potentially impacting retail water rates since the last adjustment, including but not limited to decrease in retail sales, increases in the cost of purchased water from the City of Everett, general inflation over the last four years, and needed system infrastructure improvements; and

WHEREAS, District staff have proposed a 4.3 percent retail water service rate increase to address the factors set forth above; to be effective over a four-year period beginning January 1, 2013, and January 1 of each subsequent year for the period 2014 through 2016; and

WHEREAS, the Commission desires to fix a time and place to conduct a public hearing on the proposed water rate increase in order to provide District water service customers opportunity to comment thereon, and to provide the Commission an opportunity to consider the information and comments provided at such meeting.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Public Utility District No. 1 of Snohomish County that the time and place for a public hearing on proposed water rate increases shall be November 19, 2012, at 1:30 p.m., in the Commission Meeting Room, PUD Headquarters Building, 2320 California, Everett, Washington.

PASSED AND APPROVED this 6th day of November, 2012.

President

Vice President

Secretary

RESOLUTION NO. 5615

A RESOLUTON Adopting a Plan or System of Additions to and Extensions of the District's Water Utility; Declaring the Intention of the Board of Commissioners to Form Water Local Utility District No. 55 to Carry Out that Plan; and Fixing the Date, Time and Place for a Public Hearing on Formation of the Proposed Local Utility District and Confirmation of the Assessment Roll

WHEREAS, the owners of the land described in Exhibit "A" hereto have requested a connection to the District's water system either through direct attachment to a supply pipeline serving the District's water supply main or attachment to an existing District-installed main, and the owners have entered into a Water Connection Contract establishing the terms for such connection, requesting financing for public improvements installed for the benefit of their property through the formation of a water local utility district, and waiving publication of notice of the hearing establishing the local utility district and confirming the assessment roll; and

WHEREAS, pursuant to the terms of such Water Connection Contract, the District has completed construction of such improvements; and

WHEREAS, the Board of Commissioners of the District has considered the information presented by staff regarding the feasibility of extending and adding to the District's system of distribution of water to lands described in the attached Exhibit "A," and has determined the method of distributing the cost and expense thereof against the District and against the local utility district proposed to be created within such lands, and has determined that the cost and expense of constructing and installing such additions to the District's Water Utility, and to acquire the necessary easements and facilities in connection therewith, shall be paid from Water Utility Revenues and from the proceeds of assessments levied on property specially benefited thereby; and

WHEREAS, the plan of improvements proposed to be financed through the formation of the proposed Water Local Utility District is shown in the attached Exhibit "B"; and

WHEREAS, the Commission has considered the recommendations of staff and determined that the formation of such local utility district is appropriate and in the best interests of the District.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, as follows:

Section 1. The plan for additions to the existing distribution system of the District, consisting of the installation of a meter, pressure reducing valve, and service line, all as more fully described in the attached Exhibit "B," appears to be financially and economically feasible and is hereby adopted.

<u>Section 2.</u> The cost of carrying out the plan provided in Section 1 hereof, including all construction and installation, general facilities charge, distribution system charge, meter installation fees, and overhead and general expenses, is hereby declared to be \$61,345.

Section 3. The cost of the plan provided in Section 1 hereof and hereby adopted, shall be met and defrayed from Water Utility Revenues and from the proceeds of assessments levied and assessed against all property within the local utility district referred to in Section 6 hereof, legally and properly assessable therefore and specially benefited by such improvement, as provided by the laws of the State of Washington and the resolutions of the District. The entire principal and interest on such assessments as well as penalties for late payment shall be paid into a local improvement revenue fund, which shall be created and established in the office of the Snohomish County Treasurer, to be known as "Local Utility

District No. 55 (Water Distribution System) – Non-Contiguous" and shall be used for paying principal and interest on District warrants and/or notes, inter-fund loans and bonds to be issued in payment of the cost and expense of the plan provided in Section 1. The assessments in such local utility district may be paid in cash, without penalty, interest or cost, any time within 30 days from the first day of publication of notice by the Treasurer of Snohomish County, Washington, that the assessment roll is in his or her hands for collection or if not then paid may, at the option of the several property owners, be paid in twenty equal annual installments and with interest at the rate of 5.0 percent per annum. The levying, collection and enforcement of all assessments in such local utility district shall be in the manner now or hereafter provided by law or resolution of the District.

Section 4. The method of assessment shall be made against the property within said local utility district on a per buildable lot basis. Each assessment shall include a general facilities charge, which represents the charge imposed by the District for access to the source, storage and transmission facilities of the District's Water Utility; distribution system charge, which represents the average cost per lot for new distribution systems installed; a service connection charge, which is the average cost of installation of a meter, pressure reducing valve, service line; when applicable, a charge to cover the cost of a county right-of-way permit; and a \$200 LUD administration charge to recover costs associated with administering the LUD including formation costs and annual fees charged by the Snohomish County Treasurer.

Section 5. It is the intention of the Board of Commissioners of the District to approve, ratify and confirm the construction of the additions to the District's integrated water

system as described in Section 1 of this Resolution and described in Exhibit "B" attached hereto.

Section 6. The Board of Commissioners of the District hereby declares its intention to form a local utility district to be known and designated as Local Utility District No. 55 of Snohomish County, Washington and as fully described and set forth in the proposed Resolution forming such local utility district, which is attached hereto as Exhibit "C."

Section 7. Not to exceed 100 percent of the cost of the improvements described in Section 1 hereof shall be borne by assessments against the property within the proposed local utility district specially benefited by such improvements. Actual assessments may vary from assessment estimates so long as they do not exceed a figure equal to the increased true and fair value the improvement adds to the property assessed.

Section 8. A public hearing shall be held by the Commission in the Commission Meeting Room, Headquarters Building, 2320 California Street, Everett, Washington, at 1:30 p.m. on the 18th day of December, 2012, for the purpose of determining whether the above-described proposed local utility district shall be established and, if appropriate, confirming the proposed assessment roll, as set forth in Exhibit "B" to the attached Resolution.

The Secretary of the Board of Commissioners of the District is hereby authorized and instructed to cause notice of the adoption of this Resolution to be given to each owner or reputed owner of any lot, tract, parcel of land, or any other property within the proposed local utility district, and to mail such notice at least 15 days before the date fixed for the public

hearing to the owner or reputed owner of the property shown on the tax rolls of the County Treasurer of Snohomish County, at the address shown therein as required by law.

PASSED AND APPROVED this 19th day of November, 2012.

President

Vice-President

Secretary Secretary

Preliminary Assessment Roll for Lots Within Boundaries of Non-Contiguous 2012 LUD 55 of Public Utility District No. 1 of Snohomish County, Washington

EXHIBIT A
Resolution No. 5615
Page 1 of 2

Tax Acct. No.	Recorded Owner & Mailing Address	Legal Description	Preliminary Assessment
300731-004-017-00	John Shullenberg 4909 Robe Menzel Rd Granite Falls WA 98252	SEC 31 TWP 30 RGE 07BAAP 416FT E OF SW COR NE1/4 SE1/4 TH S88*54 05W ALG S LN SD SUB 416FT TO SD SW COR TH N ALG W LN SD SUB 469.92FT TO TPB TH S88*54 05W PLWS LN SD SUB 127.17FT M/L TO E R/W LNROBE-MENZEL RD TH S19*15 12E ALG E R/W LN 113.45FT TH N88*54 05E PLW S LN SD SUB 201.05FT TH S20*23 35E 56.15FT TH N88*54 05 E PLW S LN SD SUB 137.74FT THN20*23 35W 170.48FT TO INT LN WH LIES 469.90FT N OF & PLW S LN SD SUB TH S88*54 05W PLW S LN SD SUB 209.22FT M/L TO W LN SD NE1/4 SE1/4 & TPB AKA LOT 2 OF SP 45(2-80) REC'D AF NO8006260176	\$8,255.00
004402-000-013-04	Denise Scott PO Box 2140 Snohomish WA 98290	EVERETT VIEW ACRE TRS DIV B BLK 000 D-04 - BAAP ON E LN SD LOT 13 TH BEARS N00*04 44E 263.85FT FR SE COR THOF TH S43*35 53W 167.62FT TH S80*51 53W 88.35FT TH S63*14 53W 46FT M/L TO CTR LN OF AN EXISTSTREAM TH FLOWS IN SLY DIRECTION THRU LOT 13 TH NLY ALG SD STREAM CTR LN 235FT M/L TO N LN SD LOT 13 TH N89*33 19E ABOUT 289FT TO NE COR SD LOT 13 TH S00*04 44E 67.69FT TPB EXC RD TGW TH PTN S1/2 N1/2 NW1/4 NE1/4 SEC 36 TWP 29 RG 5 LY WLY OF TOM MARKS RD & NLY OF FDLBAAP ON W LN SD SUB TH BEARS N00*04 44E 263.85FT FR THE SW COR THOF TH N43*35 53E TO THE WLY R/W LN ST TOM MARKS RD & TERM SD DESC LN	\$8,570.00
300625-001-005-00	Jane Moylan & Ernest Kirchhof 7229 Skinner Rd Granite Falls WA 98252	Section 25 Township 30 Range 06 Quarter NE S1/2 NW1/4 NE1/4 NE1/4 AKA LOT 8 SURV AF NO 8103255017 & AMEND PER AFNS 8204095014 & 8309275037	\$8,570.00

Printed at 10:55 AM on November 13, 2012 by admin

Preliminary Assessment Roll for Lots Within Boundaries of Non-Contiguous 2012 LUD 55 of Public Utility District No. 1 of Snohomish County, Washington

EXHIBIT A
Resolution No. 5615
Page 2 of 2

Tax Acct. No.	Recorded Owner & Mailing Address	<u>Legal Description</u>	Preliminary Assessment
290536-001-006-00	Donna Carlson	SEC 36 TWP 29 RGE 05 LOT 2 OF SP 252 (7-86) REC AF NO 8612319567 & 8702180334 & BEING PTN OF	\$8,570.00
	PO Box 2311	NW1/4 NE1/4	
	Snohomish WA 98290		
004421-000-021-00	Travis Foglesong	Section 16 Township 29 Range 07 Quarter NE-SE Subdivision EVERGREEN PARK ADD NO 3 LAKE	\$8,500.00
	25319 153rd PI SE	ROESIGER BLK 000 D-00 LOT 21 TGW 1/40TH INT IN	
	Monroe WA 98272	TR A SD PLAT (PER REAL EST CONTRACT REC UND AFN9101150156)	
280718-001-015-00	Wesley & Karen Gustafson	SEC 18 TWP 28 RGE 07TH PTN OF SE1/4 NE1/4 BNDD ON N BY N LN SD SUB BNDD ON W BY W LN SD SUB	\$10,310.00
	20929 Meadow Lake Rd	& BNDD ON S & E BY MEADOW LAKE RD LESS W	
	Snohomish WA 98290	375.00FT AS MEAS ALG N LN THOF PER BLA 241-94	
		REC AF NO9411040588 REMOVED FROM DF FOR 1996 TAX	
30062700100200	Krista Crosson	SEC 27 TWP 30 RGE 06LOT 2 OF ZA9012600SP REC AF NO 9211050222 & BEING PTN OF NE1/4 NE1/4	\$8,570.00
	7513 State Route 92		
	Lake Stevens WA 98258		
		Total Assessment Amount	\$ 61,345.00

EXHIBIT B

PUBLIC UTILITY DISTRICT NO. 1 OF SNOHOMISH COUNTY

WATER UTILITY

NON-CONTIGUOUS WATER LUD NO. 55

FEASIBILITY STUDY REPORT

November, 2012

1. INTRODUCTION AND BACKGROUND

The properties included in Local Utility District (LUD) No. 55 are located in unincorporated Snohomish County in the Granite Falls, Lake Stevens and Snohomish areas. They are attached to the District's main on Robe Menzel Road, Skinner Road, Tom Marks Road, Meadow Lake Road, State Route 92 and 4th Pl NE (See maps for property locations).

Research by the District's Office of General Counsel determined that an LUD was the only mechanism through which the District could offer financing for attachment to District water service, and that an LUD need not include contiguous parcels. Thus, the concept of a Non-Contiguous LUD was developed to allow voluntary participation by property owners wishing to take permanent service from an existing District water supply main.

Participants have been provided with a Water Connection Contract as shown in Exhibit 1. The Water Connection Contract is written such that the property owner's signature qualifies as a signed LUD petition. Since only those requesting financing for water service have signed Contracts, the LUD has 100 percent property owner support.

2. COST

The cost per customer varies depending upon which main the service is connecting to.

The following fees for connection were charged at the 2011 rate:

This customer signed the contract and had the water service installed in December 2011 after LUD 54 was already complete. The cost for this property connecting to the distribution main on Robe Menzel Road was \$8,255, which is a full service connection, including a pressure reducing valve. The connection fee is composed of a General Facilities Charge (GFC) of \$3,060, a Distribution System Charge (DSC) of \$3,530, a Service Connection Charge (SCC) of \$1,135 (for a ¾" meter), a Snohomish County Right-of-Way permit costing \$100, a pressure reducing valve costing \$230, and a LUD Administrative fee of \$200.

The following fees for connection are charged at the 2012 rates:

The cost for the properties connecting to the distribution main on Tom Marks Road, State Route 92, and Skinner Road is \$8,570 each, which is a full service connection, including a pressure reducing valve. The connection fee is composed of a General Facilities Charge (GFC) of \$3,180, a Distribution System Charge (DSC) of \$3,670, a Service Connection Charge (SCC) of \$1,180 (for a ¾" meter), a Snohomish County Right-of-Way permit costing \$100, a pressure reducing valve costing \$240, and a LUD Administrative fee of \$200. There are four of these properties.

One of the properties connecting to the distribution main on 4th Place NE is \$8,500, which is the cost for a full service connection with a 1" meter and Boosted Water Pressure Agreement. The connection fee is composed of a General Facilities Charge (GFC) of \$3,180, a Distribution System Charge (DSC) of \$3,670, a Service Connection Charge (SCC) of \$1,325 (for a 1" meter), a Snohomish County Right-of-Way permit costing \$100, a Booster Agreement fee of \$25, and a LUD Administrative fee of \$200.

The cost for the property connecting to the distribution main on Meadow Lake Road is \$10,310. The amount is composed of a General Facilities Charge (GFC) of \$5,160 (GFC for Remote System of Storm Lake Ridge), a Distribution System Charge (DSC) of \$3,670, a Service Connection Charge (SCC) of \$1,180, a Snohomish County Right-of-Way Permit of \$100, and a LUD Administrative fee of \$200.

The GFC represents a pro-rata share of the cost of funding transmission, storage and water source improvements, which are required to serve the LUD properties. The DSC is based on the average cost per lot for new distribution systems installed in the District's rural service area (this amount will vary based on when the District-installed water main extension was completed or if the property was located in an area where another LUD-financed main was installed). The SCC is the average cost of installation of a meter and a service line from the main to the property line. The LUD administrative fee provides recovery of costs associated with administering the LUD, including formation costs and annual fees charged by the Snohomish County Treasurer's Office.

No. of	Connection Fee	Assessment
Properties		
4	2012 Standard Connection Fee w/ PRV	\$ 34,280
1	2012 Standard Connection Fee w/ Booster Agreement	\$8,500
1	2012 Standard Connection Fee w/ Remote System GFC	\$10,310
1	2011 Standard Connection Fee w/ PRV	\$8,255
7 TOTAL		\$61,345

2012 Standard SF Connection Fee w/PRV	
General Facilities Charge	\$ 3,180
Distribution System Charge	\$ 3,670
Service Connection Charge (3/4")	\$ 1,180
Pressure Reducing Valve	\$ 240
County Right-of-Way Permit	\$ 100
LUD Administrative Fee	<u>\$ 200</u>
	\$ 8,570

2012 Standard SF Connection Fee w/ 1" Meter & Booster	Agreement
General Facilities Charge	\$ 3,180
Distribution System Charge	\$ 3,670
Service Connection Charge (1")	\$ 1,325
Boosted Water Pressure Agreement Fee	\$ 25
County Right-of-Way Permit	\$ 100
LUD Administrative Fee	<u>\$ 200</u>
	\$ 8,500
2012 Standard SF Connection Fee w/ Remote System GFO	<u> </u>
General Facilities Charge	\$ 5,160
Distribution System Charge	\$ 3,670
Service Connection Charge (3/4")	\$ 1,180
County Right-of-Way Permit	\$ 100
LUD Administrative Fee	<u>\$ 200</u>
	\$10,310
2011 Standard SF Connection Fee w/PRV	
General Facilities Charge	\$ 3,060
Distribution System Charge	\$ 3,530
Service Connection Charge (3/4")	\$ 1,135
Pressure Reducing Valve	\$ 230
County Right-of-Way Permit	\$ 100
LUD Administrative Fee	<u>\$ 200</u>
	\$ 8,255

3. FINANCING

Bonds will not be sold for this LUD since the District incurs no substantial costs in providing the new customer service attachments to existing facilities. Once the final assessment roll has been approved, the Snohomish County Treasurer will be notified, and the Treasurer will in turn notify the property owners. Following a 30-day opportunity to pay the assessment off in-full with no interest or penalty, the first annual installment would be due 12 months following that notice. The interest rate charged to the property owners would be established by the District at the public hearing on the final assessment roll. An interest rate of approximately 5.0 percent is anticipated. As the Treasurer collects assessment payments, the proceeds are forwarded to the District.

Since the assessment will be secured by a senior lien on the property, in second position behind general property taxes, the District may foreclose on a parcel if the assessment is not paid. For all parcels included in the LUD, the value of the property exceeds by several times the amount of the assessment. Further, District policy provides for disconnection of water service in the event of default, hence the District is well protected from possible non-payment.

4. ECONOMIC FEASIBILITY

For an LUD to be economically feasible, the assessed parcel's value must be increased by at least as much as the amount of the assessment. By signing the Connection Contract, all owners stipulate and agree that the benefits to their property exceed the estimated cost of the assessment. Further, all property owners applying for a District water connection via the non-contiguous local utility district method agree that the benefits to their property will be greater than the estimated cost of the improvements. Property owners also acknowledge and agree that water service options other than direct connection to the District's system are more expensive and provide less benefit than a direct connection to the District's water system.

5. PRELIMINARY ASSESSMENT ROLL

The preliminary assessment is attached as Exhibit A.

6. RATES

All customers in this LUD will pay the District's standard single-family water rate. Rates currently in effect for a single-family residential water service include a \$19.07 minimum monthly charge and \$2.92 per 100 cubic feet (748 gallons) of water usage. An average single-family household using 1,000 cubic feet per month would see a monthly bill of \$48.27 per month, or \$579.24 per year (the District bills on a bi-monthly basis).

7. SUMMARY AND RECOMMENDATION

The proposed LUD is financially, economically and technically feasible. The District will not issue bonds for the LUD, and will collect assessment payments over the projected 20-year life of the LUD. It is recommended that the LUD be formed and the properties assessed as outlined in the Feasibility Report.



WATER CONNECTION CONTRACT FOR NON-CONTIGUOUS LOCAL UTILITY DISTRICT

Wash establ	ington lishing	act is entered into between the (the District), and the terms for connection to be ded water supply pipeline.	the Publ	ic Utility District No. 1 of Snohomish County, (Applicant(s), for the purpose of strict's water system through direct access to a	
Appli	cant dec	clares and warrants as follows:			
(1)	Appli	icant's service address is:	(2)	Applicant's mailing address is:	
(3)		erty tax account number is:	4)	Applicant's telephone number is: (H) (W)	
(5)	-	egal description of the property i	S:		
The A	Applican (1) (2)	pipeline.	water	service through direct connection to the supply	
		a. General Facilities Charge b. Distribution Service Charge c. Service Connection Fee d. County Right-of-Way Perr e. LUD Administration Fee f. Pressure Reducing Valve	,	\$XXXX \$XXXX \$XXXX \$XXXX \$XXXX \$XXXX	

Financing is available through participation in a non-contiguous Local Utility District (LUD) to owners of existing single-family residences adjacent to a District-funded water supply pipeline. The dwelling must serve as the residence of the Applicant or of Applicant's lessee and must be a residence that cannot otherwise be served from an ancillary water distribution main in a cost-effective manner.

Applicant agrees that the benefits to Applicant's property will be greater than the cost of the improvements as described by this Contract when the District-constructed improvements have been installed.

Applicant acknowledges and understands that the District-constructed improvements consist of a direct water service access from the District's supply pipeline to a water meter at the edge of the right-of-way within which the supply pipeline is constructed. Applicant understands and acknowledges that the responsibility to run a service line from the District's water meter to the Applicant's residence is solely the Applicant's responsibility.

Applicant acknowledges and declares that water service options other than connection to the District's system are more expensive or provide less benefit than connection to the District's water system. Applicant also acknowledges that a direct connection to the District's supply pipeline is both financially and economically feasible and accepts the District's determination that such is the case.

Applicant hereby waives publication of notice of a hearing establishing a non-contiguous Local Utility District and agrees that written notice by first class U.S. Mail, postage pre-paid, to Applicant's address as indicated above, sent at least 15 days prior to the hearing on the formation of the Local Utility District and confirmation of the assessment roll shall be sufficient notice for constructive compliance with applicable law.

ASSESSMENT

Applicant understands and agrees that an assessment will be levied in the total amount of \$XXXX for the water connection rights and services described herein and a lien established upon Applicant's real property as described above, securing such assessment. The levying, collection and enforcement of all assessments are performed by the Snohomish County Treasurer's Office. Payment of such assessment amount may be made without penalty, interest, or cost at any time within 30 days of the first day of notification by the Treasurer's Office that the assessment roll has been placed in his/her hands for collection. If not paid within the 30-day period, assessments will be billed by the Treasurer's Office in 20 equal annual installments beginning in 2013 and continuing each and every year thereafter until the total assessment, plus interest accrued at the rate of 5.0% compounded annually on the declining unpaid balance, is paid in full.

Delinquent Payment - Penalty -- Termination of Water Service - Collection Agency Fee

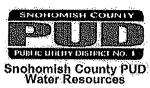
Applicant understands and agrees that water service obtained through the non-contiguous local utility district process is for the sole benefit and improvement of property. Applicant also agrees that if an assessment payment is delinquent, reasonable collection methods may be used, including charging a penalty of 12 percent per annum on the outstanding delinquent balance, disconnection of water service, assignment to a collection agency with the addition of a collection agency fee that will be 30% of the amount of the claim assigned as authorized by Section 19.16.500 of the Revised Code of Washington, or legal action (Policies & Procedures for Administration of Water Service, Section 2.4.9, and Appendix B, Table B-10)

http://www.snopud.com/home/watermain/waterpolicies.ashx?p=1214.

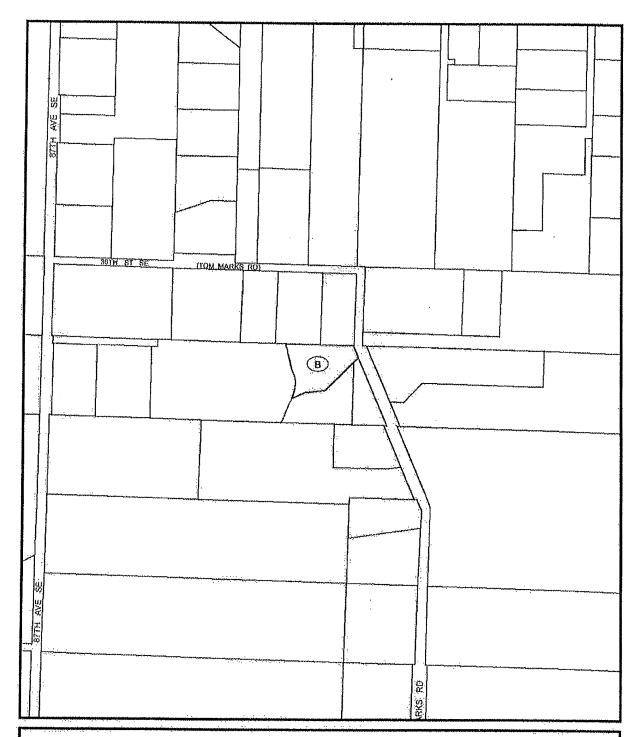
Entered into this day of	, 2012.	
Public Utility District No. 1 Of Snohomish County		
By:Representative	By: Applicant By:	
	Applicant	

State of Washington)
County of Snohomish)
I certify that I know or have satisfactory evidence that and, Applicant(s), is/are the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument and acknowledged it to be (his/her/their) free and voluntary act for the uses and purposes mentioned in this instrument.
Date:
Signature of Notary Public in and for the State of Washington
Residing at
My appointment expires



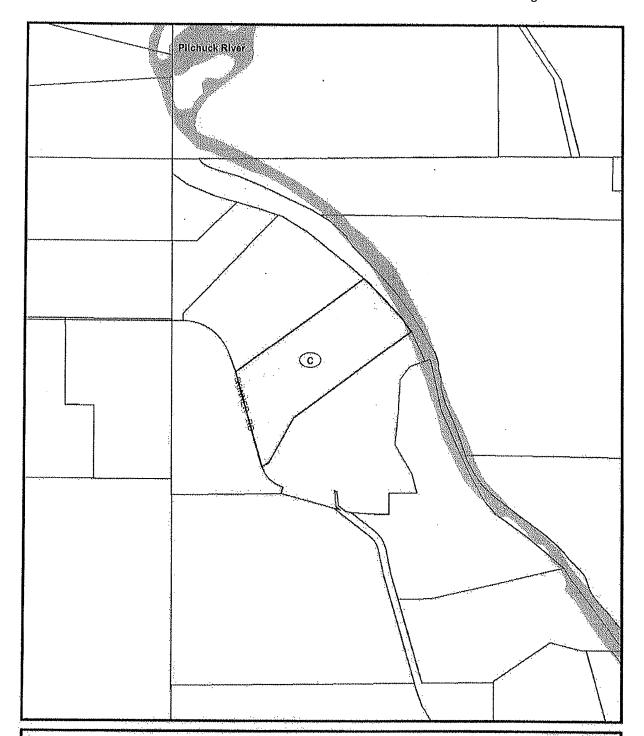


TAX ACCOUNT #: A 300731-004-017-00



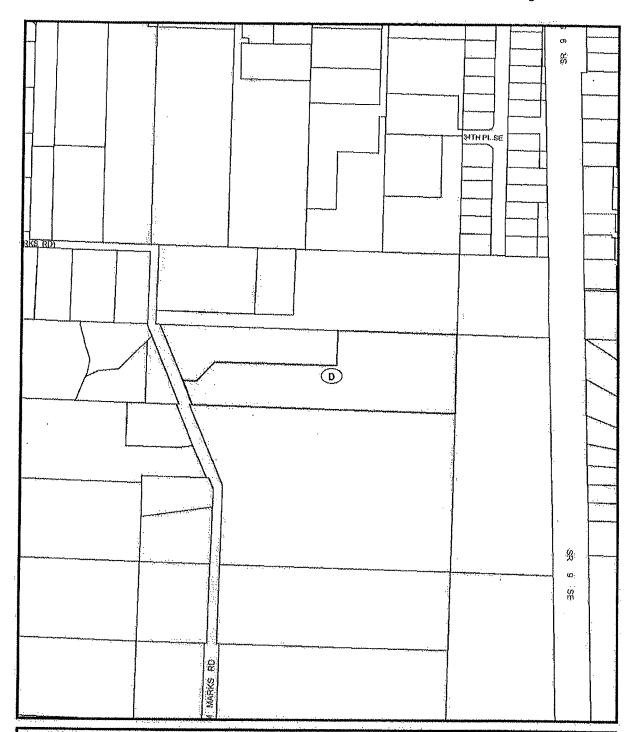


TAX ACCOUNT #: B 004402-000-013-04



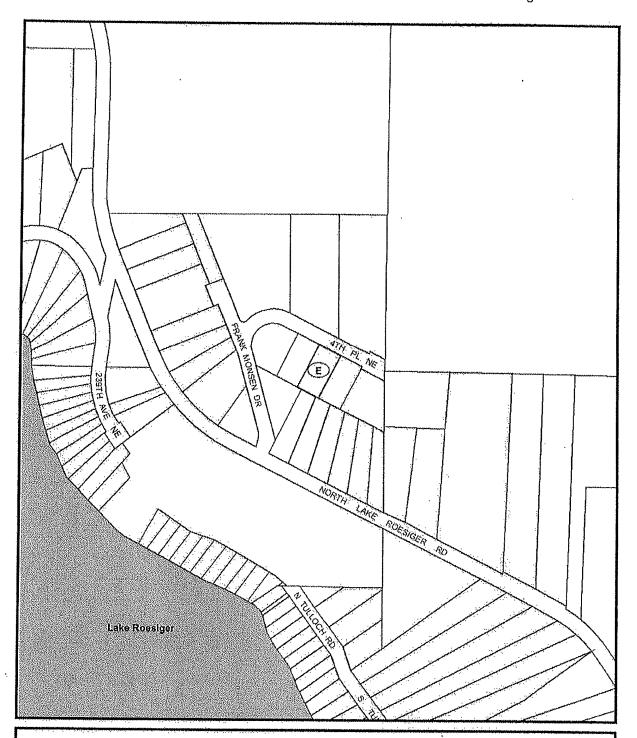


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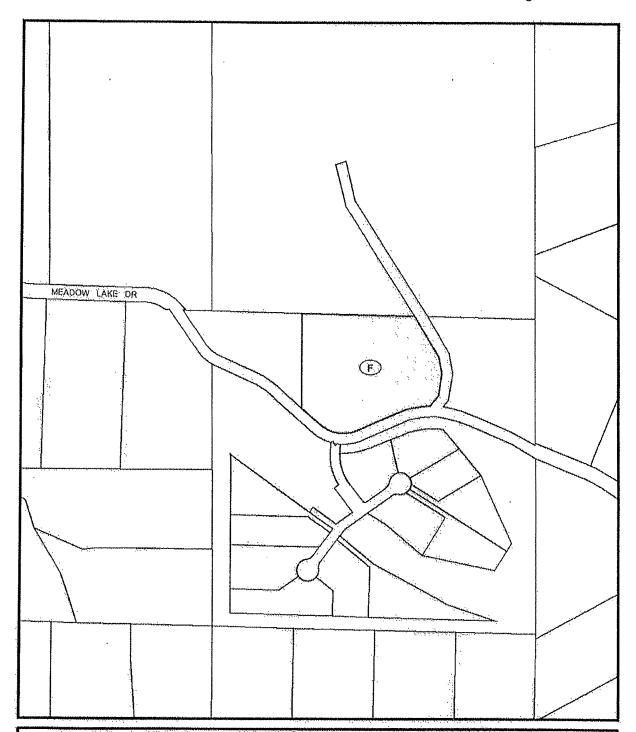


TAX ACCOUNT #: D 290536-001-006-00





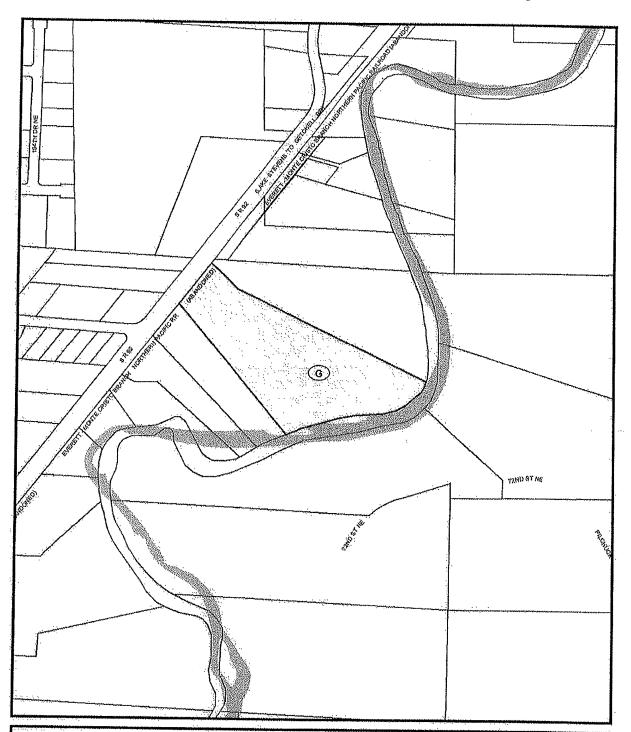
TAX ACCOUNT #: E 004421-000-021-00





NON-CONTIGUOUS LUD NO. 55 TAX ACCOUNT #:

TAX ACCOUNT #: F 280718-001-015-00





NON-CONTIGUOUS LUD NO. 55 TAX ACCOUNT #:

G 300627-001-002-00

RESOLUTION NO.

A RESOLUTION Ordering, Approving, Ratifying and Confirming the Construction and Installation of the Plan or System of Additions to the District's Water Utility, as Adopted on November 19, 2012, and Applicable to the Local Utility District Hereinafter Described, Forming Local Utility District No. 55 of Snohomish County, Washington, and Confirming the Final Assessment Roll

WHEREAS, by Resolution No. XXXX passed by the Board of Commissioners of the District on November 19, 2012, a plan or system of additions and related appurtenances to the District's Water Utility, all in accordance with "Exhibit B" thereto, which by this reference is made a part hereof, was adopted, which resolution also declared the intention of the Board of Commissioners to form Local Utility District No. 55 in connection with carrying out such plan; and

WHEREAS, the boundaries and a general description of the proposed local utility district, together with the names and addresses of the owners of all lots, parcels, or tracts of land or other property within such local utility district, as shown on the tax rolls of the County Treasurer, and the legal descriptions and proposed annual assessments for all such lots, parcels or tracts of land or other property within the proposed local utility district, are as set forth in "Exhibits A" and "B," attached hereto and by this reference incorporated herein; and

WHEREAS, on November 19, 2012, written notice of the hearing to form such proposed local utility district and adopt related assessment rolls was sent by first class mail, U.S. postage prepaid, to the owners of all lots, parcels, or tracts of land or other property within the proposed local utility district; and

WHEREAS, the publication of such notice has been waived in writing by each and every member of the proposed local utility district; and

WHEREAS, no protest petition signed by fifty percent (50%) or more of the property owners within such proposed local utility district was filed with the Secretary of the Board of Commissioners on or before twelve o'clock noon on the date fixed for hearing; and

WHEREAS, on December 18, 2012, commencing at 1:30 p.m., the Commission conducted a hearing on such proposed local utility district, and considered all timely written objections and oral arguments presented for or against the formation of such district and for or against the proposed assessment roll for such district; and

WHEREAS, under the State Environmental Policy Act, WAC 197-11-800 (17) and -800 (24)(b), no environmental checklist was prepared prior to the formation and construction of Local Utility District No. 55; and

WHEREAS, the Commission finds that it is reasonable and proper and in the best interest of the District to form Local Utility District No. 55 as hereinbefore described, and to confirm the assessment roll for such local utility district.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, as follows:

Section 1. The construction of the plan or system of additions to and extensions of the District's Water Utility as adopted in Resolution No. XXXX and as more particularly set forth in "Exhibit B" thereto, is hereby approved, ratified and confirmed.

Section 2. The proposed Local Utility District No. 55 of Snohomish County, Washington, as more particularly described in "Exhibit A," appears to be financially and economically feasible, and is hereby formed.

Section 3. The cost and expense of carrying out the plan or system provided in Section 1, including construction and installation, overhead and general expenses and engineering and legal expenses, is hereby declared to be \$61,345. Not to exceed 100 percent of such cost and expense shall be borne by assessments against property within said local utility district specially benefited by the improvement. The Commission finds that the cost and expense to be borne by each lot is not greater than the benefit to be conferred on each lot.

Section 4. Assessment shall be made against the property within said local utility district on a per buildable lot basis. Each assessment shall include, in addition to a proportionate share of the cost of facilities constructed as part of the plan or system described in Section 1 hereof, a general facilities charge, which represents the charge imposed by the District for access to the source, storage and transmission facilities of the District's Water Utility. A connection charge shall also be levied for each service connection. The Board of Commissioners hereby finds that such method of assessment is equitable and proper and fairly reflects the special benefits to the respective assessed properties.

Section 5. The proposed final assessment roll and assessments for Local Utility District No. 55 as set forth in the attached "Exhibit A" is fair and reasonable and is hereby approved and confirmed.

Section 6. The assessments in such utility district may be paid in cash, without penalty, interest or cost, at any time within thirty days from the first day of publication of notice by the Treasurer of Snohomish County, Washington, that the assessment roll is in his or her hands for collection, and if not then paid, such assessments may, at the option of the several property owners, be paid in 20 equal annual installments; that the first of such installments be due one year after the expiration of the aforesaid 30-day period, and

subsequent installments shall be due annually after such date; that the sum remaining unpaid at the expiration of such 30-day period shall bear interest at the rate of 5.0 percent per annum, and interest on the unpaid amount shall be due on the due date of the first installment of principal and each year thereafter on the due date of each installment of principal; that assessments or installments thereof, when delinquent, in addition to such interest, shall bear a penalty in the amount of 12 percent per annum on the outstanding delinquent balance; and that the owner of any lot, tract or parcel of land or other property charged with any such assessment may redeem it from all liability for the unpaid amount of the assessment, at any time after the 30-day period allowed for payment of the assessment without penalty or interest, by paying the entire unpaid amount of the assessment to the Snohomish County Treasurer, with interest thereon to the date of maturity of the installment next falling due.

Section 7. The cost of the plan described in Section 1 hereof shall be met and defrayed from the District's Water Utility General fund and the proceeds of assessments levied and assessed against all property within the local utility district created by Section 2 hereof, legally and properly assessable therefore and specially benefited by said improvement, as provided by the laws of the State of Washington and the resolutions of the District. The entire principal of and interest on such assessments, as well as penalties for late payment, shall be paid into a local improvement fund which is hereby created and established in the office of the Snohomish County Treasurer to be known as "Utility Local Improvement District No. 55, (Water Distribution System) – Non-Contiguous" and shall be used for the sole purpose of paying the cost of the plan described in Section 1, and/or paying principal of and interest on District warrants and/or notes, inter-fund loans or bonds issued in payment of the cost and expense of such improvements; and the Snohomish County Treasurer is hereby

authorized and directed to remit to the District, on or prior to the tenth day of the month following receipt thereof, for use for such purposes, any and all monies received by the Treasurer from time to time in said fund.

Section 8. The Secretary of the Board of Commissioners of the District is hereby authorized and directed to certify unto the Snohomish County Treasurer and any and all public authorities or others interested in LUD No. 55 or properties contained therein as to the giving of all notices, the manner and form of all resolutions or proceedings and any other information or material which may be necessary or appropriate with respect thereto.

PASSED AND APPROVED this 18th day of December, 2012.

President	
Vice-President	
Secretary	

RESOLUTION NO. 5616

A RESOLUTION Revising the District's Rates for Water Utility Service

WHEREAS, on December 2, 2008, the Board of Commissioners of Public Utility District No. 1 of Snohomish County (the "District") adopted changes to certain Water Utility rates, and the Commission now finds that such rates are in need of further revision; and

WHEREAS, the District has full and exclusive authority under RCW 54.16.030 to regulate and control the use, distribution, and price of its Water Utility services, and has the power and obligation under RCW 54.24.080 to establish, maintain, and collect rates or charges for water and other services supplied by the District, which shall be fair, nondiscriminatory, and adequate to provide revenues sufficient for payment of its lawful obligations, to fund its planned improvements, and to provide quality water service to its existing and new water service customers; and

WHEREAS, by Resolution No. 5610 adopted on November 6, 2012, the Commission directed that a public hearing be held on November 19, 2012, to review the Water Utility's projected plans and revenue needs and the proposed Water Utility rates, and to provide District water service customers the opportunity to comment thereon, and the Commission has considered the information and comments provided at such meeting; and

WHEREAS, District staff has updated the Water Utility's financial model, capital construction improvement plan, and reviewed applicable issues potentially impacting retail water rates since the last adjustment, including but not limited to decrease in retail sales, increase in the cost of purchased water from the City of Everett, general inflation over the last four-year period, and needed system infrastructure improvements; and

WHEREAS, District staff also evaluated alternative rate designs, including seasonal rates and tiered rates as required by the state of Washington's Water Use Efficiency Rule, and concluded to continue with a levelized rate design that uniformly applies to all customer classes; and

WHEREAS, the Commission finds that the proposed revision of the District's Water Utility rates is reasonable and proper and in the best interests of the District and its customers.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Public Utility District No. 1 of Snohomish County, as follows:

Section 1. The District's rates for Water Utility service shall be revised as set forth in Exhibit "A," which Exhibit is attached hereto and incorporated herein by this reference.

Section 2. The rate revision hereby imposed shall become effective for the service described in such schedules, beginning on January 1, 2013, and on each following January 1 for the rate revisions applicable to those following years, ending with a rate revision that shall become effective on January 1, 2016, as provided in the attached Exhibit, and such rate revisions shall remain in effect until further revised. All water consumption prior to January 1, 2013, shall be billed at the rates in effect prior to such date. In preparing customers' bills to implement this resolution on January 1, 2013, the District shall prorate such bills as if water consumption occurred at a constant rate during the billing period.

Section 3. Existing rates not revised by this resolution shall remain in effect unchanged.

PASSED AND APPROVED this 3rd day of December, 2012.

President

Vice President

Secretary

PROPOSED CHANGES TO THE DISTRICT'S WATER UTILITY RATES (Effective January 1, 2013 - December 31, 2016)

	Current				
Description	Rates	2013	2014	2015	2016
General Single-Family Residential - Table B-6					
General and Special Rates					
Monthly Customer Charge	\$ 19.07	\$ 19.89	\$ 20.75	\$ 21.64	\$ 22.57
Bi-Monthly Customer Charge	\$ 38.14	\$ 39.78	\$ 41.50	\$ 43.28	\$ 45.14
Commodity Rate (per 100 cu ft)	\$ 2.92	\$ 3.05	\$ 3.18	\$ 3.31	\$ 3.46
Unmetered Monthly Rate	\$ 48.27	\$ 50.39	\$ 52.55	\$ 54.74	\$ 57.17
General Multi-Family Residential - Table B-7					
General and Special Rates					
Monthly Customer Charge	\$ 18.76	\$ 19.57	\$ 20.41	\$ 21.29	\$ 22.20
Commodity Rate (per 100 cu ft)	\$ 2.71	\$ 2.83	\$ 2.95	\$ 3.07	\$ 3.21
General Commercial / Industrial - Table B-8					
General and Special Rates, except Lake Connor Park					
Monthly Customer Charge	\$ 40.76	\$ 42.51	\$ 44.34	\$ 46.25	\$ 48.24
Commodity Rate (per 100 cu ft)	\$ 2.64	\$ 2.75	\$ 2.87	\$ 3.00	\$ 3.12
 General Commercial / Industrial - Table B-8					
Lake Connor Park Monthly Customer Charge	\$ 76.63	\$ 79.93	\$ 83.36	\$ 86.95	\$ 90.69
Lake Connor Park Commodity Rate (per 100 cu ft)	\$ 3.10	\$ 3.23	\$ 3.37	\$ 3.52	\$ 3.67

RESOLUTION NO. 5620

A RESOLUTION Ordering, Approving, Ratifying and Confirming the Construction and Installation of the Plan or System of Additions to the District's Water Utility, as Adopted on November 19, 2012, and Applicable to the Local Utility District Hereinafter Described, Forming Local Utility District No. 55 of Snohomish County, Washington, and Confirming the Final Assessment Roll

WHEREAS, by Resolution No. 5615 passed by the Board of Commissioners of the District on November 19, 2012, a plan or system of additions and related appurtenances to the District's Water Utility, all in accordance with "Exhibit B" thereto, which by this reference is made a part hereof, was adopted, which resolution also declared the intention of the Board of Commissioners to form Local Utility District No. 55 (LUD No. 55) in connection with carrying out such plan; and

WHEREAS, the boundaries and a general description of the proposed local utility district, together with the names and addresses of the owners of all lots, parcels, or tracts of land or other property within such local utility district, as shown on the tax rolls of the County Treasurer, and the legal descriptions and proposed annual assessments for all such lots, parcels or tracts of land or other property within the proposed local utility district, are as set forth in "Exhibits A" and "B," attached hereto and by this reference incorporated herein; and

WHEREAS, on November 21, 2012, written notice of the hearing to form such proposed local utility district and adopt related assessment rolls was sent by first class mail, U.S. postage prepaid, to the owners of all lots, parcels, or tracts of land or other property within the proposed local utility district; and

WHEREAS, the publication of such notice has been waived in writing by each and every member of the proposed local utility district; and

WHEREAS, no protest petition signed by fifty percent (50%) or more of the property owners within such proposed local utility district was filed with the Secretary of the Board of Commissioners on or before twelve o'clock noon on the date fixed for hearing; and

WHEREAS, on December 18, 2012, commencing at 1:30 p.m., the Commission conducted a hearing on such proposed local utility district, and considered all timely written objections and oral arguments presented for or against the formation of such district and for or against the proposed assessment roll for such district; and

WHEREAS, under the State Environmental Policy Act, WAC 197-11-800 (17) and -800 (24)(b), no environmental checklist was prepared prior to the formation and construction of Local Utility District No. 55; and

WHEREAS, the Commission finds that it is reasonable and proper and in the best interest of the District to form Local Utility District No. 55 as hereinbefore described, and to confirm the assessment roll for such local utility district.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, as follows:

Section 1. The construction of the plan or system of additions to and extensions of the District's Water Utility as adopted in Resolution No. 5615 and as more particularly set forth in "Exhibit B" thereto, is hereby approved, ratified and confirmed.

Section 2. The proposed Local Utility District No. 55 of Snohomish County, Washington, as more particularly described in "Exhibit A," appears to be financially and economically feasible, and is hereby formed.

Section 3. The cost and expense of carrying out the plan or system provided in Section 1, including construction and installation, overhead and general expenses and engineering and legal expenses, is hereby declared to be \$61,345. Not to exceed 100 percent of such cost and expense shall be borne by assessments against property within said local utility district specially benefited by the improvement. The Commission finds that the cost and expense to be borne by each lot is not greater than the benefit to be conferred on each lot.

Section 4. Assessment shall be made against the property within said local utility district on a per buildable lot basis. Each assessment shall include, in addition to a proportionate share of the cost of facilities constructed as part of the plan or system described in Section 1 hereof, a general facilities charge, which represents the charge imposed by the District for access to the source, storage and transmission facilities of the District's Water Utility. A connection charge shall also be levied for each service connection. The Board of Commissioners hereby finds that such method of assessment is equitable and proper and fairly reflects the special benefits to the respective assessed properties.

Section 5. The proposed final assessment roll and assessments for Local Utility District No. 55 as set forth in the attached "Exhibit A" is fair and reasonable and is hereby approved and confirmed.

Section 6. The assessments in such utility district may be paid in cash, without penalty, interest or cost, at any time within thirty days from the first day of publication of notice by the Treasurer of Snohomish County, Washington, that the assessment roll is in his or her hands for collection, and if not then paid, such assessments may, at the option of the several property owners, be paid in 20 equal annual installments; that the first of such installments be due one year after the expiration of the aforesaid 30-day period, and

subsequent installments shall be due annually after such date; that the sum remaining unpaid at the expiration of such 30-day period shall bear interest at the rate 5.0 percent per annum, and interest on the unpaid amount shall be due on the due date of the first installment of principal and each year thereafter on the due date of each installment of principal; that assessments or installments thereof, when delinquent, in addition to such interest, shall bear a penalty in the amount of 12 percent per annum on the outstanding delinquent balance; and that the owner of any lot, tract or parcel of land or other property charged with any such assessment may redeem it from all liability for the unpaid amount of the assessment, at any time after the 30-day period allowed for payment of the assessment without penalty or interest, by paying the entire unpaid amount of the assessment to the Snohomish County Treasurer, with interest thereon to the date of maturity of the installment next falling due.

Section 7. The cost of the plan described in Section 1 hereof shall be met and defrayed from the District's Water Utility General fund and the proceeds of assessments levied and assessed against all property within the local utility district created by Section 2 hereof, legally and properly assessable therefore and specially benefited by said improvement, as provided by the laws of the State of Washington and the resolutions of the District. The entire principal of and interest on such assessments, as well as penalties for late payment, shall be paid into a local improvement fund which is hereby created and established in the office of the Snohomish County Treasurer to be known as "Utility Local Improvement District No. 55, (Water Distribution System) – Non-Contiguous" and shall be used for the sole purpose of paying the cost of the plan described in Section 1, and/or paying principal of and interest on District warrants and/or notes, inter-fund loans or bonds issued in payment of the cost and expense of such improvements; and the Snohomish County Treasurer is hereby

Resolution No. 5620

-5-

authorized and directed to remit to the District, on or prior to the tenth day of the month following receipt thereof, for use for such purposes, any and all monies received by the Treasurer from time to time in said fund.

Section 8. The Secretary of the Board of Commissioners of the District is hereby authorized and directed to certify unto the Snohomish County Treasurer and any and all public authorities or others interested in LUD No. 55 or properties contained therein as to the giving of all notices, the manner and form of all resolutions or proceedings and any other information or material which may be necessary or appropriate with respect thereto.

PASSED AND APPROVED this 18th day of December, 2012.

(not present)

President

Vice-President

Nevis a. Ludie

Secretary

Final Assessment Roll for Lots Within Boundaries of Non-Contiguous 2012 LUD 55 of Public Utility District No. 1 of Snohomish County, Washington

Tax Acct. No.	Recorded Owner & Mailing Address	Legal Description	<u>Final</u> Assessment
300731-004-017-00	John Shullenberg 4909 Robe Menzel Rd Granite Falls WA 98252	SEC 31 TWP 30 RGE 07BAAP 416FT E OF SW COR NE1/4 SE1/4 TH S88*54 05W ALG S LN SD SUB 416FT TO SD SW COR TH N ALG W LN SD SUB 469.92FT TO TPB TH S88*54 05W PLWS LN SD SUB 127.17FT M/L TO E R/W LNROBE-MENZEL RD TH S19*15 12E ALG E R/W LN 113.45FT TH N88*54 05E PLW S LN SD SUB 201.05FT TH S20*23 35E 56.15FT TH N88*54 05 E PLW S LN SD SUB 137.74FT THN20*23 35W 170.48FT TO INT LN WH LIES 469.90FT N OF & PLW S LN SD SUB TH S88*54 05W PLW S LN SD SUB 209.22FT M/L TO W LN SD NE1/4 SE1/4 & TPB AKA LOT 2 OF SP 45(2-80) REC'D AF NO8006260176	\$8,255.00
004402-000-013-04	Denise Scott PO Box 2140 Snohomish WA 98290	EVERETT VIEW ACRE TRS DIV B BLK 000 D-04 - BAAP ON E LN SD LOT 13 TH BEARS N00*04 44E 263.85FT FR SE COR THOF TH S43*35 53W 167.62FT TH S80*51 53W 88.35FT TH S63*14 53W 46FT M/L TO CTR LN OF AN EXISTSTREAM TH FLOWS IN SLY DIRECTION THRU LOT 13 TH NLY ALG SD STREAM CTR LN 235FT M/L TO N LN SD LOT 13 TH N89*33 19E ABOUT 289FT TO NE COR SD LOT 13 TH S00*04 44E 67.69FT TPB EXC RD TGW TH PTN S1/2 N1/2 NW1/4 NE1/4 SEC 36 TWP 29 RG 5 LY WLY OF TOM MARKS RD & NLY OF FDLBAAP ON W LN SD SUB TH BEARS N00*04 44E 263.85FT FR THE SW COR THOF TH N43*35 53E TO THE WLY R/W LN ST TOM MARKS RD & TERM SD DESC LN	\$8,570.00
300625-001-005-00	Jane Moylan & Ernest Kirchhof 7229 Skinner Rd Granite Falls WA 98252	Section 25 Township 30 Range 06 Quarter NE S1/2 NW1/4 NE1/4 NE1/4 AKA LOT 8 SURV AF NO 8103255017 & AMEND PER AFNS 8204095014 & 8309275037	\$8,570.00

EXHIBIT A

Final Assessment Roll for Lots Within Boundaries of Non-Contiguous 2012 LUD 55 of Public Utility District No. 1 of Snohomish County, Washington

Tax Acct. No.	Recorded Owner & Mailing Address	Legal Description	<u>Final</u> <u>Assessment</u>
290536-001-006-00	Donna Carlson PO Box 2311 Snohomish WA 98290	SEC 36 TWP 29 RGE 05 LOT 2 OF SP 252 (7-86) REC AF NO 8612319567 & 8702180334 & BEING PTN OF NW1/4 NE1/4	\$8,570.00
004421-000-021-00	Travis Foglesong 25319 153rd PI SE Monroe WA 98272	Section 16 Township 29 Range 07 Quarter NE-SE Subdivision EVERGREEN PARK ADD NO 3 LAKE ROESIGER BLK 000 D-00 LOT 21 TGW 1/40TH INT IN TR A SD PLAT (PER REAL EST CONTRACT REC UND AFN9101150156)	\$8,500.00
280718-001-015-00	Wesley & Karen Gustafson 20929 Meadow Lake Rd Snohomish WA 98290	SEC 18 TWP 28 RGE 07TH PTN OF SE1/4 NE1/4 BNDD ON N BY N LN SD SUB BNDD ON W BY W LN SD SUB & BNDD ON S & E BY MEADOW LAKE RD LESS W 375.00FT AS MEAS ALG N LN THOF PER BLA 241-94 REC AF NO9411040588 REMOVED FROM DF FOR 1996 TAX	\$10,310.00
300627-001-002-00	Krista Crosson 7513 State Route 92 Lake Stevens WA 98258	SEC 27 TWP 30 RGE 06LOT 2 OF ZA9012600SP REC AF NO 9211050222 & BEING PTN OF NE1/4 NE1/4	\$8,570.00

Total Assessment Amount

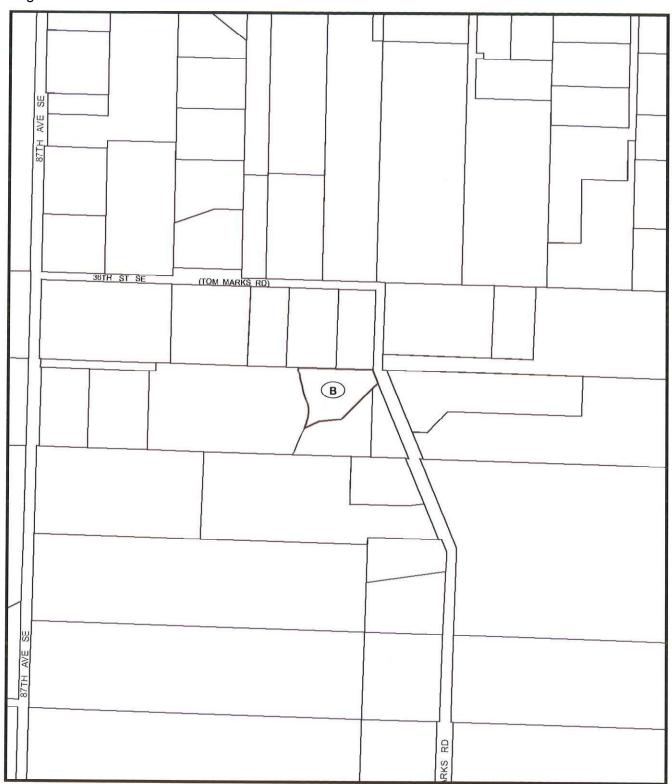
\$61,345

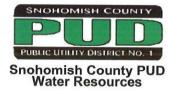
Resolution No. 5620 Page 2 of 16





NON-CONTIGUOUS LUD NO. 55 TAX ACCOUNT #: A 300731-004-017-00





B 004402-000-013-04





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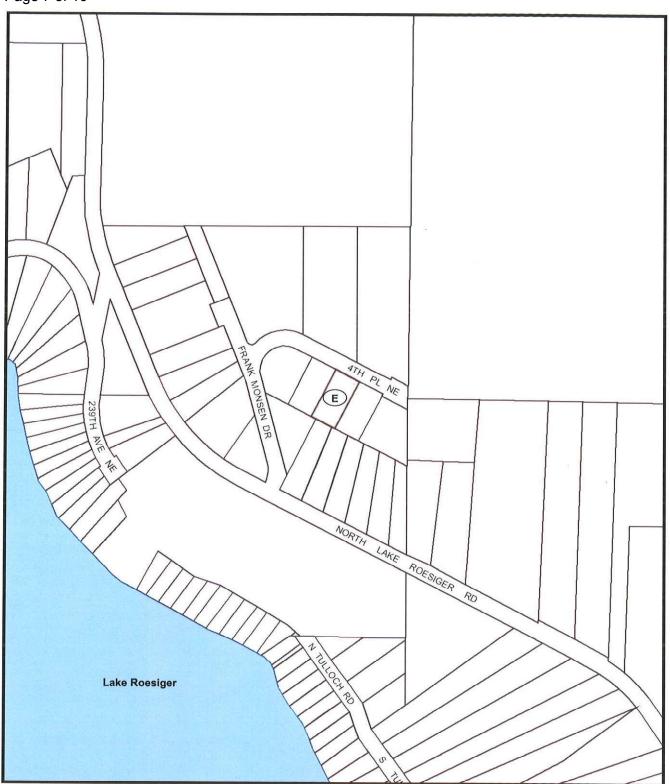




NON-CONTIGUOUS LUD NO. 55

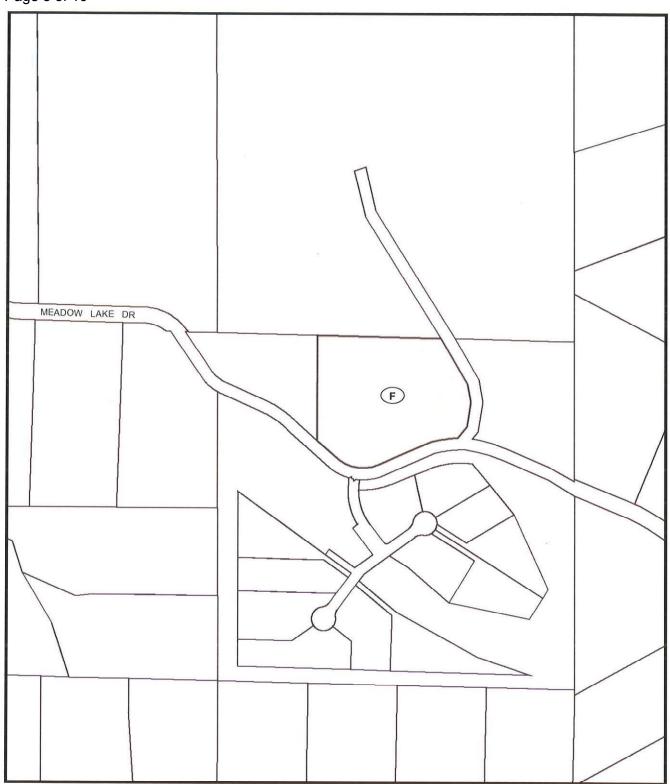
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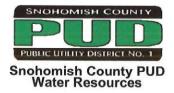
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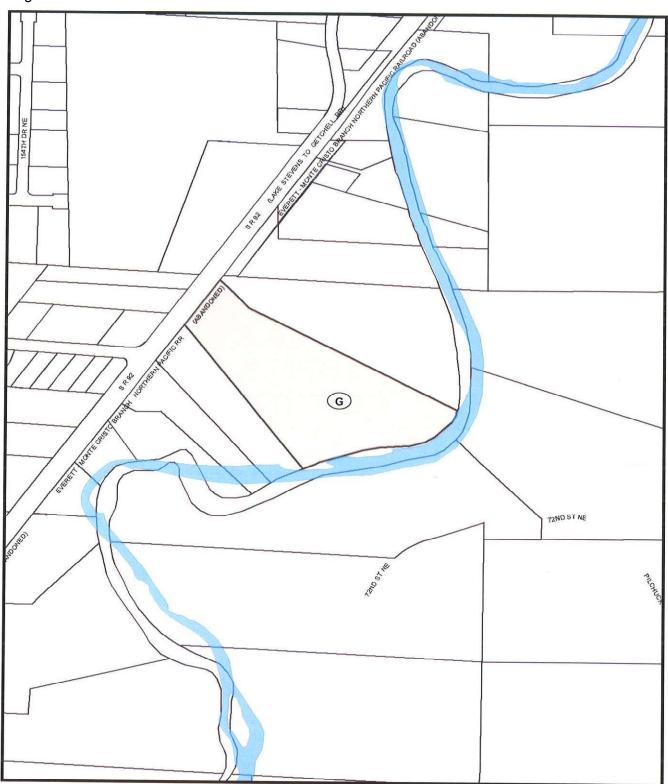


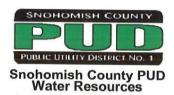
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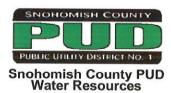




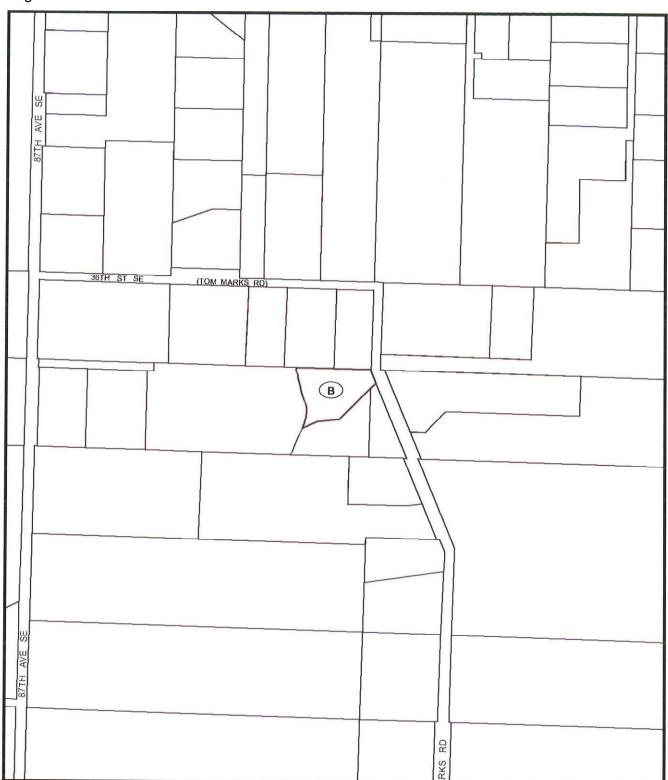
NON-CONTIGUOUS LUD NO. 55

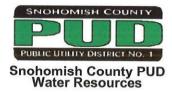
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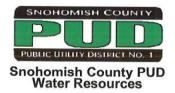
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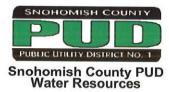


NON-CONTIGUOUS LUD NO. 55

TAX ACCOUNT #: C 300625-001-005-00

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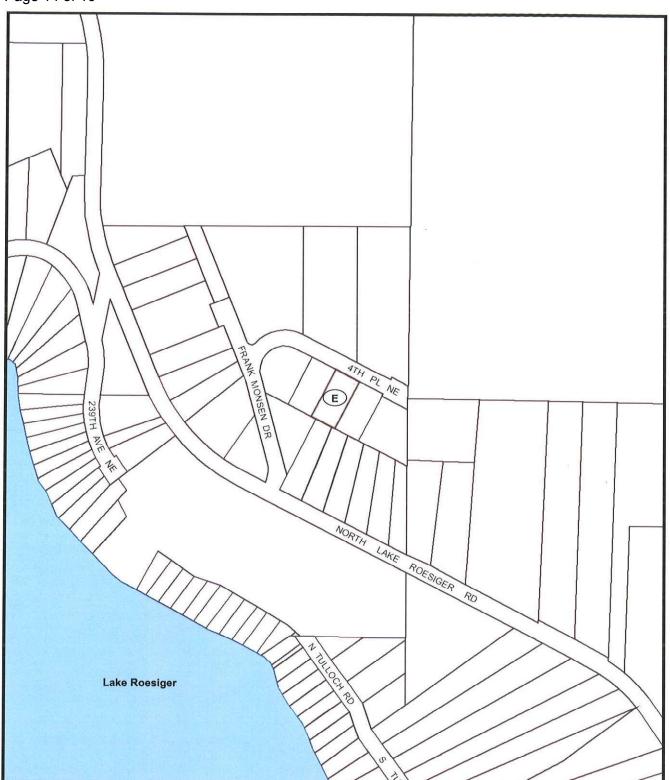




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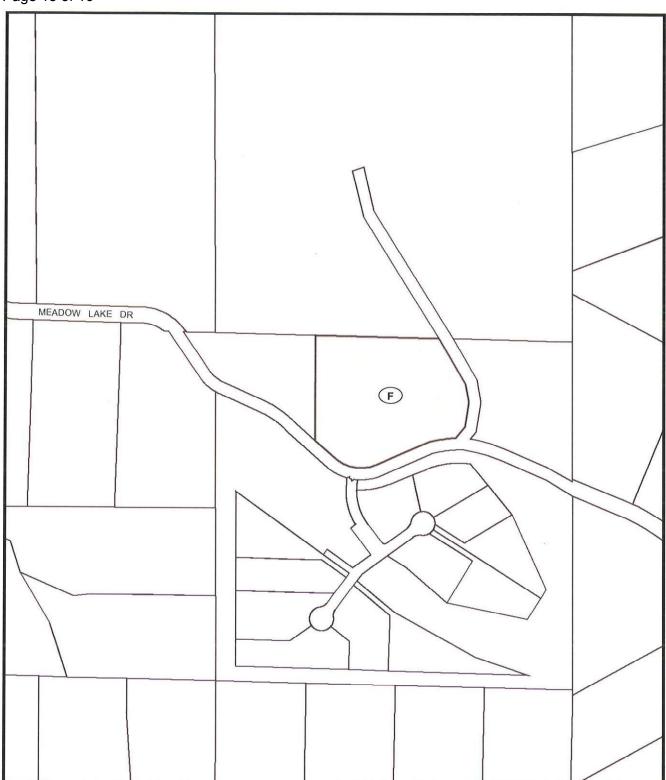
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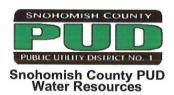
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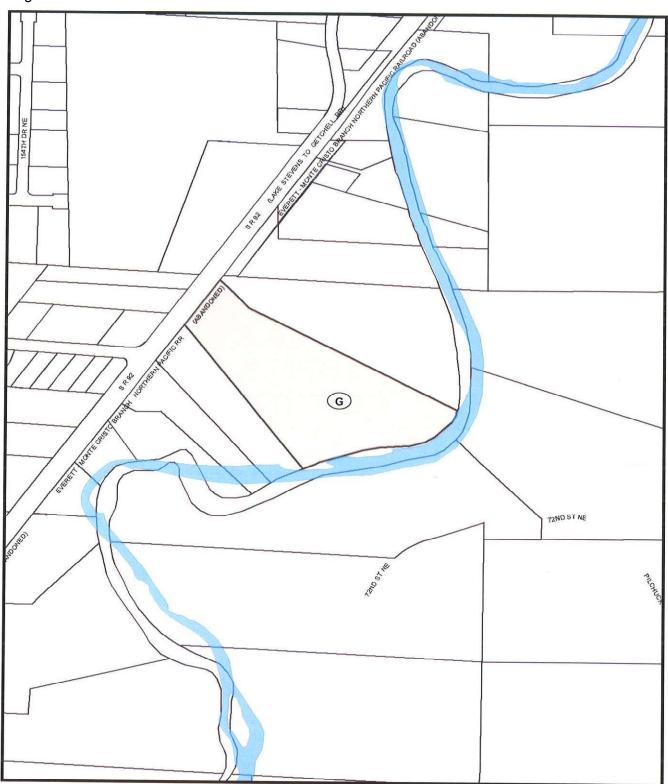


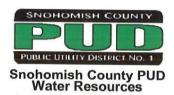
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F 280718-001-015-00





NON-CONTIGUOUS LUD NO. 55

TAX ACCOUNT #: G 300627-001-002-00

RESOLUTION NO. 5627

A RESOLUTION Authorizing the Transfer of \$500,000 from the General Account to the Rate Stabilization Account of the District's Water System Revenue Fund

WHEREAS, by Resolution No. 3825, the Board of Commissioners of Public Utility District No. 1 of Snohomish County, Washington, provided for the creation of a General Account and a Rate Stabilization Account within the Revenue Fund of the Water System; and

WHEREAS, the Rate Stabilization Account was established to allow the District to place surplus revenues within the fund for the purpose of helping stabilize rates; and

WHEREAS, due to unseasonably warm and dry weather in the summer of 2012 leading to enhanced water sales, stronger than expected development activity leading to higher connection fees, and careful management of operation, maintenance and construction expenditures leading to lower costs, the Water System ended 2012 with a favorable budget variance; and

WHEREAS, based on the 2012 budget results, staff has recommended that the District Treasurer be authorized to transfer up to \$500,000 from the General Account to the Rate Stabilization Account, effective December 31, 2012; and

WHEREAS, the Board of Commissioners, based on the information and evaluation provided by District staff, finds that such transfer to the Rate Stabilization Account effective December 31, 2012, is prudent and in the best interest of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Public Utility District No. 1 of Snohomish County, Washington, that the Treasurer of the District is hereby authorized to transfer an amount up to \$500,000 from the Revenue Fund

General Account to the Rate Stabilization Account, and in connection therewith, to establish any financial and investment accounts that may be necessary and appropriate to accommodate such transferred funds, to the extent such transfer does not jeopardize the District's ability to comply with its debt service coverage requirements.

PASSED AND APPROVED this 4th day of March, 2013.

resident

Vice-President

(not present)

Secretary

RESOLUTION NO. 5647

A RESOLUTION Amending District Water Utility Policies and Establishing Certain Charges for Water Utility Service

WHEREAS, the Board of Commissioners of Public Utility District No. 1 of Snohomish County, Washington (the "District"), from time to time has adopted, reviewed and amended its Water Utility Policies, and fees and charges for its water system to accommodate changing circumstances and District needs, and to improve customer service; and

WHEREAS, the District has full and exclusive authority under RCW 54.16.030 to regulate and control the use, distribution and price of its water utility services, and has the power and obligation under RCW 54.24.080 to establish, maintain, and collect rates or charges for water and other services supplied by the district which shall be fair, nondiscriminatory, and adequate to provide revenues sufficient for payment of its lawful obligations to fund its planned improvements, and to provide quality water service to its existing and new water service customers; and

WHEREAS, Resolution No. 4848-J delegates to the District's General Manager broad authority to establish certain policies and regulations relating to water service, but reserves in the District's Commission the authority to establish the general terms, conditions and policies for water service provided by the District, and the rates, charges, and fees set forth in Appendix B, of the District's Policies and Procedures Manual for Administration of Water Services, as it may be amended from time to time; and

WHEREAS, staff has undertaken a review of the Policies and Procedures Manual and is recommending revisions that implement housekeeping and other minor clarifications and changes; that limit the District's liability for District-owned pressure reducing valves; and

Resolution No. 5647

-2-

that limit approval of plans for developer-funded line extensions to twelve months, which revisions are shown in the attached Exhibits "A" through "D"; and

WHEREAS, staff also recommend establishing a new fee for the disconnection of water service for non-payment that is consistent with the Electric Utility, and modifying the fees for same day reconnection to include a fee for same day and next day reconnection of water service that are consistent with the Electric Utility, which recommendations are shown in the attached Exhibit "E"; and

WHEREAS, the Board of Commissioners considered the proposed revisions in a public meeting on October 7, 2013, and also held a public hearing to consider these revisions on October 22, 2013; and

WHEREAS, having considered the information provided and the recommendation of staff, the Commission finds the proposed revisions to the District's Policies and Procedures Manual for Administration of Water Service as set forth in the attached Exhibits "A" through "E" is reasonable and appropriate, and in the best interests of the District and its customers.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Public Utility District No. 1 of Snohomish County, that effective November 1, 2013, the District's Policies and Procedures Manual for Administration of Water Services shall be amended as set forth in Exhibits "A" through "E," incorporated herein by this reference.

PASSED AND APPROVED this 22nd day of October, 2013.

(not present)

President

Vice-President

Nathing Handle

Secretary

Resolution No.5647 Page 1 of 6

Exhibit A

Section 1

Revised December 18, 2001 <u>November 1, 2013</u> Resolution No. xxxx

Section 1

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Introduction

1.1 Goal

Snohomish County Public Utility District No. 1 (District) has developed this Policies and Procedures Manual to provide a helpful guide to water services for customers, the building trades, and the employees and representatives of the District. The goal of the District's Water <u>Utility Resources Division</u> is to provide safe and reliable service to all District water customers at the most economical cost possible. In pursuing this goal, the District's guiding principles include the following:

- (a) The District will endeavor to provide potable drinking water at flows and pressures meeting applicable regulations to all customers of the District.
- (b) The priorities of the Snohomish County PUD Water <u>Utility Resources</u>

 Division are established as follows: first, emergencies; second, maintenance and operation; and third, new service installations.
- (c) The District will promote water conservation as an ethic to be incorporated in all practices where it is reasonably practicable and cost-effective. The District may require conservation practices be utilized when necessary to preserve available resources and the environment.
- (d) The District shall endeavor to provide all of its customers with high-quality, courteous service in all of its activities.

1.2 Related Policies

The District's function is not to plan land uses within its boundaries, but to respond to land uses planned for Snohomish County under the applicable land use plan. The District's facilities, their encumbrances and their impact on the community will not be used as tools for implementing changes in the character or timing of planned land uses.

Exhibit A

Section 1 Revised December 18, 2001<u>November 1, 2013</u>

Resolution No. xxxx

The District has prepared and the Washington Department of Health has approved a Comprehensive Water System Plan (Plan) for the District's service area. This Plan projects service area needs over a 20-year time frame. The District's capital improvement program and incremental extensions and improvements to the District's system must be consistent with the Plan, as updated from time to time, whether they are carried out by the District or a third party.

Decisions on system extension, pipeline capacity, looping, etc. will be guided by the Plan. The District's Assistant General Manager of Water, Generation & Corporate Services Resources AGM will, at his/her discretion, determine the extent to which capital improvements are for the purposes of transmission or other general system needs; which are for the purposes of distribution within an area of the District; and which are for the sole benefit of a single subdivision or development. When new developments are proposed, the District may require the Developer Applicants to dedicate permanent utility easements for installation of water pipelines and other facilities in order to facilitate construction of the overall District system in accordance with the Plan. The District's share of the cost of new facilities will be determined by this Manual and by the Assistant General Manager.

1.3 Scope of Manual

This Manual outlines the policies and procedures to be applied by District staff in providing water service to individual properties served by the District, managing extension and improvement of the District's water distribution facilities, and providing service to satellite water systems owned or operated by the District. Nothing in this Manual shall be interpreted to apply to District actions with regard to provision of electrical or other utility services besides water.

1.4 Application of Policies and Procedures

In specific instances, the Assistant General Manager may, at his/her discretion, waive or modify the application of the policies and procedures described herein, including the application of standard fees and charges, provided that such waiver or modification allows for more effective or efficient achievement of District strategic initiatives, goals, objectives, and overall policies.

In cases where such waiver or modification involves a significant cost, or where its relationship to existing policies is not clear, the Assistant General

Resolution No.5647 Page 3 of 6

Exhibit A

Section 1

Revised December 18, 2001 November 1, 2013

Resolution No. xxxx

<u>ManagerAGM</u> must report any waivers or modifications to the Board of Commissioners within the next two regularly scheduled meetings of the Board.

If authorized by the Board of Commissioners, specific fees and charges may be adjusted for inflation automatically on an annual basis. Other adjustments to the magnitude of standard fees and charges may be made only upon authorization by the Board of Commissioners.

1.5 Revision

These Policies and Procedures cancel and supersede all previous Service Policies. They may be revised, supplemented or otherwise modified only by action of the Snohomish County PUD Board of Commissioners; except in an emergency situation the Assistant General Manager (AGM) of Water Resources AGM may make such reasonable modifications as he/she deems necessary; provided, however, such modifications are reported to and ratified by the Commission within the next two regularly scheduled meetings of the Commission.

1.6 Conflict

In case of conflict between this Policy and Procedures Manual and the provisions of any resolution of the Board of Commissioners, rate schedule, or special contract, the provisions of the resolution, rate schedule, or special contract shall apply.

1.7 Saving Clause

If any clause, sentence, paragraph, section, or portion of these Policies and Procedures, for any reason shall be adjudged invalid by a court of competent jurisdiction, such judgment shall not affect, impair, or invalidate the remainder.

1.8 Definitions

The following terms wherever used in this Policies and Procedures Manual, the District's rate schedules, and in any application or agreement for water service, shall have the following meanings, unless otherwise clearly stated:

Resolution No.5647 Page 4 of 6

Exhibit A

Section 1

Revised December 18, 2001 November 1, 2013

Resolution No. xxxx

1.8.1 Applicant (add definition of Applicant and renumber rest of definitions)

Any individual person, property owner, builder, or developer who is proposing a main extension and will be responsible for its financing.

1.8.2 Assistant General Manager (AGM)

The District's Assistant General Manager for Water, Generation & Corporate Services, herein referred to as AGM-Resources.

1.8.2 Customer

Any individual person, firm, or organization who purchases water service, or is legally responsible for the purchase or payment for water service, at one or more locations from a Water Utility System under one or more rate classifications, contracts, or schedules.

1.8.3 Distribution System Charge

That charge levied by the District and payable by all New Customers connecting to a District-installed water main extension, or a water main extension constructed by a third-party with title thereto transferred to the District, when such New Customers have not contributed to the cost of the extension either through an LUD assessment, other charge imposed by District policy, or through purchase of property to be served by the water main extension. The DSC also applies to New Customers within satellite systems in cases where the conditions for District acquisition of the system includes payment of the DSC.

1.8.4 District

Public Utility District No. 1 of Snohomish County.

1.8.5 Equivalent Residential Unit ("ERU")

The volume of water demand and use deemed by the District to be characteristic of a single family residential unit, which shall equal an average water consumption of 1,000 800 cubic feet (one cubic foot is equal to 7.48 gallons) per month and 33.0 27.0 cubic feet per day. The "ERU" shall be used as the method of comparing anticipated water demand and usage characteristics of multi-family residential users and non-residential water users (such as schools, businesses, parks,

Resolution No.5647 Page 5 of 6

Exhibit A

Section 1

Revised December 18, 2001 November 1, 2013

Resolution No. xxxx

manufacturing companies, etc.) to that of the single family residential unit described in this subsection.

The ERU determinations for different customer classes and meter sizes are shown in Appendix B.

1.8.6 General Facilities Charge

That charge levied by the District per ERU, payable to the District, and representing a New Customer's proportionate share of costs the District incurs in construction or acquisition of water system general facilities, (i.e., source, storage, treatment, and transmission facilities); required to support the addition of the New Customers and other New Customers projected by the District to be added to its water systems under the District's current Water System Plan.

1.8.7 Interim Connection

Connection to a District main, for the purposes of establishing interim service.

1.8.8 Interim Water Service

Water service provided on a long-term basis to a property that does not abut a District main. See Section 3.6.

1.8.9 New Customer

Any customer attaching to the District's water system where no attachment has previously existed, requesting additional attachments to such system, or adding to the number of "equivalent residential units" served through an existing water service attachment to the District's water system.

1.8.10 Point of Delivery

That point, usually on the customer's premises and adjacent to the District's meter (or other agreed point), where the customer's water pipe is connected to the District's supply.

Resolution No.5647 Page 6 of 6

Exhibit A

Section 1
Revised December 18, 2001November 1, 2013
Resolution No. xxxx

1.8.11 Service Connection Charges

Those charges levied by the District and payable by a New Customer to reimburse the District's cost of installing all or a portion of that New Customer's water service, including the water meter, from the distribution main to that customer's private service line. (This charge may be included as a part of the applicable assessment for New Customers attaching to the District's water system as a part of an LUD formation and construction.)

1.8.12 Standard Specifications

Appendix A to this Policies and Procedures Manual, setting forth all of the District's standards and specifications for design and construction of water facilities.

1.8.13 Temporary Water Service

Metered water service provided on a short-term, temporary basis to a fixed site (e.g., a construction site). Includes water service supplied through a District main, or a fire hydrant designated by the District and equipped with a separate valve-construction fill station installed for this purpose. Does not include intermittent, unmetered use of fire hydrants to fill mobile water tanks; or short-duration use of fire hydrants at fixed sites.

1.8.14 Water Consumption

Water delivered at the point of delivery, measured in cubic feet.

1.8.15 Water Main Extension

Any District-owned water main which, at the time of installation, is installed adjacent to, or to serve, properties which were not previously adjacent to, or served by, a District-owned water main.

1.8.16 Water Service

The availability of water at the point of delivery for use by the customer, irrespective of whether water is actually used.

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Exhibit B

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Section 2 General Terms, Conditions, and Policies for Water Service

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Section 2 General Terms, Conditions, and Policies for Water Service

2.1 General Provisions

2.1.1 Scope

Section 2 of this Policies and Procedures Manual provides the General Terms, Conditions, and Policies for furnishing and receiving water service. These terms, conditions and policies are a part of all proposals, offers, agreements, and contracts for furnishing and receiving water service relating to the District. A copy of this document shall be available for public inspection during regular District business hours in the District's Headquarters Building at 2320 California Street in Everett, WA and at the District's Water Operations Facility at 3301 Old Hartford Road, Lake Stevens, WA.

2.2 Initiating and Terminating Service

2.2.1 Service Application or Contract

- (a) Each New Customer desiring water service must make application, furnish proof of identity as required by federal regulation within a reasonable timeframe, and may be required to sign an application form or contract prior to service connection.
 - Application for water service may be made at the District's Headquarters Building at 2320 California Street, Everett or at the District's Water Operations Facility at 3301 Old Hartford Road, Lake Stevens.
- (b) The District may, in some circumstances, accept application for service from a second party, with the understanding that the first party will sign an application within fifteen (15) days. Such second party shall be responsible for payment of services unless and until an appropriate

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written and signed service application is made by the first party and accepted by the District for the entire service period.

- (c) All nNew eCustomers are to be informed, at the time of application, of connection fees and of any additional charges for services after regular service hours. Any claimed or actual failure to inform shall not, however, relieve the nNew eCustomer of any such fees or charges.
- (d) Large industrial or commercial contracts may be written on a special form and shall contain such provisions and stipulations as may be necessary or desirable to protect the interests of both the District and customer.

2.2.2 Agreement

Acceptance of service by a customer, with or without a written application, creates a contract obligating the customer to pay current rates, comply with service requirements and regulations, and is conditioned upon the District's verification of the customer's identity.

2.2.3 Owner/Agent Agreement

A contract may be entered into by any owner of rental property for the provision of uninterrupted service to the premises between tenancies. The owner agrees to pay for water service charges during this period and until a tenant assumes responsibility for water service under these policies.

2.2.4 Initiation of Service

(a)	Service will be initiated when the customer has met all District requirements and submitted:						
	□ Proper application.						
	☐ Valid service and mailing address(es).						
	☐ Payments as required on outstanding accounts.						
(b)	When new installations, conversions or upgrades of District facilities						

are required to provide service, requirements will vary as follows:

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Newly constructed or upgraded services will require appropriate evidence of state, city or county plumbing inspection, if requested by District.

The District may, at its option, require the presence of a responsible adult in the building at the time the water is turned on. If required, and arrangements are made to have such adult present at a predetermined time, and if such person is not present, the District, at its option, may charge a fee commensurate with that listed in the District's Schedule of Charges and Fees to arrange a subsequent time to turn on the water. Only assigned District personnel may initiate a water service connection.

2.2.5 Disconnection of Service

(a)	Service may be disconnected for good cause, including (but not limited to):
	☐ Violation of service requirements or regulations, rate schedules contracts or plumbing codes.
	☐ Failure to pay fees or deposits.
	☐ Theft or illegal diversion of water.
	Customer system leaks of which the District becomes aware and which cause or may result in significant water loss and/or property damage.
	☐ No one assumes responsibility for service.
	☐ Failure to pay water charges when due.
	☐ A chargeback of a credit/debit transaction that was received for payment after a disconnection notice was sent.
	☐ A check that was received for payment after a disconnection notice was given is dishonored.
	The District may also refuse or disconnect water service used in a manner that is seriously detrimental to the service being rendered to other customers as further described in Sections 2.3.5 and 2.3.16

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- (b) When disconnection occurs, the customer shall be advised in writing that service will be restored if the customer contacts the District and fulfills other requirements of RCW 54.16.285. In the customer's absence, the notice will be left on the premises.
- (c) Disconnection of service does not release a customer from any obligation to the District.
- (d) Service will not be disconnected without a disconnect notice for non-payment of bills unless.
 - · No one has assumed responsibility to pay for the services, or
 - A check received for the payment of services after a disconnect notice has been given is dishonored.
 - A chargeback of a credit/debit transaction that was received for payment after a disconnection notice was sent.
- (f) While an appeal is pending, at the District's discretion, termination of service may be implemented by locking meter isolation valves or physical disconnection as the District may choose.

2.2.6 Reconnection

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When service is disconnected for noncompliance with service requirements or regulations, nonpayment or fraudulent use, the service will not be reconnected until the situation is corrected to the District's satisfaction.

Before reconnection, the customer will be advised of current fees and charges for service restoration (see Appendix B, Table B-10).

Only authorized District personnel may initiate and turn-on service to a water service connection. Appropriate charges, as specified in Appendix B, for turning on or reconnecting service will be assessed as applicable.

2.2.7 Termination of Service by a Customer

Except as may be otherwise provided for by a special contract or agreement with the District, when a change of occupancy or of legal responsibility takes place for water service to any premise being served by the District, the

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customer may terminate service by notification in person, by telephone or in writing to the District within a reasonable time prior to such change. The outgoing customer may be held responsible for all service supplied to the date notification is received by the District. The District reserves the right to read the meter(s) for a final bill within a one-week period from the date of notification to terminate, and such reading(s) may be adjusted for consumption, if any, used by subsequent customer(s). The final reading may be estimated by mutual consent of the customer and the District. Under some circumstances the District may, at its option, require written authorization from the customer paying for water service before discontinuing such water service.

2.2.8 Consumer Alerts, Unusual or Suspicious Account Activity

The District may take appropriate steps as outlined in its Identity Theft Prevention Program in response to consumer alerts, indications of fraudulent activity, and other irregular account activity, up to and including termination of service.

2.3 Service and Equipment Requirements

2.3.1 Customer Facilities

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- (a) Plumbing and Equipment: The customer shall install, own and maintain all plumbing and equipment beyond the delivery point, except meters and special facilities installed or furnished by the District. The customer's plumbing is to conform to:
 - ☐ District's service requirements and regulations.
 - ☐ Applicable municipal, county or state requirements.
 - □ Accepted modern standards as set forth in the Uniform Plumbing Code.

2.3.2 Requirement of Adjacency to District Main

In order to be served by the District's water system, the customer's property must lie adjacent to a District water main. If the customer desires water service, and if the customer's property lies remote from a suitable District

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main, the customer shall be required to extend the main through or past his/her property and pay for all costs associated with the main extension.

The Assistant General Manager for Water Resources AGM, or his/her designee, shall have the authority to waive the requirement of adjacency to a District main when the District deems it to be in the best interests of the District to do so.

2.3.3 Placement of Service Equipment

- (a) It is preferable that water services not be over 300 feet from the meter to the point of use in order to maintain adequate pressure. Services over 300 feet in length are permitted; however, the District will not guarantee adequate pressure for these services.
- (b) The customer's service pipe shall be extended eighteen (18) inches beyond the meter. The water service pipe shall be installed at a location mutually agreeable between the District and customer. The District will install the meter, meter box, and tailpiece assembly.

Private service lines shall not cross other parcels, nor shall they be constructed in public rights-of-way or in private rights-of-way solely dedicated to another property without the express approval of the AGM of Water-Resources-or his/her designee.

Evidence of permission to make such crossings shall be provided to the District at the time of application.

District and all necessary permits, easements or other authorization shall be obtained at customer expense.

2.3.4 Responsibility for Maintenance

The District is responsible for maintaining its facilities and equipment to the point of delivery. The customer owns and maintains equipment beyond the point of delivery (see Subsection 1.8.11). The District's responsibility and liability for maintaining District-owned pressure reducing valves provided for individual homes shall be limited to replacement of the device upon failure.

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2.3.5 Safeguard of District Facilities

The customer shall provide space for, and exercise proper care to protect any of the District's facilities on the customer's premises. This shall include meters and other facilities installed by and remaining the property of the District. Any person knowingly and maliciously damaging or tampering with District meters and other equipment, reconnecting a previously disconnected meter for the purpose of restoring utility service or tampering with any District equipment with the intent of defrauding or illegally diverting utility service may be prosecuted by the District in accordance with Chapter 9A.56 RCW. In addition, in the event of unauthorized connection, and loss or damage to the District's property, the District may collect from the customer the charge for estimated unmetered water, the cost of facility repairs and replacement, administrative costs, attorneys' fees, and other costs authorized or awarded pursuant to RCW 80.28.240. The District shall also bill the customer for reasonable administrative costs that shall include all time and expense by District personnel to resolve the situation. This charge will be in addition to the charge for estimated unmetered water.

- (a) The District may refuse service or disconnect service to customers when conditions are hazardous_or out of compliance with codes, regulations or requirements. The District is not liable for loss or damage to persons or property resulting from defects or negligence:
 - □ By the customer beyond the point of delivery, or
 □ In the customer's installation, facilities, or equipment.
- (b) When an individual's action might endanger District property or interrupt water service, the District may direct a crew or servicemanperson to standby. Cost for this service may be charged to the party responsible for the situation.

Should loss or damage occur to District property, the responsible party may be charged for repair or replacement cost, administrative time and expense, and estimated loss of unmetered water. However, if a District employee is at the site and approves the method and work, the charge to the customer may be modified or waived.

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2.3.6 Access to Premises

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(a)	The customer is to provide District representatives with safe, clear access and entry to customer premises for service related work. The District's facilities must remain unobstructed and accessible at all reasonable times so the District may:		
	☐ Install, inspect, maintain or remove equipment or plumbing.		
	☐ Read, connect, disconnect or inspect metering devices.		
	☐ Inspect customer_owned cross-connection control devices.		
	☐ Inspect all customer water facilities to ensure there are no cross-connections. At any time a cross-connection is discovered, and it is not immediately remedied by the customer, the District reserves the right to terminate water service to the customer until such		

(b) For locked District equipment, the customer will provide the District with an access key. When necessary for customer convenience, the District may install an accessible key box, for which the customer will be charged a standard fee (see Appendix B, Table B-10).

cross-connection is removed.

- (c) The customer shall provide space and protection for District facilities on the customer's premises, including meters, and other equipment installed by and belonging to the District.
- (d) Although the customer is responsible at all times for maintaining customer-owned equipment, the District may inspect customer equipment before or after service connection.

However, such inspection, or lack of inspection, shall not be construed as placing upon the District any responsibility for the condition, or maintenance of the customer's plumbing; nor does it guarantee the absence of cross-connections in the customer's service.

2.3.7 Separate Service for Each Lot, Property, or Residence

Each lot, property, or residence will be required to have a separate water service, except as provided for in this subsection. Customers shall not extend

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a service line to an additional residence without the written consent of the District.

- (a) Each multi-family residential structure may be served by either a joint meter or individual meters for each unit, at the option of the property owner.
- (b) Commercial, industrial, institutional, or governmental customers with facilities occupying multiple lots or structures under a single ownership, may be served by either joint meters or individual meters for each structure, at the option of the owner.
- (c) Multi-tenant commercial, industrial, institutional, or governmental properties or structures may be served by either joint meters or individual meters for each tenant, at the option of the owner,
- (d) A single meter may serve multiple residential lots or properties if the District approved such an arrangement in advance and the customer has all necessary authorization to operate a public water system.
- (e) One meter may be used to provide water service to separate, nonrented, and primarily non-commercial structures on the same property, if they conform to applicable zoning and applicable county and/or city regulations.

If joint metering is used, the customer shall be the property owner. The property owner shall be responsible for the entire billing unless one tenant agrees in writing to assume the entire bill.

2.3.8 Multiple Meters

When a customer's service requires application of more than one rate schedule, one meter will be installed for each applied schedule. Each meter will be billed separately unless otherwise specified in a special contract.

The customer will be responsible for purchasing and installing any additional meters desired for customer purposes, and for placing such meters on the customer side of the District meter. Such meters shall be as approved in advance by the District, and shall be installed at the customer's sole expense, and in a manner and location as approved by the District.

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The builder of a multiple-unit complex is required to permanently and accurately number meters and corresponding building units.

2.3.9 Meter Testing

The District will, at its own expense, inspect and test its meters as required to ensure a high standard of accuracy. Additional tests at the customer's request will be made; and if the meter is found to register within two (2) percent of accuracy, the District may charge a test fee (see Appendix B. Table B-10) for all such tests made at intervals more frequent than once in three (3) years. If the meter is found to register in excess of two (2) percent, fast or slow, the District will pay for the testing and may adjust the customer's billing for the known or assumed period of error, not to exceed the previous six (6) months.

2.3.10 Pressure Reducing Valves

Pressure reducing valves (PRVs) serve to protect customers' plumbing and appliances from damage due to high water pressure. A pressure reducing valve shall—should be installed when the District determines that water pressure at a service location exceeds 80 pounds per square inch (psi). The following conditions shall determine how the installation is performed:

- (a) For pressures greater than 80 psi, but not more than 120 psi, the customer may select one of the following options:
 - □ At the time the meter is installed, the District will install a PRV on the District side of the meter, for a one-time set fee (see Appendix B, Table B-1). After the PRV is installed, the District will be responsible for its maintenance, repair, and/or replacement at no additional cost to the customer, subject to the limitation set forth in Section 2.3.4. However, if the customer does not request the District to install a PRV at the time of meter installation, and later requests the District to install a PRV, the full cost of installation will be charged to the customer, rather than the set fee.
 - ☐ The customer may install his/her own PRV, or have a plumber install it, on the customer side of the meter, at the customer's expense. In this case, the property owner will be responsible for maintenance, repair or replacement.

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(b) For pressures greater than 120 psi:

☐ At the time the meter is installed, the District will install a PRV on the District side of the meter, for a one-time set fee (see Appendix B, Table B-1). After the PRV is installed, the District will be responsible for its maintenance, repair, and/or replacement at no additional cost to the customer.

2.3.11 Booster Facilities

The District may boost service pressure via a customer-owned and maintained individual booster pump housed in a suitable location on the customer's property. This method of service shall only be considered in limited circumstances where: 1) a positive pressure of 30 psi cannot be provided during peak hourly design conditions; 2) a multiple customer booster facility is not feasible; and, 3) where the customer is located in close proximity to a storage reservoir that will provide positive pressure to the suction side of the individual booster during peak hourly demand flow and fire flow conditions. If these conditions are met, service shall be conditioned upon agreement to pay a Boosted Minimum Charge (see Appendix B, Table B-6) in addition to other applicable service charges. The property owner shall provide a suitable location, power supply, and suction/discharge piping in accordance with the District's Standards and Specifications. In addition, the customer shall sign a Boosted Service Agreement which outlines the terms and conditions of such service.

This section does not apply to design of water systems for new developments.

2.3.12 Cross-Connection Prevention

Cross-connections between the District's water service and any other source of water are prohibited, unless authorized by the District in combination with the use of a backflow-prevention assembly. Service connections and individual customer plumbing systems shall be constructed and maintained so as to prevent backflow of potentially contaminated water into a potable water system. The control or elimination of cross-connections shall be in accordance with the provisions of WAC 246-290-490, as modified from time to time.

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The District reserves the right to inspect all customer water facilities to ensure that no cross-connections exist, in accordance with District policies on access to premises (see Section 2.3.6). At any time an unauthorized cross-connection is discovered and it is not immediately eliminated, that water service will be terminated until the cross-connection is eliminated.

2.3.13 Backflow-Prevention Assemblies

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The District may, at its sole discretion, permit or require a customer to install a backflow-prevention assembly on the customer's plumbing system or service connection. Customers required to—install backflow-prevention assemblies include, but are not limited to, those who:

- (a) operate commercial or residential fire sprinkler systems connected to their plumbing;
- (b) operate an irrigation system connected to their plumbing;
- (c) maintain cross-connections of their water system with air-conditioning systems, medical equipment, or other devices or processes where chemicals, micro-organisms, or other objectionable substances may be drawn into the water system;
- (d) own or maintain systems that, in the judgment of the Assistant General Manager of Water Resources AGM or his/her designee, compromise the health and safety of other users of the District's water system.

The entire cost of installing a backflow-prevention assembly shall be borne by the customer, and the assembly shall remain in the customer's ownership and as the customer's responsibility.

Periodic inspections and repairs of backflow-prevention assemblies, as required by WAC 246-290-490, shall be arranged by customers at their own expense, using firms or individuals who are licensed cross-connection control specialists. A signed copy of the inspector's completed report shall be provided to the District to confirm that assemblies are operating in a satisfactory manner.

Inadequate maintenance of a backflow-prevention assembly shall be grounds for termination of water service.

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2.3.14 Relocation and Abandonment of Delivery Points

(a) A customer's delivery point may be relocated at the customer's request, subject to advance payment of the estimated cost of relocating the District's service pipe, meter and other facilities, which includes a Meter Abandonment Fee to cover the cost of removing the existing meter connection and disconnecting the service at the District's main and a Service Connection Charge for the installation of a new meter and other facilities or equipment necessary to connect to the District's main at the new location. These costs are described in Appendix B, Tables B-1 and B-10. The customer shall be responsible for relocation of the service line to the new location. The District will disconnect the old service at the meter and connect the new service.

The District may reduce the costs to be charged to the customer for relocating any of the District's facilities, as requested by the customer, to the extent that such relocations may benefit the District. In determining the amount of such reduction, the District will give consideration to the remaining physical life of facilities or equipment replaced, the improvement to the system operations, and any increased revenue that will accrue to the District as a result of such relocations.

(b) An existing delivery point may be abandoned and removed at the customer's request. Abandonment typically occurs when a delivery point is relocated, but may also be requested where a customer wishes to remove redundant service points on the customer's property. Abandonment of a delivery point at the request of a customer is subject to advance payment of the estimated cost of removing the meter, the District's service pipe, and other facilities and to disconnect the service at the District's main. The cost of abandonment is described in Appendix B, Table B-10, as a Meter Abandonment Fee.

2.3.15 Resale

Customers may resell water only with prior, written District authorization. Rates charged may not exceed rates the District charges for similar service; provided that the prohibitions in this Section shall not apply when resale is pursuant to the terms of a valid wholesale agreement entered with the District.

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2.3.16 System Disturbances

Water service shall not be utilized in such a manner as to cause severe disturbances or pressure fluctuations to other customers of the District. If any customer uses equipment that is detrimental to the service of other customers of the District, the District may require the customer to install, at his/her own expense, equipment to control such disturbances or fluctuations.

2.3.17 Freezing

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It shall be the customer's responsibility to protect from freezing all piping, fixtures and appurtenances on the customer's side of the point of delivery. Any damage resulting from freezing shall be considered the responsibility of the customer.

2.3.18 Interruption of Service

- (a) It is the District's intent to provide adequate and continuous service with minimum interruption. However, the District:
 does not guarantee against occasional curtailment or failure of water service;
 shall not be liable for resulting injury, loss, or damage; and
 shall not be considered in breach of contract for temporary interruption of service.
- (b) Repairs or improvements to facilities requiring temporary service interruption occur occasionally. They will be expedited and timed to minimize customer inconvenience. When possible, a preceding notice will be sent to the customer.
- (c) If the customer's water service fails, the customer shall endeavor to determine if the cause is on the District's side or the customer's side of the meter.

When the District responds to a customer call after service hours, and the problem is found to be with customer equipment, the District will make no repairs. The customer will be charged a set fee for such response (see Appendix B, Table B-10).

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2.3.19 Additional Water Supply

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A customer desiring a District change in the capacity of its service connection and meter to supply increased quantities of water shall notify the District sufficiently in advance so that the District may, if determined by it to be economically feasible, provide the facilities required to supply increased quantities of water. The customer shall pay in advance the cost of any such facilities.

2.3.20 District Representation by Employees

Except as specifically authorized in these policies and regulations, no promise, agreement or representation of any employee or agent of the District, with reference to the furnishing of water service by the District, shall be binding on the District, and in no event shall the same be binding on the District unless the same shall be in writing signed by the Assistant General ManagerAGM or his/her designee.

No inspector, agent or employee of the District may ask, demand, receive or accept any personal compensation for any service rendered to a customer in connection with supplying or furnishing water service by the District.

2.4 Meter Reading, Billing, Payment and Collections

2.4.1 Meter Reading

- (a) Meters will be read on monthly or bimonthly cycles at District option, and routinely at regular intervals within a five-day variance. The District may alter or reroute its meter reading and billing cycle dates when such alteration or rerouting is in the best interest of the District.
- (b) Opening or closing readings may be prorated or interpolated.
- (c) Special meters may be installed on any account when the nature of the customer's equipment and operation so indicates for correct rate schedule application and/or customer service improvement.

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2.4.2 Multiple Delivery Points

The rates of the District are based upon the supply of service to the entire premises through a single delivery and metering point. Separate supply for the same customer at other points will be separately metered and billed. Unless otherwise specified in a contract, the District will not totalize metering of separate points of supply or services.

2.4.3 Billing

Bills and/or notifications will be sent to the mailing address and/or email address furnished by the customer. Failure to receive a bill will not release the customer from the obligation to pay for services provided in a timely manner.

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

┙	Meter is not accessible to meter reader;
	Meter is under snow or water;
	Meter malfunctions;
	Other circumstances beyond District control interfere with meter reading.
ln	the event that bills are estimated, an adjustment will be made at the time

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

The District will send bills, notices and related information by first class mail and/or will send email or email notification to customers who have made their e-mail addresses available to the District in connection with the use of the District's electronic bill pay and presentment services (e.g., SnoPAY). If customers do not provide proper mailing addresses and/or email addresses or a means of receiving mail, their service will be subject to disconnection.

2.4.4 Payments

The customer's obligation to pay a bill accrues on the date the bill is issued. Payment is due by the due date on the bill. Payments will be considered made when received at the District office. Payments are to be accompanied by a billing remittance slip or account number.

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Up to \$20-50 each occurrence

2.4.5 Payment Plans

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Customers may have an opportunity to keep water service accounts current through optional payment programs pending review of the customer's payment history. Residential customers shall have the option of a budget billing payment plan.

2.4.6 Adjustments

Pursuant to Resolution No. 4860 adopted by the Snohomish PUD Board of Commissioners on July 13, 1999, certain Water <u>Utility Resources</u> staff have authority to grant adjustments when it is demonstrated that the cost of continuing to deny the customer's request substantially exceeds the amount in dispute and results in reduced customer satisfaction.

Authority Levels:

Water Services Liaison

Assistant General Manager of Water Resources AGM Up to \$500 each occurrence

Water Utility Sr. Managersgr., Water Resources Administration Up to \$100 each occurrence

Water Utility Specialist	Up to \$20 each occurrence
Water Utility Associate	Up to \$20 each occurrence
Water Utility Administrator	Up to \$20-40 each occurrence

(a) In the case of incorrect application of rates, stuck meters, or clerical errors, retroactive billings will be made for the previous six (6) billings on monthly-billed accounts, or three (3) billings on bimonthly-billed accounts.

misidentification, adjustments will be made three (3) years back.

Municipal Tax (debit or credit) will be adjusted back when incorrect tax codes are identified, for a maximum of six (6) months for the current customer.

In the case of billing to the wrong customer due to meter

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A final balance (debit or credit) of less than -five dollars (\$5) may be routinely written off by the District. When it has been determined that a customer has received unmetered service or when the customer has caused the service furnished to be improperly or inaccurately metered, the District may render bills for such service based upon its reasonable estimate of the service actually furnished for the full period during which the service was unmetered or improperly metered, or as provided in Section 2.3.9. However, in those cases where the premises have been remodeled resulting in a situation whereby more than one customer is served by one meter, no adjustments will be made and the account customer of the premises shall be required to assume responsibility for the billing effective the last regular reading date unless another person agrees in writing to assume full responsibility for the billing.

- (b) Leak Adjustments are available for single-family residential customers only. A single-family customer may be eligible for a water bill adjustment in the event of a loss of water through abnormal conditions when the cause is deemed by the District to have been undetectable and not resulting from a lack of normal maintenance by the customer. No adjustments shall be made in water charges for losses resulting from customer negligence, improper operation of plumbing by the customer, and/or failure of the customer's plumbing system. The section of service line qualifying for a potential leak adjustment is between the point of delivery at the meter box and the house or facility. Taps off the service line, and any leaks resulting from such taps (e.g., such as, but not limited to, irrigation, swimming pools, outdoor hose bibs), would not be eligible. The date that qualifies as "official notification" of a leak varies depending upon the circumstances.
 - (1) If a District employee identifies a potential leak, written notification will be mailed to the customer. A door hanger may also be left in a prominent place at the residence. The date of the letter will serve as the "official notification" date.
 - (2) If the customer contacts the District regarding the possibility of a leak, a visit to the site address will be initiated. Upon verification of a qualifying leak, a letter will be mailed to the

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customer. The date of the letter will serve as the "official notification" date.

Once a leak has been identified, the customer will be provided with a ten (10) day period to conduct the repairs-during which the adjustment period will continue.

The time period during which a customer could expect to receive an adjustment is from the "official notification" date back to the previous billing period and forward to include the ten (10) day period allotted for repair. Retroactive adjustments will not exceed the previous six (6) billings on monthly billed accounts or three (3) billings on bimonthly billed accounts.

The District will adjust by 50 percent the charge for the excess amount of water used during the eligible time frame for a qualifying leak that has been repaired. The eligible time frame for account adjustments will consist of: (a) the ten (10) day period allotted for repairs, regardless of how long the repair actually takes; (b) the period from the "official notification" date back to the beginning of the current billing period; and (c) a limited number of previous billing periods if the District determines that there was an excess amount of water use attributable to a qualifying leak, provided that retroactive adjustments under this subsection will not exceed the previous six (6) billings on monthly billed accounts, or three (3) billings on bimonthly billed accounts and must be approved by a Water Utility Senior Manager customer's water account will be adjusted by 50 percent for the excess amount of water used during the eligible time frame.

The methodology for determining excess amount of water over normal consumption will be determined by the previous years' history for an existing ecustomer; an average use of 1,000 800 cubic feet per month will be used as the "normal use" base for new customers or customers without sufficient consumption history.

A customer is eligible for one leak adjustment per twelve (12) consecutive months, from the time of a previous leak adjustment. Additional adjustments may be provided if, in the District's opinion, a

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good faith effort was made by the customer to repair the leak and new circumstances have caused further leaking.

The Assistant General Manager for Water Resources AGM or his/her designee will be responsible and accountable for authorizing adjustments.

No adjustment shall be made in the water billing that is caused by freezing.

2.4.7 Late Payment Charges

A late payment fee may be assessed on all accounts that have an unpaid balance no sooner than thirty (30) days after the billing date. (See Appendix B, Table B-10).

2.4.8 Disconnect Notices

- (a) Disconnect Notices -will be mailed no sooner than <u>thirty-one</u> (31) days after the original billing date. The notice will be for arrears only and a disconnection fee may be charged for credit disconnection.
- (b) A brochure explaining credit, disconnect policies and customers' rights and remedies, will accompany each Disconnect Notice on all accounts.
- (c) A fee may be charged when a field collection call is required and no disconnection is made. (See Appendix B, Table B-10)
- (d) Disconnection will occur following the due date on the disconnect notice unless:
 - ☐ The delinquent payment has been received at a District office by the due date.
 - ☐ A deferred payment agreement has been reached.
 - ☐ The customer has appealed the action.
- (e) Exceptions: In certain instances, where health, safety or essential services would be otherwise jeopardized, or for purposes of economy, the District may withhold disconnect notices.

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2.4.9 Collection

While considering individual customer needs, the District is obligated to make prudent collections. Reasonable collection methods will be used, including disconnection of service, collection agency assignment, or lawsuit.

- (a) Undercharges/Overcharges: The District will, within one (1) year after it becomes aware of undercharges/overcharges that are a result of its error, take action to collect/credit all amounts that were undercharged/overcharged during the three (3) years prior to the date upon which the District became aware of the error, or back to the date of responsibility change, whichever is more recent. If the District fails to act during that one-year period, no collection action will be taken. No action shall be taken to collect/credit any undercharges/overcharges resulting from District error, for water utility services that the District delivered more than three (3) years before it became aware of that error.
- (b) Payment for Undercharges: A customer may pay amounts undercharged as a result of District error, without interest, in installments of approximately equal amounts during a period that is no longer than the period for which the customer is being charged forwas undercharged for services. If a customer does not agree to pay for undercharged water utility services or, if having agreed fails to make payment, normal District collection practices will be followed.

2.4.10 Extenuating Circumstances

(a)	The District may pursue a solution with customers temporarily unable to pay on time due to extenuating circumstances. The availability and terms of a deferred payment plan will be based on a review of the individual customer's situation, including:
	 □ Amount and age of delinquency. □ Past payment record. □ Ability to pay. □ Demonstration of good faith.
(b)	Employees will give customers available information on other resources for assistance, when appropriate.

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(c) Service will not be terminated for inability to pay when termination would be especially dangerous to health of a resident, as determined by the District if the customer has made application to appropriate agencies for assistance and payment is pending.

2.4.11 insolvent Accounts

If the District has reason to believe a customer to be insolvent, in financial difficulty or contemplating bankruptcy, appropriate action may be taken to secure payment of charges due. Requirements may include an adequate security deposit, altered payment schedule, or other actions deemed necessary and reasonable by the District.

2.4.12 Transfer of Unpaid Balances

A water service customer's previous unpaid balance may be transferred from one service address to another as part of the customer's current water utility service obligation and subject to the District's requirements for payment.

2.5 Dispute Resolution

2.5.1 Mandatory Hearing

Any customer or other person who believes that he/she has been adversely affected by a decision which the District has made to:

- (a) Terminate the delivery of water service (i.e., disconnect the customer);or
- (b) Refuse to deliver water service (i.e., not connect the customer); or
- (c) Require the customer to pay for water service previously delivered (i.e., transfer an outstanding balance to a new water or electric account); or
- (d) Require the customer to make periodic payments in specific amounts to pay for water service previously delivered as a condition of receiving water or electric service (i.e., require a payment plan); or
- (e) Require the customer to provide security as a condition of receiving water (i.e., require a security deposit); or,

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 Require the customer to pay a fee or penalty; (e.g., reconnection fee, account service fee, etc.);

has the right to have that decision reviewed in a hearing to be held by a District Hearing Officer.

2.5.2 Discretionary Hearing

The District may, at its discretion, with the approval of the General Manager or his/her designee, provide a hearing to any customer who believes he/she has been adversely affected by any decision of the District on any matter other than the decisions listed in Section 2.5.1.

2.5.3 Binding Decision Dispute Resolution Procedures

The procedures for initiating, processing and resolving disputes shall be those that are set forth in the Commission's adopted "Dispute Resolution Procedure" as it is amended from time to time decision of the Hearing Officer shall be final, unless either party elects to challenge the decision in a court of law:

2.5.4 Written Hearing Request

A request for a hearing must be made in writing signed by the customer or by someone with legal authority to act on the customer's behalf. Each hearing request must include a short and plain statement of both the decision to be reviewed and the relief which the customer is requesting. In addition, each hearing request must include an address to which notices, including notice of the hearing date and location, the decision of the Hearing Officer, and any other written communications may be mailed to the customer.

2.5.5 Delivering Request for Mandatory Hearing

The customer's written request for a mandatory hearing must be delivered to the District's Office of General Counsel, Customer Services Division, or to the Senior Manager, Water Resources Administration. General Counsel's office is located in the Central Administrative Office Building, 2320 California Street, Everett, Washington. The Customer Services Division has offices in the Central Office Administrative Building and in each of the District's Area Offices. The Senior Manager, Water Resources Administration, is located in

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the Central Administrative Office Building and at the Water Operations Facility, 3301 Old Hartford Road, Lake Stevens, Washington.

2.5.6 Delivering Request for Discretionary Hearing

If the District has informed the customer that it will provide a discretionary hearing, the customer's written request for a discretionary hearing must be delivered to the District's Office of General Counsel or to the office of the District official who agreed to provide the hearing.

2.5.7 Hearing Date

The Office of General Counsel will determine the date and time of the hearing, which shall be held at the District's Central Administrative Office Building within ten (10) business days after the hearing request is received in General Counsel's office: PROVIDED, that a hearing date will not be established if the written hearing request does not include an address to which notices to the customer may be mailed or if the written hearing request is, in the opinion of the Office of General Counsel, otherwise materially deficient.

2.5.8 Notice of Hearing

The Office of General Counsel will mail notice of the hearing or, under the circumstances described in Section 2.5.7 above, notice that a hearing date will not be established by first class mail, postage prepaid, to the customer at the address set forth on the hearing request within three (3) business days after the hearing request is received in General Counsel's office.

2.5.9 District's Action Stayed Pending Receipt of Written Request for Hearing

If a customer:

- (a) Contacts the District within three (3) business days after receiving notification, whether written or oral, of a decision of the District; and
- (b) Is orally informed that the customer may have a hearing to review that decision; and

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(c) States, within one (1) business day after being informed that a hearing is available, that the customer intends to request a hearing;

then, as a result of the statement of intent, all District action which would be taken as a result of the decision shall be stayed until the written request for a hearing is received by the District or for a period of six (6) business days after the date upon which the customer orally stated that a hearing would be requested, whichever is earlier.

2.5.10 District's Action Stayed Pending Hearing

If the District receives a written request for a hearing within the time set forth in Section 2.5.9 above, all District action which would be taken as a result of the decision shall be stayed until Noon five (5) business days after the Hearing Officer's written decision on the matter is received by the Office of General Counsel: PROVIDED, that if a hearing date is not established for a reason set forth in Section 2.5.7, District action will not be stayed.

2.5.11 Security Deposit Pending Hearing

If a customer requests a hearing to dispute a debt for water service which exceeds \$1,000 and the customer wishes to receive water service until the hearing is held, the customer must provide security for the water service to be provided by the time the written request for a hearing is delivered to the District. The amount of security will be the amount of money that will reasonably accrue from the usage of water, based upon prior usage at the facility involved, from the date the customer orally informs the District that a hearing will be requested until thirty (30) days thereafter.

2.5.12 Performance Pending Hearing

All obligations, which are not the subject of the dispute to be decided by a Hearing Officer, 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.

2.5.13 Fallure to Appear

If a customer fails to appear for a hearing within fifteen (15) minutes after the time set forth in the notice of hearing, the customer will be in default, and the Hearing Officer shall decide the disputed matter in favor of the

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District, and the customer shall be required to pay a penalty (see Appendix B, Table B-12), which may be added to any existing account of the customer. If the customer-fails to appear, the customer's request for another hearing 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 Office of General Counsel, and the customer pays the penalty prior to the subsequent hearing. In such case, the subsequent hearing must be held within five (5) business days of the original hearing.

2.5.14 Continuances

Any request for a continuance shall be made to the Office of General Counsel, which shall grant such a continuance only in the case of an emergency or because of the occurrence of an unforesceable circumstance or event. Any request for a continuance made by a customer which is not received at least twenty-four (24) hours (i.e., one complete business day) before the scheduled hearing may result in an award in costs to the District (see Appendix B, Table B-12) which may be added to any existing account of the customer.

2.5.15 Representation

A customer may represent himself/herself or may be represented by an attorney, relative, friend, or any person other than a District employee. The District will not be represented by an attorney unless the customer is so represented. If the customer is to be represented by an attorney, the customer must inform the District of that fact at the time the written request for a hearing is delivered to the District, or if the services of an attorney are procured later, then as soon as such representation is arranged.

2.5.16 Evidence

The Hearing Officer may consider evidence that will assist the Hearing Officer 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 hearing.

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2.5.17 Legal Authority

The Hearing Officer shall apply as the first source of law District Resolutions, Manager's Directives and Regulations. If none of these govern or decide the issue(s) presented, the Hearing Officer shall resolve the issue(s) on the basis of the best legal authority and reasoning available, including that found in the state and federal constitutions, statutes, and court decisions. If the Hearing Officer determines that additional legal authority should be submitted or that additional time is required to adequately consider legal arguments, the Hearing Officer may take a case under advisement for a reasonable period of time, the estimated length of which is to be announced at the hearing.

2.5.18 Limitation on Authority

The Hearing Officer shall not have the power to declare a District Resolution, Manager's Directive, provision, regulation or any portion thereof invalid for any reason, but may allow argument to be made for purposes of subsequent review.

2.5.19 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 that the District's decision is a willful and unreasonable action made without consideration and in disregard of facts and circumstances.

2.6 Rates, Fees and Charges

2.6.1 Service Connection Charge

(a) A Service Connection Charge (SCC) shall be charged to all New Customers connecting to District facilities, and to all existing customers requesting additional service work. The amount of the SCC is shown in Appendix B, Table B-1.

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(b) Additional costs for services may be required if the service will be connected to a main previously constructed, under the District's line extension policy (see Section 3.3).

2.6.2 General Facilities Charge (GFC)

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A General Facilities Charge (GFC) is applied on new service connections to compensate for costs the District incurs in construction or acquisition of water system general facilities, (i.e., source, storage, treatment and transmission facilities); required to support the addition of the new customers. The GFC amount is based on the demand a new water service connection is expected to place on the water system (see Appendix B, Tables B-2 and B-3). Equivalent Residential Units (ERU) will be used to represent the demand a given service will place on the District's water system and consequently that service's respective share of the costs of the District's water system general facilities (see Appendix B, Table 3). The following procedures apply to payment of the GFC:

- (a) All New Customers connecting to a District water main or expanding their service connection shall pay a GFC, except as follows:
 - (1) The GFC shall not apply to extensions, new developments, or subdivisions where all applicable water system source, storage, treatment, and transmission facilities are financed wholly by the benefited properties under the LUD process (see Section 3.3.2) or through the aApplicant extension process.
 - (2) If a New Customer provides documentation, acceptable to the District, that the applicable GFC for such customer's requested connection has already been paid through past payment by an Applicant, or other means, the GFC shall not be applied.
- (b) Where construction of a development or subdivision requires connection of a new Applicant-installed main extension to the District's water system, the Applicant has the option of paying the total applicable GFC for all lots at the time of conveyance of the main extension to the District, or deferring payment of the GFC applicable to any individual lot until a service connection is requested for such lot (see Appendix B, Table B-2). For Satellite or Remote systems, the

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option of deferring payment of the GFC is at the discretion of the Assistant General Manager AGM for Water Resources.

- (c) Where a development or subdivision is constructed within the boundaries of the District's integrated water system, but connection with the District's integrated water system is deemed by the District in its sole judgment to be impracticable at the time of construction, such development or subdivision may construct and utilize a separate, temporary water supply, storage and distribution system, to be owned and operated by the District. Such system shall be attached to the District's integrated water system at District cost at such time that the District deems attachment practicable and appropriate. The Applicant of the development or subdivision must pay the applicable GFC in addition to the construction of the temporary source and storage facilities. The Applicant has the option of paying the GFC at the time of conveyance of the new distribution system to the District, or deferring payment of the GFC applicable to any individual lot until a service connection is requested for such lot (see Appendix B, Table B-2).
- (d) When the Applicant chooses to defer the payment of the GFC, an adjusted GFC amount shall be applicable in order to permit the District to recover administrative costs and interest costs associated with delayed payment (see Appendix B, Table B-2).
- (e) When the Applicant chooses to defer the payment of the GFC with regard to any specific parcel of property to be connected to the District's water system (including, in the case of a condominium, any unit or common area), the Applicant shall be obligated to disclose to the initial purchaser of such parcel of property that a GFC is due and must be paid to the District prior to installation of a meter and connection of such parcel to the District's water system. Installation of a meter and connection of a parcel of property, including a condominium unit or any parcel held in common for the development, to the District's water system shall not occur until all applicable fees have been paid to the District, including but not limited to the required GFC.

An Applicant who fails to provide the disclosure required in this subsection shall defend, indemnify and hold the District harmless from

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and against any and all claims, demands, losses, costs and damages of whatsoever nature, including attorney fees and costs, incurred by the District as a result of such failure.

(f) The District shall determine the appropriate number of ERUs to be assigned to any and all New Customer connections. The General Facilities Charge for a subdivision constructed under circumstances described in subsections (b) and (c) above where the Applicant has chosen to pay the GFC at the time of conveyance to the District of the Applicant-installed main extension or water distribution system, shall be based upon the total of the estimated total number of ERUs as determined by the District to be necessary to provide service for all of the parcels of property within the development or subdivision to be served by the District. If the use classification or the number of dwelling units for any parcel changes between the date of the estimate and the date of application for service to such parcels, causing a change in the estimated ERUs applicable, the GFCGeneral Facilities Charge-shall be recalculated accordingly. The recalculation shall be based upon the new number of ERUs. If the recalculated General Facilities Charge GFC is greater than the original payment, the aApplicants for service to parcels which have a different use classification or a different number of dwelling units shall pay the difference between the recalculated General Facilities Charge GFC and the estimated General Facilities Charge GFC. No refunds will be made by the District where the recalculated charges are less than the original payment.

In recalculating the <u>GFCGeneral Facilities Charge</u>, the rates in effect at the time of the recalculation shall be used; and for purposes of calculating the difference that the <u>aApplicant shall pay</u>, the estimated General Facilities Charge GFC shall be recomputed based upon the rates then in effect.

(g) The General Facilities Charge GFC shall also apply to an LUD or to the identified and assessed individual properties contained therein at the time of formation. Properties within an LUD are subject to the applicable LUD GFC. However, once an LUD has been established and the final assessment roll confirmed, any additional individual water service customers within such established LUD requesting a new water service connection or adding to the number of ERUs to be

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served by that customer's existing water service connection shall be deemed a "New Customer," and be subject to the applicable General Facilities Charge GFC imposed at the time of connection (see Section (h) below).

(h) In all cases, the GFC paid shall be based upon the GFC in effect on the date of payment.

2.6.3 Distribution System Charge (DSC)

The Distribution System Charge (DSC) is assessed to compensate for costs the District and its existing customers have paid to install the system's existing local distribution network, or for the costs of installing new distribution lines required to support the addition of the new customers.

The DSC applies to each New Customer connecting to a District-owned water main when such New Customer has not contributed to the cost of the water main either through an LUD assessment, other charge imposed by District policy, or through purchase of an individual parcel specifically for which the water main extension was originally installed. The DSC also applies to each New Customer within satellite systems in cases where the conditions for District acquisition of the system include payment of the DSC.

Depending on the type of development, the DSC is calculated as either a standard charge per connection, or as a charge based on front footage. The DSC for various types of service is shown in Appendix B, Tables B-4 and B-5.

Payment of the DSC is required with regard to each of the following situations:

- (a) Whenever construction of a development or subdivision includes connection to a District main <u>and</u> extension of a new or the replacement of an existing main by the <u>developer Applicant</u> along the entire frontage of the proposed development or subdivision is <u>not</u> required, a DSC shall be imposed upon the <u>Developer Applicant</u>.
- (b) Whenever a lot for which a DSC has been paid is subdivided, and additional water connections are made to serve the new lots created by subdivision, an additional DSC shall be collected from the Developer <u>Applicant</u> or each New Customer connecting to a District main.

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(c) Whenever a New Customer connects to a District main under an Interim Connection Agreement (ICA), a DSC shall be imposed.

Where applicable, a DSC collected from a New Customer shall be paid as reimbursement to the <u>individual or developer Applicant</u> responsible for installation of the water main, in accordance with Section 3.3.9 of this manual.

In the case of a New Customer connection to a water main installed through a completed LUD process, the DSC collected shall be paid as reimbursement to the District; the DSC shall be equal to the apportioned distribution system cost assessed to each participating LUD property, or the current DSC amount, whichever is greater.

2.6.4 Rate Schedules

(a) The District has rate schedules for particular types of service provided. A summary of these charges is provided in Appendix B, Tables B-6, B-7, B-8, and B-9. For specific detail, refer to the Water Rate Schedules available on the Internet at http://www.snopud.com/About Us/Rates.ashx?p=1166. In case of conflict between the provisions of any rate schedule or special contract and this Policies and Procedures Manual, the provisions of the rate schedule or special contract shall apply.

2.6.5 Non-Standard Service Charges

- (a) The District shall charge private parties and public entities for services rendered by the District on behalf of such private parties or public entities.
- (b) For services not covered by standard fees or charges, the rate charged for services (the "service rate") rendered by District personnel shall be the hourly rate for the position, including benefits, plus overhead.
- (c) Equipment shall be billed at reasonable rates consistent with retail rental rates for like equipment in the greater Seattle-Tacoma-Everett area. Such rates will be established by the Assistant General Manager AGM of Water Resources or his/her designee, on a case-by-

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case basis, by obtaining three $\underline{(3)}$ or more estimates from private rental firms in the area.

2.6.6 Account Service Charge

2.0.0	Account octate only
(a)	An Account Service Charge (see Appendix B, Table B-10) is to be billed during processing of each service application, except for:
	☐ Initial meter installation for service to a premise.
	☐ Services or meters added to existing premises or account by new service application.
	☐ Initial temporary meter and service for construction.
	☐ Owner/agent agreement with owner/agent assumption of responsibility for service between tenants.
	☐ Disconnection of an account for nonpayment and reconnected subject to a disconnection and/or reconnection fee.
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(b)	A credit of the account service charge may be given in those cases where a customer has been cut-in to an account in error.
(c)	The customer is to be advised of the account service charge at the time the application is taken.
(d)	The account service charge is to be billed within ten (10) $\underline{\text{business}}$ days from the date the application was taken.
(e)	The following procedures shall be followed:
	□ Separate applications for service when billed on different account numbers at the same address — one charge for each account, unless separate accounts are established for District convenience.
	☐ Electric and water service on one account one charge.
	☐ Multi-service account one charge for each additional meter reconnection after the initial application.
	☐ Multi-metered complex (e.g., apartment house)

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- One charge per account for general use areas.
- If no general use account, one charge per building to initiate service for one or more non-rented units.

2.6.7 Records Research Charge and Public Information Requests

The District will make information and records available to the public for inspection and copying in accordance with RCW Chapter 42.17, the Washington Public Records Disclosure Act, and District Policy.

Information and records concerning water service, including rates, charges, connections, disconnections, construction, installations, engineering, policies and procedures may be obtained from the Water Utility-Resources, located in the District's Headquarters Building, 2320 California Street, Everett, Washington or at the Water Operations Facility, located at 3301 Old Hartford Road, Lake Stevens, Washington. Requests for public records will be handled in compliance with provisions of the District's policy on Access to Public Information and Records. No fee is charged for inspection of public records on the premises; however, the District imposes a charge for providing copies of public records. Such charges do not exceed the actual costs of copying. The customer may be billed a records research charge at cost for documentation requested on their account.

2.6.8 Disconnection/Reconnection Charge

(a) Whenever water service has been disconnected for noncompliance with the Policies and Procedures, for nonpayment, or for fraudulent use, the service will not be reconnected until the situation requiring such action has been corrected to the satisfaction of the District. A disconnection fee shall be charged to cover the cost of turning off the water service (see Appendix B, Table B-10). A separate reconnection fee (see Appendix B, Table B-10) shall be charged for same day reconnection during regular business hours, next day reconnection during regular business hours, and reconnection at all times after regular business hours including weekends and holidays. See Appendix B, Table B-10 for the different reconnection fees. A higher fee shall be charged for reconnection at all other times including weekends and holidays (see Appendix B, Table B-10). As appropriate, the customer will be preadvised of these fees.

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(b) When an account requires the physical reconnection of both electric and water, the total charge will include components for each type of service (see Appendix B, Table B-10).

2.6.9 Discounts

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Effective October 1, 2010, reduced rates for the primary residence for single-family water customers are available for "Low-Income Senior Citizens" and for "Other Low-Income Citizens." The qualifications below shall apply unless amended by the Commission. The Water discount programs will be administered by the District's Customer Service Department in accordance with the criteria and income levels set forth in the District's Electric Rate Schedule 7, Paragraphs 3 (b) and (c), as they are amended from time to time and the criteria set forth below. Qualifications and rates can also be found on the Internet at http://www.snopud.com/AboutUs/Rates.ashx?p=1166.

- (a) Low-Income Senior Citizens. A "low-income senior citizen" is a person who is 62 years of age or older and whose total combined disposable income, including that of his or her spouse or co-tenant, does not exceed \$26,923. The terms "combined disposable income," "disposable income," and "co-tenant" have the meanings set forth in RCW 84.36.383(4), (5) and (6), as they may be amended, except that the term "assessment year" as used therein shall mean the calendar year preceding that during which the reduced rate is requested. Low-income senior citizens whose completed applications has have been approved by the District are eligible for the following percentage reductions on the Monthly Customer Charge and the Commodity Rate charges in Table B-6 of the District's Water Service Charges and Rates Single-Family that are applicable to their combined disposable income level.
 - \$ -0 \$ -8,974 combined disposable income 60% reduction \$ -8,664 - \$ 17,949 combined disposable income - 40% reduction \$ -17,950 - \$ 26,923 combined disposable income - 20% reduction
- (b) Other Low-Income Citizens. An "other low-income citizen means a person whose household income does not exceed one hundred twenty-five percent (125%) of the federally established poverty level. Other

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low-income citizens who completed applications have been approved by the District are eligible for the following-percentage reductions on the Monthly Customer Charge and the Commodity Rate charges in Table B-6 of the District's Water Service Charges and Rates – Single-Family that are applicable to their combined disposable income level.

- ☐-Household income between 0% 75% of federally established poverty level 60%
 ☐-Household income between 76% 100% of federally established poverty level 40%
 ☐-Household income between 101% 125% of federally established poverty level 20%
- (c) Primary Residence. "Primary residence" shall mean the dwelling the person stays in to live and work the majority of the time during the year. A person can have only one "primary residence" at any given time. Guidelines for determining primary residence include, but are not limited to:
 - □ Place of employment
 □ Mailing address for bills and correspondence
 □ Address on driver's license and car registration
 □ Address on federal and state tax returns

☐ Address on voter registration card

2.6.10 After-Hours Connection Charge - New Customer or Vacant Account Reconnect

(a) For connection requested to be completed during the hours of 5:30 p.m. to 7:30 a.m., or during weekends or holidays, customers will be advised at all times that there will be an after-hours connection charge (see Appendix B, Table B-10) in addition to the Account Service Charge.

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(b) When an account requires the physical reconnection of both electric and water, an additional charge will be imposed for the electrical component of the work. (see Appendix B, Table B-10).

2.6.11 After-Hours Service Charge - Established Customers

Established customers will be advised at all times of a charge (see Appendix B, Table B-10), plus material cost and tax, if a water serviceperson is dispatched to the customer's premise, at the customer's request, during other than normal business hours (5:30 p.m. to 7:30 a.m. and weekends and holidays) and it is determined that the problem is caused by a failure of the customer's facilities.

2.6.12 Returned Check Charge

An accounting service charge (see Appendix B, Table B-10) may be made to each water service account for which payment has been received by any check or legal tender which is subsequently returned to the District by the bank or for which a charge back is received for irregularities, lack of sufficient funds in the payer's checking account or the customer having closed the account.

2.6.13 Field Collection Call Charge

Whenever it becomes necessary for a District representative to make a collection call at the customer's premise(s) to enforce payment of a billing or security deposit, a field collection call charge (see Appendix B, Table B-10) will be made.

2.6.14 Security Deposit

(a)	Security deposit may be required of a customer at application or later for any of the following reasons:
	 ☐ Incomplete or improper application. ☐ Misrepresentation of identity. ☐ Tampering with District equipment. ☐ No established credit. ☐ Payment record.
(b)	A notice will be provided to the customer when a security deposit is required, showing the amount and due date.

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- (c) Payment or acceptable collateral is due as stated in the notice unless other arrangements are made within that period.
- (d) Amount of deposit will not exceed the established flat fee amount (see Appendix B, Table 10) for those residential customers who have been District customers for less than <u>twelve (12)</u> months. The amount of deposit for those residential customers who have been District customers for more than <u>twelve (12)</u> months will not exceed the estimated maximum billing for two (2) consecutive months within a 12-month period.
- (e) Amount of deposit for commercial customers will be the highest two (2) month billing in a 24-month period.
- (f) Deposit, plus interest, will be applied to the account based on evaluation of customer credit history, after <u>twelve (12)</u> months experience with residential customers and <u>twenty-four (24)</u> months with commercial customers.
- (g) Upon termination of service, an existing deposit, plus accrued interest, will be applied to any amounts due and any balance refunded.
- (h) Transfers: When a customer relocates and reapplies for service, an existing deposit will be applied to the bill. A credit balance will be carried over to the customer's new service location. A new deposit based on the consumption at the new address, or a flat fee, will be required when appropriate.
- (h) Interest: Interest will be paid on all deposits. The interest rate paid will be established periodically by the District Treasurer.

2.6.15 Charge at Cost for Nonstandard Service

The Ecustomer shall pay the cost of any special installation necessary to meet the customer's particular requirements for service at other than standard pressures, or for closer pressure regulation than would normally be provided at the location involved.

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2.6.16 Surcharges

By action of the Board of Commissioners, the District may impose surcharges on monthly or bimonthly customer rates, to fund capital improvements or operations and maintenance. Surcharges may be imposed on all District customers, or on customers in selected pressure zones, satellite systems, etc., according to the benefits derived from the capital improvements or the operations and maintenance activities funded.

2.7 Violations

2.7.1 Unauthorized Taking of Water, Tampering with Equipment, and Unauthorized Connection to the District's System

When appropriate, the District will seek criminal or civil proceedings for theft of water, destruction of District property and other violations of law affecting delivery of its services authorized by applicable city or county ordinance or by federal or state law, including RCW Chapter—9A.61 Defrauding a Public Utility, and may pursue collection under RCW 80.28.240 for its losses, damages, and costs related to such actions to the full extent provided by law. In addition:

- (a) There may be levied an investigation or service and/or commodity charge (see Appendix B, Table B-12) against any person, firm or corporation who shall take water or knowingly received the benefit of water taken from any water line, reservoir, or fire hydrant, or any facility of the District without the District's consent and without first having obtained from the District a permit to take such water. Such sum shall be due and payable immediately upon the taking of such water.
- (b) There may be levied an investigation, service and/or commodity charge (see Appendix B, Table B-12) against any person, firm or corporation who shall tamper with any water meter, fire line meter, service line, or any meter related appurtenances of the District. Such sum shall be payable at the time of discovery by the District of such tampering.
- (c) There may be levied an investigation, service and/or commodity charge (see Appendix B, Table B-12) against any person, firm or corporation who shall take water from an angle stop, service lead, angle check valve, or related appurtenances intended for a future meter

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installation without consent from the District to take such water. A meter will not be installed to serve such property until such charge is paid together with the standard meter installation fees. If a meter application has been purchased from the District and, prior to installation of such meter, it is determined by the District that water has been taken in violation of this section then such meter will not be installed and the meter application will be held until the purchaser of such meter application pays the charge.

(d) There may be levied an investigation, and service and/or commodity charge (see Appendix B, Table B-12) against any person, firm or corporation who shall operate any valve in the District's system without the District's consent. Such sum shall be due and payable at the time of discovery by the District of such unauthorized operation.

2.8 Fire Protection

2.8.1 Commercial Fire Protection Service

- (a) Application for water service for the sole purpose of commercial fire protection must be made by completing and signing a standard application form.
- (b) The minimum charge shown on the District's rate schedule includes water for fire protection use only. The monthly rate of water used, except for fire protection, will be double the regular-metered service water rate applicable to that certain customer.
- (c) Service charge for new fire protection service connection.
 - ☐ The customer must pay the cost, including installation costs, from the customer's premises to an existing main of the District.
 - ☐ The customer must pay the cost of a detector check and meter, plus the cost of installation.
 - ☐ Services to be used for fire protection exclusively may only be fitted with fixtures that will be used for fire protection and shall not be connected to any fixtures that will be used for other purposes. Customers having such services shall be charged not less than the minimum standby service charge as established from time to time

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by resolution of the Board of Commissioners. In no case shall any connection be made upon any service line, tank or other fixture installed exclusively for fire protection for any purpose except the fire service or through any pipes, tank or other fixtures reserved for fire protection be permitted for any purpose except the fighting of fires. To protect against water being drawn from a fire service for any purpose other than the fighting of fires, the District may install a detector meter on such service and charge all costs of such installation to the property and the customer.

2.8.2 Hydrant Installation

The District will install hydrants on existing District water mains, at the request of one or more customers if the mains are of sufficient capacity to provide adequate fire protection with costs borne by the customer(s). The type of hydrant and location shall be as specified by the District, which shall include the requirements established by appropriate jurisdictional agencies, regulations of Snohomish County, and the Snohomish County Coordinated Water System Plan, whichever is stricter.

Upon request, the District will prepare an estimate for the total cost of the installation of a hydrant. Upon payment of this estimated amount, the District will make the installation. At the District's option, this work can be done at a contract price to be paid in advance.

On completion of the work, the customer will be either be refunded or billed the difference between the estimated amount and the actual cost, if the actual cost exceeds the estimate by more than 10%. At the District's option, this work can be done at a contract price to be paid in advance.

2.8.3 No Guarantee of Adequate Water for Fire Protection

Notwithstanding the provisions contained in these schedules for commercial fire protection service, or for other metered service, including water furnished to any fire hydrant or other equipment used, or which may be used for fire connection service, it is understood that the District cannot guarantee any minimum quantities of water or pressure of the water to be furnished to any of such hydrants or outlets, and the District shall not be liable in any manner for any loss or claim by reason of the quantity of water, or pressure of the same furnished to such hydrant or outlet.

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2.9 Special Arrangements for Short-Term Water Usage

2.9.1 Temporary Water Service

At the District's discretion, temporary water service may be provided to accommodate special needs for water at a fixed site on a short-term basis (e.g. on-site needs for construction activities, filling swimming pools, charitable car washes, etc.). Temporary water service may be provided from a District blow-off assembly or from a fire hydrant specifically designated for this purpose by the District through a District supplied construction fill station (see Section 2.9.2). Only District personnel are authorized to install a connection to a District blow-off assembly or fire hydrant for this purpose.

Temporary service may be authorized for a period not exceeding six_(6) months at a time. Upon expiration of the initial six-month period, a customer may request an extension of temporary service for up to two (2) additional six-month periods. The customer will be responsible for paying the associated "Temporary Construction Fill Station" fee as shown in Appendix B, Table B-10 (Miscellaneous Fees) for each six-month period for which temporary service is requested, as well as a damage or security deposit. No more than two (2) extensions will be granted, unless authorized by the Assistant General Manager AGM for Water Resources or his/her designee.

A customer obtaining temporary water service will not be required to pay a SCC, GFC, or DSC. However, a customer obtaining temporary water service will be required to pay a "Temporary Construction Fill Station" fee as shown in Table B-10 for each six (6) month period for which temporary service is requested, as well as a damage or security deposit. In addition, temporary service will be metered and the customer shall be required to pay a charge for water usage in accordance with the appropriate commercial/industrial rate schedule (see Appendix B, Tables B-6 to B-8). Arrangements for metering and billing will be established on a case-by-case basis. Any damage to District facilities or equipment caused by the customer is the responsibility of the customer and will become due and payable to the District immediately. Failure to pay for the damage to the District's equipment will result in immediate and permanent removal of the temporary service. No future temporary construction fill stations will be installed for the customer (regardless of the project or location for which the new temporary service is desired) until all damage charges have been paid in full.

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Upon termination of temporary service, the District will disconnect the temporary water service and take possession of the associated District equipment. Following disconnection and payment of all outstanding charges for water usage or damage claims for damaging District equipment, the District shall refund any damage or security deposit, less the amount needed to replace or repair District equipment. However, in the event the customer fails to pay outstanding charges for water usage, the District may retain an amount equal to such outstanding charges.

2.9.2 Hydrant Use

No person shall operate or tamper with a fire hydrant connected to the District's water system, without the express written approval of the District or, in the case of an emergency threatening life or property, the approval of an authorized representative of the appropriate fire department. In addition to the penalty established in Section 2.7.1, any person violating this provision shall pay for the amount of water used, as estimated by the District and based on the applicable rate schedule.

At the District's discretion, authorization may be granted to take water from a fire hydrant connected to the District's water system via a District installed temporary construction fill station per Section 2.9.1. Procedures for authorizing use of fire hydrants shall be as follows:

(a) When a customer desires to use a fire hydrant for Temporary Water Service (short-term water service at a fixed site) the procedures in Section 2.9.1 shall be followed. The customer shall utilize and obtain the necessary water only through the construction fill station installed by District personnel on a hydrant specifically designated by the District for this purpose.

2.9.3 Bulk Water Withdrawals

Customers may purchase bulk water from certain District-designated "Water Fill Stations" for short duration purposes (1-3 days) or for intermittent use by a mobile water tank (e.g. tanks on hydro-seeding or public works maintenance vehicles). Procedures for obtaining a Bulk Water Use Permit shall be as follows:

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- □ To obtain a Bulk Water Use Permit, the customer shall complete a Bulk Water Use Application, pay a fee established by the District for the Permit (see Appendix B, Table B-10, and pay a refundable key deposit (see Appendix B, Table B-10). A permit will be issued either for a daily (one to three days); monthly; or six-month period. At the District's discretion, the fee may be adjusted if the quantity of water deviates by more than 50 fifty percent (50%) from the following:
 - Daily Permit Limited to 2,500 gallons; or 334 cubic feet
 - Monthly Permit Limited to 10,000 gallons; or 1,336 cubic feet
 - Six-Month Permit Limited to 60,000 gallons; or 8,021 cubic feet
- ☐ Unauthorized duplication of keys is prohibited. Keys may not be transferred to or used by unauthorized persons. Keys must be returned in order for the District to refund the key deposit.
- ☐ Customers taking water from District fill stations must record the START meter reading on the log sheets provided in the fill station boxes PRIOR to withdrawing water and at COMPLETION of withdrawing water. This must be done each time water is withdrawn because someone else may use the fill station in between visits.
- ☐ The customer shall utilize only those "Water Fill Stations" specifically designated by the Bulk Water Use Permit.
- ☐ Any damage to District facilities or equipment caused by the customer is the responsibility of the customer and will become due and payable to the District immediately and may be deducted from the original deposit. Violation of these regulations or Permit conditions may result in revocation of Permit.
- ☐ The customer shall obtain a placardlaminated permit from the District that indicates a Bulk Water Use Permit has been obtained. At any time a water fill station is being used, the customer shall display this placard the laminated permit in a prominent position clearly visible from the street. The customer shall not provide this placard the laminated permit to any other person.

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□ Return of the key and final meter readings, so the amount of water withdrawn can be totaled, are required in order to close-out bulk water permits. The water consumption record(s) and key should be returned to Water Resources at the District's Headquarters Building, 2320 California in Everett or to the District's District's Water Operations Facility, 3301 Old Hartford Road in Lake Stevens. Following key return and verification of water usage, the key deposit will be refunded by mail unless other arrangements are made.

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Section 3 Extension Policies

3.1 Introduction

3.1.1 General Provisions

The District will provide facilities for the distribution of water within its service areas in accordance with approved land use plans, policies or other regulatory requirements governing service provisions. Extension of a system to serve additional customers, properties, tracts, or subdivisions will normally be paid for by the individuals that are benefited.

An aApplicant (throughout this Policy the term "Applicant" shall be used to include an owner or developer) proposing an extension will normally be responsible for financing the entire cost of such extension. Costs include new facilities, replacement of existing system components when necessary for making the extension or improvement, and upgrades to meet requirements such as current construction standards or fire flow which are associated with the Aapplicant's project. Over-sizing water system components as outlined below, however, will not in all cases be charged solely to the aApplicant. Reimbursement or credit against District charges is available in some circumstances.

All water facilities must be located on property owned by the District, public rights-of-way, or have dedicated easements. All water facilities must be transferred to the District's ownership for operation, maintenance, and service responsibilities and will be subject to maintenance bonding requirements.

3.1.2 Application of Policies and Procedures

In specific instances, the Assistant General Manager AGM or his/her designee may, at his/her discretion, waive or modify the application of the policies and procedures described herein, including the application of standard fees and charges, provided that such waiver or modification allows for more effective or efficient achievement of District goals, objectives, and overall policies.

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Conditions for waiver or modification of the application of these policies and procedures are contained in Section 1.4 of this Manual.

3.1.3 Standards and Specifications

Water system extensions, improvements, or new facilities must be constructed in accordance with the District's Standards and Specifications for Design and Construction (Appendix A). Copies will be furnished by the District upon request. The Applicant must ensure that the latest version of the Standards and Specifications is followed.

The Standards and Specifications have been developed as professional, technical guidelines for regulating system design and installation. The Assistant General Manager AGM may modify the Technical Standards and Specifications, from time to time to maintain consistency with changing technology and industry standards. In addition, the Assistant General Manager AGM may waive strict application of the Standards and Specifications in certain instances, provided that the resulting design or construction is approved by the District, and remains consistent with the goals and objectives expressed in this Manual.

3.1.4 Notification

The Applicant's contractor shall schedule a pre-construction conference and notify the District at least five (5) working days prior to commencing work. All work shall be inspected by the District. The contractor shall contact the District's water shop Water Operations Facility at (425) 397-3000 to schedule all tie-ins at least three (3) days in advance.

3.2 Administrative Procedures for System Extension

3.2.1 Plan Approval Required

All plans for extensions, improvements, or additions to water facilities must be approved by the District prior to construction.

3.2.2 Application

Requests for extension or improvement of a District water system to serve newly developed and/or existing properties shall be made by $\frac{\Delta}{\Delta}$ pplicants or their authorized agents using the District's application format. Each

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application shall contain a legal description of the property to be served and be accompanied by two (2) copies of preliminary plans, showing the location of all water lines, hydrants, and valves needed to serve the area.

Applicants should schedule a meeting with District Engineering staff to discuss the proposed project, prior to completion of the application.

3.2.3 District Review

The District will review the application and associated plans. A Plan Review Fee, as described in Section 3.3 (see Appendix B, Table B-11), will be assessed to compensate for review services.

The District will notify the aApplicant of the feasibility of the service requested, conditions for construction, and any additional facilities (e.g. water source, storage, booster stations, water main upgrades, etc.) that may be required as a result of the proposed extension/development. The District may require additional special requirements such as cross connection control devices or backflow prevention assemblies. This process will enable an aApplicant to estimate more accurately the associated construction costs and District charges.

If fire flow is required, the plan must be approved by the appropriate Fire Marshal. District standards may be more stringent than standards required by local fire jurisdictions, and if there is any conflict between standards, the more stringent standard will apply.

In all cases where a road right-of-way will be used for mains or other improvements, the appropriate city or county governmental agency must also approve the plan.

At the District's option, engineering design services may be provided by District staff at the application stage. A fee will be charged for such services, as described in (see Section 3.3): (see Appendix B, Table 11)

3.2.4 Extension Agreement

If a project is accepted, the <u>aApplicant</u> shall then execute with the District an Extension Agreement which will specify the terms and conditions of the extension or system improvement in accordance with the District's standards.

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Extension agreements must be signed by the Assistant General ManagerAGM or his/her designee.

3.2.5 Submittal of Plans and Specifications

At the time the Extension Agreement is submitted, two (2) sets of detailed plans and specifications shall be submitted by the <u>aApplicant</u> to the District for review and approval. All drawings and specifications must be stamped by a registered Professional Engineer licensed in the State of Washington.

As the project progresses, any deviations from originally approved plans and specifications shall be approved in advance by the District in writing, and recorded. Updated plans must be provided to the District.

3.2.6 Permits, Easements, and Approvals

At the District's option, the <u>aApplicant</u> may be required to prepare all necessary documentation for permits, easements, and approvals. These may include, but are not limited to lane closure, building, grading, drainage, shorelines, conditional use, variance, Department of Health, Parks & Recreation trail crossing, and railroad agency permits. The District will ordinarily prepare documentation for <u>Rright—of—wWay</u> permits. The required documents shall be provided to the District, which will submit them to the appropriate agencies for processing. Any fees levied for permit processing shall be paid by the <u>aApplicant</u>.

The Applicant's contractor shall secure all permits and authorizations required from local and State agencies and disposal sites related to asbestos work, removal and disposal, including but not limited to submittal of a written "Individual Notice of Intent to Perform an Asbestos Project" to the Puget Sound Clean Air Agency, if required. An "Individual Notice of Intent to Perform an Asbestos Project" will generally be necessary for any project which requires the contractor to remove in excess of ten (10) linear feet of asbestos—cement water main. No work on asbestos-cement main shall proceed without proper permits, certifications, worker protective clothing and breathing apparatus, and approved asbestos disposal bags. Prior to commencing work on asbestos-cement pipe, the contractor shall provide the District with a copy of any required "Individual Notice of Intent to Perform an Asbestos Project," and the contractor shall file the same with the Puget Sound Clean Air Agency. The cost of asbestos related permits shall be paid

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by the Applicant's contractor. A copy of any required permit(s) shall be available at the project site at all times.

The Applicant's contractor shall comply with all provisions of any applicable permits.

A copy of the appropriate plans, specifications, and all required permits shall be maintained on the project site at all times during construction.

All District facilities shall be installed within the city/county right-of-way or in a District—approved easement. The Applicant, at the District's option, shall either supply the District with the legal description of the easement (asbuilt) and shall pay the costs incurred by the District to do all title work, to prepare any necessary easements, and to file and record the legal easements prior to District final acceptance, or prepare, obtain and convey all easements to the District at the Applicant's sole cost.

3.2.7 As-Built Drawings

Upon completion of the project, two (2) sets of revised as-built drawings and specifications,—and an additional set in a digital format compatible with the District's CAD system (AutoCAD, Microstation, or DXF file), and a pdf copy of the final as-built drawing shall be provided to the District at the aApplicant's expense. As-built plans must show all new water facilities and related appurtenances which, at a minimum, shall include the locations of all mains, valves, hydrants, and fittings giving sizes and types of each. The drawings shall show the exact location of water mains including distances of mains from property lines.

A registered Professional Engineer licensed in the State of Washington must stamp all drawings and specifications, including as-builts.

3.2.8 Final Acceptance

Upon completion of construction, a Applicants or their contractors shall notify the District and request a final inspection for approval of the project. The District will issue a Letter of Final Acceptance of the main extension, improvement or water facility, provided that:

(a) the water main has been installed according to the approved plans and specifications;

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- (b) pressure and bacteriological tests have been passed;
- (c) all permit conditions have been satisfied;
- (d) all extension policy conditions have been fully satisfied;
- (e) all fees required by the District and other entities have been paid;
- (f) all easements are recorded at the county or shown on the face of the final plat map;
- (g) all necessary bonding is in place;
- (h) a new mylar-original, stamped drawing is provided which reflects asbuilt conditions;
- (i) a digital copy of as-built water plan (both CAD file and pdf final drawing) is provided; and
- (j) a "Bill of Sale" is executed and accepted by the District.

The date of the final acceptance letter will begin the period of warranty. The final acceptance shall not constitute acceptance of any unpaid—for, unauthorized, defective, omitted, or non-conforming work or materials. Final acceptance shall not prevent the District from requiring the aApplicant to pay for, remove, replace, dispose, or add work or materials or prevent the District from recovering damages for any defective work or materials or for any breach of contract.

In the event that a letter of credit or similar financial instrument has been provided as a means of guaranteeing project completion, at the District's sole option a Conditional Letter of Final Acceptance may be issued prior to full aApplicant/contractor compliance with all of the requirements listed above. In order for this option to be exercised, the terms and conditions described in Section 3.2.9 must be met.

3.2.9 Letter of Credit

If requested by an Applicant for his/her convenience, the District may elect to accept a <u>lL</u>etter of <u>eC</u>redit, or equivalent financial instrument, as a guarantee of payment for various purposes. These purposes may include, but are not

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limited to, payment of GFCs or other fees, or completion of an extension project. However, nothing in this provision shall be interpreted as a requirement that the District accept a <u>lL</u>etter of <u>eCredit</u>, for any purpose. If a <u>lL</u>etter of <u>eCredit</u> is used to guarantee payment, the following conditions must be met:

- (a) Payment of a Letter of Credit Processing Fee to the District (see Appendix B, Table B-11);
- (b) The Letter of Credit must be issued by a financial institution in a form acceptable to the District;
- (c) The Letter of Credit must name the District as sole beneficiary of the funds described therein;
- (d) Expiration of a Letter of Credit without a District draw upon the funds described therein shall not relieve the Applicant from any obligations to the District;
- (e) If the Letter of Credit is used to guarantee payment of fees, the District shall be authorized to redeem the full value of outstanding fees if all fees have not been paid within <u>ninety (90)</u> days.

3.2.10 Maintenance Bond

Before the District will issue its letter of final acceptance, the Applicant shall provide an executed maintenance bond for <u>ten10</u> percent_(10%) of the full value of the water facilities installed. Such value shall be determined by the District. The Applicant may post cash in lieu of bond, on the same terms and conditions as described herein. This bond shall:

- (a) Be on a District-furnished form.
- (b) Be signed by an approved surety (or sureties) that;
 - ☐ Is registered with the Washington State Insurance Commissioner, and
 - □ Appears on the current Authorized Insurance List in the State of Washington published by the Office of the Insurance Commissioner.
- (c) Be effective for two (2) years from the date of the District's Letter of Final Acceptance.

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If at any time during the two-year period, the bond or cash in lieu of bond is used for payments, the Applicant shall, within five (5) business days of such payment, reinstate the value of the bond or cash in lieu of bond to an amount equal to $\frac{10 \text{ ten}}{10 \text{ ten}}$ percent $\frac{10\%}{10 \text{ ten}}$ of the full value of the water facilities installed. If the value is not reinstated, the District may, at its option, redeem the bond.

The District may require sureties or surety companies on the bond to appear and qualify themselves. Whenever the District deems the surety or sureties to be inadequate, it may, upon written demand, require the Applicant to furnish additional surety to cover any remaining work.

3.2.11 Indemnify, Defend and Save Harmless

The Applicant's contractor who is constructing facilities to be transferred to the District shall agree to indemnify, defend and to hold the District harmless from any and all claims, losses or liability for damages arising from acts done or omissions made under the contract, to the fullest extent allowed by applicable law. Before commencing work such contractor shall furnish the District certificates of his comprehensive general and automobile liability and property damage insurance, in limits acceptable to the District, protecting against all claims for personal injury or property damage, including coverage for underground collapse and explosion damage, arising during the course of the performance of said contract.

3.2.12 Bill of Sale

The Applicant shall transfer ownership of all installed water mains and facilities to the District pursuant to a Bill of Sale utilizing a District-approved form. The Bill of Sale shall be signed by the Applicant or its authorized agent. The Bill of Sale shall describe lengths and sizes of water mains, and size and quantities of services and hydrants, and the location in general terms, including the name of the plat if applicable.

The <u>aApplicant</u> shall provide the District with all applicable invoices and other information necessary for preparation of the Bill of Sale.

3.2.13 Limited Period of Plan Validity

The District's final plan approval shall be valid for a period of twelve (12) months after the date upon which it is approved for construction. If construction has not commenced by that date, the District's approval of the

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plan shall lapse and the design and approval shall no longer be effective. Should the Applicant wish to go forward with the extension, a new review of the construction plans will be required to ensure consistency with the existing water system infrastructure and the latest version of the District's policies, standards, and specifications. Any changes to the construction plans shall be made by the Applicant's engineer at the Applicant's sole expense and additional review fees shall be subjectapply per to Appendix B, Table B-11.

3.3 Financing and Fees

3.3.1 Financing Methods

LineMain extensions can be paid for in three ways:

- (a) The Applicant may obtain his/her own contractor to install the main to meet District specifications, and pay the contractor directly. Upon completion of the work, and after approval by the District, the installation will be turned over to the District by means of a Bill of Sale.
- (b) For projects involving multiple property owners and developed properties, a Local Utility District (LUD) may be formed to finance the extension (see Section 3.3.2).
- (c) In limited cases, and at the District's option, the District may construct the facilities or may contract for construction. The District will make an estimate of the total costs of the project. UponOn receipt of the payment of that the estimated amount due fromby the Applicant, the District or its authorized representative will proceed with construction. Upon completion of the project, the customer will be either refunded or billed for the difference between the estimated amount and the actual cost of the installation. On jobs where the estimated cost of materials exceeds \$150,000, the District must call for public bids, and award the contract to the lowest acceptable responsive bidder.

3.3.2 Formation of a Local Utility District (LUD)

Property owners within a defined area may petition the District's Board of Commissioners for formation of an LUD to finance the extension of water mains to serve their properties. Assessments are levied upon properties

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benefited by the improvements. All costs and expenses included under RCW 35.44.020, including but not limited to engineering, construction, legal, survey, administrative, office overheads, easements, and costs associated with the procurement of all necessary permits and conduct of environmental analysis, are a part of the LUD costs.

The District will prepare a petition at the current cost established in Appendix B, Table B-11 for property owners desiring to initiate the formation of an LUD.

To the full extent required by and subject to the limitations imposed by applicable law (as amended from time to time), the Board of Commissioners of the District shall determine whether or not to form an LUD on the basis of the facts and circumstances pertinent to each particular proposal.

LUD formation must follow procedures described in the District's LUD Process Manual and applicable statutes.

Costs-for tapping-onto a main-constructed under an LUD will-be defined in the provisions of the LUD involved.

Under applicable law, certain properties within the boundaries of an LUD may be exempt from assessment. In such cases, the District will grant an exemption, provided the property owner or his/her representative notifies the District in writing and provides evidence satisfactory to the District that the property qualifies for an exemption.

The LUD process may also be available for financing the costs of water system attachment for certain individual, pre-existing single-family residences not located within or contiguous to an LUD currently undergoing formation. Such process requires participation in a "non-contiguous Local Utility District" available only to owners of single-family residences taking permanent service from an existing District pipeline. In order to qualify for the non-contiguous LUD process, the dwelling to be served must be the residence of the Applicant or of the Applicant's tenant. The determination of whether or not a service can be considered permanent shall be at the District's sole discretion. Any funds payable by the District to a third-party applicant under an applicable latecomer policy or agreement as a consequence of an LUD customer attachment shall be paid only upon

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adoption by the Board of Commissioners of the final assessment roll relating to such LUD (see Sec.3.3.9).

3.3.3 LUD Assessments

For an LUD, each property included will pay an assessment established by the LUD process and designed to ensure that customers pay an equitable share of system costs for supply, transmission, treatment, and local distribution lines. Assessments shall include cost of system construction together with any applicable General Facilities Charge (GFC), Distribution System Charge (DSC) and, at the option of each assessed property owner, a Service Connection Charge (SCC) as defined in Section 2.6.2. Assessments shall not be in lieu of any other applicable fees or charges payable as the result of customer service changes, water usage, or the formation of any future LUD.

Customers added after deadlines in the LUD process have passed (e.g. time expired, specified number of services added, etc.) will be assessed standard District Charges and Fees in effect at the time of the request for service and applicable to the affected system, or the LUD assessment, whichever is greater.

Further information can be found in the District's LUD Procedure Manual.

3.3.4 Plan Review Fee

At the time an application is submitted for an extension or improvement, the aApplicant shall pay the District a Plan Review Fee (see Appendix B, Table B-11) to cover the cost for up to two (2) District reviews. If more than two (2) reviews are required for the same project prior to execution of an Extension Agreement, or if the scope or complexity of design requires unusually extensive review, an additional fee for non-standard engineering services may be charged.

If the District undertakes to provide engineering design services at the application stage, a fee may be charged for non-standard engineering services.

3.3.5 Extension Agreement Fee

At the time an Extension Agreement is submitted for execution by the District, the a \underline{A} pplicant shall pay the District an Extension Agreement Fee to

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compensate the District for resources needed to participate in the project (Appendix B, Table B-11).

3.3.6 Summary of Extension Fees

In addition to fees charged for processing applications, Extension Agreements, and other District services, the Applicant will be charged the following Extension Fees, where applicable:

- (a) General Facilities Charge
- (b) Distribution System Charge
- (c) Service Connection Charge

However, fees for properties located within LUDs are handled through the assessment process discussed above.

3.3.7 General Facilities Charge (GFC) - See Section 2.6.2

A General Facilities Charge (GFC) is applied on new service connections to compensate for costs the District incurs in construction or acquisition of water system general facilities (i.e., source, storage, treatment and transmission facilities) required to support the addition of the new customers. The GFC amount is based on the demand a new water service connection is expected to place on the water system (see Appendix B, Tables B-2 and B-3). Equivalent Residential Units (ERU) will be used to represent the demand a given service will place on the District's water system and consequently that service's respective share of the costs of the District's water system general facilities. The following procedures apply to payment of the GFC:

- (a) All-New Customers connecting to a District water main or expanding their service connection shall pay a GFC, except as follows:
 - (1) The GFC shall not apply to extensions, new developments, or subdivisions where all applicable water system source, storage, treatment, and transmission facilities are financed wholly by the benefited properties under the LUD process (see Section 3.3.2) or through the applicant extension process.

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- (2) If a New Customer provides documentation, acceptable to the District, that the applicable GFC for such customer's requested connection has already been paid through past payment by an Applicant, or other means, the GFC shall not be applied.
- (b) Where construction of a development or subdivision requires connection of a new Applicant-installed main extension to the District's water system, the Applicant has the option of paying the total applicable GFC for all lots at the time of conveyance of the main extension to the District, or deferring payment of the GFC applicable to any individual lot until a service connection is requested for such lot (see Appendix B, Table B-2). For Satellite or Remote systems, the option of deferring payment of the GFC is at the discretion of the Assistant General Manager for Water Resources.
- (c) Where a development or subdivision is constructed within the boundaries of the District's integrated water system, but connection with the District's integrated water system is deemed by the District in its sole judgment to be impracticable at the time of construction, such development or subdivision may construct and utilize a separate, temporary water supply, storage and distribution system, to be owned and operated by the District. Such system shall be attached to the District's integrated water system at District cost at such time that the District deems attachment practicable and appropriate. The Applicant of the development or subdivision has the option of paying the GFC at the time of conveyance of the new distribution system to the District, or deferring payment of the GFC applicable to any individual lot until a service connection is requested for such lot (see Appendix B, Table B-2).
- (d) When the Applicant chooses to defer the payment of the GFC, an adjusted GFC amount shall be applicable in order to permit the District to recover administrative costs and interest costs associated with delayed payment (see Appendix B, Table B-2).
- (e) When the Applicant chooses to defer the payment of the GFC with regard to any specific parcel of property to be connected to the District's water system (including, in the case of a condominium, any unit or common area), the Applicant shall be obligated to disclose to the initial purchaser of such parcel of property that a GFC is due and

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must be paid to the District prior to installation of a meter and connection of such parcel to the District's water system. Installation of a meter and connection of a parcel of property, including a condominium unit or any parcel held in common for the development, to the District's water system shall not occur until all applicable fees have been paid to the District including but not limited to the required CFC.

An Applicant who fails to provide the disclosure required in this subsection shall defend, indemnify and hold the District harmless from and against any and all claims, demands, losses, costs and damages of whatsoever nature, including attorney fees and costs, incurred by the District as a result of such failure.

The District shall determine the appropriate number of ERUs to be assigned to any and all New Customer connections. The General Facilities Charge for a subdivision constructed under the circumstances described in subsections (b) and (c) above, where the Applicant has chosen to pay the GFG at the time of conveyance to the District of the Applicant-installed main extension or water distribution system, shall be based upon the estimated total number of ERUs as determined by the District to be necessary to provide service for all of the parcels of property within the development or subdivision to be served by the District. If the use classification or the number of dwelling units for any parcel changes between the date of the estimate and the date of application for service to such parcels, causing a change in the estimated ERUs applicable, the General Facilities Charge shall be recalculated accordingly. The recalculation shall be based upon the new number of ERUs. If the recalculated General Facilities Charge is greater than the original payment, the applicants for service to parcels which have a different use classification or a different number of dwelling units shall pay the difference between the recalculated General Facilities Charge and the estimated General Facilities Charge. No refunds will be made by the District where the recalculated charges are less than the original payment.

In recalculating the General Facilities Charge, the rates in effect at the time of the recalculation shall be used; and for purposes of calculating the difference that the applicant shall pay, the estimated General Facilities Charge shall be recomputed based upon the rates then in effect.

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- (g) The General Facilities Charge shall also apply to an LUD or to the identified and assessed individual properties contained therein at the time of formation. Properties within an LUD are subject to the applicable LUD GFC. However, once an LUD has been established and the final assessment roll confirmed, any additional individual water service customers within such established LUD requesting a new water service connection or adding to the number of ERUs to be served by that customer's existing water service connection shall be deemed a "New Customer," and be subject to the applicable General Facilities Charge imposed at the time of connection (see Section (h) below).
- (h) In all cases, the GFC paid shall be based upon the GFC in effect on the date of payment.

3.3.8 Distribution System Charge (DSC) - See Section 2.6.3

The Distribution System Charge (DSC) is assessed to compensate for costs the District and its existing customers have paid to install the system's existing local distribution network, or for the costs of installing new distribution lines required to support the addition of the new customers:

The DSC applies to each New Customer connecting to a District-owned water main when such New Customer has not contributed to the cost of the water main either through an LUD assessment, other charge imposed by District policy, or through purchase of an individual parcel specifically for which the water main extension was originally installed. The DSC also applies to each New Customer within satellite systems in cases where the District has established a DSC for those systems.

Depending on the type of development, the DSC is calculated as either a standard charge per connection, or as a charge based on front footage. The DSC for various types of service is shown in Appendix B, Tables B-4 and B-5.

Payment of the DSC is required with regard to each of the following situations:

(a) Whenever a new development or subdivision is to be connected to the District's water system and extension by the Applicant of a new or replacement main across the entire frontage from which public access and utility service are taken is not required; or

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- (b) Whenever a lot for which a DSC has been paid is subdivided, and additional-water connections are made to serve the new lots created by subdivision. In such event, an additional DSC shall be collected from the Applicant for each New Customer connecting to the District's water system; or
- (c) Whenever a New Customer connects to a District main under an Interim Connection Agreement (ICA).

Where applicable, a DSC collected from a New Customer shall be paid as reimbursement to the third party who installed and paid for water main, in accordance with Section 3.3.9.

In the case of a New Customer connection to a water main installed through the LUD process, the DSC collected shall be paid as reimbursement to the District; the DSC shall be equal to the apportioned distribution system cost assessed to each participating LUD property, or the current DSC amount, whichever is greater.

3.3.9 Reimbursement Using the DSC

When a New Customer attachment is made to a water distribution main extension or replacement installed and paid for by a third-party, the DSC collected by the District from the New Customer, less five percent (5%) retained by the District for Aadministrative costs, may be paid over to such third-party as a partial reimbursement for costs of that main distribution extension or replacement installation. However, the following provisions shall apply:

- (a) DSCs collected by the District shall be paid by the District to the third-party installer for a period of ten (10) years from the date of acceptance of the subject water main extension or replacement, or until such time as the third-party installer is fully reimbursed for its actual cost of that portion of the water main extension to which the DSC applies, whichever period is shorter. DSCs from New Customers attaching after such period shall be retained by the District.
- (b) Third-party reimbursements shall apply only with regard to water main extensions constructed by such third-party outside the established boundaries of any subdivision or property development for which the main extension was installed. The cost of a water main

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extension subject to reimbursement under this section shall include all appurtenances required and installed as a part of the water main extension.

- (c) Third-party reimbursements shall be made only for DSCs collected from New Customers whose connection is considered to be permanent by the District. DSCs collected from New Customers whose connection is considered Interim by the District, shall be retained by the District and applied to a future, permanent solution. Refer to sSection 3.6 for more information on Interim Connections.
- (d) Reimbursement shall be available only to third parties who have entered into an "Application/Agreement for Private Applicant Developer Water System Extension" or a "Distribution System Charge Reimbursement Agreement" with the District, and shall be subject to all applicable policies of the District, including established DSCs.
- (e) Reimbursement shall be required only in situations where the District is reasonably able to locate the third party who installed the new or replacement water main. It is that person's responsibility to provide the District with updated contact information for the Reimbursement Agreement. If with reasonable diligence the District is unable to locate the third party who is entitled to the DSC payment within the ten-year reimbursement period, using information supplied by such person, the District shall retain the DSC, and any claim that person may have for reimbursement shall be extinguished.

3.3.10 Non-standard Engineering Fees

Engineering fees for non-standard engineering services shall be established in the manner described in Section 2.6.5 of this Policies and Procedures Manual for Nnon-standard Services.

3.3.11 Over-Sizing and Replacement

(a) The District may require over-sizing or replacement of existing facilities in conjunction with construction of an extension or improvement by an aApplicant. Such requirements may apply on, or adjacent to, a development or subdivision, or to facilities that are associated with the development, but "off-site." The sizing required for aApplicant-project needs alone will be based upon the District's Standards and Specifications (Appendix A), or upon

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hydraulic analysis acceptable to the District that has been conducted specifically for a proposed project.

- (b) When a new development or subdivision has frontage on or abuts an existing District main or associated appurtenances (hydrants, pressure reducing valves, blow-off assemblies, air/vacuum relief valves, and water meters), and the District has determined in its sole discretion that any portion or all of such facilities are in need of replacement due to age, condition, substandard size or materials, or due to the likelihood of damage caused by construction of the development or sub-division improvements, the aApplicant shall replace such facilities without contribution from the District. If the District has determined in its sole discretion that the development will not impact or cause damage to other existing facilities on frontages from which the development is not taking direct service and the development is not required to make improvements along such frontages by the governmental agency with jurisdiction over the work, the aApplicant shall only be required to replace those facilities within the frontage from which it takes service. The aApplicant may be entitled to reimbursement for additional customers connecting to the replacement facilities in accordance with Section 3.3.9.
- (c) Any new water system improvements installed for a development and located adjacent to or requiring extensions from an unfunded future proposed District project shown in the District's Comprehensive-Water System Plan, and not included in the District's current Capital Improvement Program, shall be installed by the aApplicant to sizes shown in the Comprehensive Water System Plan with no over-sizing contribution from the District. The aApplicant may be entitled to reimbursement for additional customers connecting to the subject extension per Section 3.3.9.
- (d) In cases where fire flows required by applicable land use plans have changed since the construction of the existing main, the aApplicant will be responsible for the cost of upgrading the existing main to meet required flows established in the District's Standards and Specifications for Design and Construction or the current flow required by the local fire prevention authority, whichever is greater.
- (e) Notwithstanding anything else in this Section, in the event that application of this policy would require the <u>aApplicant</u> to install a replacement main that in the determination of the District in its sole

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discretion should be installed at a later date or in conjunction with a different project, the applicant shall pay to the District in lieu of installation of such replacement main a DSCistribution System Charge in an amount as determined in Appendix B, Tables B-4 and B-5. Such sum shall be held by the District for partial reimbursement to a third party of its costs of later installation of any replacement main that would otherwise have been required under this Section. The DSC shall be utilized by the District as provided in Section 3.3.9; however, should the District later install the replacement main at its cost, then the District shall apply the DSC against its replacement main installation cost.

(f) If:

- 1) the District requires a) over-sizing of a main fronting the development or adjacent thereto (i.e., "off-site"); or b) replacement of a main which is "off-site" but is adjacent to the development; and
- 2) in the District's sole opinion such improvement can be conveniently completed in conjunction with other system improvements required of the aApplicant under these policies to accommodate District needs associated with but not directly resulting from the development;

Then in such event the District may, at its option, participate in the associated construction costs. The following guidelines will apply when the District requests such improvements and agrees to participate in payment of costs of over-sizing or replacement of facilities:

- (i) Upon receiving an application for an extension or an improvement, the District will determine if over-sizing or replacement of District facilities is best accomplished in conjunction with construction of the proposed development. The District's Water System Plan, the applicable land use plan, and existing system deficiencies will be the primary factors in making this determination.
- (ii) If over-sizing or replacement of such facilities is required, a preestablished reimbursement amount and time for reimbursement shall be negotiated between the District and the <u>aApplicant</u> and included in the Extension Agreement.
- (iii) The amount of reimbursement for over-sizing will be based generally on the following:

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(1) Mains:

A. For pipes up to 4 inches larger in diameter than the District's design standard for the development/lot - reimbursable costs will consist of material cost differences for pipe, valves, and fittings.

- B. For pipes greater than 4 inches larger in diameter than the District's design standard required to serve the development/lot reimbursable costs will include increased material and construction costs (e.g. cost differentials for larger components, increased excavation, special bedding, testing, cleaning, etc.).
- (2) Other Facilities: Contributions for providing larger or replacement facilities will be conducted on a case-by-case basis and are subject to negotiations between the District and the aApplicant.
- (iv) The methodology of reimbursement will be selected by the District at its sole discretion, and will be included in the Extension Agreement. Reimbursement methodology will normally be chosen from one of the following options:
 - (1) Payment to the <u>aApplicant</u> upon acceptance of the extension or improvement.
 - (2) Credit against funds otherwise owed by the <u>aApplicant</u> to the District.
 - (3) Deferred to the future for reimbursement in lump sum or by installment.
 - (4) A combination of the above.
- (v) Material invoices must be submitted to the District prior to acceptance of the project.

3.4 Design

3.4.1 Standards and Specifications

All water line extensions shall be designed and installed in accordance with the District's Standards and Specifications (Appendix A). However, strict

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application of the Standards and Specifications may be waived by the District in certain instances, in accordance with Section 1.4 of this Manual.

3.4.2 Extension of Mains along Property Frontages

In order to provide for continued extension of the District's system beyond properties currently developed or under development, Applicants will be required to extend water mains along frontages associated with parcels, subdivisions, or developments. At the District's discretion, an aApplicant may also be required to extend a main across the property being developed to facilitate looping of the system (per Section 3.4.3), in addition to extension along one or more frontages. In individual cases, the requirements for length and location of mains along such frontages shall be guided by the District's Comprehensive—Water_System Plan. Depending on the circumstances, reimbursement may be available following main installation, under the District's policies for the Distribution System Charge (see Section 3.3.9).

Applicants will normally be required to install a main along the entire length of any and all general use (open generally to the development residents and their guests and invitees, whether or not deemed "private") roads or developed public rights-of-way abutting the property being developed and from which the development takes water service. If the District has determined in its sole discretion that the development will not impact or cause damage to other existing District facilities on frontages from which the development is not taking direct service and the development is not required to make improvements along such frontages by the governmental agency with jurisdiction over the work, the aApplicant shall only be required to replace facilities within the frontage from which it takes service.

In cases where the development's permanent access and permanent water utility distribution service line are not taken from the same general use road or public right—of—way, the location of the permanent distribution service connection, as determined at the sole discretion of the District, shall be the frontage along which the District main will be extended.

At the District's option, the requirement for extension along a frontage may be modified or waived, provided that achievement of general policy goals and objectives of the District are not thereby impaired.

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The District normally installs water mains on the north and east sides of a road or street. In some circumstances, therefore, the $a\underline{A}$ pplicant will be required to install a water main across the street or road from the $a\underline{A}$ pplicant's property.

3.4.3 Looping

Looping of water mains, at aApplicant cost, may be required in order to satisfy pressure, fire flow, and system hydraulic requirements. In addition, looping may be desirable to promote system reliability and water quality. The determination of looping requirements shall be at the sole discretion of the District and will not exceed 200 feet of main per looping situation. In determining whether looping is required, the following factors shall be considered:

The length of main that will be needed solely for looping purposes;
Topographical constraints;
Effects of looping on system hydraulics;
The need for easements solely to support looping;
Expected future development in the area, based on the applicable land use plan, as updated from time to time, municipal comprehensive plans if applicable, the District's Comprehensive Water System Plan, and other available information.

If a looping requirement is imposed solely to benefit other properties or the District's system generally, then the District will reimburse the Applicant for any required looping over 200 feet per looping situation. However, if the looping requirement also provides a direct benefit to the property in question (e.g. to meet required fire flows), then this limitation will not apply, and the Applicant's responsibility will be determined by the District on a case-by-case basis.

3.4.4 Water System Fire Flow Requirements

Water system lines and extensions installed pursuant to other <u>sSections</u> of this Policy to serve a new development shall be sized in accordance with the District's Standards and Specifications for Design and Construction. Such standards are based upon sound engineering and operational practices and shall provide to all new development lots not less than the following fire

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flows, or shall be at the level required by the local fire prevention authority, whichever is greater:

<u>Lot Size</u>		Fire Flow Requirements
a)	Less than 1 acre	1,000 gpm
b)	Multi-family/commercial/industrial	1,500 gpm

For purpose of evaluating the sufficiency of fire flows, a "cluster development" shall be evaluated according to the effective size of the building lots, based upon the relative distances between residential construction.

3.4.5 Water System Flow Standards Not Altered by Sprinkler Systems

The District supports the local fire jurisdictions requirements for residential fire protection sprinkling systems. However, such systems will not provide a basis for altering the District's design standards.

3.5 General Construction Procedures

3.5.1 Technical Standards and Specifications

Construction practices shall be in accordance with the District's latest Technical Standards and Specifications (Appendix A). However, strict application of the Standards and Specifications may be waived in certain instances, in accordance with Section 3.1.2.

3.5.2 Approved Contractor

All line main extensions and taps to the District's water system shall be installed only by a licensed contractor approved in advance by the District.

"Approval" of a contractor by the District means that the contractor has met certain minimum criteria relating to past performance, experience, or apparent ability to successfully perform the work required; it shall not be deemed to create or impose any warranty or guarantee by the District as to the said contractor or its workmanship, nor shall such approval relieve the customer or the contractor of their individual responsibility to comply in all respects with District policies and specifications.

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3.5.3 Pre-Construction Conference

The Applicant shall schedule a pre-construction conference with the District and contractor after the Extension Agreement has been executed. The Ccontractor shall submit a materials list and a safety and traffic control plan, if needed, for District approval before or during this meeting.

3.5.4 Deviations

The approved Extension Agreement construction plans shall be followed. No deviations will be allowed without request for change and approval in writing by the Water Resources Assistant General Manager AGM or his/her designee. The District reserves the right to order changes. The aApplicant shall be notified in writing of any changes.

3.5.5 Taps to Existing Main

All taps of a line to the existing main must be made by District crews or under direct supervision of the District personnel, with material supplied by the ownerApplicant, contractor or the District. Payment must be made in advance for this work, and for any material required, if done by the District. Tapping an existing main without adhering to District requirements for advance notification shall result in a penalty being assessed against the applicant (see Appendix B, Table B-12).

3.5.6 Service Equipment

If the owner—Applicant is also constructing houses and will construct and complete houses at a rapid rate, the District, at its option, may require the owner—Applicant to install the meters and service equipment coincidental with the installation of the main, or install the service with a meter yoke for later installation of the meter by the District. The service connection charge will be adjusted accordingly.

3.5.7 District Access

During the period of construction, <u>aApplicants</u> and their contractors will provide access to District personnel (including personnel on contract to the District) as necessary, to ensure compliance with District requirements.

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3.6 Interim Connections

3.6.1 Introduction

In general, interim connections to the District's system shall be avoided. However, under certain circumstances overall District goals and objectives may be advanced by permitting connection to a District main or a non-District water system on an interim basis. Such an arrangement shall be permitted only when the District determines that the property in question will be served in the future by a District main abutting the property. The Assistant General Manager AGM or his/her designee shall have the authority to allow an interim connection and administer an Interim Connection Agreement (ICA). The customer shall pay all of the costs and expenses associated with obtaining interim water service.

3.6.2 Interim Connection Agreement

Any interim connection will require an (ICA) to be executed between the customer and the District. The ICA will specify the terms and conditions for the interim connection. These may include, but are not limited to, provisions designed to facilitate financing and connection to a main, at the time a main abutting the property is subsequently installed and fees and charges associated with the initial installation of the temporary meter and the future abandonment of the temporary meter.

3.6.3 Fees and Charges

Prior to execution of the ICA by the District, the customer shall pay an Interim Connection Agreement Fee, Permit Fee, Service Connection Charge for installation of the temporary meter, a Service Connection Charge for the future installation of the permanent meter (which includes the cost of installing a new meter and other facilities or equipment necessary to connect to the District's main if and when a main is installed abutting the property), and a Meter Abandonment Fee (which includes the cost of removing the temporary meter connection and disconnecting the service at the District's main). These fees are described in Appendix B.

Prior to execution of the ICA by the District, the <u>aApplicant</u> shall also pay the applicable GFC, DSC, and the cost to install a PRV (if necessary). These costs and fees are described in Appendix B.

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3.6.4 Easements, Property Rights and Permits

The customer shall obtain and maintain all easements, property rights and/or permits which are necessary or appropriate for interim water service. The customer must provide documentation of same as part of the ICA.

3.6.5 Termination of Interim Service

Whenever a property temporarily served pursuant to an ICA can receive permanent service by connection to a newly extended District water main abutting the property, the ICA will be terminated. The cost of relocating the temporary meter connection to the permanent location is included in the fees and costs paid by the customer upon initiation of the ICA. Relocation of the temporary meter connection to the permanent location may result in temporary loss of service. The customer will also be required to extend their personal water service line from the new location of the permanent meter to the home at their cost within sixty (60) days of receiving written notice from the District.

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Section 4 Satellite System Management

4.1 Introduction

4.1.1 Background

The District functions as a Satellite Management Agency (SMA) to assist water systems accomplish technical and administrative tasks, maximize water availability, and maintain satisfactory water quality. The satellite system program, through either ownership or contracting for a variety of services, provides for operation and maintenance of small and large water systems by the District. By operating multiple water systems, economies of scale make it possible to: (1) employ qualified personnel, (2) provide good system management and operation, and (3) meet stringent standards required by the federal Safe Drinking Water Act (SDWA) and the State of Washington.

The Satellite System Management Program enables either a private or public system to select a level of District service that will best accommodate their particular needs. In addition, the District's eligibility for Sstate and federal funding assistance and its ability to issue bonds helps to assure reliable and high quality service at minimum cost for District—owned systems.

The District's Comprehensive Water Plan identifies an Integrated Service Area, Remote Service Area and Satellite System Area. The District's Satellite System Management Program may be applied, as appropriate, within any of these three areas.

This outline of the District's Satellite System Management Program provides customers with the philosophy, objectives, and procedures associated with available services.

4.1.2 Types of Service

The Satellite System Management Program provides three primary options of operation and assistance services for water systems:

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- (a) Direct Service ownership and operation by the District.
- (b) Contract Services routine operation and maintenance, water quality monitoring, utility billings, and other periodic tasks for systems not owned by the District. Contract services are available to private and public systems at a rate commensurate with the service.
- (c) Support Assistance one—time or long-term support to systems requiring technical, professional, or special assistance on a more limited scale. Charges for support assistance are determined in advance, generally on a time and materials basis.

These three service options are designed to respond to differing water systems and to support a comprehensive program of water system management throughout Snohomish County (County). Decisions on establishing a level of service will depend on individual system needs, plans for improvement, and growth pressures, as well as the ability of the District to provide desired services in a cost effective manner. Each situation will be carefully examined by the District and discussed with the applicant interested in satellite system service or support.

The District will perform Direct or Contract Satellite management only for systems that comply with its minimum health, safety, and water quality standards. Systems failing to meet minimum standards must be brought up to standards in accordance with District Satellite System Management policies.

Exhibit 4-1 presents a diagram of service application and review procedures, described below, which the District uses in evaluating requests for implementing any of the three service options. Some steps involved in the process are required regardless of which service is being requested. First is the initial contact between the applicant and the District. During initial contact, applicants can discuss needs with the District and receive a copy of specific policies and procedures which pertain to their requests. The applicant's written letter of request will initiate the District's formal evaluation of system needs, capabilities, and deficiencies. The District will then request specific data or background information needed to survey the water system and evaluate the District's ability to implement one of the three service options.

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4.2 Policies and Procedures for Direct Service

Direct Service requires the transfer of system ownership and operational responsibilities from either an existing or new system to the District. The Direct Service option enables the District to assume complete responsibility for water systems at any location throughout the County. Water systems adjacent to or within a water district or municipality's service area will be directed to approach that water district or municipality for direct service before submitting a request to the District. Under the Direct Service option, the applicant and system customers are subject to the-all of the policies, procedures, standards and specifications set forth in this Policies and Procedures Manual. Water rates and charges will be imposed as applicable. Depending on the amount of system upgrade work and other expenses associated with system transfer to the District, an additional assessment may be levied.

The District may be required to assume specific financial or regulatory liabilities for systems that transfer ownership. The interests of all County citizens, therefore, must be considered for any proposed action.

Systems that will be transferred to District ownership (Direct Service) must also meet minimum construction and reliability standards. Different criteria will be applied for Group A and B systems as appropriate.

4.2.1 Conditions

The District's Water Utility shall establish (as a part of such utility) Satellite Water Systems, which are separate and apart and remote from each other, under the following conditions:

- (a) Consideration by the District of a proposed Satellite Water System shall be instituted by the application of a group of water users or a water purveyor within the service area of the proposed Satellite Water System.
- (b) If a proposed Satellite Water System is in such proximity to an existing District water system or satellite system that it could reasonably qualify under District policy as an extension of or merger with such existing system, it shall not qualify for consideration as a Satellite Water System under this Section.

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- (c) Satellite Water Systems may consist of new construction by the District, or the acquisition of existing or new systems, or the acquisition and improvement of existing systems, or any combination thereof. In any case, however, the system shall be required to meet the District's standards for water systems and shall be operated, insofar as reasonably possible pursuant to the general policies and procedures of the District's Water Utility, except as otherwise provided herein.
- (d) Each Satellite Water System shall be self-supporting and the financial condition of any existing District water system shall not be adversely affected as a result of the establishment or operation of the Satellite Water System.
- (e) The applicant must possess water rights adequate to supply the project, and these water rights must be transferred to the District.

4.2.2 General Policies and Procedures

The general policy and procedures for implementing the Direct Service option are as follows:

- (a) Direct service can be provided for both Group A and B Ssystems.
- (b) Purchase of private water systems is at the District's discretion and will require a financial feasibility analysis and must be based on an assessed value of the system.
- (c) Systems that are certified to meet District, Snohomish Health District, and Washington Department of Health (DOH) standards during construction will not be subjected to the survey and upgrade process. Systems that may desire Direct Service from the District at some point in the future should meet the following requirements during design and construction:
 - ☐ The system should be designed and constructed in accordance with the Standards and Specifications of the District (Appendix A).
 - ☐ The design and monitoring of construction for all new systems should be coordinated with the District.

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- ☐ Prior to transfer of ownership of a new system to the District, the designer of the system must certify that it has been built in accordance with the approved design.
- (d) For systems that have not been certified as being constructed in accordance with District standards, a survey and engineering evaluation will be conducted and a schedule will be developed to accomplish system upgrades which are required to meet applicable District, Hocal, State, and federal standards. Certain improvements, especially deficiencies related to water quality, safety and system reliability, will be required to be completed prior to or in conjunction with system transfer to the District.
- (e) Capital improvements and purchase costs will be financed by the system's owner(s)/customers through rate surcharges, assessments, GFCs, and/or District arranged financing. District financing options may include Sstate and federal grants, cash contributions, Local Utility District (LUD) bonds, or similar financing arrangements.
- (f) Major system improvements may require the formation of an LUD or similar financing arrangement.
- (g) An estimate of the cost of required capital improvements will be provided to and agreed upon by the satellite system's owners before the District assumes ownership or operational responsibilities. All systems not installed under the certification process outlined above will be handled on a case-by-case basis to determine charges for the preliminary survey and engineering evaluation.
- (h) The District's attorney will establish the appropriate authorization and legal instruments required for the transfer of system ownership to the District.

4.2.3 Review and Approval Procedures

- (a) The applicant for a proposed Satellite Water System shall advance to the District the estimated costs for all preliminary and full studies undertaken to determine the feasibility of such a proposed system.
- (b) A preliminary feasibility study shall be performed to establish the system's capabilities, deficiencies, and compliance with appropriate

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regulatory and operational criteria. The study also will be used to determine the estimated costs of needed system improvements, and anticipated operation and maintenance expenses. The intent of this preliminary feasibility study is to attempt to identify at an early stage any major factor which renders the proposal not feasible. If the Manager AGM or his/her designee finds from the preliminary study that the proposal is not feasible, the proposal shall be rejected.

- (c) A meeting or other appropriate method will be used to review the preliminary feasibility study results and preliminary cost estimates with the satellite system's existing owner(s)/customers. The owner(s)/customers may either withdraw the request for Direct Service or continue the process by authorizing the District to prepare a full feasibility study to more accurately determine the work and costs required to bring the system up to required standards.
- (d) If the preliminary feasibility study does not cause a rejection of the proposal, and upon the advancement of costs, the District shall undertake a full feasibility study to investigate in detail all issues which may affect the feasibility of the proposal. The intent of the full feasibility study is to add to the information developed in the preliminary feasibility study sufficiently to allow for a final determination as to the feasibility of the proposed Satellite Water System.

The District feasibility study will include a detailed analysis of the system's operation, required capital improvements, and projected cost of operation and maintenance. It will also contain a preliminary financing plan for improvements and proposed rate structure based on:

- ☐ Minimum improvements required to meet quality, safety, and reliability standards.
 ☐ Improvements required to ungrade the system to the Standards.
- ☐ Improvements required to upgrade the system to the Standards and Specifications of the District.
- □ Source, storage, metering, fire flow, and other desired improvements.
- (e) After a review of the full feasibility study is conducted with the owner(s)/customers of the For existing systems, after a review of the

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full feasibility study is conducted with the owner(s)/customers, they may withdraw the request for service may be withdrawn, or with the assistance of the District, initiate proceedings to transfer ownership may be initiated.

- (f) Improvements required to upgrade the system to District standards (particularly those associated with <u>water</u> quality, safety, and reliability), will be completed prior to or in conjunction with system transfer. Some improvements may be deferred until normal repair or replacement occurs.
- (g) If capital costs for necessary improvements can be financed reasonably by the owner(s)/customers, then the transfer of ownership may be contractually established. A list of items necessary to accomplish a transfer of ownership may include but is not limited to:
 - □ Bill of Sale
 □ Title Report and Property Deeds
 □ Assignment of Easement and Franchises
 □ New Easements, if required
 □ Assignment of Water Rights
 □ Authorization to Collect Rates and Fees
 □ Hold Harmless Clause
 □ List of Owners, Customers, and Addresses
 □ Maps, Records, Equipment Manuals and Data, and Other Information
- (h) If necessary and found to be economically feasible, the District Commissioners may create an LUD in accordance with Title 54 RCW. Once an LUD is formed, ownership of specified facilities, equipment, and data will be transferred to District ownership.
- (i) New systems, whose initial design, construction, and approval have been conducted in accordance with the District's design standards and inspection requirements, will not require a preliminary survey or engineering evaluation. The transfer of ownership can occur either contractually or by LUD formation as described above. The system must be certified in accordance with Chapter 246-290 WAC to verify that it was built and approved in accordance with the requirements of

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the DOH, Snohomish Health District, and the District prior to transfer of ownership.

4.2.4 Submittal to Commission

A completed full feasibility study, together with the recommendations of the Water Utility staff, shall be submitted to the Commission for its consideration and determination as to the establishment of the proposed Satellite Water System and any conditions thereof.

4.2.5 Refund of Advances for Feasibility Studies

In the event acquisition of an existing Satellite Water System is approved by the Commission and funds to finance its acquisition and/or construction (including the cost of the feasibility studies) are received by the District, then the advances for its feasibility studies shall be returned to the applicant.

4.2.6 Agreements and Conveyances

Satellite management when approved by the Commission shall be implemented by agreements and conveyances in form acceptable to the District and prepared by District staff at the expense of the applicant.

4.2.7 Rates, Fees and Charges

Rates and other charges pertaining to the establishment and/or operation of a Satellite Water System shall be such as to reflect the need that such system be self-supporting.

Engineering fees for non-standard engineering services shall be established in the manner described in Section 2.6.5 of this Policies and Procedures Manual, for non-standard services.

4.3 Policies and Procedures for Contract Services

A <u>sService eContract</u> is utilized to establish the frequency, duration, cost, and specific responsibilities of the District in performing services. Services can be contracted on a continuous basis to provide routine system operation and maintenance, periodic well performance monitoring, required water quality monitoring, periodic equipment maintenance, scheduled repair activities, on-call emergency assistance, utility billing services, and/or other tasks.

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4.3.1 Conditions

Listed below are the major policy and procedural considerations for contract services:

- (a) System improvements may be required to eliminate deficiencies associated with system reliability, safety, and water quality. Improvements required by the District will be completed prior to the District initiating service unless the District agrees to accomplish improvements as a part of the contract.
- (b) Contract services will be limited to systems where such services are cost-effective for the District.
- (c) Financing for system improvements is the applicant's responsibility.
- (d) The District will only provide services to systems where facilities are located on property owned by the system, public rights-of-way, utility easements, or where authorization for unrestricted access to all facilities that may require servicing, maintenance, repair or replacement, can be obtained.
- (e) If the applicant intends to expand the system's service area, the District must approve of the expansion and/or be given the option to discontinue contract services.
- (f) The applicant must designate a reasonably available individual to be an official contact with the District.
- (g) The District must receive, as appropriate, the legal authority from the applicant to contract, assess costs, and be held harmless from service activities during the normal course of operations.

4.3.2 Review and Approval Procedures

(a) Once applicants have requested Contract Service assistance, they will be required to pay a fee to the District for the cost of conducting a preliminary feasibility study. The District must receive this survey study fee and all requested system data before the District will conduct a preliminary feasibility study of the system. The study is designed to

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identify all existing material defects, public health deficiencies and operational problems.

- (b) The District will provide the applicant a list of all required improvements with an estimate of the costs associated with those improvements.
- (c) After reviewing the preliminary feasibility study results and evaluating the cost estimates, the applicant may either withdraw the request for Contract Service or authorize the District to establish firm costs for the particular details of requested service. When determined by the District, firm costs will be reviewed with the applicant.
- (d) If the costs are acceptable, the applicant will complete specified system improvements and enter into a contract with the District which specifies the details, frequency, duration, and costs of the service program.
- (e) If the applicant withdraws the request for service at any time in the process, the District will retain the preliminary feasibility study fee.
- (f) The Assistant General Manager shall have the authority to execute a service contract on behalf of the District.

4.4 Policies and Procedures for Support Assistance

The Support Assistance Program provides general assistance for improving water utility service within the County. Primarily, the program is designed to support and assist smaller water utilities. Services may be provided either on a one-time or continuous basis.

Support assistance includes such items as operator training, information system support, and purchase of equipment and supplies on a cooperative basis. Volume buying can reduce many of the costs of operating a small water utility.

There are several categories of services that the District can provide on a one-time basis. Cost associated with providing these services can be established on a time and materials basis or through a lump-sum contract. Examples of services include:

☐ Loan equipment or supplies to a system to handle a special circumstance.

Exhibit D

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Provide engineering and/or technical expertise to a system that lacks necessary staff for certain tasks.
Provide financial management/grant procurement assistance.
Develop water system computerized maps.
addition, there are several categories of continuous service that the District can ovide including, but not limited to:
Leadership and support to smaller utilities to ensure that its views are considered in formulating local and state regulatory actions.
Administration of programs for joint purchasing of equipment and supplies to achieve economies of scale for smaller utilities.
Provide technical support programs for operator training.

4.4.1 Conditions

The <u>sSupport aAssistance pProgram</u> relationship is one that will not impact on-a utility's wish to remain autonomous and operate at existing expenditure levels. The District is willing to evaluate any form of assistance to help utilities improve their level of service.

4.4.2 Review and Approval Procedures

- (a) The District and the applicant will execute either a formal contract or written agreement which will specify the exact responsibilities, staff, equipment, and other details required of the District in providing assistance.
- (b) The contract or agreement will establish the charges associated with providing service.
- (c) The Assistant General Manager shall have the authority to execute a contract or agreement for support assistance, on behalf of the District.

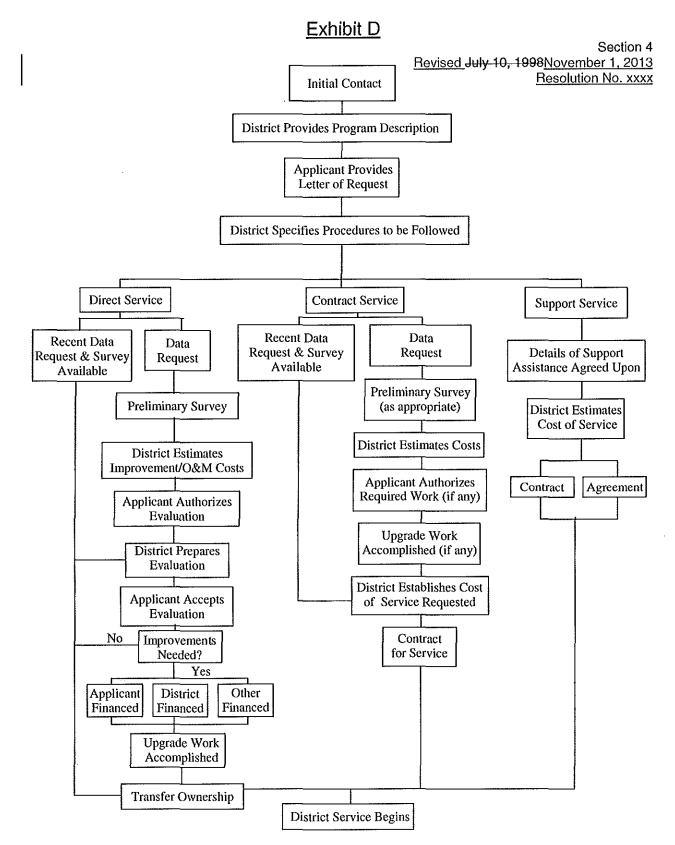


Exhibit 4-1 Satellite System Program Service Application and Review Procedures

Exhibit E Table B-10 Miscellaneous Fees

_		
1	Account Service Charge, Includes Standard Turn on for Snowbirds and Seasonal Users.	\$15
2	Same Day Disconnect Fee (Due to customer request or non-payment) Turn-off/	ən- \$40
3	Same Day Reconnect During Business Hours*	\$80
4	Next Day Reconnect During Business Hours*	\$40
5	Key Box Installation	\$150
6	Returned Check Charge	\$20
7	Late Payment	\$10.00
8	Damage and Security Deposit for temporary water service (physical water service)	\$500
9	Security Deposit for Residential Water Accounts	\$60
10	Damage and Security Deposit Interest	Current Rate
11	Meter Abandonment/Removal Fee**	\$1,335**
12	Records Research Charge	Actual Cost
13	Meter Water Test	Actual Cost
14	Crew/Serviceman Standby (Customer Request)	Actual Cost
15	Damage from Addition of New Equipment	Actual Cost
16	Damage to District Property	Actual Cost
17	Disconnection, Non-routine	Actual Cost
18	Recording Fees	Actual Cost
19	Temporary Construction Fill Station	\$900
20	Bulk Water Use Deposit (Key)	\$275
21	Bulk Water Use Fee Daily Permit, Limited to 2,500 gallons; or 334 cubic feet Monthly Permit, Limited to 10,000 gallons; or 1,226 cubic feet Six-Month Permit, Limited to 60,000 gallons; or 8,021 cubic feet	\$35 \$75 \$300
22	After-Business Hours* Service Call Customer Equipment Failure, Customer Request to Repair	Actual Cost Minimum \$150
23	After-Business Hours* Connection for New Customer (plus Account Service Charge)	\$150 \$15
24	After-Business Hours* Reconnection - Water	\$150

^{*} Regular Business Hours: 8:00 am to 5:30 pm, Monday through Friday, excluding weekends and holidays.

^{**} Subject to automatic annual adjustment based upon the change ratio of the Engineering News Record Construction Cost Index for the Seattle Area as reported on a November to November calendar basis.

RESOLUTION NO. 5693

A RESOLUTON Adopting a Plan or System of Additions to and Extensions of the District's Water Utility; Declaring the Intention of the Board of Commissioners to Form Water Local Utility District No. 57 to Carry Out that Plan; and Fixing the Date, Time and Place for a Public Hearing on Formation of the Proposed Local Utility District and Confirmation of the Assessment Roll

WHEREAS, the owners of the land described in Exhibit "A" hereto have requested a connection to the District's water system either through direct attachment to a supply pipeline serving the District's water supply main or attachment to an existing District-installed main, and the owners have entered into a Water Connection Contract establishing the terms for such connection, requesting financing for public improvements installed for the benefit of their property through the formation of a water local utility district, and waiving publication of notice of the hearing establishing the local utility district and confirming the assessment roll; and

WHEREAS, pursuant to the terms of such Water Connection Contract, the District has completed construction of such improvements; and

WHEREAS, the Board of Commissioners of the District has considered the information presented by staff regarding the feasibility of extending and adding to the District's system of distribution of water to lands described in Exhibit "A", and has determined the method of distributing the cost and expense thereof against the District and against the local utility district proposed to be created within such lands, and has determined that the cost and expense of constructing and installing such additions to the District's Water Utility, and to acquire the necessary easements and facilities in connection therewith, shall be paid from Water Utility Revenues and from the proceeds of assessments levied on property specially benefited thereby; and

WHEREAS, the plan of improvements proposed to be financed through the formation of the proposed Water Local Utility District is shown in Exhibit "B" hereto; and

WHEREAS, the Commission has considered the recommendations of staff and determined that the formation of such local utility district is appropriate and in the best interests of the District.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, as follows:

<u>Section 1.</u> The plan for additions to the existing distribution system of the District, consisting of the installation of a meter, pressure reducing valve, and service line, all as more fully described in Exhibit "B," appears to be financially and economically feasible and is hereby adopted.

Section 2. The cost of carrying out the plan provided in Section 1 hereof, including all construction and installation, general facilities charge, distribution system charge, meter installation fees, and overhead and general expenses, is hereby declared to be \$59,495.

Section 3. The cost of the plan provided in Section 1 hereof and hereby adopted, shall be met and defrayed from Water Utility Revenues and from the proceeds of assessments levied and assessed against all property within the local utility district referred to in Section 6 hereof, legally and properly assessable therefore and specifically benefited by such improvement, as provided by the laws of the State of Washington and the resolutions of the District. The entire principal and interest on such assessments as well as penalties for late payment shall be paid into a local improvement revenue fund, which shall be created and established in the office of the Snohomish County Treasurer, to be known as "Local Utility District No. 57 (Water Distribution System) – Non-Contiguous" and shall be used for paying principal and interest on District warrants and/or notes, inter-fund loans and bonds to be issued in payment of the cost and expense of the plan provided in Section 1. The assessments in such local utility district may be paid in cash, without penalty, interest or cost, any time within 30 days from the first day of publication of notice by the Treasurer of Snohomish County, Washington, that the assessment roll is in his or her hands for collection or if not then paid may, at the option of the several property owners, be paid in twenty equal annual installments and with interest at the rate of 4.5 percent per annum. The levying, collection and enforcement of all assessments in such local utility district shall be in the manner now or hereafter provided by law or resolution of the District.

Section 4. The method of assessment shall be made against the property within said local utility district on a per buildable lot basis. Each assessment shall include a general facilities charge, which represents the charge imposed by the District for access to the source, storage and transmission facilities of the District's Water Utility; distribution system charge,

which represents the average cost per lot for new distribution systems installed; a service connection charge, which is the average cost of installation of a meter, pressure reducing valve, service line; when applicable, a charge to cover the cost of a county right-of-way permit; and a \$200 LUD administration charge to recover costs associated with administering the LUD including formation costs and annual fees charged by the Snohomish County Treasurer.

<u>Section 5.</u> It is the intention of the Board of Commissioners of the District to approve, ratify and confirm the construction of the additions to the District's integrated water system as described in Section 1 of this Resolution and described in Exhibit "B" attached hereto.

Section 6. The Board of Commissioners of the District hereby declares its intention to form a local utility district to be known and designated as Local Utility District No. 57 of Snohomish County, Washington and as fully described and set forth in the Resolution forming such local utility district, which is attached hereto as Exhibit "C."

Section 7. Not to exceed 100 percent of the cost of the improvements described in Section 1 hereof shall be borne by assessments against the property within the proposed local utility district specially benefited by such improvements. Actual assessments may vary from assessment estimates so long as they do not exceed a figure equal to the increased true and fair value the improvement adds to the property assessed.

Section 8. A public hearing shall be held by the Commission in the Commission Meeting Room, Headquarters Building, 2320 California Street, Everett, Washington, at 1:30 p.m. on the 16th day of December, 2014, for the purpose of determining whether the above-described proposed local utility district shall be established and, if appropriate, confirming the proposed assessment roll, as set forth in Exhibit "B" to the attached Resolution.

The Secretary of the Board of Commissioners of the District is hereby authorized and instructed to cause notice of the adoption of this Resolution to be given to each owner or reputed owner of any lot, tract, parcel of land, or any other property within the proposed local utility district, and to mail such notice at least 15 days before the date fixed for the public hearing to the owner or reputed owner of the property shown on the tax rolls of the County Treasurer of Snohomish County, at the address shown therein as required by law.

PASSED AND APPROVED this 18th day of November, 2014.

President

Vice-President

Secretary

Preliminary Assessment Roll for Lots Within Boundaries of 2014 Non-Contiguous LUD 57 of Public Utility District No. 1 of Snohomish County, Washington

<u>Tax Account No.</u> 300603-003-006-00	Legal Description SEC 03 TWP 30 RGE 06RT-47) TH PTN N1/2 SW1/4 SW1/4 LY ELY SEC- ONDARY S/HY 1A SUBJ TO ESE PUD 1 LESSCO RD	Recorded Owner & Mailing Address Kristin Sylvester 2202 236th Ave NE Granite Falls, WA 98252	Assessment \$9,565
290708-001-012-00	SEC 08 TWP 29 RGE 07SW1/4 SE1/4 NE1/4 LESS ALL THAT PTN LY ELY OF BIRNEY- ROBE-MENZEL RD AKA CARPENTER- GRANITE FÄLLS RD & ALSO LESS ALL THAT PTN LY WLY OF ROBE-MENZEL RD & NWLY OF CARPENTER RD	Gary Fox PO Box 931 Granite Falls, WA 98252	\$9,565
300610-002-015-00	SECTION 10 TOWNSHIP 30 RANGE 06 QUARTER NW - BEG NE COR NE1/4 NW1/4 TH SWLY ON A LN WH WILL INT SW COR SD SUB TAP WH IS 396FT NELY OF NELY R/W LN BURN RD (AUGUST STEHR RD) TPB TH CONT SWLY ALG SDLN 396FT TO NELY R/W LN BURN RD TH SELY ALG SD R/W LN 330FT TH NELY 396FT PLT FIRST TRAVELED COURSE TH NWLY TPB	Kyle Stevens 12031 Burn Rd Arlington, WA 98223	\$9,565
290603-002-011-00	SEC 03 TWP 29 RGE 06RT-15) BEG NW COR OF SEC TH S09*59 00E 557.73 FT TH S10*18 10E 130 FT TPB S89*41 50E 300FT TH S06*22 00E 147FT TH WLY TAP 147FT S10*18 10E OF TPB TH N10*18 10W 147FT TO TPB	Gerald Bruns 6713 95th Ave NE Lake Stevens, WA 98258	\$9,295
290602-004-008-00	SEC 02 TWP 29 RGE 06RT 14C-) E 330FT OF N1/2 NW1/4 SE1/4 LY SLY CO RD	Britta Anderson 17418 Newberg Rd Snohomish, WA 98290	\$9,565

<u>Tax Account No.</u> 004800-000-026-00	Legal Description INDIAN SUMMER PARK BLK 000 D-00 - LOT 26 TGW UNDIV 1/129 INT IN LOTS 1& 39 & TH TRS SHOWN AS COMM TRS IN PLAT OF INDIAN SUMMER PK VOL 221/529	Recorded Owner & Mailing Address Jason & Kimberly Smith PO Box 1098 Granite Falls, WA 98252	Assessment \$9,295
290609-003-006-00	SEC 09 TWP 29 RGE 06 RT-48B) BEG SW COR OF NW1/4 SW1/4 TH E330FT TO TPB TH E 172.6FT TH NWLY 380FT TH S 338FT TO TPB LESS R/W TO CITY LK ST PER WD REC AFN 9707180297	Kellie Sagen 13211 16th St NE Lake Stevens, WA 98258 Total Assessment Amount	\$2,645

EXHIBIT B

PUBLIC UTILITY DISTRICT NO. 1 OF SNOHOMISH COUNTY

WATER UTILITY

NON-CONTIGUOUS WATER LUD NO. 57

FEASIBILITY STUDY REPORT

November, 2014

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> Feasibility Study Non-Contiguous LUD No. 57 November 2014

1. INTRODUCTION AND BACKGROUND

The properties included in Local Utility District (LUD) No. 57 are located in unincorporated Snohomish County in the Arlington, Lake Stevens, Granite Falls and Snohomish areas. They are attached to the District's main on Burn Rd, Carpenter Rd, 147th Ave NE, Newberg Rd, 16th St NE, and 115th St NE (See Attachment 1 for maps of property locations).

Research by the District's Office of General Counsel determined that an LUD was the only mechanism through which the District could offer financing for attachment to District water service, and that an LUD need not include contiguous parcels. Thus, the concept of a Non-Contiguous LUD was developed to allow voluntary participation by property owners wishing to take permanent service from an existing District water supply main.

Participants have been provided with a Water Connection Contract (See Attachment 2). The Water Connection Contract is written such that the property owner's signature qualifies as a signed LUD petition. Since only those requesting financing for water service have signed Contracts, the LUD has 100 percent property owner support.

2. COST

The cost per customer varies depending upon which main the service is connecting to.

The following fees for connection are charged at the 2014 rates:

The cost for the properties connecting to the distribution main on Burn Rd, Carpenter Rd, and Newberg Rd is \$9,565 each, which is a full service connection, including a pressure reducing valve. The connection fee is composed of a General Facilities Charge (GFC) of \$3,560, a Distribution System Charge (DSC) of \$4,110, a Service Connection Charge (SCC) of \$1,325 (for a ¾" meter), a Snohomish County Right-of-Way permit costing \$100, a pressure reducing valve costing \$270, and a LUD Administrative fee of \$200. There are four of these properties.

The cost for the properties connecting to the distribution main on 147th Ave NE and 115th St NE is \$9,295 each, which is a full service connection. The connection fee is composed of a General Facilities Charge (GFC) of \$3,560, a Distribution System Charge (DSC) of \$4,110, a Service Connection Charge (SCC) of \$1,325 (for a ¾" meter), a Snohomish County Right-of-Way permit costing \$100, and a LUD Administrative fee of \$200. There are two of these properties.

One of the properties connecting to the distribution main on 16th St NE is \$2,645, which is the fee for relocating their meter. This property had an existing water service with an Interim Connection Agreement (ICA). The ICA requires property owners to move their service when a water main is installed that fronts their parcel. This service was relocated with the installation of new main on 16th St NE. The fee is composed of a Service

Feasibility Study Non-Contiguous LUD No. 57 November 2014

Connection Charge (SCC) of \$950, a Meter Removal/Abandonment charge of \$1,495, and a LUD Administrative fee of \$200.

The GFC represents a pro-rata share of the cost of funding transmission, storage and water source improvements, which are required to serve the LUD properties. The DSC is based on the average cost per lot for new distribution systems installed in the District's rural service area (this amount will vary based on when the District-installed water main extension was completed or if the property was located in an area where another LUD-financed main was installed). The SCC is the average cost of installation of a meter and a service line from the main to the property line. The LUD administrative fee provides recovery of costs associated with administering the LUD, including formation costs and annual fees charged by the Snohomish County Treasurer's Office.

No. of	Connection Fee	Assessment
Properties		
4	2014 Standard Connection Fee w/ PRV	\$38,260
2	2014 Standard Connection Fees	\$18,590
1	2014 Meter Relocation	\$2,645
7 TOTAL		\$59,495

2014 Standard SF Connection Fee w/PRV	
General Facilities Charge	\$ 3,560
Distribution System Charge	\$ 4,110
Service Connection Charge (3/4")	\$ 1,325
Pressure Reducing Valve	\$ 270
County Right-of-Way Permit	\$ 100
LUD Administrative Fee	\$ 200
	\$ 9,565
2014 Standard SF Connection Fee	
General Facilities Charge	\$ 3,560
Distribution System Charge	\$ 4,110
Service Connection Charge (3/4")	\$ 1,325
County Right-of-Way Permit	\$ 100
LUD Administrative Fee	<u>\$ 200</u>
	\$ 9,295
2014 Standard Relocation Fee w/ICA	
Service Connection Charge (3/4")	\$ 950
Meter Removal/Abandonment	\$ 1,495
LUD Administrative Fee	<u>\$ 200</u>
	\$ 2,645

Resolution No. 5693 Page 6 of 21

> Feasibility Study Non-Contiguous LUD No. 57 November 2014

3. FINANCING

Bonds will not be sold for this LUD since the District incurs no substantial costs in providing the new customer service attachments to existing facilities. Once the final assessment roll has been approved, the Snohomish County Treasurer will be notified, and the Treasurer will in turn notify the property owners. Following a 30-day opportunity to pay the assessment off in-full with no interest or penalty, the first annual installment would be due 12 months following that notice. The interest rate charged to the property owners would be established by the District at the public hearing on the final assessment roll. An interest rate of approximately 4.5 percent is anticipated. As the Treasurer collects assessment payments, the proceeds are forwarded to the District.

Since the assessment will be secured by a senior lien on the property, in second position behind general property taxes, the District may foreclose on a parcel if the assessment is not paid. For all parcels included in the LUD, the value of the property exceeds by several times the amount of the assessment. Further, District policy provides for disconnection of water service in the event of default, hence the District is well protected from possible non-payment.

4. ECONOMIC FEASIBILITY

For an LUD to be economically feasible, the assessed parcel's value must be increased by at least as much as the amount of the assessment. By signing the Connection Contract, all owners stipulate and agree that the benefits to their property exceed the estimated cost of the assessment. Further, all property owners applying for a District water connection via the non-contiguous local utility district method agree that the benefits to their property will be greater than the estimated cost of the improvements. Property owners also acknowledge and agree that water service options other than direct connection to the District's system are more expensive and provide less benefit than a direct connection to the District's water system.

5. PRELIMINARY ASSESSMENT ROLL

The preliminary assessment is attached as Exhibit A.

6. RATES

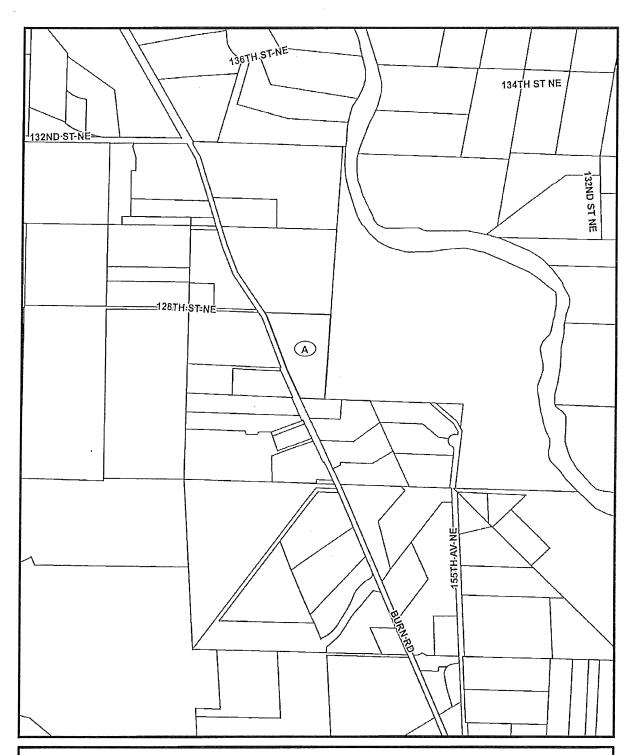
All customers in this LUD will pay the District's standard single-family water rate. Rates currently in effect for a single-family residential water service include a \$20.75 minimum monthly charge and \$3.18 per 100 cubic feet (748 gallons) of water usage. An average single-family household using 800 cubic feet per month would see a monthly bill of \$46.19 per month, or \$554.28 per year (the District bills on a bi-monthly basis).

Resolution No. 5693 Page 7 of 21

> Feasibility Study Non-Contiguous LUD No. 57 November 2014

7. SUMMARY AND RECOMMENDATION

The proposed LUD is financially, economically and technically feasible. The District will not issue bonds for the LUD, and will collect assessment payments over the projected 20-year life of the LUD. It is recommended that the LUD be formed and the properties assessed as outlined in the Feasibility Report.

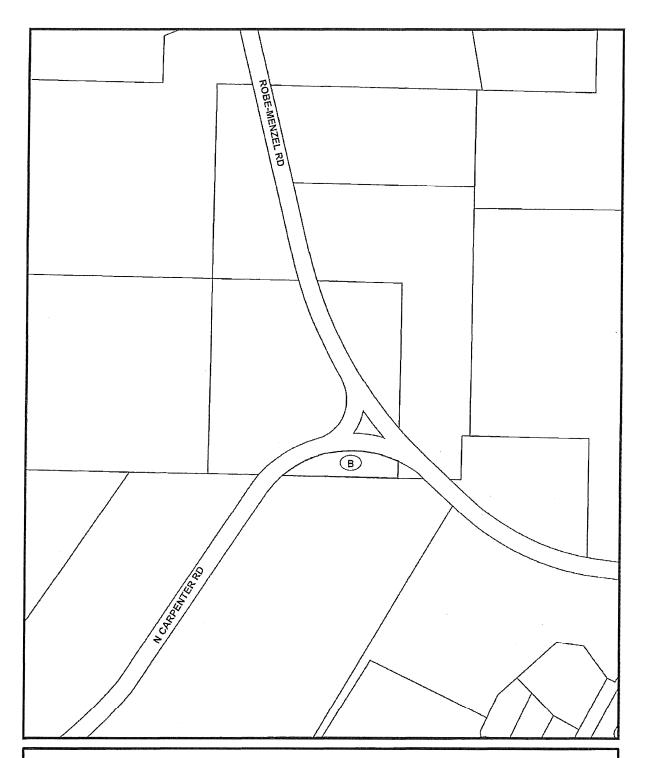




Snohomish County PUD Water Resources

NON-CONTIGUOUS LUD NO. 57

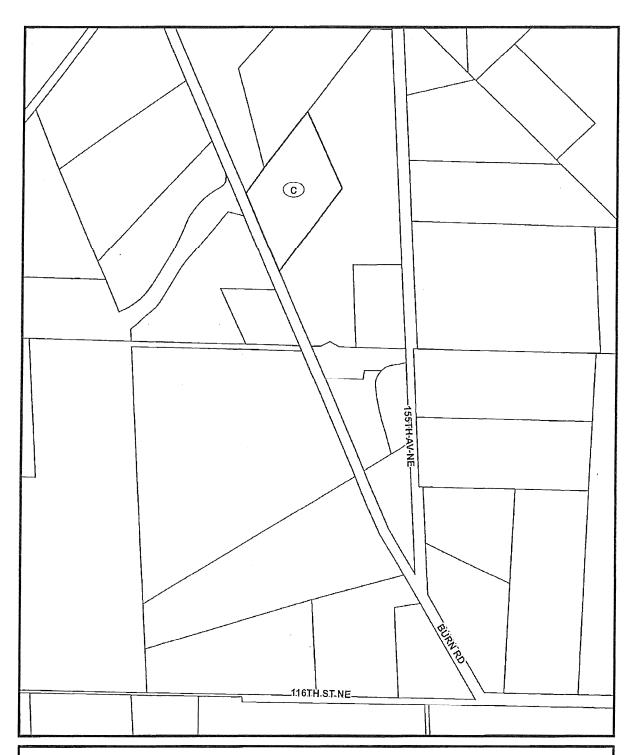
TAX ACCOUNT #: A 300603-003-006-00





NON-CONTIGUOUS LUD NO. 57

TAX ACCOUNT #: B 290708-001-012-00

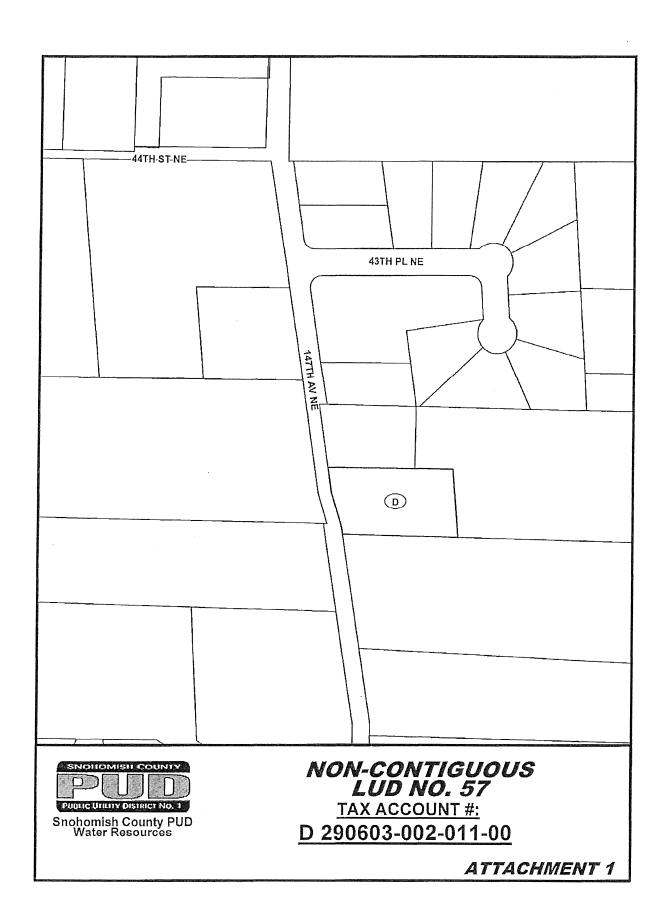


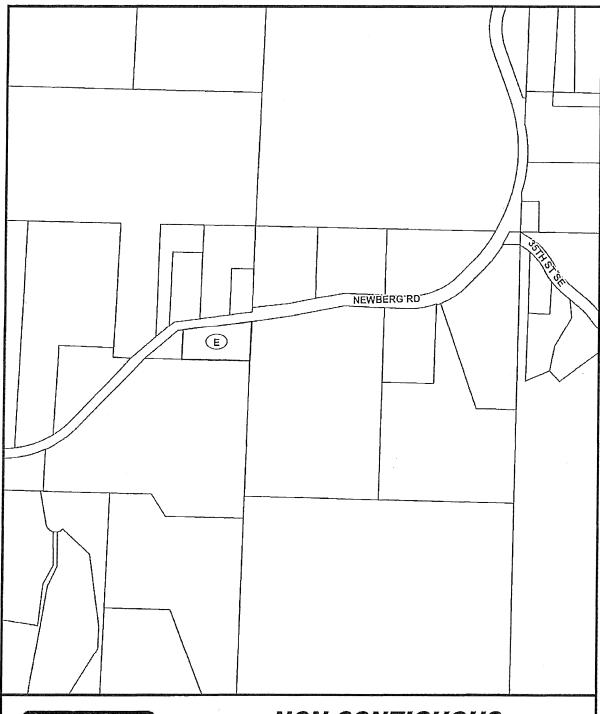


Snohomish County PUD Water Resources

NON-CONTIGUOUS LUD NO. 57

TAX ACCOUNT #: C 300610-002-015-00

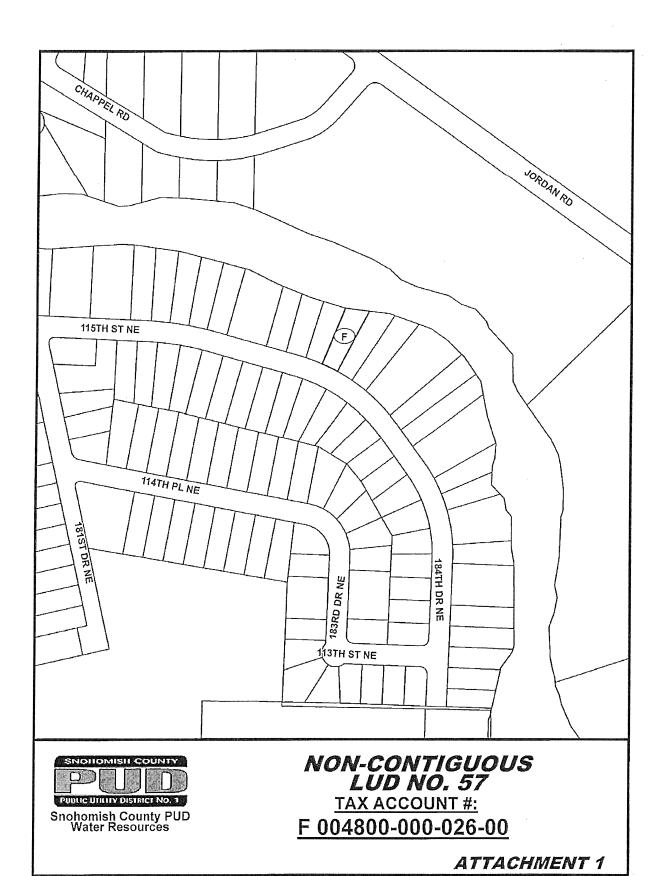


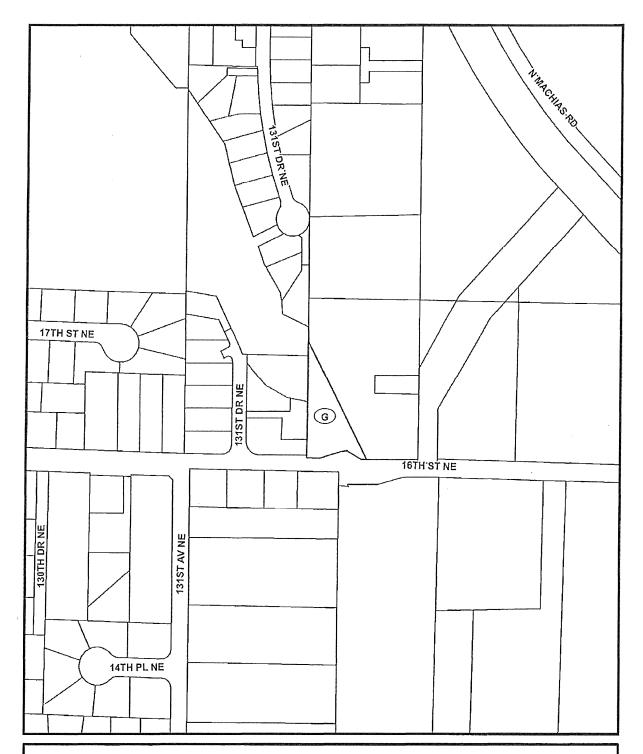




Snohomish County PUD Water Resources NON-CONTIGUOUS LUD NO. 57

TAX ACCOUNT #: E 290602-004-008-00







NON-CONTIGUOUS LUD NO. 57

TAX ACCOUNT #:

G 290609-003-006-00



WATER CONNECTION CONTRACT FOR NON-CONTIGUOUS LOCAL UTILITY DISTRICT

Wash establ	ington ishing		ublic Utility District No. 1 of Snohomish Count (Applicant(s), for the purpose of District's water system through direct access to			
Appli	cant dec	clares and warrants as follows:				
(1)		icant's service address is: (2	Applicant's mailing address is:			
(3)	Prope	erty tax account number is: 4)	Applicant's telephone number is: (H) (W)			
(5)	The legal description of the property is:					
	<u>Or</u> is	attached hereto as Exhibit "A."				
The A		t and the District agree as follows:				
	(1)	Applicant requests District water pipeline.	r service through direct connection to the suppl	ly		
	(2)	Applicant agrees to pay the Distric	t the following amounts per residential unit:			
		a. General Facilities Charge	\$x,xxx			
		b. Distribution Service Charge	\$x,xxx			
		c. Service Connection Fee	\$x,xxx			
		d. County Right-of-Way Permit	\$ xxx			
		e. Pressure Reducing Valve	\$ x			
		f. LUD Administration Fee	<u>\$_xxx</u> \$x,xxx			

Financing is available through participation in a non-contiguous Local Utility District (LUD) to owners of existing single-family residences adjacent to a District-funded water supply pipeline. The dwelling must serve as the residence of the Applicant or of Applicant's lessee and must be a residence that cannot otherwise be served from an ancillary water distribution main in a cost-effective manner.

Applicant agrees that the benefits to Applicant's property will be greater than the cost of the improvements as described by this Contract when the District-constructed improvements have been installed.

Applicant acknowledges and understands that the District-constructed improvements consist of a direct water service access from the District's supply pipeline to a water meter at the edge of the right-of-way within which the supply pipeline is constructed. Applicant understands and acknowledges that the responsibility to run a service line from the District's water meter to the Applicant's residence is solely the Applicant's responsibility.

Applicant acknowledges and declares that water service options other than connection to the District's system are more expensive or provide less benefit than connection to the District's water system. Applicant also acknowledges that a direct connection to the District's supply pipeline is both financially and economically feasible and accepts the District's determination that such is the case.

Applicant hereby waives publication of notice of a hearing establishing a non-contiguous Local Utility District and agrees that written notice by first class U.S. Mail, postage pre-paid, to Applicant's address as indicated above, sent at least 15 days prior to the hearing on the formation of the Local Utility District and confirmation of the assessment roll shall be sufficient notice for constructive compliance with applicable law.

ASSESSMENT

Applicant understands and agrees that an assessment will be levied in the total amount of \$9,295 for the water connection rights and services described herein and a lien established upon Applicant's real property as described above, securing such assessment. The levying, collection and enforcement of all assessments are performed by the Snohomish County Treasurer's Office. Payment of such assessment amount may be made without penalty, interest, or cost at any time within 30 days of the first day of notification by the Treasurer's Office that the assessment roll has been placed in his/her hands for collection. If not paid within the 30-day period, assessments will be billed by the Treasurer's Office in 20 equal annual installments beginning in 2015 and continuing each and every year thereafter until the total assessment, plus interest accrued at the rate of 4.5% compounded annually on the declining unpaid balance, is paid in full.

Delinquent Payment - Penalty -- Termination of Water Service - Collection Agency Fee

Applicant understands and agrees that water service obtained through the non-contiguous local utility district process is for the sole benefit and improvement of property. Applicant also agrees that if an assessment payment is delinquent, reasonable collection methods may be used, including charging a penalty of 12 percent per annum on the outstanding delinquent balance, disconnection of water service, assignment to a collection agency with the addition of a collection agency fee that will be 30% of the amount of the claim assigned as authorized by Section 19.16.500 of the Revised Code of Washington, or legal action (Policies & Procedures for Administration of Water Service, Section 2.4.9, and Appendix B, Table B-10)

http://www.snopud.com/home/watermain/waterpolicies.ashx?p=1214.

Entered into this day of	, 2014.
Public Utility District No. 1 Of Snohomish County	
By:Representative	By: Applicant By:
	Applicant

Resolution No. 5693 Page 17 of 21

State of Washington)
County of Snohomish)
I certify that I know or have satisfactory evidence that and, Applicant(s), is/arc the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument and acknowledged it to be (his/her/their) free and voluntary act for the uses and purposes mentioned in this instrument.
Date:
· · · · · · · · · · · · · · · · · · ·
Signature of Notary Public in and for the State of Washington
Residing at
My appointment expires

RESOLUTION NO. _____

A RESOLUTION ordering, approving, ratifying and confirming the construction and installation of the plan or system of additions to the District's Water Utility, as adopted on November 18, 2014, and applicable to the local utility district hereinafter described, forming Local Utility District No. 57 of Snohomish County, Washington, and confirming the final assessment roll

WHEREAS, by Resolution No. XXXX passed by the Board of Commissioners of the District on November 18, 2014, a plan or system of additions and related appurtenances to the District's Water Utility, all in accordance with "Exhibit B" thereto, which by this reference is made a part hereof, was adopted, which resolution also declared the intention of the Board of Commissioners to form Local Utility District No. 57 in connection with carrying out such plan; and

WHEREAS, the boundaries and a general description of the proposed local utility district, together with the names and addresses of the owners of all lots, parcels, or tracts of land or other property within such local utility district, as shown on the tax rolls of the County Treasurer, and the legal descriptions and proposed annual assessments for all such lots, parcels or tracts of land or other property within the proposed local utility district, are as set forth in "Exhibits A" and "B," attached hereto and by this reference incorporated herein; and

WHEREAS, on November 18, 2014, written notice of the hearing to form such proposed local utility district and adopt related assessment rolls was sent by first class mail, U.S. postage prepaid, to the owners of all lots, parcels, or tracts of land or other property within the proposed local utility district; and

WHEREAS, the publication of such notice has been waived in writing by each and every member of the proposed local utility district; and

WHEREAS, no protest petition signed by fifty percent (50%) or more of the property owners within such proposed local utility district was filed with the Secretary of the Board of Commissioners on or before twelve o'clock noon on the date fixed for hearing; and

Resolution No.

WHEREAS, on December 16, 2014, commencing at 1:30 p.m., the Commission conducted a hearing on such proposed local utility district, and considered all timely written objections and oral arguments presented for or against the formation of such district and for or against the proposed assessment roll for such district; and

WHEREAS, under the State Environmental Policy Act, WAC 197-11-800 (17) and -800 (24)(b), no environmental checklist was prepared prior to the formation and construction of Local Utility District No. 57; and

WHEREAS, the Commission finds that it is reasonable and proper and in the best interest of the District to form Local Utility District No. 57 as hereinbefore described, and to confirm the assessment roll for such local utility district;

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, as follows:

Section 1. The construction of the plan or system of additions to and extensions of the District's Water Utility as adopted in Resolution No. XXXX and as more particularly set forth in "Exhibit B" thereto, is hereby approved, ratified and confirmed.

Section 2. The proposed Local Utility District No. 57 of Snohomish County, Washington, as more particularly described in "Exhibit A," appears to be financially and economically feasible, and is hereby formed.

Section 3. The cost and expense of carrying out the plan or system provided in Section 1, including construction and installation, overhead and general expenses and engineering and legal expenses, is hereby declared to be \$59,495. Not to exceed 100 percent of such cost and expense shall be borne by assessments against property within said local utility district specially benefited by the improvement. The Commission finds that the cost and expense to be borne by each lot is not greater than the benefit to be conferred on each lot.

Section 4. Assessment shall be made against the property within said local utility district on a per buildable lot basis. Each assessment shall include, in addition to a proportionate share of the cost of facilities constructed as part of the plan or system described in Section 1 hereof, a general facilities charge, which represents the charge imposed by the District for access to the source, storage and transmission facilities of the

District's Water Utility. A connection charge shall also be levied for each service connection. The Board of Commissioners hereby finds that such method of assessment is equitable and proper and fairly reflects the special benefits to the respective assessed properties.

Section 5. The proposed final assessment roll and assessments for Local Utility District No. 57 as set forth in the attached "Exhibit A" is fair and reasonable and is hereby approved and confirmed.

Section 6. The assessments in such utility district may be paid in cash, without penalty, interest or cost, at any time within thirty days from the first day of publication of notice by the Treasurer of Snohomish County, Washington, that the assessment roll is in his or her hands for collection, and if not then paid, such assessments may, at the option of the several property owners, be paid in 20 equal annual installments; that the first of such installments be due one year after the expiration of the aforesaid 30-day period, and subsequent installments shall be due annually after such date; that the sum remaining unpaid at the expiration of such 30-day period shall bear interest at the rate 4.5 percent per annum, and interest on the unpaid amount shall be due on the due date of the first installment of principal and each year thereafter on the due date of each installment of principal; that assessments or installments thereof, when delinquent, in addition to such interest, shall bear a penalty in the amount of 12 percent per annum on the outstanding delinquent balance; and that the owner of any lot, tract or parcel of land or other property charged with any such assessment may redeem it from all liability for the unpaid amount of the assessment, at any time after the 30-day period allowed for payment of the assessment without penalty or interest, by paying the entire unpaid amount of the assessment to the Snohomish County Treasurer, with interest thereon to the date of maturity of the installment next falling due.

Section 7. The cost of the plan described in Section 1 hereof shall be met and defrayed from the District's Water Utility General fund and the proceeds of assessments levied and assessed against all property within the local utility district created by Section 2 hereof, legally and properly assessable therefore and specially benefited by said improvement, as provided by the laws of the State of Washington and the resolutions of the District. The entire principal of and interest on such assessments, as well as penalties

Resolution No.

for late payment, shall be paid into a local improvement fund which is hereby created and established in the office of the Snohomish County Treasurer to be known as "Utility Local Improvement District No. 57, (Water Distribution System) – Non-Contiguous" and shall be used for the sole purpose of paying the cost of the plan described in Section 1, and/or paying principal of and interest on District warrants and/or notes, inter-fund loans or bonds issued in payment of the cost and expense of such improvements; and the Snohomish County Treasurer is hereby authorized and directed to remit to the District, on or prior to the tenth day of the month following receipt thereof, for use for such purposes, any and all monies received by the Treasurer from time to time in said fund.

Section 8. The Secretary of the Board of Commissioners of the District is hereby authorized and directed to certify unto the Snohomish County Treasurer and any and all public authorities or others interested in LUD No. 57 or properties contained therein as to the giving of all notices, the manner and form of all resolutions or proceedings and any other information or material which may be necessary or appropriate with respect thereto.

PASSED AND APPROVED this 16th day of December, 2014.

President		
Vice-Preside	nt	
-		
Secretary		

RESOLUTION NO. 5698

A RESOLUTION Ordering, Approving, Ratifying and Confirming the Construction and Installation of the Plan or System of Additions to the District's Water Utility, as Adopted on November 18, 2014, and Applicable to the Local Utility District Hereinafter Described, Forming Local Utility District No. 57 of Snohomish County, Washington, and Confirming the Final Assessment Roll

WHEREAS, by Resolution No. 5693 passed by the Board of Commissioners of the District on November 18, 2014, a plan or system of additions and related appurtenances to the District's Water Utility, all in accordance with "Exhibit B" thereto, which by this reference is made a part hereof, was adopted, which resolution also declared the intention of the Board of Commissioners to form Local Utility District No. 57 in connection with carrying out such plan; and

WHEREAS, the boundaries and a general description of the proposed local utility district, together with the names and addresses of the owners of all lots, parcels, or tracts of land or other property within such local utility district, as shown on the tax rolls of the County Treasurer, and the legal descriptions and proposed annual assessments for all such lots, parcels or tracts of land or other property within the proposed local utility district, are as set forth in Exhibits "A" and "B," attached hereto and by this reference incorporated herein; and

WHEREAS, on November 18, 2014, written notice of the hearing to form such proposed local utility district and adopt related assessment rolls was sent by first class mail, U.S. postage prepaid, to the owners of all lots, parcels, or tracts of land or other property within the proposed local utility district; and

WHEREAS, the publication of such notice has been waived in writing by each and every member of the proposed local utility district; and

WHEREAS, no protest petition signed by fifty percent (50%) or more of the property owners within such proposed local utility district was filed with the Secretary of the Board of Commissioners on or before twelve o'clock noon on the date fixed for hearing; and

WHEREAS, on December 16, 2014, commencing at 1:30 p.m., the Commission conducted a hearing on such proposed local utility district, and considered all timely written objections and oral arguments presented for or against the formation of such district and for or against the proposed assessment roll for such district; and

WHEREAS, under the State Environmental Policy Act, WAC 197-11-800 (16) and -800 (23)(b), no environmental checklist was prepared prior to the formation and construction of Local Utility District No. 57; and

WHEREAS, the Commission finds that it is reasonable and proper and in the best interest of the District to form Local Utility District No. 57 as hereinbefore described, and to confirm the assessment roll for such local utility district.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District
No. 1 of Snohomish County, Washington, as follows:

Section 1. The construction of the plan or system of additions to and extensions of the District's Water Utility as adopted in Resolution No. 5693 and as more particularly set forth in "Exhibit B" thereto, is hereby approved, ratified and confirmed.

Section 2. The proposed Local Utility District No. 57 of Snohomish County, Washington, as more particularly described in Exhibit "A," appears to be financially and economically feasible, and is hereby formed.

Section 3. The cost and expense of carrying out the plan or system provided in Section 1, including construction and installation, overhead and general expenses and

engineering and legal expenses, is hereby declared to be \$59,495. Not to exceed 100 percent of such cost and expense shall be borne by assessments against property within said local utility district specially benefited by the improvement. The Commission finds that the cost and expense to be borne by each lot is not greater than the benefit to be conferred on each lot.

Section 4. Assessment shall be made against the property within said local utility district on a per buildable lot basis. Each assessment shall include, in addition to a proportionate share of the cost of facilities constructed as part of the plan or system described in Section 1 hereof, a general facilities charge, which represents the charge imposed by the District for access to the source, storage and transmission facilities of the District's Water Utility. A connection charge shall also be levied for each service connection. The Board of Commissioners hereby finds that such method of assessment is equitable and proper and fairly reflects the special benefits to the respective assessed properties.

Section 5. The proposed final assessment roll and assessments for Local Utility District No. 57 as set forth in the attached Exhibit "A" is fair and reasonable and is hereby approved and confirmed.

Section 6. The assessments in such utility district may be paid in cash, without penalty, interest or cost, at any time within thirty days from the first day of publication of notice by the Treasurer of Snohomish County, Washington, that the assessment roll is in his or her hands for collection, and if not then paid, such assessments may, at the option of the several property owners, be paid in 20 equal annual installments; that the first of such installments be due one year after the expiration of the aforesaid 30-day period, and subsequent installments shall be due annually after such date; that the sum remaining unpaid at the expiration of such 30-day period shall bear interest at the rate 4.5 percent per annum, and interest on the unpaid

amount shall be due on the due date of the first installment of principal and each year thereafter on the due date of each installment of principal; that assessments or installments thereof, when delinquent, in addition to such interest, shall bear a penalty in the amount of 12 percent per annum on the outstanding delinquent balance; and that the owner of any lot, tract or parcel of land or other property charged with any such assessment may redeem it from all liability for the unpaid amount of the assessment, at any time after the 30-day period allowed for payment of the assessment without penalty or interest, by paying the entire unpaid amount of the assessment to the Snohomish County Treasurer, with interest thereon to the date of maturity of the installment next falling due.

Section 7. The cost of the plan described in Section 1 hereof shall be met and defrayed from the District's Water Utility General fund and the proceeds of assessments levied and assessed against all property within the local utility district created by Section 2 hereof, legally and properly assessable therefore and specially benefited by said improvement, as provided by the laws of the State of Washington and the resolutions of the District. The entire principal of and interest on such assessments, as well as penalties for late payment, shall be paid into a local improvement fund which is hereby created and established in the office of the Snohomish County Treasurer to be known as "Utility Local Improvement District No. 57, (Water Distribution System) – Non-Contiguous" and shall be used for the sole purpose of paying the cost of the plan described in Section 1, and/or paying principal of and interest on District warrants and/or notes, inter-fund loans or bonds issued in payment of the cost and expense of such improvements; and the Snohomish County Treasurer is hereby authorized and directed to remit to the District, on or prior to the tenth day of the month following receipt

Resolution No. 5698

thereof, for use for such purposes, any and all monies received by the Treasurer from time to time in said fund.

Section 8. The Secretary of the Board of Commissioners of the District is hereby authorized and directed to certify unto the Snohomish County Treasurer and any and all public authorities or others interested in LUD No. 57 or properties contained therein as to the giving of all notices, the manner and form of all resolutions or proceedings and any other information or material which may be necessary or appropriate with respect thereto.

PASSED AND APPROVED this 16th day of December, 2014.

(absent

President

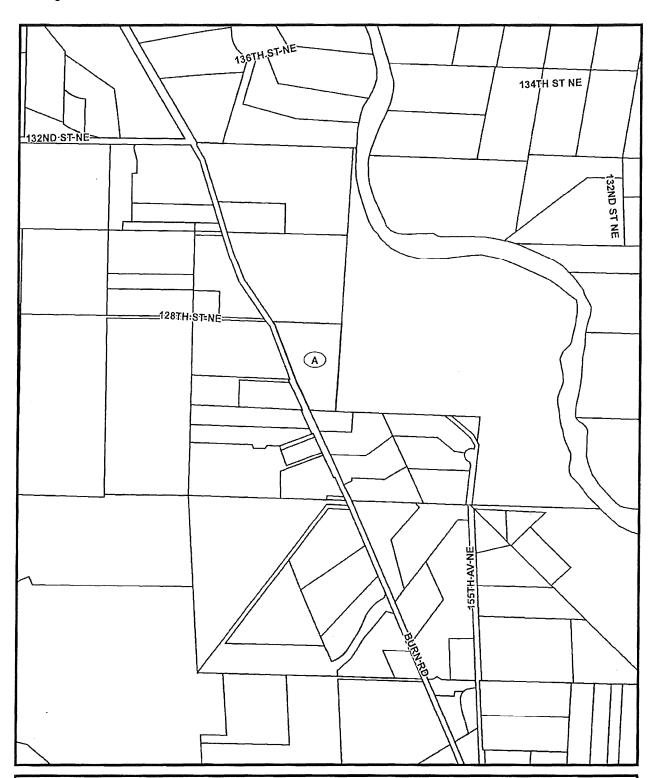
Vice-President

Secretary

Final Assessment Roll for Lots Within Boundaries of 2014 Non-Contiguous LUD 57 of Public Utility District No. 1 of Snohomish County, Washington

Tax Account No.	Legal Description	Recorded Owner & Mailing Address	<u>Assessment</u>
300603-003-006-00	SEC 03 TWP 30 RGE 06RT-47) TH PTN N1/2 SW1/4 SW1/4 LY ELY SEC- ONDARY S/HY 1A SUBJ TO ESE PUD 1 LESSCO RD	Kristin Sylvester 2202 236th Ave NE Granite Falls, WA 98252	\$9,565
290708-001-012-00	SEC 08 TWP 29 RGE 07SW1/4 SE1/4 NE1/4 LESS ALL THAT PTN LY ELY OF BIRNEY- ROBE-MENZEL RD AKA CARPENTER- GRANITE FALLS RD & ALSO LESS ALL THAT PTN LY WLY OF ROBE-MENZEL RD & NWLY OF CARPENTER RD	Gary Fox PO Box 931 Granite Falls, WA 98252	\$9,565
300610-002-015-00	SECTION 10 TOWNSHIP 30 RANGE 06 QUARTER NW - BEG NE COR NE1/4 NW1/4 TH SWLY ON A LN WH WILL INT SW COR SD SUB TAP WH IS 396FT NELY OF NELY R/W LN BURN RD (AUGUST STEHR RD) TPB TH CONT SWLY ALG SDLN 396FT TO NELY R/W LN BURN RD TH SELY ALG SD R/W LN 330FT TH NELY 396FT PLT FIRST TRAVELED COURSE TH NWLY TPB	Kyle Stevens 12031 Burn Rd Arlington, WA 98223	\$9,565
290603-002-011-00	SEC 03 TWP 29 RGE 06RT-15) BEG NW COR OF SEC TH S09*59 00E 557.73 FT TH S10*18 10E 130 FT TPB S89*41 50E 300FT TH S06*22 00E 147FT TH WLY TAP 147FT S10*18 10E OF TPB TH N10*18 10W 147FT TO TPB	Gerald Bruns 6713 95th Ave NE Lake Stevens, WA 98258	\$9,295
290602-004-008-00	SEC 02 TWP 29 RGE 06RT 14C-) E 330FT OF N1/2 NW1/4 SE1/4 LY SLY CO RD	Britta Anderson 17418 Newberg Rd Snohomish, WA 98290	\$9,565

<u>Tax Account No.</u> 004800-000-026-00	Legal Description INDIAN SUMMER PARK BLK 000 D-00 - LOT 26 TGW UNDIV 1/129 INT IN LOTS 1& 39 & TH TRS SHOWN AS COMM TRS IN PLAT OF INDIAN SUMMER PK VOL 221/529	Recorded Owner & Mailing Address Jason & Kimberly Smith PO Box 1098 Granite Falls, WA 98252	<u>Assessment</u> \$9,295
290609-003-006-00	SEC 09 TWP 29 RGE 06 RT-48B) BEG SW COR OF NW1/4 SW1/4 TH E330FT TO TPB TH E 172.6FT TH NWLY 380FT TH S 338FT TO TPB LESS R/W TO CITY LK ST PER WD REC AFN 9707180297	Kellie Sagen 13211 16th St NE Lake Stevens, WA 98258	\$2,645
		Total Assessment Amount	\$59,495



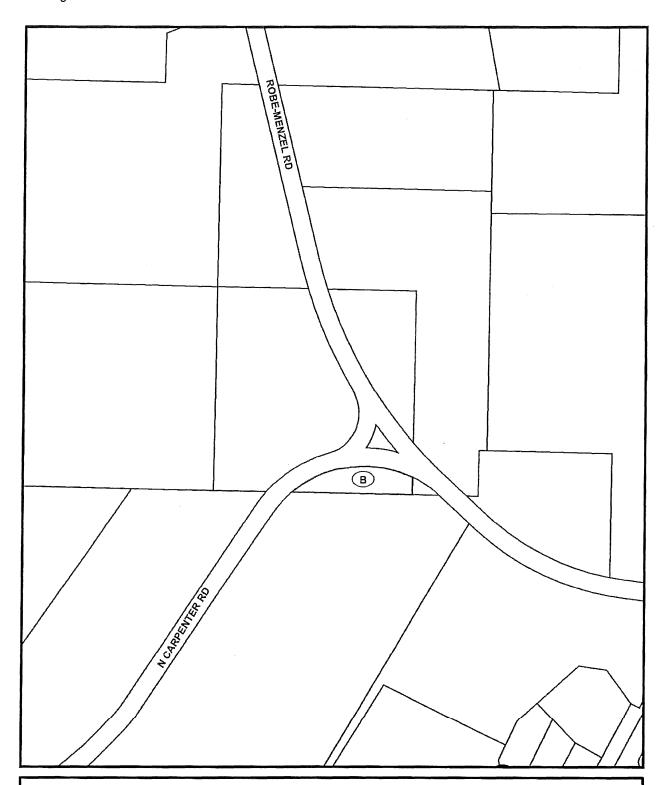


NON-CONTIGUOUS LUD NO. 57

TAX ACCOUNT #:

A 300603-003-006-00

EXHIBIT B





TAX ACCOUNT #:

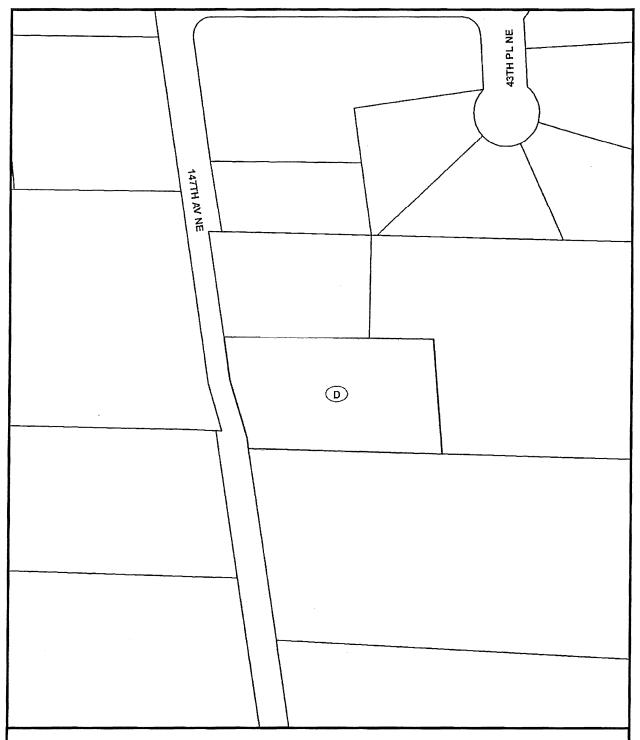
B 290708-001-012-00





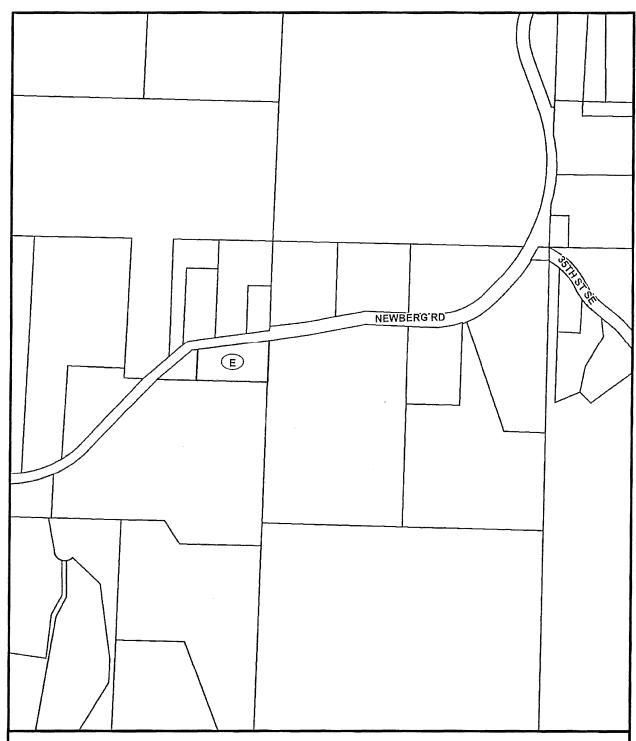
TAX ACCOUNT #:

C 300610-002-015-00





TAX ACCOUNT #: D 290603-002-011-00

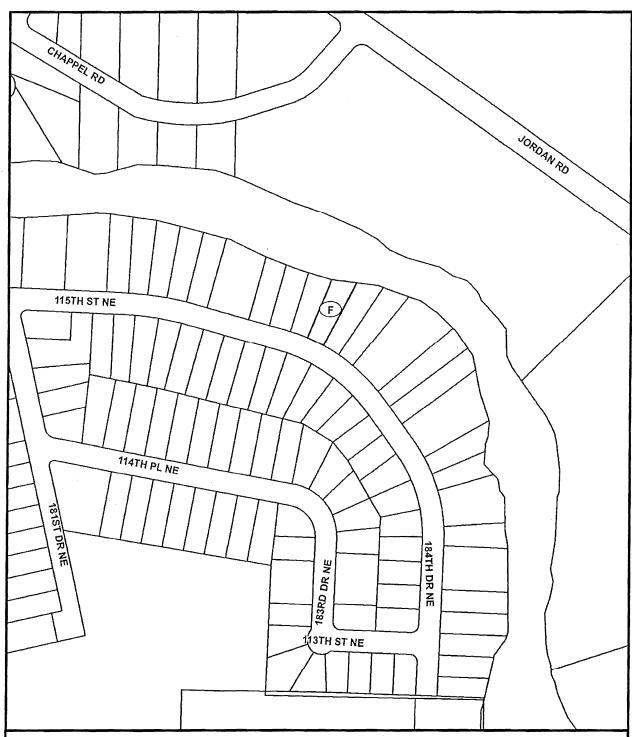




Snohomish County PUD Water Resources

NON-CONTIGUOUS LUD NO. 57 TAX ACCOUNT #:

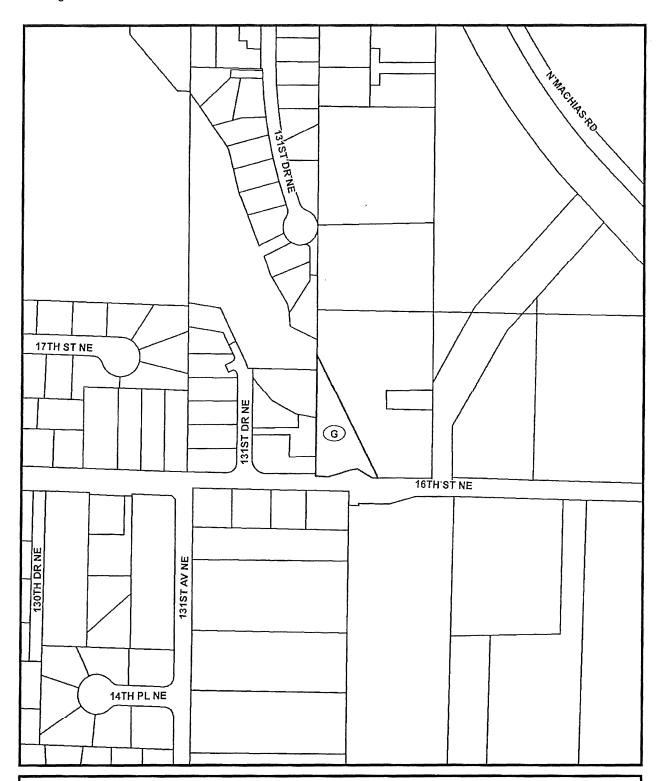
E 290602-004-008-00

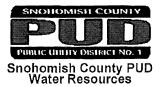




Snohomish County PUD Water Resources NON-CONTIGUOUS LUD NO. 57

TAX ACCOUNT #: F 004800-000-026-00





TAX ACCOUNT #:

G 290609-003-006-00

RESOLUTION NO. 5750

A RESOLUTON Adopting a Plan or System of Additions to and Extension of the District's Water Utility; Declaring the Intention of the Board of Commissioners to Form Water Local Utility District No. 58 to Carry Out that Plan; and Fixing December 15, 2015 as the Date, Time and Place for a Public Hearing on Formation of the Proposed Local Utility District No. 58 and Confirmation of the Assessment Roll

WHEREAS, the owners of the land described in Exhibit "A" hereto have requested a connection to the District's water system either through direct attachment to a supply pipeline serving the District's water supply main or attachment to an existing District-installed main, and the owners have entered into a Water Connection Contract establishing the terms for such connection, requesting financing for public improvements installed for the benefit of their property through the formation of a water local utility district, and waiving publication of notice of the hearing establishing the local utility district and confirming the assessment roll; and

WHEREAS, pursuant to the terms of such Water Connection Contract, the District has completed construction of such improvements; and

WHEREAS, the Board of Commissioners of the District has considered the information presented by staff regarding the feasibility of extending and adding to the District's system of distribution of water to lands described in Exhibit "A," and has determined the method of distributing the cost and expense thereof against the District and against the local utility district proposed to be created within such lands, and has determined that the cost and expense of constructing and installing such additions to the District's Water Utility, and to acquire the necessary easements and facilities in connection therewith, shall be paid from

Water Utility Revenues and from the proceeds of assessments levied on property specially benefited thereby; and

WHEREAS, the plan of improvements proposed to be financed through the formation of the proposed Water Local Utility District is shown in Exhibit "B" hereto; and

WHEREAS, the Commission has considered the recommendations of staff and determined that the formation of such local utility district is appropriate and in the best interests of the District.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, as follows:

Section 1. The plan for additions to the existing distribution system of the District, consisting of the installation of a meter, pressure reducing valve, and service line, all as more fully described in Exhibit "B," appears to be financially and economically feasible and is hereby adopted.

Section 2. The cost of carrying out the plan provided in Section 1 hereof, including all construction and installation, general facilities charge, distribution system charge, meter installation fees, and overhead and general expenses, is hereby declared to be \$150,728.84.

Section 3. The cost of the plan provided in Section 1 hereof and hereby adopted, shall be met and defrayed from Water Utility Revenues and from the proceeds of assessments levied and assessed against all property within the local utility district referred to in Section 6 hereof, legally and properly assessable therefore and specifically benefited by such improvement, as provided by the laws of the State of Washington and the resolutions of the District. The entire principal and interest on such assessments as well as penalties for late payment shall be paid into a local improvement revenue fund, which shall be created and

established in the office of the Snohomish County Treasurer, to be known as "Local Utility District No. 58 (Water Distribution System) – Non-Contiguous" and shall be used for paying principal and interest on District warrants and/or notes, inter-fund loans and bonds to be issued in payment of the cost and expense of the plan provided in Section 1. The assessments in such local utility district may be paid in cash, without penalty, interest or cost, any time within 30 days from the first day of publication of notice by the Treasurer of Snohomish County, Washington, that the assessment roll is in his or her hands for collection or if not then paid may, at the option of the several property owners, be paid in twenty equal annual installments and with interest at the rate of 4.5 percent per annum. The levying, collection and enforcement of all assessments in such local utility district shall be in the manner now or hereafter provided by law or resolution of the District.

Section 4. The method of assessment shall be made against the property within said local utility district on a per buildable lot basis. Each assessment shall include a general facilities charge, which represents the charge imposed by the District for access to the source, storage and transmission facilities of the District's Water Utility; distribution system charge, which represents the average cost per lot for new distribution systems installed; a service connection charge, which is the average cost of installation of a meter, pressure reducing valve, service line; when applicable, a charge to cover the cost of a county right-of-way permit; and a \$200 LUD administration charge to recover costs associated with administering the LUD including formation costs and annual fees charged by the Snohomish County Treasurer.

Section 5. It is the intention of the Board of Commissioners of the District to approve, ratify and confirm the construction of the additions to the District's integrated water

system as described in Section 1 of this Resolution and described in Exhibit "B" attached hereto.

Section 6. The Board of Commissioners of the District hereby declares its intention to form a local utility district to be known and designated as Local Utility District No. 58 of Snohomish County, Washington and as fully described and set forth in the Resolution forming such local utility district, which is attached hereto as Exhibit "C."

Section 7. Not to exceed 100 percent of the cost of the improvements described in Section 1 hereof shall be borne by assessments against the property within the proposed local utility district specially benefited by such improvements. Actual assessments may vary from assessment estimates so long as they do not exceed a figure equal to the increased true and fair value the improvement adds to the property assessed.

Section 8. A public hearing shall be held by the Commission in the Commission Meeting Room, Headquarters Building, 2320 California Street, Everett, Washington, at 1:30 p.m. on the 15th day of December, 2015, for the purpose of determining whether the above-described proposed local utility district shall be established and, if appropriate, confirming the proposed assessment roll, as set forth in Exhibit "B" to the attached Resolution.

The Secretary of the Board of Commissioners of the District is hereby authorized and instructed to cause notice of the adoption of this Resolution to be given to each owner or reputed owner of any lot, tract, parcel of land, or any other property within the proposed local utility district, and to mail such notice at least 15 days before the date fixed for the public hearing to the owner or reputed owner of the property shown on the tax rolls of the County Treasurer of Snohomish County, at the address shown therein as required by law.

PASSED AND APPROVED this 17th day of November, 2015.

President

Vice-President

Secretary

Preliminary Assessment Roll for Lots Within Boundaries of 2015 Non-Contiguous LUD 58 of Public Utility District No. 1 of Snohomish County, Washington

		Recorded Owner & Mailing	
Tax Account No.	<u>Legal Description</u>	<u>Address</u>	<u>Assessment</u>
004401000-026-00	EVERETT VIEW ACRE TRS DIV A BLK 000 D-00 - LOT 26	Craig Hanson	\$9,665.00
		7906 47th Ave NW	
		Marysville, WA 98270	
004571-000-039-03	GLENWOOD DIV B BLK 000 D-03 - S 264FT OF N 528FT LOT 39	Jacob Carlson	\$12,485.00
		2912 103rd Ave SE	
		Lake Stevens, WA 98258	
005104-000-003-00	MARVERNAL PILCHUCK TR BLK 000 D-00 - LOT 3	Terry Story	\$12,485.00
		PO Box 482	
		Snohomish, WA 98291	
290501-004-008-00	SECTION 01 TOWNSHIP 29 RANGE 05 QUARTER SE BEG E1/4 COR SEC TH N89*40 00W	Jay Abraham	\$9,780.00
	283.6FT TH S52*59 00W 153.03FT TH S66*32 00W 585.88FT TH S89*41 00E 948.08FT	3526 99th Ave NE	
	TO E LN SEC TH N00*53 00W 330.03FT TO POB LESS S 200FT LESS NLY 15FT & LESS CO RD PER QCD AFN 633638 VOL 285 PG 2 & LESS W 15FT OF E 20FT FOR RD & LESS	Lake Stevens, WA 98258	
	PTN FOR HWY R/W TO ST WA PER WD AFN 201304160817		
290602-003-006-00	SEC 02 TWP 29 RGE 06 COM S1/4 COR TH N02*20 42E ALG N-S CTR SEC 642.80FT TH N88*29 18W 174 FT TO POB TH CONT N88*29 18W 852.42FT TO ELY MGN OF	James Stadin	\$9,945.00
	NEWBERG RD TH NLY ALG MGN SD RD 221.58FT TH S88*29 18E 244.87FT TH NO6*23	3013 Newberg Rd	
	O5E 67.34FT TH S88*29 18E 528.23FT TH S10*42 O1E 294.55FT TO POB AKA LOT 2 SP	Snohomish, WA 98290	
	166 (7-82) REC AF NO 8310170228 & PER BLA 146-89 REC AF NO 8911070064 BEING A		
	PTN OF SE1/4 SW1/4		
290603-004-017-00	SEC 03 TWP 29 RGE 06 ALL TH PTN LOT 106 OF SURV REC AF NO 9704255005 LOC IN	Jordan Revenig	\$9,945.00
	SE1/4 SD SEC REFER TO 022906-3-038-0009 FOR REMAINDER	PO Box 220	
		Snohomish, WA 98291	
290605-003-032-00	SEC 05 TWP 29 RGE 06S 200FT E1/2 NE1/4 SW1/4 LY SWLY OF CO RD EXC CO RD	Darrell Moore	\$4,310.00
290003-003-032-00	520 05 1M1 25 NG2 005 2501 1 21/2 N21/1 1 0 1 2 1 0 1 0 0 ND 2 ND 0 0 ND	12111 32nd St NE	Ş 4 ,310.00
		Lake Stevens, WA 98258	
290616-004-006-00	SECTION 16 TOWNSHIP 29 RANGE 06 QUARTER SE BEG NE COR NW1/4 SE1/4 TH S01*47	Beverly Seese	\$9,780.00
250010 004 000 00	57E 1142.2FT TPB TH S01*47 57E 226FT TH S44*28 13W 49.5FT TH S89*28 13W 213.85FT	21 N Machias Rd	γ5,, σσ.σσ
	TH N11*32 13E PLT E LN CORD 200FT THS89*28 13W 115FT TH N11*32 13E 66.31FT TH	Snohomish, WA 98290	
	N89*28 13E 303.3FT TO TPB	,,	

Tax Account No.	Legal Description	Recorded Owner & Mailing Address	Assessment
290709-003-009-00	SECTION 9 TOWNSHIP 29 RANGE 7 QUARTER SW NW1/4 SW1/4 LYG N OF CARPENTER RD EXC W 718.00FT THOF AKA LOT 2 OF BLA 03-107143 REC AFN 200310071226	David Hahn 22827 N Carpenter Rd Snohomish. WA 98290	\$9,945.00
300613-003-016-00	SEC 13 TWP 30 RGE 06 LOT 1 OF ZA9006335SP REC AF 9304060343 & BEING PTN SW1/4 SW1/4	Tanya Benvenuti 16410 84th St NE D458 Lake Stevens, WA 98258	\$9,780.00
310627-003-010-00	SEC 27 TWP 31 RGE O6RT-19-) LOT 4 SURVEY AUD FILE #7612020244	Ronald Cook 15720 153rd Ave NE Arlington, WA 98223	\$12,815.00
300632-001-012-00	SECTION 32 TOWNSHIP 30 RANGE 06 QUARTER NE S 157FT OF N 345FT OF W 300FT NW1/4 NW1/4 NE1/4 SD SEC 32 EXC N 30FT TO SNO CO FOR RD R/W BY DEEDS REC UND AF NOS 283490 & 679477	Deborah & Russell Bauers 5905 123rd Ave NE Lake Stevens, WA 98258	\$9,500.00
300632-002-026-00	SEC 32 TWP 30 RGE 06N 200FT OF FDT THAT PTN E1/2 W2/3 N3/4 W1/2 NE1/4 NW1/4 LY S OF CO RD V260 P441	Susan Ward 11930 60th St NE Lake Stevens, WA 98258	\$9,500.00
300632-003-021-00	SECTION 32 TOWNSHIP 30 RANGE 06 QUARTER SW - TH PTN S1/2 S1/2 NE1/4 SW1/4 SD SEC AKA LOT 1 SURV REC VOL 5 PGS 233-234 DAF - BEG SE COR LOT 1 SP MAP REC UND AFN 790824311 TH N00*07 57W ALG E LN SD LOT 1 DIST 268.77FT TH S89*09 25W ALG N LN SD LOT 1 DIST 166.01FT TH S00*07 57E 140FT TH S05*41 44E 129.14FT TAP ON S LN SD LOT 1 SD PT ALSO BEARS S89*11 18W FR POB THE N89*11 18E ALG S LN SD LOT 1 DIST 153.49FT TO POB & TGW E 196FT OF N 60FT E1/2 S1/2 S1/2 NE1/4 SW1/4 SD SEC 32 EXC E 30FT THOF FOR CO RD AKA LOT 1 SNO CO BLA 273-91 REC UND AFN 9203040198 CORR BY AFN 9207310138	Bradley Lenz 4647 Sweet Briar Ct Santa Maria, CA 93455	\$8,308.84
310633-003-027-00	SEC 33 TWP 31 RGE 06 ALL TH PTN SW1/4 DAF: BEG AT SE COR OF NE1/4 OF SUBDIV TH N86*29 37W ALG S LN OF SD NE1/4 OF SW1/4 DIST OF 638.48FT TH N44*46 01W DIST OF 372.82FT TO CTR LN OF PRIV 60FT WIDE ESE REC AFNO 2308257 TH NELY ALG SD CTR LN TAP BEARING N56*23 28W FR TPB TH S56*23 28E DIST OF 881.31FT TO POB TGW TH PTN OF N 325FT OF SE1/4 SW1/4 LY E OF FDLN:COM NE COR OF SE1/4 SW1/4 TH N86*29 37W ALG N LN OF SD SUBDIV DIST OF 638.48FT TO TPB OF HEREIN DESC LN THE S44*46 01E DIST OF 56.74FT TAP BEING 37.76FT S OF SD N LN WHEN MEAS PERPTHRFR TH S86*29 37E PLW SD IN LD DIST OF 161.21FT TH S36*30 03E PLW ELY BDY OF ARL-GF CO RD AKA BURN HILL RD DIST OF 375FT TO S LN OF N 325FT OF SD SUBDIVTH S86*29 37E ALG SD S LN DIST OF 193.26FT TO E LN OF SD SE1/4 SW1/4 & TERMINUS OF SD LN EXC E 45.92FT OF N 325FT OF SD SE1/4 SW1/4 PER BLA 35-91 REC AF NO 9103110106	Jackie Broines 3901 188th St SW Lynnwood, WA 98037	\$12,485.00
		Total Preliminary Assessment Roll	\$150,728.84

EXHIBIT B

PUBLIC UTILITY DISTRICT NO. 1 OF SNOHOMISH COUNTY

WATER UTILITY

NON-CONTIGUOUS WATER LUD NO. 58

FEASIBILITY STUDY REPORT

November, 2015

1. INTRODUCTION AND BACKGROUND

The properties included in Local Utility District (LUD) No. 58 are located in unincorporated Snohomish County in the Arlington, Lake Stevens, Granite Falls and Snohomish areas. They are attached to the District's main on SR92, Mora Dr, N Carpenter Rd, N Machias Rd, Newberg Rd, 8th St SE, 103rd Ave SE, 29th Pl NE, 32nd St NE, 49th St NE, 60th St NE, 99th Ave NE, 123rd Ave NE, 87th Ave SE, and 153rd Ave NE (See Attachment 1 for maps of property locations).

Research by the District's Office of General Counsel determined that an LUD was the only mechanism through which the District could offer financing for attachment to District water service, and that an LUD need not include contiguous parcels. Thus, the concept of a Non-Contiguous LUD was developed to allow voluntary participation by property owners wishing to take permanent service from an existing District water supply main.

Participants have been provided with a Water Connection Contract (See Attachment 2). The Water Connection Contract is written such that the property owner's signature qualifies as a signed LUD petition. Since only those requesting financing for water service have signed Contracts, the LUD has 100 percent property owner support.

2. COST

The cost per customer varies depending upon which main the service is connecting to.

The following fees for connection are charged at the 2015 rates:

The cost for the property on 32nd St NE connecting to the distribution main is \$4,310, which includes a ¾-inch meter drop and a pressure reducing valve. The General Facilities Charge (GFC) is \$3,640, a ¾" meter is \$190, a pressure reducing valve costing \$280, and a LUD Administrative fee of \$200. The developer waived the Distribution System Charge for this property and a right-of-way permit was not required.

The cost for the properties connecting to the distribution main on 60th St NE and 123rd Ave NE is \$9,500 each, which is for a full service connection. The connection fee is comprised of a General Facilities Charge (GFC) of \$3,640, a Distribution System Charge (DSC) of \$4,205, a Service Connection Charge (SCC) of \$1,355 (for a ³/₄" meter), a Snohomish County Right-of-Way permit costing \$100, and a LUD Administrative fee of \$200.

The cost for the property connecting to the distribution main on 87th Ave SE is \$9,665, which is for a full service connection. The connection fee is comprised of a General Facilities Charge (GFC) of \$3,640, a Distribution System Charge (DSC) of \$4,205, a Service Connection Charge (SCC) of \$1,520 (for a 1" meter), a Snohomish County Right-of-Way permit costing \$100, and a LUD Administrative fee of \$200.

There are three properties connecting to the distribution main; one each on 99th Ave NE, N Machias Rd, and SR92. The connection fees total \$9,780 for each property and consist of a General Facilities Charge (GFC) of \$3,640, a Distribution System Charge (DSC) of \$4,205, a Service Connection Charge (SCC) of \$1,355 (for a ³/₄" meter), a Snohomish County Right-of-way permit costing \$100, a pressure reducing valve costing \$280, and a LUD Administrative fee of \$200.

Connection fees for another three properties are \$9,945 for each property. The properties connected to distribution main on Newburg Rd, 29th Pl NE, and N Carpenter Rd. The connection fees are comprised of a General Facilities Charge (GFC) of \$3,640, a Distribution System Charge (DSC) of \$4,205, a Service Connection Fee (SCC) of \$1,520 (for a 1" meter), a Snohomish County Right-of-Way permit costing \$100, a pressure reducing valve costing \$280, and a LUD Administrative fee of \$200.

The cost for properties connecting to the distribution main on 103^{rd} Ave SE, 8^{th} St SE, and Mora Dr is \$12,485. The owners each entered into an Interim Connection Agreement (ICA) with the District because a main did not front their parcels. The \$12,485 amount is comprised of a General Facilities Charge (GFC) of \$3,640, a Distribution System Charge (DSC) of \$4,205, a 3/4" Service Connection Charge (SCC) of \$1,355, a Snohomish County Right-of-Way Permit of \$100, a LUD Administrative fee of \$200, and an Interim Connection Agreement (ICA) fee of \$2,985.

Fees for the property connecting to the distribution main on 153rd Ave NE is \$12,815, is comprised of a General Facilities Charge of \$3,640, Distribution System Charge of \$4,205, Service Connection Charge (SCC) of \$1,520 (for a 1" meter), a Snohomish County Right-of-Way Permit fee of \$100, a LUD Administrative fee of \$200, and an Interim Connection Agreement (ICA) fee of \$3,150.

The property connecting to the distribution main on 49^{th} St NE totals \$13,308.84, which is the cost for two full service connections with 3/4" meters. The structure on this property is a duplex and the well serving the duplex went dry. The connection fee is comprised of a General Facilities Charge (GFC) of \$2,831.92 x 2 = \$5,663.84, a Distribution System Charge (DSC) of \$4,205, a Service Connection Charge (SCC) of \$1,520 x 2 = \$3,040, two Snohomish County Right-of-Way permits costing \$200, and a LUD Administrative fee of \$200. To reduce the amount financed, the customer paid \$5,000 towards the full assessment amount which decreased the final assessment to a total of \$8,308.84.

The GFC represents a pro-rata share of the cost of funding transmission, storage and water source improvements, which are required to serve the LUD properties. The DSC is based on the average cost per lot for new distribution systems installed in the District's rural service area (this amount will vary based on when the District-installed water main extension was completed or if the property was located in an area where another LUD-financed main was installed). The SCC is the average cost of installation of a meter and a service line from the main to the property line. The LUD administrative fee provides recovery of costs associated with administering the LUD, including formation costs and annual fees charged by the Snohomish County Treasurer's Office.

No. of	Connection Fee	Assessment
Properties		
1	2015 3/4" Meter Drop SF Connection Fee w/PRV	\$ 4,310.00
2	2015 Standard SF Connection Fee	\$19,000.00
1	2015 1" SF Connection Fee \$9,665.00	
3	2015 Standard SF Connection Fee w/PRV \$29,340.00	
3	2015 1" SF Connection Fee w/PRV \$29,835.00	
3	2015 Standard SF Connection Fee w/ICA \$37,455.00	
1	2015 1" SF Connection Fee w/ICA \$12,815.00	
1	2015 1" MF Connection Fee \$ 8,308.84	
15 TOTAL		\$150,728.84

2015 3/4" Meter Drop SF Connection Fee w/PRV	
General Facilities Charge	\$ 3,640.00
Meter (3/4")	\$ 190.00
Pressure Reducing Valve	\$ 280.00
LUD Administrative Fee	\$ 200.00
	\$ 4,310.00
2015 Standard SF Connection Fee	•
General Facilities Charge	\$ 3,640.00
Distribution System Charge	\$ 4,205.00
Service Connection Charge (3/4")	\$ 1,355.00
County Right-of-Way Permit	\$ 100.00
LUD Administrative Fee	\$ 200.00
	\$ 9,500.00
2015 1" SF Connection Fee	
General Facilities Charge	\$ 3,640.00
Distribution System Charge	\$ 4,205.00
Service Connection Charge (1")	\$ 1,520.00
County Right-of-Way Permit	\$.100.00
LUD Administrative Fee	\$ 200.00
	\$ 9,655.00
2015 Standard SF Connection Fee w/PRV	
General Facilities Charge	\$ 3,640.00
Distribution Service Charge	\$ 4,205.00
Service Connection Fee (3/4")	\$ 1,355.00
Pressure Reducing Valve	\$ 280.00
County Right-of-Way Permit	\$ 100.00
LUD Administration Fee	\$ 200.00
	\$ 9,780.00

2015 1" SF Connection Fee w/PRV	
General Facilities Charge	\$ 3,640.00
Distribution Service Charge	\$ 4,205.00
Service Connection Fee (1")	\$ 1,520.00
Pressure Reducing Valve	\$ 280.00
County Right-of-Way Permit	\$ 100.00
LUD Administration Fee	\$ 200.00
	\$ 9,945.00
2015 Standard SF Connection Fee w/ICA	
General Facilities Charge	\$ 3,640.00
Distribution System Charge	\$ 4,205.00
Service Connection Charge (3/4")	\$ 1,355.00
County Right-of-Way Permit	\$ 100.00
Interim Connection Agreement	\$ 2,985.00
LUD Administrative Fee	<u>\$ 200.00</u>
	\$12,485.00
2015 1" SF Connection Fee w/ICA	
General Facilities Charge	\$ 3,640.00
Distribution Service Charge	\$ 4,205.00
Service Connection Fee (1")	\$ 1,520.00
Interim Connection Agreement	\$ 3,150.00
County Right-of-Way Permit	\$ 100.00
LUD Administration Fee	<u>\$ 200.00</u>
	\$12,815.00
2015 1" MF Connection Fee	
General Facilities Charge (2)	\$ 5,663.84
Distribution System Charge	\$ 4,205.00
Service Connection Charge (1" x 2)	\$ 3,040.00
County Right-of-Way Permit (2)	\$ 200.00
LUD Administrative Fee	\$ 200.00
LOD / Millimstrative I ce	\$13,308.84
Cash Down Payment	(\$ 5,000.00)
Cash Down I ayillon	\$ 8,308.84
	\$ 0,300.04

3. FINANCING

Bonds will not be sold for this LUD since the District incurs no substantial costs in providing the new customer service attachments to existing facilities. Once the final assessment roll has been approved, the Snohomish County Treasurer will be notified, and the Treasurer will in turn notify the property owners. Following a 30-day opportunity to pay the assessment off in-full with no interest or penalty, the first annual installment would be due 12 months following that notice. The interest rate charged to the property owners would be established by the District at the public hearing on the final assessment roll. An

interest rate of approximately 4.5 percent is anticipated. As the Treasurer collects assessment payments, the proceeds are forwarded to the District.

Since the assessment will be secured by a senior lien on the property, in second position behind general property taxes, the District may foreclose on a parcel if the assessment is not paid. For all parcels included in the LUD, the value of the property exceeds by several times the amount of the assessment. Further, District policy provides for disconnection of water service in the event of default, hence the District is well protected from possible non-payment.

4. ECONOMIC FEASIBILITY

For an LUD to be economically feasible, the assessed parcel's value must be increased by at least as much as the amount of the assessment. By signing the Connection Contract, all owners stipulate and agree that the benefits to their property exceed the estimated cost of the assessment. Further, all property owners applying for a District water connection via the non-contiguous local utility district method agree that the benefits to their property will be greater than the estimated cost of the improvements. Property owners also acknowledge and agree that water service options other than direct connection to the District's system are more expensive and provide less benefit than a direct connection to the District's water system.

5. PRELIMINARY ASSESSMENT ROLL

The preliminary assessment is attached as Exhibit A.

6. RATES

All customers in this LUD, with the exception of the duplex customers, will pay the District's standard single-family water rate. Rates currently in effect for a single-family residential water service include a \$21.64 minimum monthly charge and \$3.31 per 100 cubic feet (748 gallons) of water usage. An average single-family household using 800 cubic feet per month would see a monthly bill of \$48.12 per month, or \$577.44 per year.

The duplex customers will be charged the District's standard multi-family water rate. Rates currently in effect for a multi-family water service include a \$21.29 minimum monthly charge and \$3.07 per 100 cubic feet (748 gallons) of water usage. A monthly bill for a multi-family customer would be approximately \$41.29, or around \$497.48 per year.

7. SUMMARY AND RECOMMENDATION

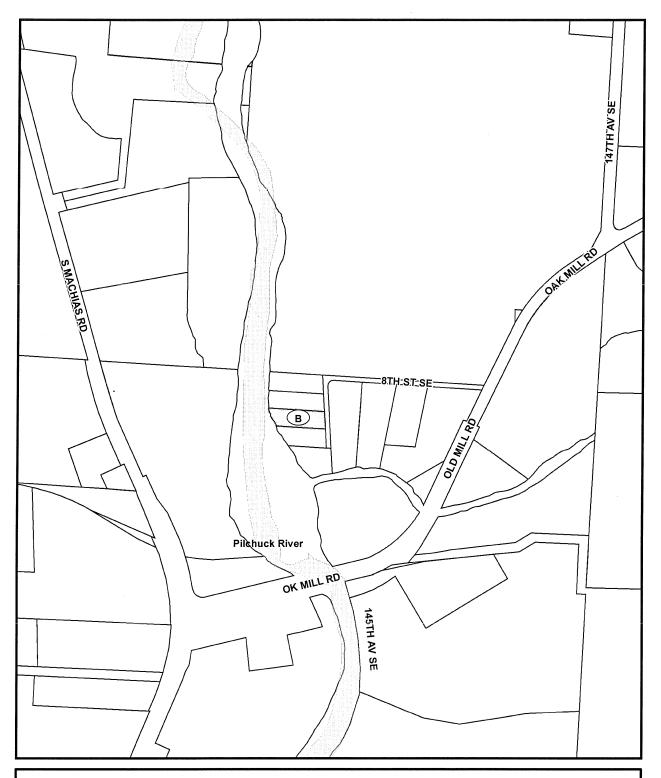
The proposed LUD is financially, economically and technically feasible. The District will not issue bonds for the LUD, and will collect assessment payments over the projected 20-year life of the LUD. It is recommended that the LUD be formed and the properties assessed as outlined in the Feasibility Report.





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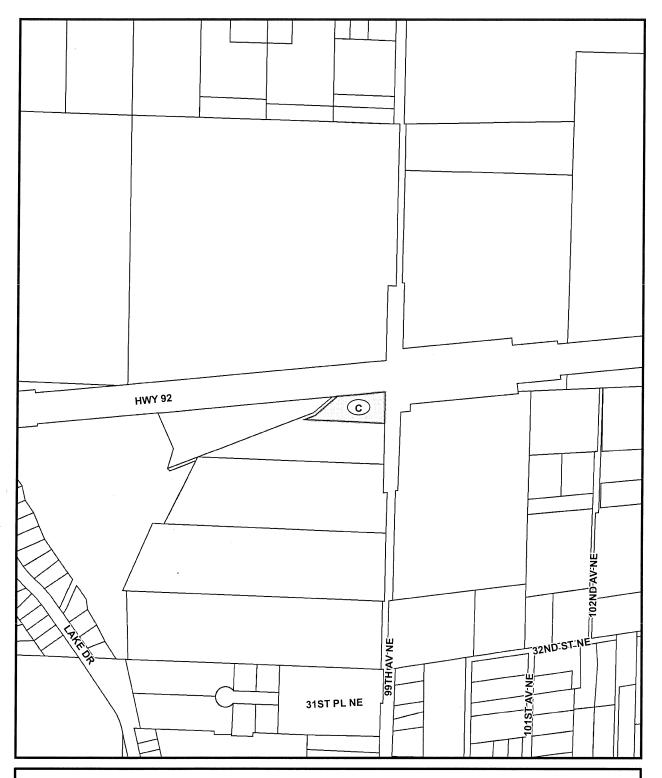
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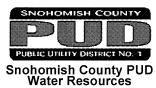




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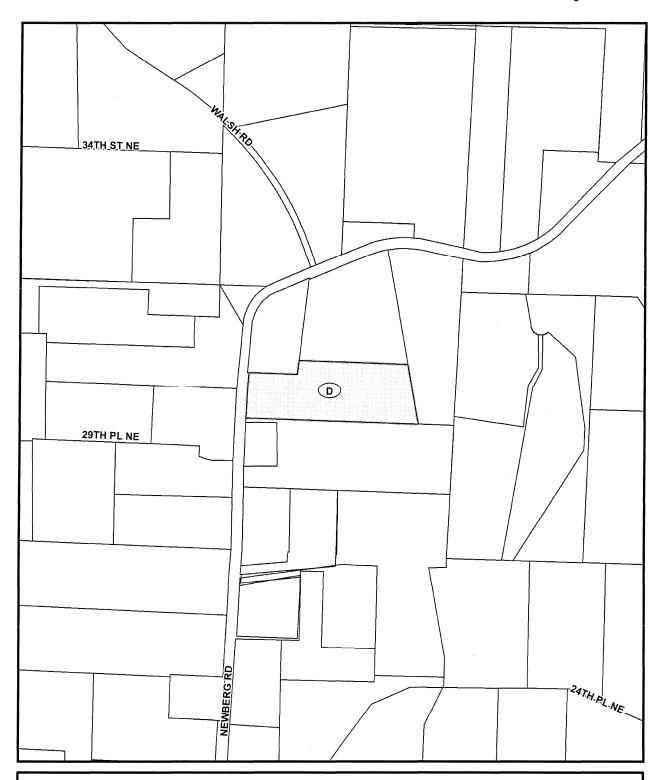
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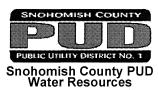




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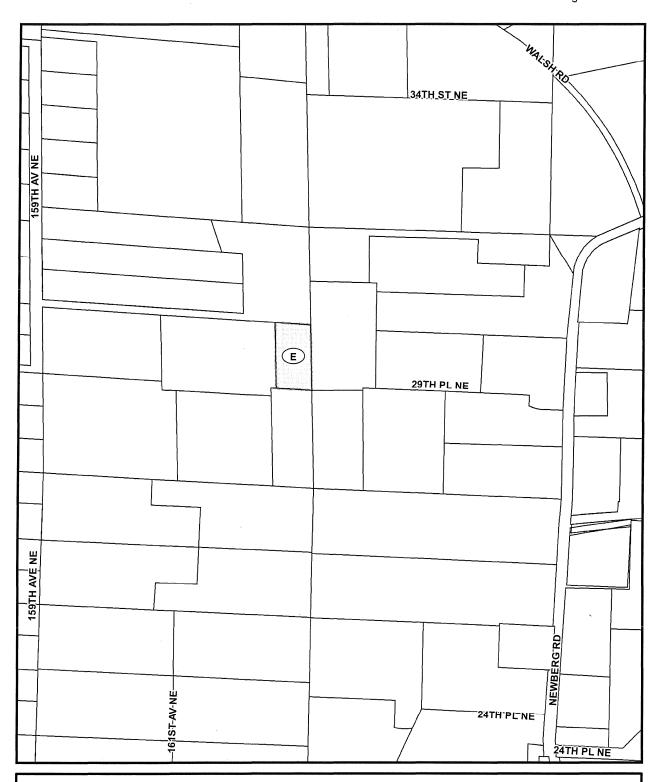
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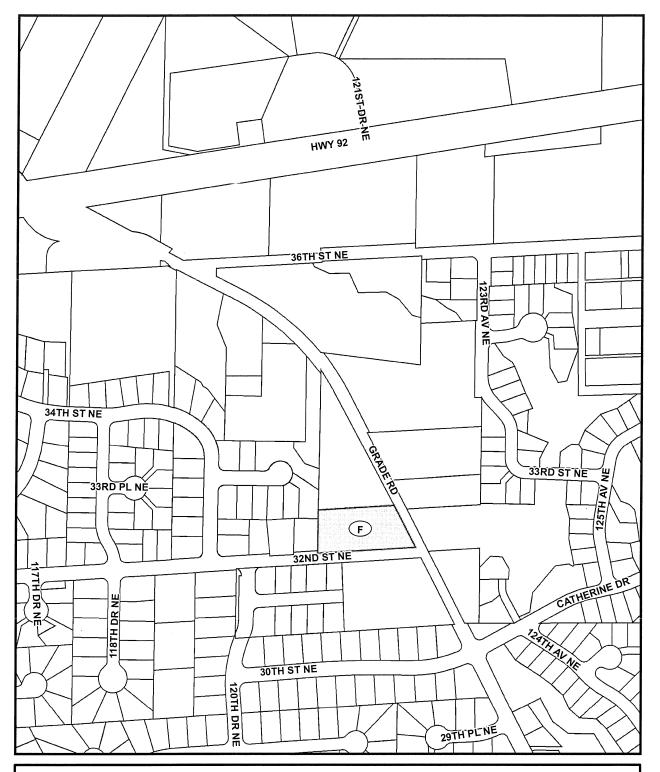
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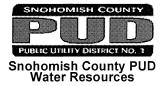




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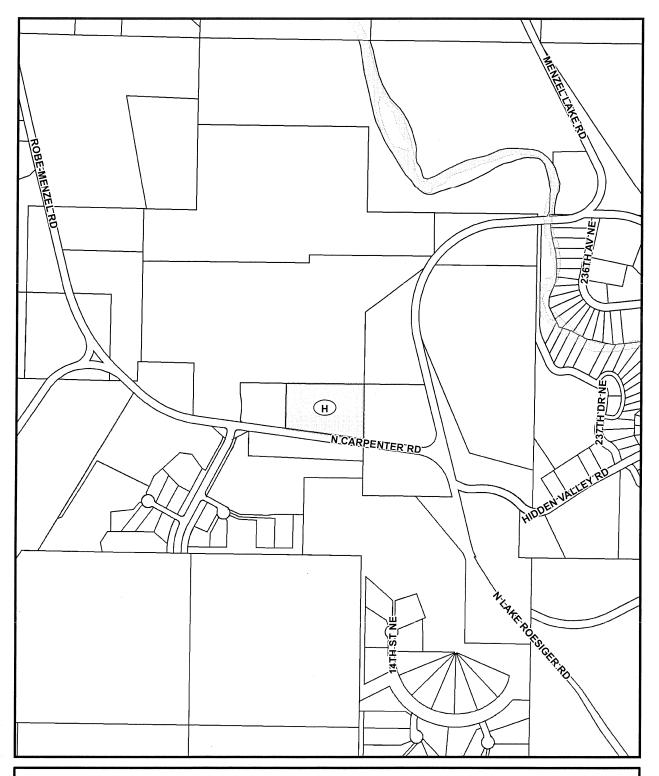
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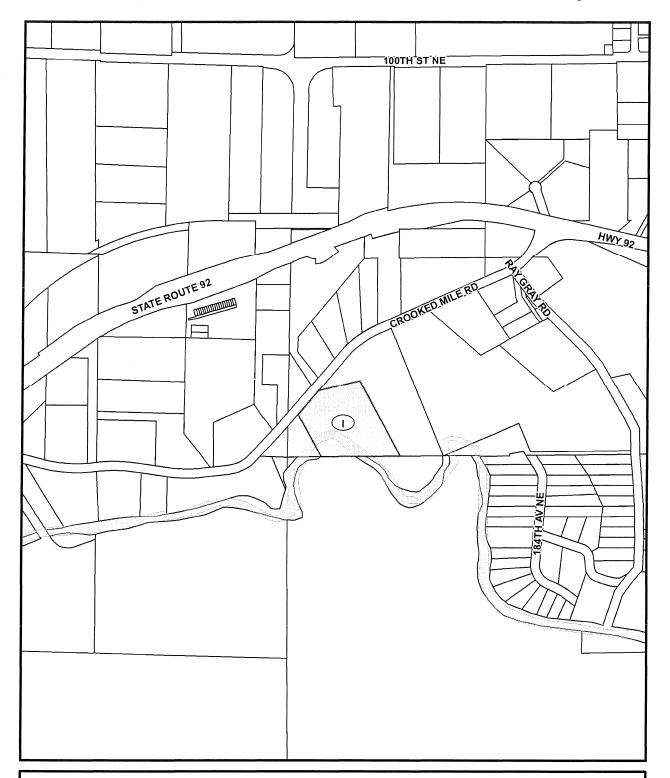
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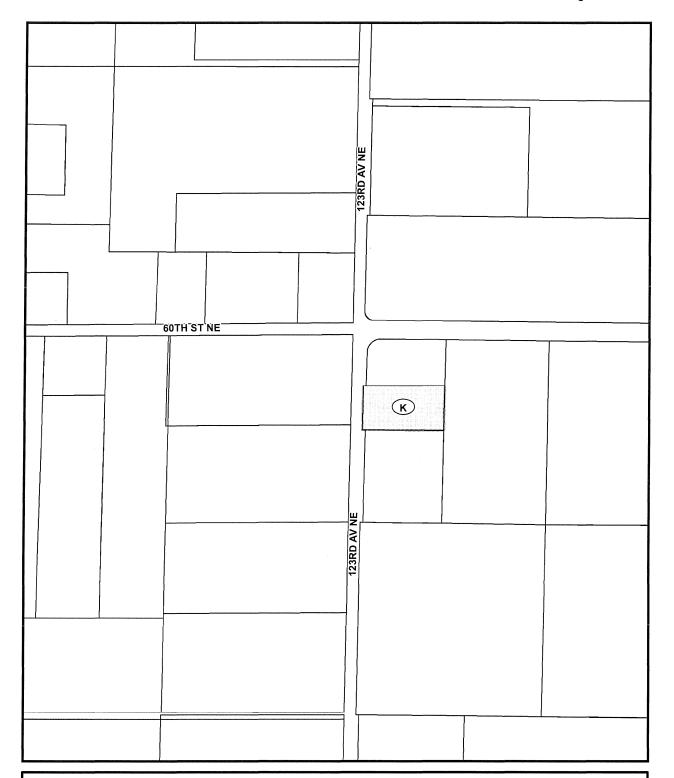
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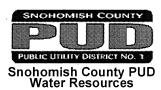




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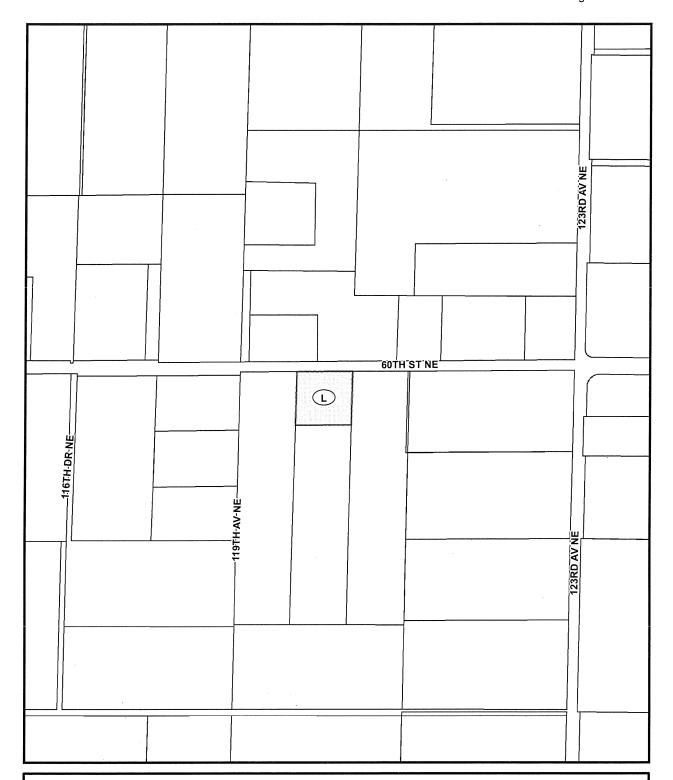
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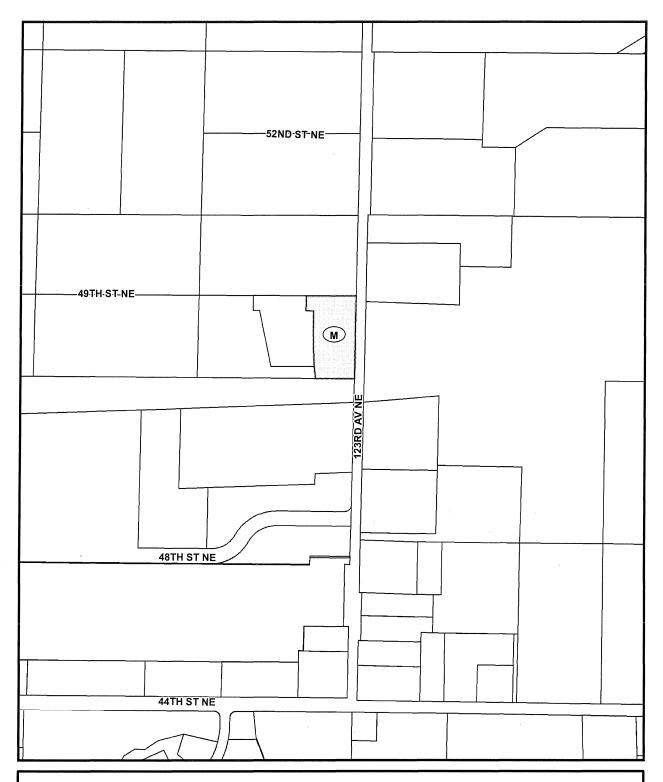
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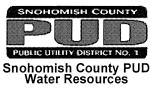




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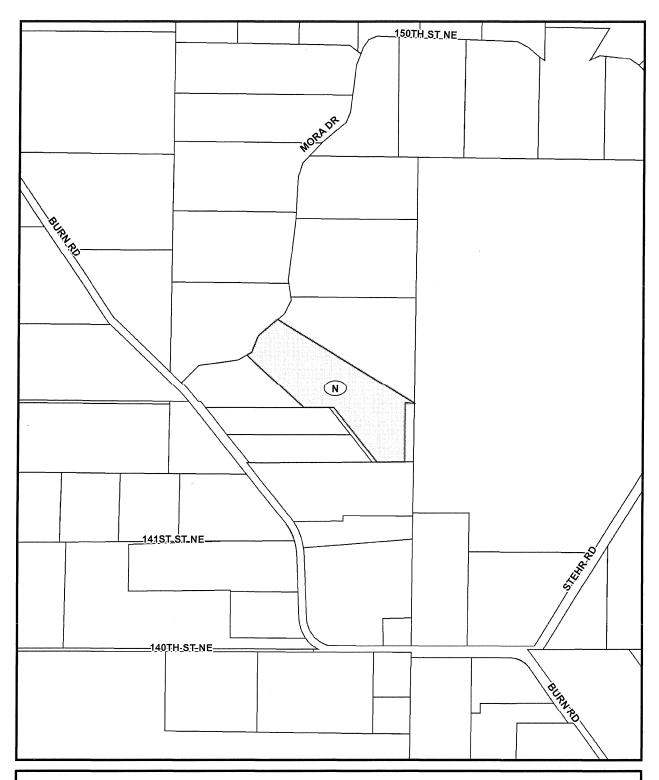
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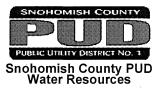




TAX ACCOUNT #:

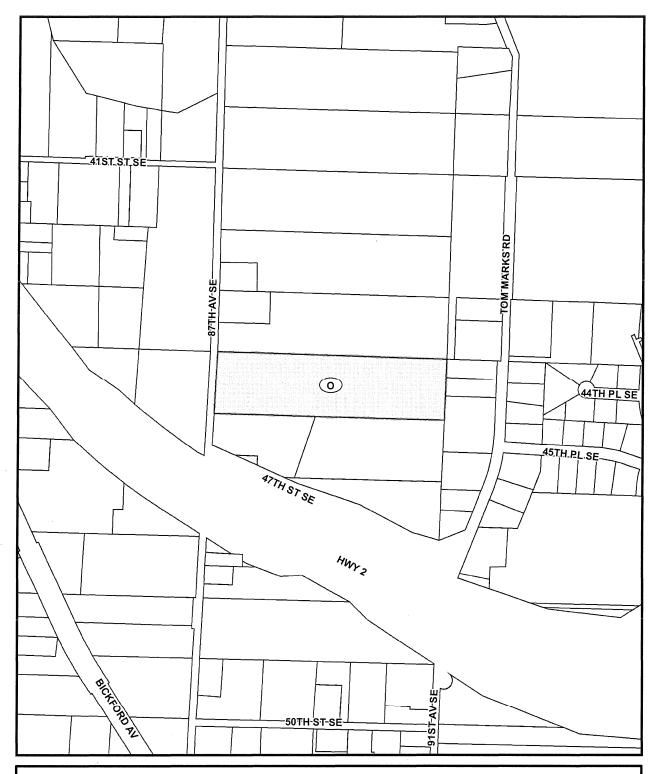
300632-003-021-00





TAX ACCOUNT #:

310633-003-027-00





TAX ACCOUNT #:

004401-000-026-00



WATER CONNECTION CONTRACT FOR NON-CONTIGUOUS LOCAL UTILITY DISTRICT

Washin	igton (tl tion to	he District), and(Ap	plicant(s	Utility District No. 1 of Snohomish County, s), for the purpose of establishing the terms for direct access to a District-funded water supply
Applica	ınt decla	ares and warrants as follows:		
(1)	Applica	ant's service address is:	(2)	Applicant's mailing address is:
(3)	Proper	ty tax account number is:	4)	Applicant's telephone number is: (H) (W)
(5)	The leg	gal description of the property is:		
The Ap	plicant : (1)	and the District agree as follows: Applicant requests District w pipeline.		vice through direct connection to the supply
(2) Applicant agrees to pay the District the following amounts per residential unit:				following amounts per residential unit:
		 a. General Facilities Charge b. Distribution Service Charge c. Service Connection Fee d. County Right-of-Way Permi e. Pressure Reducing Valve f. LUD Administration Fee 	t	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$

Financing is available through participation in a non-contiguous Local Utility District (LUD) to owners of existing single-family residences adjacent to a District-funded water supply pipeline. The dwelling must serve as the residence of the Applicant or of Applicant's lessee and must be a residence that cannot otherwise be served from an ancillary water distribution main in a cost-effective manner.

Applicant agrees that the benefits to Applicant's property will be greater than the cost of the improvements as described by this Contract when the District-constructed improvements have been installed.

Applicant acknowledges and understands that the District-constructed improvements consist of a direct water service access from the District's supply pipeline to a water meter at the edge of the right-of-way within which the supply pipeline is constructed. Applicant understands and acknowledges that the

responsibility to run a service line from the District's water meter to the Applicant's residence is solely the Applicant's responsibility.

Applicant acknowledges and declares that water service options other than connection to the District's system are more expensive or provide less benefit than connection to the District's water system. Applicant also acknowledges that a direct connection to the District's supply pipeline is both financially and economically feasible and accepts the District's determination that such is the case.

Applicant hereby waives publication of notice of a hearing establishing a non-contiguous Local Utility District and agrees that written notice by first class U.S. Mail, postage pre-paid, to Applicant's address as indicated above, sent at least 15 days prior to the hearing on the formation of the Local Utility District and confirmation of the assessment roll shall be sufficient notice for constructive compliance with applicable law.

ASSESSMENT

Applicant understands and agrees that an assessment will be levied in the total amount of \$\frac{\\$\\$}\$ for the water connection rights and services described herein and a lien established upon Applicant's real property as described above, securing such assessment. The levying, collection and enforcement of all assessments are performed by the Snohomish County Treasurer's Office. Payment of such assessment amount may be made without penalty, interest, or cost at any time within 30 days of the first day of notification by the Treasurer's Office that the assessment roll has been placed in his/her hands for collection. If not paid within the 30-day period, assessments will be billed by the Treasurer's Office in 20 equal annual installments beginning in 2015 and continuing each and every year thereafter until the total assessment, plus interest accrued at the rate of 4.5% compounded annually on the declining unpaid balance, is paid in full.

Delinquent Payment - Penalty -- Termination of Water Service - Collection Agency Fee

Applicant understands and agrees that water service obtained through the non-contiguous local utility district process is for the sole benefit and improvement of property. Applicant also agrees that if an assessment payment is delinquent, reasonable collection methods may be used, including charging a penalty of 12 percent per annum on the outstanding delinquent balance, disconnection of water service, assignment to a collection agency with the addition of a collection agency fee that will be 30% of the amount of the claim assigned as authorized by Section 19.16.500 of the Revised Code of Washington, or legal action (Policies & Procedures for Administration of Water Service, Section 2.4.9, and Appendix B, Table B-10)

http://www.snopud.com/home/watermain/waterpolicies.ashx?p=1214.

Entered into this ______ day of ______, 2015.

Public Utility District No. 1
Of Snohomish County

By: ______ By: _____ Applicant
By: ______ Applicant

State of Washington)

County of Snohomish)

Non-Contiguous LUD Contract 9:34 AM, October 28, 2015

1 certify	y that I know or have satistactory evidence that	and	,	
Applica	ant(s), is/are the person(s) who appeared before me, and	said person(s)	acknowledged	that
(he/she	e/they) signed this instrument and acknowledged it to be (h	is/her/their) fre	e and voluntary	act
for the	uses and purposes mentioned in this instrument.			
_				
Date: _				
Signatu	are of Notary Public in and for the State of Washington			
	Residing at			
	My appointment expires			

RES	SOL	UTION	J NO.	

A RESOLUTION ordering, approving, ratifying and confirming the construction and installation of the plan or system of additions to the District's Water Utility, as adopted on November 17, 2015, and applicable to the local utility district hereinafter described, forming Local Utility District No. 58 of Snohomish County, Washington, and confirming the final assessment roll

WHEREAS, by Resolution No. XXXX passed by the Board of Commissioners of the District on November 17, 2015, a plan or system of additions and related appurtenances to the District's Water Utility, all in accordance with "Exhibit B" thereto, which by this reference is made a part hereof, was adopted, which resolution also declared the intention of the Board of Commissioners to form Local Utility District No. 58 in connection with carrying out such plan; and

WHEREAS, the boundaries and a general description of the proposed local utility district, together with the names and addresses of the owners of all lots, parcels, or tracts of land or other property within such local utility district, as shown on the tax rolls of the County Treasurer, and the legal descriptions and proposed annual assessments for all such lots, parcels or tracts of land or other property within the proposed local utility district, are as set forth in "Exhibits A" and "B," attached hereto and by this reference incorporated herein; and

WHEREAS, on November 17, 2015, written notice of the hearing to form such proposed local utility district and adopt related assessment rolls was sent by first class mail, U.S. postage prepaid, to the owners of all lots, parcels, or tracts of land or other property within the proposed local utility district; and

WHEREAS, the publication of such notice has been waived in writing by each and every member of the proposed local utility district; and

WHEREAS, no protest petition signed by fifty percent (50%) or more of the property owners within such proposed local utility district was filed with the Secretary of the Board of Commissioners on or before twelve o'clock noon on the date fixed for hearing; and

WHEREAS, on December 15, 2015, commencing at 1:30 p.m., the Commission conducted a hearing on such proposed local utility district, and considered all timely written objections and oral arguments presented for or against the formation of such district and for or against the proposed assessment roll for such district; and

WHEREAS, under the State Environmental Policy Act, WAC 197-11-800 (16) and -800 (23)(b), no environmental checklist was prepared prior to the formation and construction of Local Utility District No. 58; and

WHEREAS, the Commission finds that it is reasonable and proper and in the best interest of the District to form Local Utility District No. 58 as hereinbefore described, and to confirm the assessment roll for such local utility district;

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, as follows:

Section 1. The construction of the plan or system of additions to and extensions of the District's Water Utility as adopted in Resolution No. XXXX and as more particularly set forth in "Exhibit B" thereto, is hereby approved, ratified and confirmed.

Section 2. The proposed Local Utility District No. 58 of Snohomish County, Washington, as more particularly described in "Exhibit A," appears to be financially and economically feasible, and is hereby formed.

Section 3. The cost and expense of carrying out the plan or system provided in Section 1, including construction and installation, overhead and general expenses and engineering and legal expenses, is hereby declared to be \$150,728.84. Not to exceed 100 percent of such cost and expense shall be borne by assessments against property within said local utility district specially benefited by the improvement. The Commission finds that the cost and expense to be borne by each lot is not greater than the benefit to be conferred on each lot.

Section 4. Assessment shall be made against the property within said local utility district on a per buildable lot basis. Each assessment shall include, in addition to a proportionate share of the cost of facilities constructed as part of the plan or system described in Section 1 hereof, a general facilities charge, which represents the charge imposed by the District for access to the source, storage and transmission facilities of the

District's Water Utility. A connection charge shall also be levied for each service connection. The Board of Commissioners hereby finds that such method of assessment is equitable and proper and fairly reflects the special benefits to the respective assessed properties.

Section 5. The proposed final assessment roll and assessments for Local Utility District No. 58 as set forth in the attached "Exhibit A" is fair and reasonable and is hereby approved and confirmed.

Section 6. The assessments in such utility district may be paid in cash, without penalty, interest or cost, at any time within thirty days from the first day of publication of notice by the Treasurer of Snohomish County, Washington, that the assessment roll is in his or her hands for collection, and if not then paid, such assessments may, at the option of the several property owners, be paid in 20 equal annual installments; that the first of such installments be due one year after the expiration of the aforesaid 30-day period, and subsequent installments shall be due annually after such date; that the sum remaining unpaid at the expiration of such 30-day period shall bear interest at the rate 4.5 percent per annum, and interest on the unpaid amount shall be due on the due date of the first installment of principal and each year thereafter on the due date of each installment of principal; that assessments or installments thereof, when delinquent, in addition to such interest, shall bear a penalty in the amount of 12 percent per annum on the outstanding delinquent balance; and that the owner of any lot, tract or parcel of land or other property charged with any such assessment may redeem it from all liability for the unpaid amount of the assessment, at any time after the 30-day period allowed for payment of the assessment without penalty or interest, by paying the entire unpaid amount of the assessment to the Snohomish County Treasurer, with interest thereon to the date of maturity of the installment next falling due.

Section 7. The cost of the plan described in Section 1 hereof shall be met and defrayed from the District's Water Utility General fund and the proceeds of assessments levied and assessed against all property within the local utility district created by Section 2 hereof, legally and properly assessable therefore and specially benefited by said improvement, as provided by the laws of the State of Washington and the resolutions of the District. The entire principal of and interest on such assessments, as well as penalties

for late payment, shall be paid into a local improvement fund which is hereby created and established in the office of the Snohomish County Treasurer to be known as "Utility Local Improvement District No. 58, (Water Distribution System) – Non-Contiguous" and shall be used for the sole purpose of paying the cost of the plan described in Section 1, and/or paying principal of and interest on District warrants and/or notes, inter-fund loans or bonds issued in payment of the cost and expense of such improvements; and the Snohomish County Treasurer is hereby authorized and directed to remit to the District, on or prior to the tenth day of the month following receipt thereof, for use for such purposes, any and all monies received by the Treasurer from time to time in said fund.

Section 8. The Secretary of the Board of Commissioners of the District is hereby authorized and directed to certify unto the Snohomish County Treasurer and any and all public authorities or others interested in LUD No. 58 or properties contained therein as to the giving of all notices, the manner and form of all resolutions or proceedings and any other information or material which may be necessary or appropriate with respect thereto.

PASSED AND APPROVED this 15th day of December, 2015.

RESOLUTION NO. 5768

A RESOLUTION Authorizing the CEO/General Manager or Designee to Execute a Grant Agreement with the State of Washington Department of Health to Allow the District to Conduct a Feasibility Study for the Warm Beach Water Association

WHEREAS, Public Utility District No. 1 of Snohomish County, Washington (the "District") and the Washington State Department of Health ("DOH") have negotiated a Consolidation and Restructuring Technical Assistance Grant ("Grant Agreement") whereby the State of Washington Department of Health ("Department of Health") will provide funding to assist the District in preparing a feasibility study of the potential consolidation of the Warm Beach Waster Association system with the District's Kayak Water system; and

WHEREAS, such state funding is being provided through the Safe Drinking Water State Revolving Fund Federal Grant Award, supported by the United States Environmental Protection Agency and administered by the Department of Health. The grant amount is not to exceed \$30,000, and is contingent upon the District completing the feasibility study by August 31, 2016, and meeting specified provisions set forth in the Grant Agreement; and

WHEREAS, in late 2015 the Board of Directors of the Warm Beach Water Association ("Association") asked the District to move forward with an in-depth study to determine whether or not it would be technically and financially feasible for the District to acquire the Warm Beach water system and consolidate it with the District's adjacent Kayak water system south of Stanwood; and

WHEREAS, the Board of Commissioners of the District finds that it would be in the best interest of the District and its ratepayers to enter into such agreement for State funding to prepare such a feasibility study that will assist the District and Association in deciding whether to proceed in a process towards consolidating the Warm Beach Water Association with the District's water utility.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Public Utility District No. 1 of Snohomish County, Washington, that based on staff's recommendation, the Board hereby approves the DOH Grant Agreement described above, in substantially the form attached hereto as Exhibit "A" and incorporated herein by this reference, and authorizes the District's CEO/General Manager or Designee to execute such Grant Agreement.

PASSED AND APPROVED this 16th day of February, 2016.

President

Vice-President

Secretary

Exhibit A – DOH Grant Agreement

PROJECT SCOPE OF WORK

Warm Beach Water Association and SNO-PUD 1 - Kayak Consolidation Study

2015 Small Water System Consolidation Grant

Project Title: Warm Beach Water Association and SNO-PUD1-Kayak Consolidation

PURPOSE:

The purpose of this grant is to assist in the connection of the Warm Beach Water Association (#93000) to Sno-PUD1- Kayak Estates (#23111).

Background/General Information:

Warm Beach Water Association has requested Snohomish County PUD evaluate the potential for consolidation of the two systems. Warm Beach's water system, and iron and manganese treatment, are aging and are a maintenance burden to the purveyor. Allowing Snohomish PUD to serve Warm Beach, the water system will increase level of service, reliability, and water quality. There is a water right associated with Warm Beach; however it needs reviewing and verifying. Project funds will be used to fund the assessment of existing facilities and an initial water right review. Key goals will be to determine improvements Snohomish PUD would consider necessary as a condition for taking on ownership and operation of the system, and to provide this information to assist the Warm Beach membership in deciding whether to proceed in a process toward consolidation. Funds administered as part of this project will not be used to cover costs associated with the construction and installation of water infrastructure.

Contract Administration:

The funding provided in this contract will be used to cover the costs associated with assessing the existing facilities of Warm Beach, including the iron and manganese treatment facility. The funding will also help with an initial review of Warm Beach's water right.

The project's scope of work is comprised of the following activities:

TASK/ACTIVITY:	DELIVERABLE:	DUE DATE:
Task 1: Engineering Report	Prepare an engineering report which includes an assessment of existing facilities at Warm Beach, including treatment. The report will also include a review of the water rights and ability to transfer the water rights to Snohomish PUD.	August 31, 2016

PAYMENT: DOH will provide reimbursement to Snohomish PUD on approval of report and required deliverables. Snohomish PUD will provide an hourly account of time spent for each task in support of invoice.						
	The contractor is responsible for tracking all project expenditures as related to this contract, and for maintaining these records.					
,	DOH will withhold 10 percent of the total funding amoun project is successfully completed and all deliverables are approved by DOH.	, , ,				
Total Considera	ation for this contract not to exceed:	\$30,000.00				

The project will be considered complete when all the activities identified in the above scope of work are complete.

Project Performance Measures:

Engineering Report



NXXXXX

Grant Agreement

between

Department of Health

and

XXXXXXXXXXX

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Grant Number: NXXXXX

Washington State Department of Health (DOH)

1. Grantee		2. Grantee Doing E	Business A	s (option	al)	
Name Mailing address City, State, Zip Code						
3. Grantee Representative		4. Department of Health Representative				
(Name) (Title)	(Phone number) (Email address)	Eloise Rudolph PO Box 47822 Olympia, WA 98504-7822			3-3124 Rudolph@doh.wa.gov	
5. Grant Amount	6. Funding Source		7. Start Da	ate	8. End Date	
	Federal: ⊠ State: □ Ot FFATA Form Required: `		Date of Ex		August 31, 2016	
9. Federal Funds (as applicab	,			A Numb	<u>er</u>	
		Protection Agency	66.4	·68 		
10. Tax ID #	11. SWV #	12. UBI #			13. DUNS #	
14. Grant Purpose						
The outcome of this performanc - Project Scope of Work.	e-based agreement is to		, а	as referen	ced in <i>Attachment III</i>	
DOH, defined as the Departmen accept the terms of this Grant ar year referenced above. The right other documents incorporated b Federal Certifications and Assur – Project Scope of Work	nd attachments and have execute and obligations of both pay reference: Grant Terms a	ecuted this Grant on th arties to this Grant are nd Conditions, Attachr	e date belo governed b ment I - Fed	w to start y this Gra eral Com	as of the date and ant and the following pliance and Standard	
FOR THE GRANTEE		FOR THE DEPART	MENT OF H	IEALTH		
Authorized Signature	Department of Health Contracting Officer Signature					
Print Name	Print Name					
Title		Date			.,	
Date NOTE: THE GRANTEE'S SIGN, REQUIRED ON ATTACHMENT COMPLIANCE & STANDARD F CERTIFICATIONS AND ASSUR (see pages 25 & 28)	III, FEDERAL EDERAL					

[&]quot;Approved as to Form: Sandra Adix, Assistant Attorney General, March 25, 2014"

GRANT TERMS AND CONDITIONS

THIS GRANT e	entered into by	and between '	Washington	State Departm	ent of Health	(hereinafter i	eferred
to as DOH), and				eferred to as th			

WHEREAS, under chapter 70.119A RCW, DOH and its Secretary are authorized to administer drinking water programs and, under RCW, 70.119A.070 to enter into contracts to carry out the chapter's purposes; and

WHEREAS, DOH has awarded the Grantee a Small Water System Consolidation and Restructuring Technical Assistance grant; and

WHEREAS the Grantee will be a sub-recipient of funds provided by the United States Environmental Protection Agency, CFDA Number 66.468, Title: Safe Drinking Water State Revolving Fund Federal Grant Award.

NOW, THEREFORE, in consideration of covenants, conditions, performances, and promises hereinafter contained, the parties hereto agree as follows:

1. GRANT MANAGEMENT

The Representative for each of the parties shall be responsible for and shall be the contact person for all communications and billings regarding the performance of this Grant.

The Representative for DOH and their contact information are identified on the Face Sheet of this Grant.

The Representative for the Grantee and their contact information are identified on the Face Sheet of this Grant.

2. COMPENSATION

DOH shall pay an amount not to exceed \$_____ for the costs necessary for or incidental to the performance of work as set forth in the *Attachment III: Project Scope of Work*.

3. PURPOSE

DOH and the Grantee have entered into this Grant to undertake a local project that furthers the goals and objectives of the Drinking Water State Revolving Fund Loan Program. The project will be undertaken by the Grantee and will include the activities described in *Attachment III - Project Scope of Work*. The project must be undertaken in accordance with all applicable federal, state and local laws and ordinances.

4. PREVAILING WAGE LAW

The Project funded under this Grant may be subject to state prevailing wage law (Chapter 39.12 RCW). The Grantee is advised to consult the Industrial Statistician at the Washington Department of Labor and Industries to determine whether prevailing wages must be paid. DOH is not responsible for determining whether prevailing wage applies to this Project or for any prevailing wage payments that may be required by law.

5. EXPENDITURES ELIGIBLE FOR REIMBURSEMENT INPUTS

The Grantee may be reimbursed, at the rate set forth elsewhere in this Grant, for the Project expenditures in the following cost categories:

A. Consolidation and Restructuring costs identified in Attachment III: Project Scope of Work.

6. BILLING PROCEDURES AND PAYMENT INPUT

DOH shall reimburse the Grantee for eligible project expenditures up to the maximum payable under this Grant. When requesting reimbursement for costs incurred or expenditures made, the Grantee shall submit a signed and completed Invoice Voucher, referencing the *Attachment III: Project Scope of Work* activity performed, and any appropriate documentation. The Invoice Voucher must be certified by a representative of the Grantee with authority to bind the Grantee.

Each Invoice Voucher must be accompanied by a Project Status Report, which describes, in narrative form, the progress made on the project since the last invoice was submitted, as well as a report of project status to date. DOH will not release payment for any reimbursement request received unless and until the Project Status Report is received. After approving the Invoice Voucher and Project Status Report, DOH shall promptly remit a warrant to the Grantee.

The final Invoice Voucher payment shall not occur prior to the completion of all project activities as identified in *Attachment III: Project Scope of Work*. DOH will retain a sum not to exceed ten percent (10%) of the grant amount until all project activities are complete and a Report is submitted by the Grantee, per Section 7.

The Grantee shall submit all Invoice Vouchers and any required documentation to:
Office of Drinking Water
Department of Health
PO Box 47822
Olympia, WA 98504-7822

DOH will pay the Grantee upon acceptance of reports documenting work on the project and receipt of properly completed invoices, which shall be submitted to DOH not more often than monthly.

Payment shall be considered timely if made by DOH within thirty (30) calendar days after receipt of properly completed invoices. Payment shall be sent to the address designated by the Grantee.

No payments in advance or in anticipation of services or supplies to be provided under this Grant shall be made by DOH.

Duplication of Billed Costs: The Grantee shall not bill DOH for work performed under this Grant, and DOH shall not pay the Grantee, if the Grantee is entitled to payment or has been or will be paid by any other source, including other grants, for such work.

Disallowed Costs: The Grantee is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its sub- grantees.

7. CERTIFIED COMPLETION REPORT AND FINAL PAYMENT

The Grantee will submit the Completion Report together with the last Invoice Voucher for a sum not to exceed the balance of the grant amount including the ten percent (10%) retainage, as described in Section 6. DOH shall not make the final Invoice Voucher payment prior to the Grantee's completion of all project activities identified in *Attachment III: Project Scope of Work and* DOH's receipt and acceptance of the Completion Report.

8. REPORTS

The Grantee shall furnish DOH with Project Status Reports when submitting Invoice Vouchers (as described in Section 6), Quarterly Progress Reports at the end of each quarter, a Report at project completion (as described in Section 7), and other reports as DOH may reasonably require. Grantee's failure to file required reports may result in termination of this Grant.

9. INSURANCE

The Grantee shall provide insurance coverage as set out in this section. The intent of the required insurance is to protect the state of Washington should there be any claims, suits, actions, costs, damages or expenses arising from any loss, or negligent or intentional act or omission of the Grantee, or Subgrantee, or agents of either, while performing under the terms of this Grant.

The insurance required shall be issued by an insurance company authorized to do business within the state of Washington. The insurance shall name the state of Washington, its agents, officers, and employees as additional insureds under the insurance policy. All policies shall be primary to any other valid and collectable insurance. The Grantee shall instruct the insurers to give DOH thirty (30) calendar days advance notice of any insurance cancellation or modification.

The Grantee shall submit to DOH within fifteen (15) calendar days of the Grant start date, a certificate of insurance which outlines the coverage and limits defined in this insurance section. During the term of the Grant, the Grantee shall submit renewal certificates not less than thirty (30) calendar days prior to expiration of each policy required under this section.

The Grantee shall provide insurance coverage that shall be maintained in full force and effect during the term of this Grant, as follows:

Commercial General Liability Insurance Policy. Provide a Commercial General Liability Insurance Policy, including contractual liability, written on an occurrence basis, in adequate quantity to protect against legal liability arising out of Grant activity but no less than \$1,000,000 per occurrence. Additionally, the Grantee is responsible for ensuring that any Subgrantees provide adequate insurance coverage for the activities arising out of subgrants.

Fidelity Insurance. Every officer, director, employee, or agent who is authorized to act on behalf of the Grantee for the purpose of receiving or depositing funds into program accounts or issuing financial documents, checks, or other instruments of payment for program costs shall be insured to provide protection against loss:

- A. The amount of fidelity coverage secured pursuant to this Grant shall be \$2,000,000 or the highest of planned reimbursement for the Grant period, whichever is lowest. Fidelity insurance secured pursuant to this paragraph shall name the Grantor as beneficiary.
- B. The Grantee shall provide, at DOH's request, copies of insurance instruments or certifications from the insurance issuing agency. The copies or certifications shall show the insurance coverage, the designated beneficiary, who is covered, the amounts, the period of coverage, and that DOH will be provided thirty (30) days advance written notice of cancellation.

Grantees and Local Governments that Participate in a Self-Insurance Program.

Self-Insured/Liability Pool or Self-Insured Risk Management Program – With prior approval from DOH, the Grantee may provide the coverage above under a self-insured/liability pool or self-insured risk management program. In order to obtain permission from DOH, the Grantee shall provide: (1) a description of its self-insurance program, and (2) a certificate and/or letter of coverage that outlines coverage limits and deductibles. All self-insured risk management programs or self-insured/liability pool financial reports must comply with Generally Accepted Accounting Principles (GAAP) and adhere to accounting standards promulgated by: 1)

Governmental Accounting Standards Board (GASB), 2) Financial Accounting Standards Board (FASB), and 3) the Washington State Auditor's annual instructions for financial reporting. Grantee's participating in joint risk pools shall maintain sufficient documentation to support the aggregate claim liability information reported on the balance sheet. The state of Washington, its agents, and employees need not be named as additional insured under a self-insured property/liability pool, if the pool is prohibited from naming third parties as additional insured.

Grantee shall provide annually to DOH a summary of coverages and a letter of self insurance, evidencing continued coverage under Grantee's self-insured/liability pool or self-insured risk management program. Such annual summary of coverage and letter of self insurance will be provided on the anniversary of the start date of this Agreement.

10. ORDER OF PRECEDENCE

In the event of an inconsistency in this Grant, the inconsistency shall be resolved by giving precedence in the following order:

- Applicable federal and state of Washington statutes and regulations, including but not limited to federal law as set forth in the Federal Compliance and Standard Federal Certifications and Assurances, Attachment I.
- General Terms and Conditions
- Attachment III Project Scope of Work
- Disadvantaged Business Enterprise Requirements

11. SUSPENSION OF PERFORMANCE AND RESUMPTION OF PERFORMANCE

In the event Grant funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this Grant and prior to normal completion, DOH may give notice to Grantee to suspend performance as an alternative to termination. DOH may elect to give written notice to Grantee to suspend performance when DOH determines that there is a reasonable likelihood that the funding insufficiency may be resolved in a timeframe that would allow performance to be resumed prior to the end date of this contract. Notice may include notice by facsimile or email to Grantee's representative. Grantee shall suspend performance on the date stated in the written notice to suspend. During the period of suspension of performance each party may inform the other of any conditions that may reasonably affect the potential for resumption of performance.

When DOH determines that the funding insufficiency is resolved, DOH may give Grantee written notice to resume performance and a proposed date to resume performance. Upon receipt of written notice to resume performance, Grantee will give written notice to DOH as to whether it can resume performance, and, if so, the date upon which it agrees to resume performance. If Grantee gives notice to DOH that it cannot resume performance, the parties agree that the Grant will be terminated retroactive to the original date of termination. If the date Grantee gives notice it can resume performance is not acceptable to DOH, the parties agree to discuss an alternative acceptable date. If an alternative date is not acceptable to DOH, the parties agree that the Grant will be terminated retroactive to the original date of termination.

12. TERMINATION FOR FRAUD OR MISREPRESENTATION DISINCENTIVE

In the event the Grantee commits fraud or makes any misrepresentation in connection with the Grant application or during the performance of this Grant, DOH reserves the right to terminate or amend this Grant accordingly, including the right to recapture all funds disbursed to the Grantee under the Grant.

13. DEFINITIONS

- A. "Allowable Cost" shall mean an expenditure which meets the test of the Uniform Guidance (2CFR 200) (see "I. Federal Compliance"). The most significant factors affecting allowability of cost are; 1) they must be necessary and reasonable, 2) they must be allocable, 3) they must be authorized or not prohibited under state or local laws and regulations, and 4) they must be adequately documented. For more specifics see Selected Items of Cost 2 CFR 200.420).
- B. "Authorized Representative" shall mean the Director and/or the designee authorized in writing to act on the Director's behalf.
- C. "Contract" is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the Contractor. See §200.22 Contract. Characteristics indicative of a procurement relationship between the non-Federal entity and a Contractor are when the non-Federal entity receiving the Federal funds:
 - 1. Provides the goods and services within normal business operations;
 - 2. Provides similar goods or services to many different purchasers;
 - 3. Normally operates in a competitive environment;
 - 4. Provides goods or services that are ancillary to the operation of the Federal program; and
 - Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.
- D. "DOH" shall mean the Department of Health or its successor agency.
- E. "Grantee" shall mean the entity identified on the face sheet performing service(s) under this Grant, and shall include all employees and agents of the Grantee.
- F. "Noncompliance" shall mean if a non-Federal entity fails to comply with Federal statutes, regulations or the terms and conditions of a Federal award, the Federal awarding agency or pass-through entity may impose additional conditions, as described in §200.207 Specific conditions. If the Federal awarding agency or pass-through entity determines that noncompliance cannot be remedied by imposing additional conditions, the Federal awarding agency or pass-through entity may take one or more of the following actions, as appropriate in the circumstances:
 - Temporarily withhold cash payments pending correction of the deficiency by the non-Federal entity or more severe enforcement action by the Federal awarding agency or pass-through entity.
 - 2. Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
 - 3. Wholly or partly suspend or terminate the Federal award.
 - 4. Initiate suspension or debarment proceedings as authorized under 2 CFR part 180 and Federal awarding agency regulations (or in the case of a pass-through entity, recommend such a proceeding be initiated by a Federal awarding agency).
 - 5. Withhold further Federal awards for the project or program.
 - 6. Take other remedies that may be legally available.
- G. "Risk Assessment" shall mean (2 CFR 200.331(b)) DOH is required to evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:
 - 1. The subrecipient's prior experience with the same or similar subawards;

- 2. The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F—Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;
- 3. Whether the subrecipient has new personnel or new or substantially changed systems; and
- **4.** The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

H. "Specific Conditions"

- 1. The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed, in accordance with (2 CFR 200.207) paragraphs (b) and (c) of this section, under the following circumstances:
 - Based on the criteria set forth in §200.205 Federal awarding agency review of risk posed by applicants;
 - b. When an applicant or recipient has a history of failure to comply with the general or specific terms and conditions of a Federal award;
 - c. When an applicant or recipient fails to meet expected performance goals as described in §200.210 Information contained in a Federal award; or
 - d. When an applicant or recipient is not otherwise responsible.
- 2. These additional Federal award conditions may include items such as the following:
 - a. Requiring payments as reimbursements rather than advance payments;
 - Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance;
 - c. Requiring additional, more detailed financial reports;
 - d. Requiring additional project monitoring;
 - e. Requiring the non-Federal entity to obtain technical or management assistance; or
 - f. Establishing additional prior approvals.
- The Federal awarding agency or pass-through entity must notify the applicant or non-Federal entity as to:
 - a. The nature of the additional requirements;
 - b. The reason why the additional requirements are being imposed;
 - c. The nature of the action needed to remove the additional requirement, if applicable;
 - d. The time allowed for completing the actions if applicable, and
 - e. The method for requesting reconsideration of the additional requirements imposed.
- **4.** Any specific conditions must be promptly removed once the conditions that prompted them have been corrected.
- 5. "Start Date" and "Date of Execution" shall mean the later date of signature by the authorized representative of both parties.
- **6.** "State" shall mean the state of Washington.
- 7. "Subgrantee" shall mean one not an employee of the Grantee, who is performing all or part of the work under this Grant under a separate contract or grant with the Grantee. The terms

"subgrantee" includes any contractor or subcontractor retained by the Grantee to perform work on the project in any tier. Unless an express agreement is entered into between DOH and a subgrantee, no contractual relationship is established between DOH and a subgrantee of the Grantee. The Grantee is required to ensure compliance by any subgrantee with those applicable terms and conditions stated herein.

- 8. "Subrecipient" shall mean a non-Federal entity that received a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency. (2 CFR 200.93)
- **9.** Characteristics which support the classification of the non-Federal entity as a subrecipient include when the non-Federal entity:
 - 1. Determines who is eligible to receive what Federal assistance;
 - 2. Has its performance measured in relation to whether objectives of a Federal program were met;
 - 3. Has responsibility for programmatic decision making;
 - **4.** Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
 - 5. In accordance with its contract, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of a pass-through entity.

14. ADVANCE PAYMENTS PROHIBITED

No payments in advance of or in anticipation of goods or services to be provided under this Grant shall be made by DOH.

15. ALL WRITINGS CONTAINED HEREIN

This Grant contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Grant shall be deemed to exist or to bind any of the parties hereto.

16. ALLOWABLE COST

Allowable Cost shall mean an expenditure which meets the test of the Uniform Guidance (2 CFR 200) (see "III. Federal Compliance"). The most significant factors affecting allowability of cost are; 1) they must be necessary and reasonable, 2) they must be allocable, 3) they must be authorized or not prohibited under state or local laws and regulations, and 4) they must be adequately documented. For more specifics see Selected Items of Cost 2 CFR 200.420)

17. AMENDMENTS

This Grant may be amended by mutual agreement of the parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.

18. APPROVAL

This Grant shall be subject to the written approval of DOH's Authorized Representative and shall not be binding until so approved. The Grant may be altered, amended, or waived only by a written amendment executed by both parties.

19. ASSIGNMENT

Neither this Grant, nor any claim arising under this Grant, shall be transferred or assigned by the Grantee without prior written consent of DOH.

20. ATTORNEYS' FEES

Unless expressly permitted under another provision of the Grant, in the event of litigation or other action brought to enforce Grant terms, each party agrees to bear its own attorneys fees and costs.

21. AUDIT

A. General Requirements

The Grantee will procure audit services based on the following guidelines.

The Grantee shall maintain its records and accounts so as to facilitate the audit requirement and shall ensure that any Subgrantees also maintain auditable records.

The Grantee is responsible for any audit exceptions incurred by its own organization or that of its Subgrantees.

DOH reserves the right to recover from the Grantee all disallowed costs resulting from an audit.

As applicable, Grantees required to have an audit must ensure the audits are performed in accordance with Generally Accepted Auditing Standards (GAAS); Government Auditing Standards (the Revised Yellow Book) developed by the Comptroller General.

Responses to any unresolved management findings and disallowed or questioned costs shall be included with the audit report. The Grantee must respond to DOH requests for information or corrective action concerning audit issues within thirty (30) days of the date of request.

22. COMPETITIVE BID REQUIREMENTS

Pursuant to 40 CFR, Section 33.501(b) and (c), the Grantee also agrees to create and maintain a bidders list for both Disadvantaged Business Enterprises (DBE) and Non-Disadvantaged Business Enterprises (non-DBE). The purpose of a bidders list is to provide the recipient and entities receiving identified grants who conduct competitive bidding with as accurate a database as possible about the universe of DBE and non-DBE prime and subcontractors. The list must include all firms that bid or quote on prime contracts, or bid or quote subcontracts on Environmental Protection Agency assisted projects, including both DBE and non-DBE. The bidders list must be kept at least until the grant project period has expired and the recipient is no longer receiving Environmental Protection Agency funding under the grant. For grantees receiving identified grants, the bidders list must only be kept until the project period for the identified grant has ended. The following information must be obtained from all prime and subgrantees: entity's name with point of contact; entity's mailing address, telephone number, and e-mail address; the procurement on which the entity bid or quoted, and when; and entity's status as a DBE or non-DBE.

The Grantee agrees to provide Environmental Protection Agency Form 6100-2 DBE Subcontractor Participation and Environmental Protection Agency Form 6100-3 DBE Subcontractor Performance to all its Disadvantaged Business Enterprise subcontractors.

The Grantee shall require Disadvantaged Business Enterprise provisions are contained in all contracts with any subcontractors for work or services related to the declared SCOPE OF WORK.

23. CONTRACTS

A contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor. See §200.22 Contract. Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the non-Federal entity receiving the Federal funds:

- (1) Provides the goods and services within normal business operations;
- (2) Provides similar goods or services to many different purchasers:
- (3) Normally operates in a competitive environment;
- (4) Provides goods or services that are ancillary to the operation of the Federal program; and
- (5) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

24. NONCOMPLIANCE

Noncompliance. If a non-Federal entity fails to comply with Federal statutes, regulations or the terms and conditions of a Federal award, the Federal awarding agency or pass-through entity may impose additional conditions, as described in §200.207 Specific conditions. If the Federal awarding agency or pass-through entity determines that noncompliance cannot be remedied by imposing additional conditions, the Federal awarding agency or pass-through entity may take one or more of the following actions, as appropriate in the circumstances:

- (a) Temporarily withhold cash payments pending correction of the deficiency by the non-Federal entity or more severe enforcement action by the Federal awarding agency or pass-through entity.
- (b) Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
- (c) Wholly or partly suspend or terminate the Federal award.
- (d) Initiate suspension or debarment proceedings as authorized under 2 CFR part 180 and Federal awarding agency regulations (or in the case of a pass-through entity, recommend such a proceeding be initiated by a Federal awarding agency).
- (e) Withhold further Federal awards for the project or program.
- (f) Take other remedies that may be legally available.

25. RISK ASSESSMENT

"Risk Assessment" shall mean (2 CFR 200.331(b)) DOH is required to evaluate each sub-recipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the sub-award for purposes of determining the appropriate sub-recipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:

- A. The sub-recipient's prior experience with the same or similar sub-awards;
- B. The results of previous audits including whether or not the sub-recipient receives a Single Audit in accordance with Subpart F—Audit Requirements of this part, and the extent to which the same or similar sub-award has been audited as a major program;
- C. Whether the sub-recipient has new personnel or new or substantially changed systems; and
- D. The extent and results of Federal awarding agency monitoring (e.g., if the sub-recipient also receives Federal awards directly from a Federal awarding agency).

26. REGISTRATION WITH CENTRAL CONTRACTOR REGISTRATION (CCR)

By signing this Contract, the Grantee accepts the requirements stated in 48 CFR 52.204-7 to register with the Central Contractor Registration (CCR) database at the <u>System for Awards Management (SAM) website</u>. To register in SAM, a valid Data Universal Numbering System (DUNS) Number is required. The Grantee is responsible for the accuracy and completeness of the data within the SAM database and for any liability resulting from the Government's reliance on inaccurate or incomplete data. The Grantee must remain registered in the SAM database after the initial registration. The Grantee is required to review and update on an annual basis from the date of initial registration or subsequent

updates its information in SAM to ensure it is current, accurate and complete. The Grantee shall provide evidence documenting registration and renewal of SAM registration to the Board.

In the event of the Grantee's noncompliance or refusal to comply with the requirement stated above, the DOH reserves the right to suspend payment until the Contractor cures this noncompliance.

27. SPECIAL CONDITIONS

"Specific Conditions"

- (a) The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed, in accordance with paragraphs (b) and (c) of this section, under the following circumstances:
 - (1) Based on the criteria set forth in §200.205 Federal awarding agency review of risk posed by applicants;
 - (2) When an applicant or recipient has a history of failure to comply with the general or specific terms and conditions of a Federal award;
 - (3) When an applicant or recipient fails to meet expected performance goals as described in §200.210 Information contained in a Federal award; or
 - (4) When an applicant or recipient is not otherwise responsible.
- (b) These additional Federal award conditions may include items such as the following:
 - (1) Requiring payments as reimbursements rather than advance payments;
 - (2) Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance;
 - (3) Requiring additional, more detailed financial reports;
 - (4) Requiring additional project monitoring;
 - (5) Requiring the non-Federal entity to obtain technical or management assistance; or
 - (6) Establishing additional prior approvals.
- (c) The Federal awarding agency or pass-through entity must notify the applicant or non-Federal entity as to:
 - (1) The nature of the additional requirements;
 - (2) The reason why the additional requirements are being imposed;
 - (3) The nature of the action needed to remove the additional requirement, if applicable;
 - (4) The time allowed for completing the actions if applicable, and
 - (5) The method for requesting reconsideration of the additional requirements imposed.
- (d) Any specific conditions must be promptly removed once the conditions that prompted them have been corrected.

28. SUBRECIPIENT

"Subrecipient" means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency. (2 CFR 200.93)

Characteristics which support the classification of the non-Federal entity as a subrecipient include when the non-Federal entity:

- (1) Determines who is eligible to receive what Federal assistance;
- (2) Has its performance measured in relation to whether objectives of a Federal program were met;
- (3) Has responsibility for programmatic decision making;
- (4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
- (5) In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

29. FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT OF 2006 (FFATA)

The Federal Funding Accountability and Transparency Act of 2006 (FFATA) requires DOH to report subawards of \$25,000 or more. If marked on the Face Sheet, this grant is supported by federal funds that require compliance with the Federal Funding Accountability and Transparency Act (FFATA or the Transparency Act). The purpose of the Transparency Act is to make information available online so the public can see how federal funds are spent.

If this applies, information about Grantee's organization and this grant will be made available on www.USASpending.gov by DOH as required by P.L. 109-282. DOH's form, Federal Funding Accountability and Transparency Act Data Collection Form is considered part of this grant and must be completed and returned along with the grant document.

30. CONFORMANCE

If any provision of this Grant violates any statute or rule of law of the state of Washington, it is considered modified to conform to that statute or rule of law.

31. DISPUTES

Except as otherwise provided in this Grant, when a dispute arises between the parties and it cannot be resolved by direct negotiation, either party may request a dispute hearing with DOH's Office of Drinking Water Director, who may designate a neutral person to decide the dispute.

The request for a dispute hearing must:

- be in writing;
- · state the disputed issues;
- · state the relative positions of the parties;
- state the Grantee's name, address, and Grant number; and
- be mailed to the Director and the other party's (respondent's) Grant Representative within three (3) working days after the parties agree that they cannot resolve the dispute.

The respondent shall send a written answer to the requestor's statement to both the Director or the Director's designee and the requestor within five (5)] working days.

The Director or designee shall review the written statements and reply in writing to both parties within ten (10) working days. The Director or designee may extend this period if necessary by notifying the parties.

The decision shall not be admissible in any succeeding judicial or quasi-judicial proceeding.

The parties agree that this dispute process shall precede any action in a judicial or quasi-judicial tribunal.

Nothing in this Grant shall be construed to limit the parties' choice of a mutually acceptable alternate dispute resolution (ADR) method in addition to the dispute hearing procedure outlined above.

32. <u>DUPLICATE PAYMENT</u>

The Grantee certifies that work to be performed under this Grant does not duplicate any work to be charged against any other Grant, subgrant, or other source.

33. ETHICS/CONFLICTS OF INTEREST

In performing under this Grant, the Grantee shall assure compliance with the Ethics in Public Service Act (Chapter 42.52 RCW) and any other applicable state or federal law related to ethics or conflicts of interest.

34. GOVERNING LAW AND VENUE

This Grant shall be construed and interpreted in accordance with the laws of the state of Washington, and the venue of any action brought hereunder shall be in the Superior Court for Thurston County.

35. INDEMNIFICATION

To the fullest extent permitted by law, the Grantee shall indemnify, defend, and hold harmless the state of Washington, DOH, all other agencies of the state and all officers, agents and employees of the state, from and against all claims or damages for injuries to persons or property or death arising out of or incident to the Grantee's performance or failure to perform the Grant. The Grantee's obligation to indemnify, defend, and hold harmless includes any claim by the Grantee's agents, employees, representatives, or any Subgrantee or its agents, employees, or representatives.

The Grantee's obligation to indemnify, defend, and hold harmless shall not be eliminated by any actual or alleged concurrent negligence of the state or its agents, agencies, employees and officers.

Subgrants shall include a comprehensive indemnification clause holding harmless the Grantee, DOH, the state of Washington, its officers, employees and authorized agents.

The Grantee waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend and hold harmless the state and its agencies, officers, agents or employees. The Grantee shall require this same waiver of its immunity from any Subgrantee.

36. INDEPENDENT CAPACITY OF THE GRANTEE

The parties intend that an independent contractor relationship will be created by this Grant. The Grantee and its employees or agents performing under this Grant are not employees or agents of the state of Washington or DOH. The Grantee will not hold itself out as or claim to be an officer or employee of DOH or of the state of Washington by reason hereof, nor will the Grantee make any claim of right, privilege or benefit which would accrue to such officer or employee under law. Conduct and control of the work will be solely with the Grantee.

37. INDUSTRIAL INSURANCE COVERAGE

The Grantee shall comply with all applicable provisions of Title 51 RCW, Industrial Insurance. If the Grantee fails to provide industrial insurance coverage or fails to pay premiums or penalties on behalf of its employees as may be required by law, DOH may collect from the Grantee the full amount payable to the Industrial Insurance Accident Fund. DOH may deduct the amount owed by the Grantee to the accident fund from the amount payable to the Grantee by DOH under this Grant, and transmit the deducted amount to the Department of Labor and Industries, (L&I) Division of Insurance Services. This provision does not waive any of L&I's rights to collect from the Grantee.

38. **LAWS**

The Grantee shall comply with all applicable laws, ordinances, codes, regulations and policies of local and state and federal governments, as now or hereafter amended including, but not limited to:

Washington State Laws and Regulations

A. Affirmative action, RCW 41.06.020 (11).

- B. Boards of directors or officers of non-profit corporations Liability Limitations, RCW 4.24.264.
- C. Disclosure-campaign finances-lobbying, Chapter 42.17 RCW.
- D. Discrimination-human rights commission, Chapter 49.60 RCW.
- E. Ethics in public service, Chapter 42.52 RCW.
- F. Office of minority and women's business enterprises, Chapter 39.19 RCW and Chapter 326-02 WAC.
- G. Open public meetings act, Chapter 42.30 RCW.
- H. Public records act, Chapter 42.56 RCW.
- 1. State budgeting, accounting, and reporting system, Chapter 43.88 RCW.

39. LICENSING, ACCREDITATION AND REGISTRATION

The Grantee shall comply with all applicable local, state, and federal licensing, accreditation and registration requirements or standards necessary for the performance of this Grant.

40. LIMITATION OF AUTHORITY

Only the Authorized Representative or Authorized Representative's designee by writing (designation to be made prior to action) shall have the express, implied, or apparent authority to alter, amend, modify, or waive any clause or condition of this Grant.

41. NONCOMPLIANCE WITH NONDISCRIMINATION LAWS

During the performance of this Grant, the Grantee shall comply with all federal, state, and local nondiscrimination laws, regulations and policies. In the event of the Grantee's non-compliance or refusal to comply with any nondiscrimination law, regulation or policy, this Grant may be rescinded, canceled or terminated in whole or in part, and the Grantee may be declared ineligible for further Grants with the state. The Grantee shall, however, be given a reasonable time in which to cure this noncompliance. Any dispute may be resolved in accordance with the "Disputes" procedure set forth herein.

42. PROHIBITION AGAINST PAYMENT OF BONUS OR COMMISSION

The funds provided under this Grant shall not be used in payment of any bonus or commission for the purpose of obtaining approval of the application for such funds or any other approval or concurrence under this Grant provided, however, that reasonable fees or bona fide technical consultant, managerial, or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as project costs.

43. PUBLICITY

The Grantee agrees not to publish or use any advertising or publicity materials in which the state of Washington or DOH's name is mentioned, or language used from which the connection with the state of Washington's or DOH's name may reasonably be inferred or implied, without the prior written consent of DOH.

44. RECAPTURE DISINCENTIVE

In the event that the Grantee fails to perform this Grant in accordance with state laws, federal laws, and/or the provisions of this Grant, DOH reserves the right to recapture funds in an amount to compensate DOH for the noncompliance in addition to any other remedies available at law or in equity.

Repayment by the Grantee of funds under this recapture provision shall occur within the time period specified by DOH. In the alternative, DOH may recapture such funds from payments due under this Grant.

45. RECORDS MAINTENANCE OUTPUT

The Grantee shall maintain all books, records, documents, data and other evidence relating to this Grant and performance of the services described herein, including but not limited to accounting procedures and practices which sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this Grant. Grantee shall retain such records for a period of six years following the date of final payment.

If any litigation, claim or audit is started before the expiration of the six (6) year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been finally resolved.

46. REGISTRATION WITH DEPARTMENT OF REVENUE

If required by law, the Grantee shall complete registration with the Washington State Department of Revenue.

47. RIGHT OF INSPECTION

At no additional cost all records relating to the Grantee's performance under this Grant shall be subject at all reasonable times to inspection, review, and audit by DOH, the Office of the State Auditor, and federal and state officials so authorized by law, in order to monitor and evaluate performance, compliance, and quality assurance under this Grant. The Grantee shall provide access to its facilities for this purpose.

48. SAVINGS

In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this Grant and prior to normal completion, DOH may terminate the Grant under the "Termination for Convenience" clause, without the ten business day notice requirement. In lieu of termination, the Grant may be amended to reflect the new funding limitations and conditions.

49. SEVERABILITY

If any provision of this Grant or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Grant that can be given effect without the invalid provision, if such remainder conforms to the requirements of law and the fundamental purpose of this Grant and to this end the provisions of this Grant are declared to be severable.

50. SUBGRANTING

The Grantee may only subgrant work contemplated under this Grant, if it obtains the prior written approval of DOH.

If DOH approves subgranting, the Grantee shall maintain written procedures related to subgranting, as well as copies of all subgrants and records related to subgrants. For cause, DOH in writing may: (a) require the Grantee to amend its subgranting procedures as they relate to this Grant; (b) prohibit the Grantee from subgranting with a particular person or entity; or (c) require the Grantee to rescind or amend a subgrant.

Every subgrant shall bind the Subgrantee to follow all applicable terms of this Grant. The Grantee is responsible to DOH if the Subgrantee fails to comply with any applicable term or condition of this Grant. The Grantee shall appropriately monitor the activities of the Subgrantee to assure fiscal conditions of this Grant. In no event shall the existence of a subgrant operate to release or reduce the liability of the Grantee to DOH for any breach in the performance of the Grantee's duties.

Every subgrant shall include a term that DOH and the State of Washington are not liable for claims or damages arising from a Subgrantee's performance of the subgrant.

51. SURVIVAL

The terms, conditions, and warranties contained in this Grant that by their sense and context are intended to survive the completion of the performance, cancellation or termination of this Grant shall so survive.

52. TAXES

All payments accrued on account of payroll taxes, unemployment contributions, the Grantee's income or gross receipts, any other taxes, insurance or expenses for the Grantee or its staff shall be the sole responsibility of the Grantee.

53. TERMINATION FOR CAUSE / SUSPENSION DISINCENTIVE

In event DOH determines that the Grantee failed to comply with any term or condition of this Grant, DOH may terminate the Grant in whole or in part upon written notice to the Grantee. Such termination shall be deemed "for cause." Termination shall take effect on the date specified in the notice

In the alternative, DOH upon written notice may allow the Grantee a specific period of time in which to correct the non-compliance. During the corrective-action time period, DOH may suspend further payment to the Grantee in whole or in part, or may restrict the Grantee's right to perform duties under this Grant. Failure by the Grantee to take timely corrective action shall allow DOH to terminate the Grant upon written notice to the Grantee.

"Termination for Cause" shall be deemed a "Termination for Convenience" when DOH determines that the Grantee did not fail to comply with the terms of the Grant or when DOH determines the failure was not caused by the Grantee's actions or negligence.

If the Grant is terminated for cause, the Grantee shall be liable for damages as authorized by law, including, but not limited to, any cost difference between the original Grant and the replacement Grant, as well as all costs associated with entering into the replacement Grant (i.e., competitive bidding, mailing, advertising, and staff time).

54. TERMINATION FOR CONVENIENCE

Except as otherwise provided in this Grant DOH may, by ten (10) business days written notice, beginning on the second day after the mailing, terminate this Grant, in whole or in part. If this Grant is so terminated, DOH shall be liable only for payment required under the terms of this Grant for work satisfactorily performed and invoiced s prior to the effective date of termination.

55. TERMINATION PROCEDURES

After receipt of a notice of termination, except as otherwise directed by DOH, the Grantee shall:

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

Upon termination of the Grant, DOH shall pay the Grantee for any service provided by the Grantee under the Grant prior to the date of termination. DOH may withhold any amount due as DOH reasonably determines is necessary to protect DOH against potential loss or liability resulting from the termination. DOH shall pay any withheld amount to the Grantee if DOH later determines that loss or liability will not occur.

The rights and remedies of DOH under this section are in addition to any other rights and remedies provided under this Grant or otherwise provided under law.

56. WAIVER

Waiver of any default or breach shall not be deemed to be a waiver of any subsequent default or breach. Any waiver shall not be construed to be a modification of the terms of this Grant unless stated to be such in writing and signed by Authorized Representative of DOH.

FEDERAL COMPLIANCE AND STANDARD FEDERAL CERTIFICATIONS AND ASSURANCES

In the event federal funds are included in this agreement, added by future amendment(s), or redistributed between fund sources resulting in the provision of federal funds, the following sections apply: I. Federal Compliance and II. Standard Federal Assurances and Certifications. In the instance of inclusion of federal funds as a result of an amendment, the Contractor may be designated as a subrecipient and the effective date of the amendment shall also be the date at which these requirements go

I. FEDERAL COMPLIANCE - The use of federal funds requires additional compliance and control mechanisms to be in place. The following represents the majority of compliance elements that may apply to any federal funds provided under this contract. (Refer to Catalog of Domestic Assistance number(s) cited in the "Payment" section of this contract for requirements specific to that fund source.) For clarification regarding any of these elements or details specific to the federal funds in this contract, contact:

Compliance and Internal Control Officer Office of Financial Services Department of Health Post Office Box 47901 Olympia, Washington 98504-7901

1. UNIFORM ADMINISTRATIVE GUIDANCE – The Uniform Administrative Guidance (Supercircular) became effective December 26, 2014 and combines numerous OMB Circulars into one document. This document establishes requirements which govern expenditure of federal funds. These requirements apply to the Department of Health, as the primary recipient of federal funds, and then follow the funds to the subrecipient. The Uniform Administrative Guidance provides the applicable administrative requirements, cost principles and audit requirements are identified by subrecipient organization type.

COMPLIANCE MATRIX

	OMB CIRCULAR		
ENTITY TYPE	ADMINISTRATIVE	COST	AUDIT
	REQUIREMENTS	PRINCIPLES	REQUIREMENTS
State. Local and Indian Tribal	2 CFR 200	2 CFR 200	2 CFR 200
Governments & Governmental	Subpart D	Subpart E	Subpart F
Hospitals			
Non-Profit Organizations	2 CFR 200	2 CFR 200	2 CFR 200
	Subpart D	Subpart E	Subpart F
Hospitals	2 CFR 200	45 CFR 74	2 CFR 200
	Subpart D	Appendix E	Subpart F
		Appendix	Gubpart
Colleges or Universities & Affiliated	2 CFR 200	2 CFR 200	2 CFR 200
Hospitals	Subpart D	Subpart E	Subpart F

- 2. CITIZENSHIP/ALIEN VERIFICATION/DETERMINATION The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 (PL 104-193) states that federal public benefits should be made available only to U.S. citizens and qualified aliens. Entities that offer a service defined as a "federal public benefit" must make a citizenship/qualified alien determination/ verification of applicants at the time of application as part of the eligibility criteria. Non-US citizens and unqualified aliens are not eligible to receive the services. PL 104-193 also includes specific reporting requirements. Exemptions from the determination/verification requirement is afforded the following programs offered by the Department of Health: Family Planning, Breast & Cervical Health Program (BCHP), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), WIC Farmers Market Program, Immunization Programs, and Ryan White CARE Act programs and other communicable disease treatment and diagnostic programs.
- 3. CIVIL RIGHTS AND NONDISCRIMINATION During the performance of this agreement, the Contractor shall comply with all current and future federal statutes relating to nondiscrimination. These include but are not limited to: Title VI of the Civil Rights Act of 1964 (PL 88-352), Title IX of the Education Amendments of 1972 (20 U.S.C. §§ 1681-1683 and 1685-1686), section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794), the Age Discrimination Act of 1975 (42 U.S.C. §§ 6101-6107), the Drug Abuse Office and Treatment Act of 1972 (PL 92-255), the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (PL 91-616), §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290dd-3 and 290ee-3), Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), and the Americans with Disability Act (42 U.S.C., Section 12101 et seq.).
- **4. SINGLE AUDIT ACT** A subrecipient (including private, for-profit hospitals and non-profit institutions) shall adhere to the federal Uniform Administrative Guidance (subpart F) as well as all applicable federal and state statutes and regulations. A subrecipient who expends \$750,000 or more in federal awards during a given fiscal year shall have a single or program-specific audit for that year in accordance with the provisions of 2 CFR 200 Subpart F
- II. STANDARD FEDERAL CERTIFICATIONS AND ASSURANCES Following are the Assurances, Certifications, and Special Conditions that apply to all federally funded (in whole or in part) agreements administered by the Washington State Department of Health.

CERTIFICATIONS

1. CERTIFICATION REGARDING DEBARMENT AND SUSPENSION

The undersigned (authorized official signing for the contracting organization) certifies to the best of his or her knowledge and belief, that the contractor, defined as the primary participant in accordance with 45 CFR Part 76, and its principals:

- A. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal Department or agency;
- B. have not within a 3-year period preceding this contract been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- C. are not presently indicted or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (b) of this certification; and
- D. have not within a 3-year period preceding this contract had one or more public transactions (Federal, State, or local) terminated for cause or default.

Should the contractor not be able to provide this certification, an explanation as to why should be placed after the assurances page in the contract.

The contractor agrees by signing this contract that it will include, without modification, the clause titled *Certification Regarding Debarment, Suspension, In eligibility, and Voluntary Exclusion--Lower Tier Covered Transactions* in all lower tier covered transactions (i.e., transactions with subgrantees and/or contractors) and in all solicitations for lower tier covered transactions in accordance with 45 CFR Part 76.

2. CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS

The undersigned (authorized official signing for the contracting organization) certifies that the contractor will, or will continue to, provide a drug-free workplace in accordance with 45 CFR Part 76 by:

- A. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
- B. Establishing an ongoing drug-free awareness program to inform employees about
 - i. The dangers of drug abuse in the workplace;
 - ii. The contractor's policy of maintaining a drug-free workplace;
 - iii. Any available drug counseling, rehabilitation, and employee assistance programs; and

- iv. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- C. Making it a requirement that each employee to be engaged in the performance of the contract be given a copy of the statement required by paragraph (a) above;
- D. Notifying the employee in the statement required by paragraph (a), above, that, as a condition of employment under the contract, the employee will
 - i. Abide by the terms of the statement; and
 - ii. Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
- E. Notifying the agency in writing within ten calendar days after receiving notice under paragraph (d) (2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every contract officer or other designee on whose contract activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
- F. Taking one of the following actions, within 30 calendar days of receiving notice under paragraph (d) (ii), with respect to any employee who is so convicted—
 - Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - ii. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- G. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (A), (B), (C), (D), (E), and (F).

For purposes of paragraph (e) regarding agency notification of criminal drug convictions, DOH has designated the following central point for receipt of such notices:

Compliance and Internal Control Officer Office of Grants Management WA State Department of Health PO Box 47905 Olympia, WA 98504-7905

3. CERTIFICATION REGARDING LOBBYING

Title 31, United States Code, Section 1352, entitled "Limitation on use of appropriated funds to influence certain Federal contracting and financial transactions," generally prohibits recipients of Federal grants and cooperative agreements from using Federal (appropriated) funds for lobbying the Executive or Legislative Branches of the Federal Government in connection with a SPECIFIC grant or cooperative agreement. Section 1352 also requires that each person who requests or receives a Federal grant or cooperative agreement must disclose lobbying undertaken with non-Federal (nonappropriated) funds. These requirements apply to grants and cooperative agreements EXCEEDING \$100,000 in total costs (45 CFR Part 93).

The undersigned (authorized official signing for the contracting organization) certifies, to the best of his or her knowledge and belief, that:

- A. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- B. If any funds other than Federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions. (If needed, Standard Form-LLL, "Disclosure of Lobbying Activities," its instructions, and continuation sheet are included at the end of this application form.)
- C. The undersigned shall require that the language of this certification be included in the award documents for all subcontracts at all tiers (including subcontracts, subcontracts, and contracts under grants, loans and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

4. CERTIFICATION REGARDING PROGRAM FRAUD CIVIL REMEDIES ACT (PFCRA)

The undersigned (authorized official signing for the contracting organization) certifies that the statements herein are true, complete, and accurate to the best of his or her knowledge, and that he or she is aware that any false, fictitious, or fraudulent statements or claims may subject him or her to criminal, civil, or administrative penalties. The undersigned agrees that the contracting organization will comply with the Public Health Service terms and conditions of award if a contract is awarded.

5. CERTIFICATION REGARDING ENVIRONMENTAL TOBACCO SMOKE

Public Law 103-227, also known as the Pro-Children Act of 1994 (Act), requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, day care, early childhood development services, education or library services to children under the age of 18, if the services are funded by Federal programs either directly or through State or local governments, by Federal grant, contract, loan, or loan guarantee. The law also applies to children's services that are provided in indoor facilities that are constructed, operated, or maintained with such Federal funds. The law does not apply to children's services provided in private residence, portions of facilities used for inpatient drug or alcohol treatment, service providers whose sole source of applicable Federal funds is Medicare or Medicaid, or facilities where WIC coupons are redeemed.

Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to \$1,000 for each violation and/or the imposition of an administrative compliance order on the responsible entity.

By signing the certification, the undersigned certifies that the contracting organization will comply with the requirements of the Act and will not allow smoking within any portion of any indoor facility used for the provision of services for children as defined by the Act.

The contracting organization agrees that it will require that the language of this certification be included in any subcontracts which contain provisions for children's services and that all subrecipients shall certify accordingly.

The Public Health Services strongly encourages all recipients to provide a smoke-free workplace and promote the non-use of tobacco products. This is consistent with the PHS mission to protect and advance the physical and mental health of the American people.

6. CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS INSTRUCTIONS FOR CERTIFICATION

By signing and submitting this proposal, the prospective contractor is providing the certification set out below.

- A. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective contractor shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective contractor to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
- B. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective contractor knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause of default.
- C. The prospective contractor shall provide immediate written notice to the department or agency to whom this contract is submitted if at any time the prospective contractor learns that its

certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

- D. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the person to whom this contract is submitted for assistance in obtaining a copy of those regulations.
- E. The prospective contractor agrees by submitting this contract that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by DOH.
- F. The prospective contractor further agrees by submitting this contract that it will include the clause titled Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion -- Lower Tier Covered Transaction, provided by HHS, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
- G. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List (of excluded parties).
- H. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
- I. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, DOH may terminate this transaction for cause or default.

7. CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS -- PRIMARY COVERED TRANSACTIONS

- A. The prospective contractor certifies to the best of its knowledge and belief, that it and its principals:
 - i. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - ii. Have not within a three-year period preceding this contract been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - iii. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - iv. Have not within a three-year period preceding this contract had one or more public transactions (Federal, State or local) terminated for cause or default.
- B. Where the prospective contractor is unable to certify to any of the statements in this certification, such prospective contractor shall attach an explanation to this contract.

CONTRACTOR'S SIGNATURE IS REQUIRED

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL	TITLE
Please also print or type name:	
ORGANIZATION NAME: (if applicable)	DATE

FEDERAL ASSURANCES - NON-CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0040), Washington, DC 20503

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

Note: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the contractor, I certify that the contractor:

- 1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management, and completion of the project described in this application.
- 2. Will give the awarding agency, the Comptroller General of the United States, and if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
- 3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
- 4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
- 5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. 4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
- 6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the

	Education Amendments of 1972, as amended (20 U.S.C. 16836 and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 1794), which produced discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. 19107),1 Which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g)	
	alcoholism; (g) 290 dd3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.	
7.	Will comply, or has already complied, with the requirements of Titles II and III of the uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.	
8.	Will comply, as applicable, with the provisions of the Hatch Act (5 U.S.C. F1508501 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.	
9.	Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. 276a to 276a7), the Copeland Act (40 U.S.C. the Contract Work Hours and Safety Standards Act (40 U.S.C. labor standards for federally assisted construction subagreements.	
10.	Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.	
	Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.); (f) conformity of Federal actions to State (Clear Air) Implementation Plans under Section 176(c) of the Clear Air Act of 1955, as amended (42 U.S.C.	

	Safe Drinking Water Act of 1974, as amended, (P.L. 93-endangered species under the Endangered Species Act 93-205).	, , , ,	
12.	Will comply with the Wild and Scenic Rivers Act of 1968 related to protecting components or potential component scenic rivers system.		1721 et seq.)
13.	Will assist the awarding agency in assuring complian National Historic Preservation Act of 1966, as amended (identification and protection of historic properties), and the Preservation Act of 1974 (16 U.S.C.	I (16 U.S.C.	□470), EO 11593
14.	Will comply with P.L. 93-348 regarding the protection research, development, and related activities supported		
15.	Will comply with the Laboratory Animal Welfare Act of 197 U.S.C. Care 2 han blooded animals held for research, teaching, or other act of assistance.	dinge and treatment of the	arm
	Will comply with the Lead-Based Paint Poisoning Prevenseq.) which prohibits the use of lead- based paint in cresidence structures.		☐☐ 4801 et
	Will cause to be performed the required financial and co with the Single Audit Act Amendments of 1996 and OME States, Local Governments, and Non-Profit Organization	3 Circular No. A-133, Audits	
	Will comply with all applicable requirements of all other F regulations and policies governing this program.	ederal laws, executive orde	ers,
	CONTRACTOR'S SIGNATURE IS RE	EQUIRED	
SIGN	ATURE OF AUTHORIZED CERTIFYING OFFICIAL	TITLE	
Pleas	e also print or type name:		
ORGA	NIZATION NAME: (if applicable)	DATE	

Administrative Conditions

1. Hotel-Motel Fire Safety Act

Pursuant to 40 CFR 30.18, if applicable, and 15 USC 2225a, the recipient agrees to ensure that all space for conferences, meetings, conventions, or training seminars funded in whole or in part with federal funds complies with the protection and control guidelines of the Hotel and Motel Fire Safety Act (PL 101-391, as amended). Recipients may search the Hotel-Motel National Master List at http://www.usfa.dhs.gov/applications/hotel to see if a property is in compliance (FEMA ID is currently not required), or to find other information about the Act.

2. Recycled Paper

INSTITUTIONS OF HIGHER EDUCATION HOSPITALS AND NON-PROFIT ORGANIZATIONS:

In accordance with 40 CFR 30.16, the recipient agrees to use recycled paper and double sided printing for all reports which are prepared as a part of this agreement and delivered to EPA. This requirement does not apply to reports prepared on forms supplied by EPA, or to Standard Forms, which are printed on recycled paper and are available through the General Services Administration.

STATE AGENCIES AND POLITICAL SUBDIVISIONS:

In accordance with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962) any State agency or agency of a political subdivision of a State which is using appropriated Federal funds shall comply with the requirements set forth. Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds \$10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was \$10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

STATE AND LOCAL INSTITUTIONS OF HIGHER EDUCATION AND NON-PROFIT ORGANIZATIONS: In accordance with 40 CFR 30.16, State and local institutions of higher education, hospitals, and non-profit organizations that receive direct Federal funds shall give preference in their procurement programs funded with Federal funds to the purchase of recycled products pursuant to EPA's guidelines.

STATE TRIBAL AND LOCAL GOVERNMENT RECIPIENTS:

In accordance with the polices set forth in EPA Order 1000.25 and Executive Order 13423, Strengthening Federal Environmental, Energy and Transportation Management (January 24, 2007), the recipient agrees to use recycled paper and double sided printing for all reports which are prepared as a part of this agreement and delivered to EPA. This requirement does not apply to reports prepared on forms supplied by EPA, or to Standard Forms, which are printed on recycled paper and are available through the General Services Administration.

3. Lobbying

ALL RECIPIENTS:

The recipient agrees to comply with Title 40 CFR Part 34, *New Restrictions on Lobbying*. The recipient shall include the language of this provision in award documents for all subawards exceeding \$100,000, and require that subrecipients submit certification and disclosure forms accordingly.

In accordance with the Byrd Anti-Lobbying Amendment, any recipient who makes a prohibited expenditure under Title 40 CFR Part 34 or fails to file the required certification or lobbying forms shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such expenditure.

PART 30 RECIPIENTS:

All contracts awarded by a recipient shall contain, when applicable, the anti-lobbying provision as stipulated in the Appendix at Title 40 CFR Part 30.

Pursuant to Section 18 of the Lobbying Disclosure Act, the recipient affirms that it is not a nonprofit organization described in Section 501(c)(4) of the Internal Revenue Code of 1986; or that it is a nonprofit

organization described in Section 501(c)(4) of the Code but does not and will not engage in lobbying activities as defined in Section 3 of the Lobbying Disclosure Act.

4. Lobbying and Litigation

ALL RECIPIENTS:

The chief executive officer of this recipient agency shall ensure that no grant funds awarded under this assistance agreement are used to engage in lobbying of the Federal Government or in litigation against the United States unless authorized under existing law. The recipient shall abide by its respective OMB Circular (A-21, A-87, or A-122), which prohibits the use of Federal grant funds for litigation against the United States or for lobbying or other political activities.

5. Suspension and Debarment

Recipient shall fully comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled "Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons)." Recipient is responsible for ensuring that any lower tier covered transaction as described in Subpart B of 2 CFR Part 180 and 2 CFR Part 1532, entitled "Covered Transactions," includes a term or condition requiring compliance with Subpart C. Recipient is responsible for further requiring the inclusion of a similar term or condition in any subsequent lower tier covered transactions. Recipient acknowledges that failing to disclose the information as required at 2 CFR 180.335 may result in the delay or negation of this assistance agreement, or pursuance of legal remedies, including suspension and debarment.

Recipient may access the Excluded Parties List System at www.epls.gov. This term and condition supersedes EPA Form 5700-49, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters."

6. Drug-Free Workplace Certification for all EPA Recipients

The recipient organization of this EPA assistance agreement must make an ongoing, good faith effort to maintain a drug-free workplace pursuant to the specific requirements set forth in Title 2 CFR Part 1536 Subpart B. Additionally, in accordance with these regulations, the recipient organization must identify all known workplaces under its federal awards, and keep this information on file during the performance of the award.

Those recipients who are individuals must comply with the drug-free provisions set forth in Title 2 CFR Part 1536 Subpart C.

The consequences for violating this condition are detailed under Title 2 CFR Part 1536 Subpart E. Recipients can access the Code of Federal Regulations (CFR) Title 2 Part 1536 at http://ecfr.gpoaccess.gov.

7. Management Fees

Management fees or similar charges in excess of the direct costs and approved indirect rates are not allowable. The term "management fees or similar charges" refers to expenses added to the direct costs in order to accumulate and reserve funds for ongoing business expenses, unforeseen liabilities, or for other similar costs which are not allowable under this assistance agreement. Management fees or similar charges may not be used to improve or expand the project funded under this agreement, except to the extent authorized as a direct cost of carrying out the scope of work.

8. Reimbursement Limitation

If the recipient expends more than the amount of federal funding in its EPA approved budget in anticipation of receiving additional funds from EPA, it does so at its own risk. EPA is not legally obligated to reimburse the recipient for costs incurred in excess of the EPA approved budget.

9. Trafficking in Persons

- a. Provisions applicable to a recipient that is a private entity.
- You as the recipient, your employees, subrecipients under this award, and subrecipients' employees may not—

- i. Engage in severe forms of trafficking in persons during the period of time that the award is in effect:
- ii. Procure a commercial sex act during the period of time that the award is in effect; or
- iii. Use forced labor in the performance of the award or subawards under the award.
- 2. We as the Federal awarding agency may unilaterally terminate this award, without penalty, if you or a subrecipient that is a private entity
 - i. Is determined to have violated a prohibition in paragraph a.1 of this award term; or
 - ii. Has an employee who is determined by the agency official authorized to terminate the award to have violated a prohibition in paragraph a.1 of this award term through conduct that is either—
 - A. Associated with performance under this award; or
 - B. Imputed to you or the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR part 180, "OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement)," as implemented by our Agency at 2 CFR 1532.
- b. Provision applicable to a recipient other than a private entity. We as the Federal awarding agency may unilaterally terminate this award, without penalty, if a subrecipient that is a private entity—
 - 1. Is determined to have violated an applicable prohibition in paragraph a.1 of this award term; or 2. Has an employee who is determined by the agency official authorized to terminate the award to have violated an applicable prohibition in paragraph a.1 of this award term through conduct that is
 - i. Associated with performance under this award; or
 - ii. Imputed to the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR part 180, "OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement)," as implemented by our agency at 2 CFR 1532
- c. Provisions applicable to any recipient.

either-

- 1. You must inform us immediately of any information you receive from any source alleging a violation of a prohibition in paragraph a.1 of this award term.
- 2. Our right to terminate unilaterally that is described in paragraph a.2 or b of this section:
 - i. Implements section 106(g) of the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. 7104(g)), and
 - ii. Is in addition to all other remedies for noncompliance that are available to us under this award.
- 3. You must include the requirements of paragraph a.1 of this award term in any subaward you make to a private entity.
- d. Definitions. For purposes of this award term:
 - 1. "Employee" means either:
 - i. An individual employed by you or a subrecipient who is engaged in the performance of the project or program under this award; or
 - ii. Another person engaged in the performance of the project or program under this award and not compensated by you including, but not limited to, a volunteer or individual whose services are contributed by a third party as an in-kind contribution toward cost sharing or matching requirements.

10. Trafficking Victim Protection Act of 2000 (TVPA) as Amended.

To implement requirements of Section 106 of the Trafficking Victims Protection Act of 2000, as amended, the following provisions apply to this award:

a. We, as the Federal awarding agency may unilaterally terminate this award, without penalty, if a subrecipient that is a private entity: (1) is determined to have violated an applicable prohibition in the Prohibition Statement below; or (2) has an employee who is determined by the agency official authorized to terminate the award to have violated an applicable prohibition in the Prohibition Statement below through conduct that is either: (a) associated with performance under this award; or (b) imputed to the subrecipient using the standards and due process for imputing the conduct of an individual to an

organization that are provided in 2 CFR part 180, "OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement)," as implemented by our agency at 2 CFR part 1532. You must inform us immediately of any information you receive from any source alleging a violation of a prohibition in the Prohibition Statement below.

- b. Our right to terminate unilaterally that is described in paragraph a of this award term: (1) implements section 106(g) of the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. 7104(g)), and (2) is in addition to all other remedies for noncompliance that are available to us under this award.
- c. You must include the requirements of the Prohibition Statement below in any subaward you make to a private entity.

<u>Prohibition Statement</u> - You as the recipient, your employees, subrecipients under this award, and subrecipients' employees may not engage in severe forms of trafficking in persons during the period of time that the award is in effect; procure a commercial sex act during the period of time that the award is in effect; or use forced labor in the performance of the award or subawards under the award.

11. DUNS and CCR Requirements (Updated 8/1/12)

A. Requirement for Central Contractor Registration (CCR)/System for Award Management (SAM). Unless you are exempted from this requirement under 2 CFR 25.110, you as the recipient must maintain the currency of your information in the SAM until you submit the final financial report required under this award or receive the final payment, whichever is later. This requires that you review and update the information at least annually after the initial registration, and more frequently if required by changes in your information or another award term.

- B. Requirement for Data Universal Numbering System (DUNS) numbers. If you are authorized to make subawards under this award, you:
 - 1. Must notify potential subrecipients that no entity (see definition in paragraph C of this award term) may receive a subaward from you unless the entity has provided its DUNS number to you.
 - 2. May not make a subaward to an entity unless the entity has provided its DUNS number to you.
- C. Definitions. For purposes of this award term:
 - Central Contractor Registration (CCR)/System for Award Management (SAM) means the Federal repository into which an entity must provide information required for the conduct of business as a recipient. Additional information about registration procedures may be found at the System forAward Management (SAM) Internet site http://www.sam.gov.
 - Data Universal Numbering System (DUNS) number means the nine-digit number established and assigned by Dun and Bradstreet, Inc. (D&B) to uniquely identify business entities. A DUNS number may be obtained from D&B by telephone (currently 866-705-5711) or the Internet (currently at http://fedgov.dnb.com/webform).
 - 3. Entity, as it is used in this award term, means all of the following, as defined at 2 CFR part 25, subpart C:
 - a. A Governmental organization, which is a State, local government, or Indian tribe;
 - b. A foreign public entity;
 - c. A domestic or foreign nonprofit organization;
 - d. A domestic or foreign for-profit organization; and
 - e. A Federal agency, but only as a subrecipient under an award or subaward to a non-Federal entity.
 - 4. Subaward:

- a. This term means a legal instrument to provide support for the performance of any portion of the substantive project or program for which you received this award and that you as the recipient award to an eliqible subrecipient.
- b. The term does not include your procurement of property and services needed to carry out the project or program (for further explanation, see Sec. --.210 of the attachment to OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations").
- c. A subaward may be provided through any legal agreement, including an agreement that you consider a contract.
- 5. Subrecipient means an entity that:
 - a. Receives a subaward from you under this award; and
 - b. Is accountable to you for the use of the Federal funds provided by the subaward.

12. Subawards

- a. The recipient agrees to:
 - (1) Establish all subaward agreements in writing;
 - (2) Maintain primary responsibility for ensuring successful completion of the EPA-approved project (this responsibility cannot be delegated or transferred to a subrecipient);
 - (3) Ensure that any subawards comply with the standards in Section 210(a)-(d) of OMB Circular A-133 and are not used to acquire commercial goods or services for the recipient;
 - (4) Ensure that any subawards are awarded to eligible subrecipients and that proposed subaward costs are necessary, reasonable, and allocable;
 - (5) Ensure that any subawards to 501(c)(4) organizations do not involve lobbying activities;
 - (6) Monitor the performance of their recipients and ensure that they comply with all applicable regulations, statutes, and terms and conditions which flow down in the subaward;
 - (7) Obtain EPA's consent before making a subaward to a foreign or international organization, or a subaward to be performed in a foreign country; and
 - (8) Obtain approval from EPA for any new subaward work that is not outlined in the approved work plan in accordance with 40 CFR Parts 30.25 and 31.30, as applicable.
- b. Any questions about subrecipient eligibility or other issues pertaining to subawards should be addressed to the recipient's EPA Project Officer. Additional information regarding subawards may be found at http://www.epa.gov/ogd/guide/subaward-policy-part-2.pdf. Guidance for distinguishing between vendor and subrecipient relationships and ensuring compliance with Section 210(a)-(d) of OMB Circular A-133 can be found at http://www.epa.gov/ogd/guide/subawards-appendix-b.pdf and http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133 revised 2007.pdf.
- c. The recipient is responsible for selecting its subrecipients and, if applicable, for conducting subaward competitions.

13. Civil Rights Obligations GENERAL

This term and condition incorporates by reference the signed assurance provided by the recipient's authorized representative on: 1) EPA Form 4700-4, "Preaward Compliance Review Report for All Applicants and Recipients Requesting EPA Financial Assistance"; and 2) Standard Form 424B or Standard Form 424D, as applicable. These assurances and this term and condition obligate the recipient to comply fully with applicable civil rights statutes and implementing EPA regulations.

STATUTORY REQUIREMENTS

In carrying out this agreement, the recipient must comply with:

- Title VI of the Civil Rights Act of 1964, which prohibits discrimination based on race, color, and national origin, including limited English proficiency (LEP), by entities receiving Federal financial assistance.
- Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against persons with disabilities by entities receiving Federal financial assistance; and
- The Age Discrimination Act of 1975, which prohibits age discrimination by entities receiving Federal financial assistance.

If the recipient is conducting an education program under this agreement, it must also comply with:

• Title IX of the Education Amendments of 1972, which prohibits discrimination on the basis of sex in education programs and activities operated by entities receiving Federal financial assistance.

If this agreement is funded with financial assistance under the Clean Water Act (CWA), the recipient must also comply with:

• Section 13 of the Federal Water Pollution Control Act Amendments of 1972, which prohibits discrimination on the basis of sex in CWA-funded programs or activities.

REGULATORY REQUIREMENTS

The recipient agrees to comply with all applicable EPA civil rights regulations, including:

- For Title IX obligations, 40 C.F.R. Part 5; and
- For Title VI, Section 504, Age Discrimination Act, and Section 13 obligations, 40 C.F.R. Part 7.
- As noted on the EPA Form 4700-4 signed by the recipient's authorized representative, these
 regulations establish specific requirements including maintaining compliance information,
 establishing grievance procedures, designating a Civil Rights Coordinator, and providing notices
 of non-discrimination.

TITLE VI - LEP, Public Participation and Affirmative Compliance Obligation

- As a recipient of EPA financial assistance, you are required by Title VI of the Civil Rights Act to
 provide meaningful access to LEP individuals. In implementing that requirement, the recipient
 agrees to use as a guide the Office of Civil Rights (OCR) document entitled "Guidance to
 Environmental Protection Agency Financial Assistance Recipients Regarding Title VI Prohibition
 Against National Origin Discrimination Affecting Limited English Proficient Persons." The
 guidance can be found at
 http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=2004 register&docid=fr25jn04-79.pd
- If the recipient is administering permitting programs under this agreement, the recipient agrees to
 use as a guide OCR's Title VI Public Involvement Guidance for EPA Assistance Recipients
 Administering Environmental Permitting Programs. The Guidance can be found at
 http://edocket.access.gpo.gov/2006/pdf/06-2691.pdf.
- In accepting this assistance agreement, the recipient acknowledges it has an affirmative
 obligation to implement effective Title VI compliance programs and ensure that its actions do not
 involve discriminatory treatment and do not have discriminatory effects even when facially
 neutral. The recipient must be prepared to demonstrate to EPA that such compliance programs
 exist and are being implemented or to otherwise demonstrate how it is meeting its Title VI
 obligations.
- 14. Disadvantaged Business Enterprise Requirements General Compliance, 40 CFR, Part 33

The recipient agrees to comply with the requirements of EPA's Program for Utilization of Small, Minority and Women's Business Enterprises in procurement under assistance agreements, contained in 40 CFR, Part 33.

15. Payment to Consultants

EPA participation in the salary rate (excluding overhead) paid to individual consultants retained by recipients or by a recipient's contractors or subcontractors shall be limited to the maximum daily rate for Level IV of the Executive Schedule (formerly GS-18), to be adjusted annually. This limit applies to consultation services of designated individuals with specialized skills who are paid at a daily or hourly rate. This rate does not include transportation and subsistence costs for travel performed (the recipient will pay these in accordance with their normal travel reimbursement practices).

Subagreements with firms for services which are awarded using the procurement requirements in 40 CFR Parts 30 or 31, are not affected by this limitation unless the terms of the contract provide the recipient with responsibility for the selection, direction, and control of the individuals who will be providing services under the contract at an hourly or daily rate of compensation. See 40 CFR 30.27(b) or 40 CFR 31.36(j), as applicable, for additional information.

As of January 1, 2014, the limit is \$602.24 per day \$75.28 per hour.

NOTE: For future years' limits, the recipient may find the annual salary for Level IV of the Executive Schedule on the following Internet site: http://www.opm.gov/oca. Select "Salary and Wages", and select "Rates of Pay for the Executive Schedule". The annual salary is divided by 2087 hours to determine the maximum hourly rate, which is then multiplied by 8 to determine the maximum daily rate.

Programmatic Conditions

1. Electronic and Information Technology Accessibility

Recipients and subrecipients are subject to the program accessibility provisions of Section 504 of the Rehabilitation Act, codified in 40 CFR Part 7, which includes an obligation to provide individuals with disabilities reasonable accommodations and an equal and effective opportunity to benefit from or participate in a program, including those offered through electronic and information technology ("EIT"). In compliance with Section 504, EIT systems or products funded by this award must be designed to meet the diverse needs of users (e.g., U.S. public, recipient personnel) without barriers or diminished function or quality. Systems shall include usability features or functions that accommodate the needs of persons with disabilities, including those who use assistive technology. At this time, the EPA will consider a recipient's websites, interactive tools, and other EIT as being in compliance with Section 504 if such technologies meet standards established under Section 508 of the Rehabilitation Act, codified at 36 CFR Part 1194. While Section 508 does not apply directly to grant recipients, we encourage recipients to follow either the 508 guidelines or other comparable guidelines that concern accessibility to EIT for individuals with disabilities. Recipients may wish to consult the latest Section 508 guidelines issued by the US Access Board or W3C's Web Content Accessibility Guidelines (WCAG) 2.0 (see http://www.accessboard.gov/sec508/guide/index.htm).

2. Competency of Organizations Generating and/or Using Environmental Measurement Data
In accordance with Agency Policy Directive Number FEM-2012-02, Policy to Assure the Competency of Organizations Generating Environmental Measurement Data under Agency-Funded Assistance
Agreements, recipient shall maintain competency for the duration of the project period of this agreement and this will be documented during the annual reporting process. A copy of the Policy is available online at http://www.epa.gov/fem/lab_comp.htm or a copy may also be requested by contacting the EPA Project Officer for this award.

Federal Assistance Agreement Funds Up To \$200,000

Recipient agrees that if the total federal funding obligated on this award exceeds \$200,000 (resulting from subsequent amendments to this agreement) and will involve the use or generation of environmental data

it will (unless it has otherwise done so) demonstrate competency prior to carrying out any activities involving the generation or use of environmental data under this agreement.

Federal Assistance Agreement Funds Exceed or Expect to Exceed \$200,000

Recipient agrees, by entering into this agreement, that it has demonstrated competency prior to award, or alternatively, where a pre-award demonstration of competency is not practicable. Recipient agrees to submit documentation and demonstrate competency prior to carrying out any activities under the award involving the generation or use of environmental data.

R10 Quality Assurance Team Contact: Don Matheny, Quality Assurance Manager, at (206) 553-2599 or email: Matheny.Don@epa.gov.

3. Sufficient Progress

DOH may terminate the assistance agreement for failure of the sub-recipient to make sufficient progress so as to reasonably ensure completion of the project within the project period, including any extensions. DOH will measure sufficient progress by examining the performance required under the workplan in conjunction with the milestone schedule, the time remaining for performance within the project period, and/or the availability of funds necessary to complete the project.

4. Recognition of EPA Funding

Reports, documents, signage, videos, or other media, developed as part of projects funded by this assistance agreement shall contain the following statement:

"This project has been funded wholly or in part by the United States Environmental Protection Agency under assistance agreement 99083913 to Washington Department of Health. The contents of this document do not necessarily reflect the views and policies of the Environmental Protection Agency, nor does mention of trade names or commercial products constitute endorsement or recommendation for use."

5. Copyrighted Material

In accordance with 40 CFR 31.34 for State, local and Indian Tribal governments or 40 CFR 30.36 for other recipients, EPA has the right to reproduce, publish, use, and authorize others to use copyrighted works or other data developed under this assistance agreement for Federal purposes.

Examples of a Federal purpose include but are not limited to: (1) Use by EPA and other Federal employees for official Government purposes; (2) Use by Federal contractors performing specific tasks for the Government; (3) Publication in EPA documents provided the document does not disclose trade secrets (e.g. software codes) and the work is properly attributed to the recipient through citation or otherwise; (4) Reproduction of documents for inclusion in Federal depositories; (5) Use by State, tribal and local governments that carry out delegated Federal environmental programs as "co-regulators" or act as official partners with EPA to carry out a national environmental program within their jurisdiction and; (6) Limited use by other grantees to carry out Federal grants provided the use is consistent with the terms of EPA's authorization to the other grantee to use the copyrighted works or other data.

Under Item 5, the grantee acknowledges that EPA may authorize another grantee(s) to use the copyrighted works or other data developed under this grant as a result of:

- a. the selection of another grantee by EPA to perform a project that will involve the use of the copyrighted works or other data or;
- b. termination or expiration of this agreement.

In addition, EPA may authorize another grantee to use copyrighted works or other data developed with Agency funds provided under this grant to perform another grant when such use promotes efficient and effective use of Federal grant funds.

6. Program Income

If program income is generated, the recipient is required to account for program income related to this project. Program income earned during the project period shall be retained by the recipient and shall be

added to funds committed to the project by EPA and the recipient, and shall be used to further eligible project objectives.

7. Minority and Women-Owned Business Enterprise (MBE/WBE) Fair Share Objectives and Reporting

Sub-recipients are held to the same requirements as the recipient of the EPA Grant and must accept the MBE/WBE fair share objectives/goals negotiated with EPA by the Washington Office of Minority and Women's Business Enterprises as follows:

MBE: PURCHASED GOODS 8%, PURCHASED SERVICES 10%, PROFESSIONAL SERVICES 10% WBE: PURCHASED GOODS 4%, PURCHASED SERVICES 4%, PROFESSIONAL SERVICES 4%

By accepting this financial assistance the sub-recipient is accepting the fair share objectives/goals stated above and attests to the fact that it is purchasing the same or similar construction, supplies, services and equipment, in the same or similar relevant geographic buying market as, Washington Office of Minority and Women's Business Enterprises.

Sub-recipients are required to submit MBE/WBE utilization reports annually. Reports will be in the following format and will include all qualifying purchases. Reporting period is from October 1 to September 30, and upon contract completion. Reports are due to DOH 15 calendar days after the end of each reporting period.

Procurement Made By (check box)		2. Business Enterprise (check box)		3. \$ Value of	4. Date of Purchase	5. Type of Product	6. Name/Address/Phone Number of MBE/WBE Contractor or Vendor	
Recipient	Subrecipient	Prime	Minority	Women	Procurement	MM/DD/YY	or Services *	
							(Enter Code)	

^{*}Type of product or service codes: 1 = Construction 2 = Supplies 3 = Services 4 = Equipment

Attachment III Project Scope of Work & Budget

	Item Description	Federal Funding Source #1	Federal Funding Source #2
1	Subrecipient Name (Exactly as listed in DUNS): www.SAM.gov Click on the web address above and then click on "search records" tab and enter the sub-recipient's name in the "Quick Search" box, then press enter.	XXXXX	Click here to enter text.
2	Subrecipient DUNS Number: www.SAM.gov A 9 digit number that can be found on the web address above.	XXXXX	Click here to enter text.
3	Federal Award Identification Number (FAIN): If a FAIN number is not specifically listed, use "Grant Number" listed on the notice of award.	99083913	Click here to enter text.
4	Federal Award Date: Date the federal grant award was issued or the date in the "Date of Award" section on the Federal Notice of Award. (this is not the project or budget period).	11/4/13	Click here to enter text.
5	Start and End Date of the DOH contract: Found in the "Period of Performance" section of the contract. (If the start date in the period of performance section is listed as the date of execution (DOE) then refer to the signature page for the date of the last party to sign).		
6	Amount of Federal Funds Obligated by this action: Increase or decrease in federal funds for this subaward agreement only.	\$	Click here to enter text.
7	Total Amount of Federal Funds Obligated to the subrecipient by DOH for this subaward (per funding source): Total amount of all federal funds given to the subrecipient for each federal funding source identified.	\$	Click here to enter text.
8	Total Amount of the Federal Award to DOH: ADDS.net Total of the federal funds awarded to DOH for each federal funding source identified. For total funds awarded to DOH go to the Grants Status Report available by clicking on the ADDS.net link above.	\$26,873,750 (Federal \$21,499,000 Match 5,374,750)	Click here to enter text.
9	Project description as listed on the FFATA form: This can be found on the FFATA form		
10	Name of Federal awarding agency: List both the federal agency and the awarding division (i.e. HHS/Centers for Disease Control and Prevention) Found in the Notice of Award.	US EPA/ DOH-Env Public Health	Click here to enter text.
11	Name of the pass-through entity: For grants awarded directly from the federal government to DOH, list"Washington State Department of Health". For grants sub-	WA State Dept of Health	Click here to enter text.

	awarded to DOH by other state agencies, list the agency's name.		
12	Contact information for awarding official – Statement of Work: Name of DOH Program's Contract Manager(s) or project coordinator (this is not the DOH Contract Specialist).	Eloise Rudolph	Click here to enter text.
13	Contact information for awarding official – General Contact: doh.wa.gov Use the email address listed above.		
14	<i>CFDA Number:</i> Catalog of Federal Domestic Assistance (CFDA) – a five digit number (i.e. 55.555) found on the notice of award.	66.468	Click here to enter text.
15	CFDA Name: www.cfda.gov Click on the web address above, then enter the 5-digit CFDA number on the right hand side in the "keyword or program number" box and hit enter or "search".	Safe Drinking Water State Revolving Fund	Click here to enter text.
16	Is the award Research & Development? Usually "no". Check the grant application or notice of award to see if the award is for research and development.	Yes □ No ⊠	Yes □ No □
17	The limiting indirect cost rate for the Federal award, if any: Usually "N.A.", however DOH does have a handful of grants which do have this limitation. If there is a limitation, it will be specified in the award document. Check the grant application or notice of award for an approved indirect rate.	N/A	Click here to enter text.
18	Certifications and Assurances – all requirements imposed on the subrecipient by the federal awarding agency: The contract boilerplate covers all standard certifications and assurances.		
19	Are there any additional requirements imposed by the pass through entity (DOH) to meet its own responsibilities to the awarding agency: If applicable, this is identified by the DOH program staff writing the contract. This can also be found in the "Statement of Work" section of the contract.	Yes □ No ⊠	Yes □ No □
20	Indirect Rate: DOH Grant Website Check with entity. If your contract allows indirects, you must use the subrecipient approved indirect rate received by DOH and posted on the DOH Grant website link above. If the entity is using the 10% De Minimis indirect rate, this will be listed in the attached document when you click on the entity's information.	Yes □ No ⊠ NA □	Yes □ No □ NA □
21	Access to Subgrantee's accounting records: All subrecipients are required to make their accounting records available and accessible to the awarding agency. You can find this requirement in the "Records Maintenance" section of the contract.		
22	Closeout Requirement: (1) submit all final billings within 60 days of the end of the		

Resolution No. 5768 Exhibit A Page 46 of 46

contract (This is required per standard contract language)	
(2) submit all required program reports and deliverables within 60	
days (This is required per standard contract language)	
(3) dispose of property purchased with subaward funds and	
dispose of or return government-furnished property no longer	
used for subaward related activities (If applicable DOH must	
be contacted for disposal requirements)	
(4) additional DOH program specific contract closeout	
requirements: (If applicable, see SOW for additional closeout	
requirements)	

RESOLUTION NO. 5778

A RESOLUTION Authorizing the CEO/General Manager or His Designee to Execute a Miscellaneous Contract Terms and Conditions for Electric and Water Meter Reading Services to Tru-Check, Inc.

WHEREAS, Public Utility District No. 1 of Snohomish County (the "District") implemented monthly residential billing cycles as part of its installation of the SAP Enterprise Resource Plan system in September 2015; and

WHEREAS, in early 2016, staff developed options for the District to address concerns raised by existing customers about the impacts of estimated bills, and staff recommended that the District undertake and implement a program to read all meters monthly for an approximately three-year period (the "RAMM" Project), at which time the District is expected to consider the use of advanced metering; and

WHEREAS, On April 26, 2016, District staff solicited proposals from twelve firms to provide monthly electric and water meter reading services to the District, the Request for Proposal ("RFP") was sent to 12 firms, and the District received responses from six firms; and

WHEREAS, a team of eight District staff reviewed and evaluated the proposals pursuant to the evaluation procedure set forth in the RFP, and based on that initial review, staff short-listed three firms and conducted interviews with each; and

WHEREAS, based upon a thorough review of the responses, interviews, and reference checks, staff recommends award of a contract to Tru-Check, Inc. to provide electric and water meter reading services, due to the firm's strengths in the following areas:

- 22 years of meter reading experience with large electric and water utilities;
- Financially stable, solid experienced company;
- Met or exceeded all of Statement of Work requirements;

- Hiring practices; recruitment and selection of local talent;
- Safety program with strong lagging OSHA and vehicle safety metrics for last five years;
- Training program; emphasis on safety, quality and accuracy;
- Drug and Alcohol Policy;
- Strength of management team; experienced Project Manager on site for one year; two experienced Supervisors on site for six months;
- Contractor owned and insured fleet;
- Customer service processes for calls, escalations and claims;
- Implementation plan; ability to meet 9/30/16 target implementation date; and
- Competitive starting wage rate for meter readers and benefit package; and

WHEREAS, based on staff recommendation, it appears in the best interest of the District and its customers for the Commission to award a Miscellaneous Contract to Tru-Check, Inc. to provide electric and water meter reading services for an initial three-year period for an estimated amount of \$8,890,000.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, that the award of a Miscellaneous Contract Terms and Conditions to provide Electric and Water Meter Reading Services to Tru-Check, Inc. is approved, and the CEO/General Manager or his designee is authorized to execute said contract with Tru-Check, Inc. for an initial three-year period for an estimated amount of \$8,890,000, tax n/a., substantially in the form of Exhibit A, attached hereto.

PASSED AND APPROVED this 5th day of July, 2016.

President

Vice President

Secretary



MISCELLANEOUS CONTRACT TERMS AND CONDITIONS CONTRACT NO. CW2225685

This contract is entered into by and between PUBLIC UTILITY DISTRICT NO. 1 OF SNOHOMISH COUNTY (hereinafter referred to as DISTRICT), located at 2320 California Ave., Everett, Washington, and TRU-CHECK, INC., (hereinafter referred to as CONTRACTOR), located at 121 East University Drive, Somerset, KY, 42503 made this Fifth day of July, 2016.

1. SCOPE OF SERVICES

The CONTRACTOR shall perform work under this Contract as described in the Scope of Work, attached hereto and incorporated herein as Exhibit A.

2. <u>INDEPENDENT CONTRACTOR</u>

It is understood and mutually agreed upon by the parties that the CONTRACTOR shall perform the services pursuant to this Contract as an Independent CONTRACTOR and not employee(s) of the DISTRICT. The CONTRACTOR's performance of the work under this Contract is consistent with and meets the requirements of RCW 51.08.195, and CONTRACTOR shall make no claim of DISTRICT employment nor claim any related employment related benefits.

CONTRACTOR shall be solely responsible for paying all taxes, deductions, and assessments, including but not limited to federal income tax, FICA, social security tax, assessments for unemployment and industrial injury, and other deductions from income which may be required by law or assessed against either party as a result of this Contract.

3. NOTICE TO PROCEED AND TIME OF PERFORMANCE

The term of this Contract shall be from July 18, 2016 through December 1, 2019. The CONTRACTOR shall begin work in accordance with the DISTRICT'S Notice to Proceed. Any costs incurred by the CONTRACTOR prior to the Notice to Proceed shall not be reimbursed by the DISTRICT. The CONTRACTOR shall complete all specified Contract work, including submission of reports and other required documentation, within the schedules set forth. Any revision of such schedules shall be by mutual agreement, in writing, between the DISTRICT and the CONTRACTOR.

4. <u>COMPENSATION AND PAYMENT</u>

- A. The DISTRICT shall pay the CONTRACTOR for services rendered under this contract as detailed in the Scope of Work. Payment made to the CONTRACTOR shall not constitute acceptance of the work or any portion thereof which is not in accordance with this contract. The DISTRICT retains the right to pay only that percentage of the total contract amount that equals the same percentage that work completed bears to the total amount of work required to be performed under the contract. The DISTRICT'S total cost for all work performed by the CONTRACTOR, including reasonable and necessary expenses to the extent permitted in the scope of work, shall not exceed the sum of EIGHT MILLION, EIGHT HUNDRED NINETY-THOUSAND AND 00/100 DOLLARS (\$8,890,000.00). The DISTRICT shall pay the CONTRACTOR upon receipt and approval of the CONTRACTOR'S invoices.
- B. <u>Liquidated Damages</u>. The ability to reliably read and upload 100% of customer electric and water meters every month and on schedule, is very important to the DISTRICT, its customers and its revenue collection processes. Inaccurate or late reads impact revenue collection, and add cost to the DISTRICT in administrative work and staff time. The actual damages for failure to meet the performance metrics set forth in the Scope of Work would be difficult if not impossible to determine in each instance. In view of the difficulty of ascertaining such damages, the parties agree on the amounts set forth in Exhibit A as liquidated damages that the DISTRICT will suffer in the event of the CONTRACTOR's failure to meet such performance metrics, and not as a penalty, and the DISTRICT may deduct and retain the amount of such liquidated damages out of the money which may be due or become due under this contract.

The DISTRICT shall waive such liquidated damage amounts if and to the extent that the CONTRACTOR can demonstrate that the failure to meet the performance metrics set forth in the Scope of Work are caused by an unexpected event beyond the control of the CONTRACTOR which prevents the CONTRACTOR from meeting its obligations, including but not limited to acts of God (such as fires, explosions, earthquakes, floods); an industry-wide labor strike or strikes not attributable to any unreasonable action or inaction on the part of the CONTRACTOR; riots, acts of terrorism or civil disorder; or specific incidents of exceptional adverse weather conditions materially worse than those encountered in the relevant places at the relevant time of year.

5. ASSIGNMENT AND SUBCONTRACTS

This Contract shall not be assigned by either party, either in whole or in part, without express prior written permission of the DISTRICT.

6. <u>CONTROL AND APPROVAL</u>

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A. The CONTRACTOR shall appoint a Project Manager who will be in charge of the project for the CONTRACTOR and have authority to make binding decisions on operational and day-to-day issues on behalf of the CONTRACTOR. Contractual decisions will be referred to Terry Ray or Bill Heuer, or their designees, at the address listed below, including notices regarding changes in the project or revisions to the Scope of Work shall be considered contractual decisions. The CONTRACTOR'S Project Manager for this project will be:

Name:
Title:
Address:
City, State, Zip:
Phone Number:
Contact information for Contractual Decisions:
Terry Ray: Telephone:
Bill Heuer: Telephone
Address:
City, State, Zip:

- B. The CONTRACTOR shall not change or replace its Project Manager without the prior written approval of the DISTRICT.
- C. The DISTRICT shall have the right to review personnel assigned to perform the services required of the CONTRACTOR and the right to require the CONTRACTOR to replace any individual who, in the opinion of the DISTRICT'S Project Leader, is unqualified or otherwise unfit to perform such services.
- D. The CONTRACTOR shall proceed with due diligence upon the work necessary to satisfy the terms of this Contract. The DISTRICT at all times shall have access to the work being performed by the CONTRACTOR under this Contract, including information regarding the progress of the work and other matters pertaining thereto.

7. PUBLIC RECORDS AND AUDIT RIGHTS

The DISTRICT is subject to Washington's Public Records Act, Chapter 42.56 RCW (the "Act"), and the Act defines "public record" very broadly. Any records or documents, including electronic records, relating to or arising out of this Contract are subject to that Act.

Public Records, including this Contract, may be required to be made available for inspection or copying if a request to do so is received by the DISTRICT. Any such request received by the CONTRACTOR, including oral requests, must be referred to a DISTRICT Public Records Officer immediately so that the DISTRICT may acknowledge the request within five (5) business days of receipt. The CONTRACTOR shall not make Public Records available to anyone requesting them unless authorized to do so by the DISTRICT.

The CONTRACTOR must retain all Public Records for a period of at least six years following completion of the Contract. As an alternative to retaining Public Records after the conclusion of the contract the CONTRACTOR may deliver such Records to the DISTRICT in a format compatible with DISTRICT records retention and retrieval systems. At or following the conclusion of the six-year period, the CONTRACTOR must notify the DISTRICT if it intends to destroy any Public Records, and provide the DISTRICT the option to retain such records in lieu of destruction.

During this Contract and for two (2) years thereafter, the DISTRICT shall have the right to inspect the CONTRACTOR'S records pertaining to this Contract and to perform an audit in accordance with generally accepted audit standards. The CONTRACTOR shall make these records available without charge to the DISTRICT.

8. COMPLIANCE WITH APPLICABLE LAWS

The CONTRACTOR shall comply with all applicable federal, state and local laws and regulations in providing the work/services under this Contract.

9. **INSURANCE**

A. The CONTRACTOR shall, during the term of this contract, comply with all applicable Worker's Compensation Statutes, and in the case of any work sublet, the CONTRACTOR shall require the subcontractor similarly to comply with all Worker's Compensation Statutes. Prior to start of work, if applicable, the CONTRACTOR and any subcontractors shall provide the DISTRICT with a Certificate of Coverage issued by the Department of Labor & Industries, State of Washington. If not insured through the State of Washington, CONTRACTOR shall provide a Certificate of Insurance evidencing Workers Compensation coverage by a qualified insurer with minimum limits of \$1,000,000.

9. **INSURANCE** (continued)

- B. The CONTRACTOR shall also have and maintain during the term of this contract, Employer's Liability Insurance and/or Washington Stop Gap Employer's Liability Insurance with a limit of \$1,000,000 each accident/disease per employee with an insurance company authorized to write such insurance.
- C. The CONTRACTOR shall keep in force during the contract period, additional liability insurance coverage in the minimum amounts indicated below at CONTRACTOR'S expense:
 - Commercial General Liability insurance written on an occurrence form which shall include the following: bodily injury, including wrongful death, property damage, including loss thereof, along with premises/operations liability, products/completed operations, personal/advertising injury, contractual liability, stop gap or employers contingent liability with minimum acceptable limits of \$1,000,000 per occurrence. Fire damage legal liability should include limits of not less than \$100,000. The Commercial General Liability policy shall not exclude coverage for independent contractor's liability.
 - Business Automobile Liability insurance including coverage for owned, non-owned, leased or hired vehicles used by or for CONTRACTOR in any capacity in connection with carrying out this contract, written to include bodily injury, including wrongful death, and property damage, including loss of use thereof, with minimum acceptable limits of \$1,000,000 per occurrence.
- D. The CONTRACTOR shall furnish the DISTRICT with a certificate(s) and endorsement(s) showing evidence of insurance coverage as defined in paragraphs A, B, and C above The DISTRICT, including its directors, officers, and employees must be shown as certificate holder and added as an additional insured by endorsement for both General Liability and as a Designated Additional Insured (Form CA 2048) for Automobile Liability insurance. Waiver of Subrogation shall apply in favor of the DISTRICT.
- E. All policy coverage required under paragraph C above shall be written on an occurrence basis. Insurance policies shall be obtained and maintained with companies rated A- VII or better by Best's Key Rating Guide. CONTRACTORS shall provide prior written notice to the DISTRICT in the event any coverage is canceled. A certificate of insurance evidencing the above coverages shall be provided to DISTRICT at least ten (10) days prior to work.
- F. Nothing contained in these insurance requirements shall be construed as limiting the extent of the CONTRACTOR'S responsibility for payment of damages resulting from its operations under this Contract.

10. CANCELLATION / TERMINATION

- A. The DISTRICT may terminate this contract at any time by giving the CONTRACTOR written notice of such termination, unless otherwise specified by the DISTRICT. In such event, the CONTRACTOR shall stop the performance of the CONTRACTOR'S services hereunder except on work, mutually agreed upon in writing between the CONTRACTOR and the DISTRICT, necessary to carry out such termination.
- B. In the event of termination, the DISTRICT shall pay to the CONTRACTOR all contract costs incurred prior to termination. The CONTRACTOR shall not be entitled to compensation for lost profit or expectations of profit due to the DISTRICT'S early termination of this contract. All payments shall comply with Section 4 above.

11. <u>DISTRICT HELD HARMLESS</u>

- A. The CONTRACTOR hereby indemnifies and agrees to hold harmless and release the DISTRICT and its commissioners, officers, employees and agents and each of the heirs, personal representatives, successors and assigns of any of the foregoing from and against any and all liabilities, losses, claims, damages, costs, demands, fines, judgments, penalties, obligations and payments, together with any reasonable costs and expenses (including, without limitation, reasonable attorneys' fees and out-of-pocket expenses and reasonable costs and expenses of investigation) incurred in connection with any of the foregoing, to the extent they result from, relate to or arise out of or in connection with (i) any failure of the CONTRACTOR (or anyone directly or indirectly employed by the CONTRACTOR, duly to perform or observe any term, provision, covenant, agreement or condition hereunder to be performed or observed by or on behalf of the CONTRACTOR; (ii) any negligence or intentional misconduct of the CONTRACTOR (or anyone directly or indirectly employed by the CONTRACTOR); and (iii) any costs of replacement or repair of DISTRICT owned or leased equipment or facilities that the DISTRICT has supplied for the CONTRACTOR's use in performing the work, normal wear excepted.
- B. Solely and expressly for purposes of its duties to indemnify and hold harmless the DISTRICT as set forth above, the CONTRACTOR specifically waives any immunity it might have under the State Industrial Insurance law, Title 51 RCW, or any similar worker's compensation act, in the event that a claim is made against the DISTRICT for an injury to any employee of CONTRACTOR. THE CONTRACTOR ACKNOWLEDGES THAT THIS WAIVER HAS BEEN MUTUALLY NEGOTIATED BY THE PARTIES.

11. DISTRICT HELD HARMLESS (continued)

- C. Notwithstanding the above, in the event of the joint and concurrent negligence of the CONTRACTOR and the DISTRICT, each party shall be responsible for the percentage of negligence attributed it to it by agreement of the parties or in a court of competent jurisdiction. In no event shall CONTRACTOR be responsible for or be required to defend, indemnify or hold harmless DISTRICT from and against any claim for personal injury (including death) or damage to property or loss of use thereof which occurs more than two years after completion of the work. The DISTRICT agrees to give CONTRACTOR written notice of any claims received within thirty days after the DISTRICT first discovers or receives notice of a claim, provided, however, that if the claim requires a response within twenty (20) days, the DISTRICT agrees to give CONTRACTOR written notice within 15 days of receipt of such claim. If the DISTRICT fails to provide such notice, CONTRACTOR shall not be required to defend, indemnify or hold harmless DISTRICT.
- D. The provisions of this section shall survive the expiration or termination of this Contract with respect to any event occurring prior to such expiration or termination.

12. SECURITY OF ELECTRONIC INFORMATION

- A. The CONTRACTOR may have access to the DISTRICT data network, (the "Corporate" Network) only if that access is required by the Scope of Work, and then only with DISTRICT-owned equipment. When using the Corporate Network the CONTRACTOR shall comply with Directive 99, DISTRICT Information Security, as it may be amended. A copy of Directive 99 is included as Exhibit B to this Contract.
- B. If the CONTRACTOR requires access to the Internet while performing this Contract the CONTRACTOR may utilize the DISTRICT'S Internet access (the "Guest" Network) for that purpose and when doing so may use equipment that is not owned by the DISTRICT. The CONTRACTOR shall not use the DISTRICT Corporate Network for Internet access.
- C. The CONTRACTOR may arrange access to either the Corporate Network or to the Guest Network through the Information Technology Services (ITS) help desk with 48-hours' advance notice.

13. WASHINGTON RETIREMENT SYSTEMS RETIREES

Has the CONTRACTOR (company owner) retired from the State of Washington using the 2008 PERS Early Reduction Factors? Yes ____ or No ____. If yes, the CONTRACTOR must furnish the DISTRICT with the CONTRACTOR'S name and social security number which will be furnished to the Washington Department of Retirement Systems.

14. CHANGES AND EXTRA WORK

The DISTRICT reserves the right to order and approve changes within the scope of the CONTRACTOR'S services hereunder by a written Amendment executed by the parties, and no modification to this contract may be enforced against a party which has not so consented in writing. All Amendments, when properly executed, shall become a part of this contract. Any work performed by the CONTRACTOR prior to the execution of the amendment(s) by both parties shall be at the CONTRACTOR'S expense if the amendment increases the original Contract amount.

15. CONFIDENTIALITY

- A. The CONTRACTOR, including its officers, agents, and employees, shall hold and maintain as confidential all information concerning the DISTRICT's customers in connection with the project, the business of the DISTRICT, the DISTRICT's financial affairs, and the DISTRICT's relations with its employees and customers, as well as any other information which may be specifically classified as confidential by the DISTRICT. The CONTRACTOR shall not disclose and/or sell any private or proprietary customer information (as those terms are defined in RCW 19.29A.010) to any party that is not a party to this Contract.
- В. If the CONTRACTOR provides the DISTRICT with documents or "writings" (as defined in the Washington Public Records Act, Chapter 42.56 RCW) that the CONTRACTOR considers to be confidential or proprietary, the CONTRACTOR must prominently mark such documents "Confidential" upon all applicable pages or inform the DISTRICT of that claim in writing regarding electronic records. If the DISTRICT receives a Public Records request or a subpoena for any of those documents or "writings" it will not release them, unless required to do so, sooner than ten (10) days after giving the CONTRACTOR written notice in the manner provided herein to allow the CONTRACTOR to commence litigation to prevent the release. The entire expense of such litigation including the DISTRICT'S attorneys' fees and costs and any amounts that the DISTRICT is required to pay, specifically including any damages imposed upon the DISTRICT for any failure or delay in releasing the records, shall be paid by the CONTRACTOR. The DISTRICT shall have no liability for releasing the documents or "writings" if the CONTRACTOR does not commence litigation, as established by court papers served upon the DISTRICT, to prevent release within the ten (10) day notice period.

16. REPORTS

- A. All data and reports developed by the CONTRACTOR under this Contract shall become the property of the DISTRICT, unless otherwise specified in writing by both parties.
- B. The CONTRACTOR shall not disclose to third parties any information developed under this contract without the DISTRICT'S prior written consent, except for that information required by CONTRACTOR'S reporting responsibilities under applicable law.

17. NOTICES

All notices required to be given hereunder shall be deemed to be sufficiently given if delivered in person to the DISTRICT'S Project Leader or the Office of the CEO/General Manager of the DISTRICT, or to the CONTRACTOR'S Project Manager or Office of the CONTRACTOR at the address hereinbefore stated or, if sent by U. S. Mail, to the address of the DISTRICT or CONTRACTOR as hereinbefore stated.

18. <u>DEBARMENT CERTIFICATION</u>

The CONTRACTOR certifies that the CONTRACTOR is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participating in this Contract by any Federal department or agency. The CONTRACTOR shall immediately provide written notice to the DISTRICT if at any time the CONTRACTOR learns that it has become debarred, suspended, proposed for debarment, declared ineligible or is voluntarily excluded from participating in this Contract by any Federal department or agency, or if at any time the CONTRACTOR learns that this certification was erroneous when submitted or has become erroneous by reason of changed circumstances. In addition, the CONTRACTOR shall not award any subcontract under this Contract to any party which is debarred, suspended or otherwise excluded from or ineligible for participation (as more fully described above) in any Federal assistance programs, except with the express written consent of the DISTRICT.

19. PROJECT LEADER

The DISTRICT'S Project Leader for this project will be:

Will Odell
AMI Project Executive
Public Utility District No. 1 of Snohomish County
PO Box 1107, MS E-2
Everett, WA 98206-1107
Phone: 425-783-4311

20. NONWAIVER

The failure of the DISTRICT to insist upon or enforce strict performance by the CONTRACTOR of any provision of this contract, or to exercise any right under this contract, shall not be construed as a waiver or relinquishment to any extent of the DISTRICT'S right to assert or rely upon any such provision or right in that or any other instance; rather, the same shall be and remain in full force and effect.

21. NON DISCRIMINATION AND EQUAL OPPORTUNITY CLAUSE

During the performance of this Contract, CONTRACTOR shall not discriminate in violation of any applicable federal, state and/or local law or regulation on the basis of race, color, sex, sexual orientation, religion, national origin, creed, marital status, political affiliation, and/or the presence of any sensory, mental or physical handicap. This provision shall include but not be limited to the following: employment, upgrading, demotion, transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, selection for training, and the provision of services under this Contract. In addition, the parties hereby incorporate 41. C. F. R. 60-1.4(a)(7); 29 C.F. R. Part 471, Appendix A to Subpart A; 41 C.F.R. 60-300.5(a)11; and 41 C.F.R. 60-741.5(a)6; if applicable.

The parties hereby incorporate 41 C.F.R. 60-1.4(a)(7); 29 C.F.R. Part 471, Appendix A to Subpart A; 41.C.F.R. 60-300.5(a)(11); and 41 C.F.R. 60-741.5(a)(6); if applicable. This CONTRACTOR and any subcontractors shall abide by the requirements of 41 C.F.R. 60-300.5(a) and 41 C.F.R. 60-741.5(a). These regulations prohibit discrimination against qualified protected veterans, and qualified individuals on the basis of disability, respectively, and require affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans and qualified individuals with disabilities, respectively.

22. ENTIRE AGREEMENT

The DISTRICT and the CONTRACTOR understand and agree that this document constitutes the whole contract between them and supersedes all other prior agreements and understandings, whether oral or written. This contract shall not be modified or amended except by written Amendment.

23. GOVERNING LAW

This contract shall be governed by the laws of the State of Washington (without regard to any conflicts of law principles applied in that State), with venue for any disputes in Snohomish County, Washington; provided that venue for any matter that is within the jurisdiction of the Federal Court shall be in the United States District Court for the Western District of Washington at Seattle, Washington. Each Party hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of proceedings in such courts.

24. TIME IS OF THE ESSENCE

Because meter reading services are the DISTRICT'S first and foremost contributor toward revenue collection and operational sustainability, time is of the essence as to all dates, times for completion, and performance requirements contained in this Contract and the Scope of Work.

25. COUNTERPARTS

This Contract may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same Contract.

IN WITNESS WHEREOF, the parties hereto have entered into this contract:

PUBLIC UTILITY DISTRICT NO. 1 OF SNOHOMISH COUNTY	TRU-CHECK, INC.
BY:	BY:
Craig W. Collar TITLE: CEO/General Manager	TITLE:
DATE:	DATE:

1.0 OVERVIEW AND SCOPE OF SERVICES

The CONTRACTOR shall provide electric and water meter reading services to complement the DISTRICT's existing meter reading workforce who will continue their roles and responsibilities under the direction of DISTRICT management. Such meter reading services will be performed within the DISTRICT's service area that includes Snohomish County, Washington, Camano Island, Washington, and parts of King and Skagit Counties.

The DISTRICT anticipates that approximately half of its meter reading services will be supplied by the CONTRACTOR in the first year of meter reading. The DISTRICT intends to replace all manually read electric meters with automated equipment in the next 3 to 5 years, and reserves the right to increase or decrease the quantity of services within the contract limits over the term of the Contract.

2.0 CONTRACT TERM AND MILESTONES

The Contract will be for an initial three-year period of meter reading, which includes approximately two months of startup and two months of close out. The option to extend the contract beyond the initial three-year period of meter reading will be at the sole discretion of the DISTRICT.

Item	Date(s)
Anticipated Contract Start Date / Notice to Proceed	July 18, 2016
CONTRACTOR Work Reporting Facility (Halls Lake) available	September 1, 2016
CONTRACTOR Begins Monthly Meter Reading	October 3, 2016*
CONTRACTOR Ends Monthly Meter Reading	September 29, 2019
CONTRACTOR Vacates Halls Lake Facility	November 30, 2019
Contract End Date	December 1, 2019

^{*} CONTRACTOR Meter Reading start date subject to completion of the DISTRICTS's final System Cut-over plan, to be complete and shared with CONTRACTOR by 08/01/2016.

Optimization review of CONTRACTOR's meter reading operations will be conducted by the DISTRICT and CONTRACTOR to determine if meter reading operations can be optimized following one year of successful meter reading operations. Savings due to CONTRACTOR's operational improvements will be shared equally by the DISTRICT and CONTRACTOR.

3.0 IMPLEMENTATION SCHEDULE

The DISTRICT has established the following anticipated sequence of events and tentative schedule of dates for initiating contract meter reading services.

Item	Date(s)
Anticipated Contract Start Date / Notice to Proceed	July 18, 2016
Implementation Plan & Schedule provided to the DISTRICT	August 1, 2016
Experienced Staff Arrive on-site, including one (1) Project Manager and two (2) Implementation Supervisors	August 1, 2016
Local staff recruiting begins	August 1, 2016
Move into CONTRACTOR Work Reporting Facility (Halls Lake)	September 1, 2016
Begin Meter Reading Training	September 1, 2016
Begin Monthly On-Cycle Meter Reading	October 3, 2016
Begin Off-Cycle Meter Reading	October 3, 2016
Experienced Staff begin departing including two (2) Implementation Supervisors on site full time	March 31, 2017
Experienced Staff begin departing including one (1) Project Manager on site full time	September 30, 2017

4.0 WORK DETAILS

A. CONTRACTOR Responsibility

The CONTRACTOR shall provide the skilled personnel and specialized equipment necessary to complete the work in a manner satisfactory to the DISTRICT in the time specified per this Contract.

B. Hiring and Supervision of Employees

CONTRACTOR shall be responsible for providing all labor necessary to perform the contracted services. The CONTRACTOR shall be solely responsible for all hiring and employment responsibilities for its staff, including all meter readers, and for coordination and management staff. The CONTRACTOR shall be solely responsible for ensuring all staff successfully complete a pre-employment criminal background check, are eligible to work in the United States, possess a valid Driver's License and appropriate endorsement, if needed, and can meet the physical requirements of the job. Contracted meter readers shall operate under the direct supervision of the CONTRACTOR's management staff. CONTRACTOR shall not subcontract meter reading.

In performing the services required by this Contract and Scope of Work, the CONTRACTOR shall be responsible for the following:

- i. All CONTRACTOR personnel shall be appropriately qualified to perform the work in a safe, efficient manner.
- ii. CONTRACTOR will be liable for the health and safety of CONTRACTOR's employees while performing services for the DISTRICT.
- iii. CONTRACTOR is responsible for ensuring that its employees have a valid driver's license when driving a motor vehicle and performing the work, and shall provide to the DISTRICT a certification that it has verified that each of its employees performing the work have a valid driver's license.
- iv. CONTRACTOR is responsible for providing training to their employees to ensure they are competent to perform their duties.

v. Background Screening

CONTRACTOR will utilize their existing background screening processes and standards for all employees that support this CONTRACT. A copy of the CONTRACTOR's Background Screening Overview is set forth in Exhibit C. CONTRACTOR shall not change or deviate from its background screening processes and standards for its employees that support this CONTRACT without prior approval from the DISTRICT.

vi. Employee Code of Conduct

CONTRACTOR will use their existing Employee Code of Conduct for all employees that support this Contract. CONTRACTOR's Code of Conduct is set forth in Exhibit D. CONTRACTOR shall provide prior notice to the DISTRICT of any material changes to its Employee Code of Conduct.

vii. **CONTRACTOR Staff**

CONTRACTOR shall be responsible for providing all supervision and management of CONTRACTOR's staff to perform the meter reading services. CONTRACTOR's staff and their responsibilities includes:

- a. Implementation Supervisors: Two experienced Implementation Supervisors shall be on site to initiate meter reading services, including training and supporting local Team Leads and Meter Readers. Both Implementation Supervisors will remain on site for 6 months after Notice to Proceed is granted.
- b. Project Manager: An experienced on-site Project Manager will be involved and responsible for all aspects of the project, including but not limited to recruiting, training, safety, quality, schedule adherence, summary reporting, and complaint resolution. The Project Manager

will act as a general liaison between the DISTRICT and CONTRACTOR. CONTRACTOR's experienced Project Manager will remain onsite for 1 year to train a local Project Manager who subsequently will be responsible for all aspects of the project through the duration of the contract term.

- **c. Team Leads**: Team Leads will be assigned a specific group of Meter Readers who will continually train, perform quality inspections on, and work with in the field to improve overall Meter Reader performance.
- **d. Meter Readers:** Meter Readers will be responsible for performing all contracted meter reading.

The DISTRICT should be notified 30 days in advance of all changes in supervisory and management staff. The DISTRICT should be notified 7 days in advance of any changes in staff for administrative purposes. The DISTRICT should be notified the same day a staff member ends their working relationship with the CONTRACTOR.

viii. CONTRACTOR Staff Compensation

CONTRACTOR shall be responsible for setting wages and providing benefits for all labor necessary to perform the contracted services. CONTRACTOR's minimum starting wage for entry level Meter Readers of \$18.00 per hour with a benefits package that includes paid vacation, paid holidays, and health insurance.

C. Safety

The safety of employees, contractors, customers, and the general public is both the DISTRICT's and the CONTRACTOR'S highest priority.

At a minimum, the DISTRICT expects the CONTRACTOR to require staff to adhere to the following safety guidelines:

- Always work in a safe manner
- Maintain a good driving record
- Obey all traffic laws and ordinances
- Use appropriate defensive driving techniques
- Operate equipment within manufacturer's guidelines
- Report accidents to the DISTRICT
- Provide notification to the DISTRICT if any CONTRACTOR's employee's driver's license is suspended, revoked, or cancelled
- Always wear personal protective equipment while performing meter reading tasks

The CONTRACTOR shall maintain a detailed site-specific Safety Plan approved by the DISTRICT's Safety Department, and shall maintain safety policies and procedures that include information about how the CONTRACTOR trains its employees to safely perform their job duties and actions taken should the CONTRACTOR's employees violate any safety or traffic regulations.

All work performed and personnel and equipment utilized shall be in accordance with all requirements of the Occupational Safety and Health Act (OSHA), the Washington Industrial Safety and Health Act (WISHA), and all other applicable laws, rules, and regulations of local, state, and federal government. The CONTRACTOR shall provide a copy of its WISHA-compliant Accident Prevention Manual to the DISTRICT prior to beginning meter reading services.

i. Site-Specific Safety Plan

CONTRACTOR shall develop a site-specific Safety Plan for approval by the DISTRICT's Safety Department prior to the beginning of work. The site-specific Safety Plan shall include the following:

- a. Company name
- b. Project or work locations
- c. Project description
- d. Name and contact information for on-site management staff and safety administrator
- e. Description of job tasks, associated hazards, safety protections, and safety contact for each task
- f. Emergency instructions
- g. Emergency contact

ii. Safety Manual

CONTRACTOR shall maintain a safety manual, program, or guideline that each employee must follow. Components of the safety manual, program, or guideline shall include:

- a. Policy for A Drug and Alcohol Free Workplace
- b. Workplace Violence Policy
- c. Safety Committee
- d. Management Responsibilities
- e. Employee Responsibilities

- f. Training
- g. Safety Meeting Reporting
- h. Workplace Chemical Hazard Communication
- i. Tools and Personal Protective Equipment
- j. Hazardous Conditions
- k. Job Hazard Analysis
- 1. Vehicle Operation
- m. Office/Warehouse Safety
- n. Incident Reporting and Investigation
- o. Safety Inspections
- p. Emergency Action Plan
- q. General Electrical Policy
- r. Energized Electrical Work Policy
- s. Hand and Power Tools Policy

CONTRACTOR'S safety manual, program, or guideline shall be provided to the DISTRICT within 7 days upon request and after any substantive changes have been made.

iii. Safety Tools

CONTRACTOR shall utilize the following tools, where appropriate, for maintaining safety.

- a. Central Safety Committee
- b. Criminal History Background Check(s)
- c. Motor Vehicle History Check(s)
- d. Drug and Alcohol Substance Screenings; Washington State DOT where required
- e. Physical Examination
- f. Employee Safety Manual
- g. Driver Qualification Booklet
- h. Proper Personal Protection Equipment (PPE)
- i. Weekly Morning Safety Meetings
- j. Daily Tailgate Safety Meetings

- k. Weekly Employee Safety Tip Submissions
- 1. 2-way direct connect radio communication
- m. Monthly Vehicle Audits
- n. Multi-Media Safety Information Library
- o. Incident Investigation and Reporting
- p. Driver's Alert Program (reporting program other drivers can use)
- q. CONTRACTOR's monthly safety publication
- r. Safety Luncheons
- s. Safety Award Program

iv. Substance Abuse Prevention

The CONTRACTOR must have a substance abuse prevention, fitness for duty, or drug-free workplace program that applies to all its personnel. Minimum requirements of this program shall include pre-employment testing for safety-sensitive functions (including meter reading), post-accident testing, testing for cause or reasonable suspicion testing, and if requested, random testing.

The CONTRACTOR's employees are prohibited from consumption of or being under the influence of alcohol, illegal substances, or substances that impair performance during working hours. The CONTRACTOR's employees are also prohibited from smoking, vaping or chewing tobacco while on the property of any DISTRICT customer or in or near DISTRICT buildings. In addition, firearms or weapons are not permitted in DISTRICT facilities, on DISTRICT property, including parking lots, or while conducting business in support of meter reading.

v. Safety Violations:

In the event that an employee should violate any safety or traffic regulations, CONTRACTOR shall use a progressive disciplinary policy, up to and including dismissal by the CONTRACTOR.

D. Job Training

CONTRACTOR shall maintain a detailed meter reading training guide that includes information about how the CONTRACTOR trains its employees to safely and competently perform their job duties. CONTRACTOR'S training guide shall be provided to the DISTRICT within 7 days upon request and after any substantive changes have been made.

All job-related training not provided by the DISTRICT shall be at CONTRACTOR's expense and shall include both classroom and field instruction. CONTRACTOR's employees shall receive proper training and shall demonstrate an understanding and/or ability to safely execute job duties prior to entering into active Meter Reading work.

CONTRACTOR training shall include, at a minimum:

- i. Safety
- ii. Regard for Homeowner Property
- iii. Defensive Driving/Backing
- iv. Quality Meter Reading
- v. Handheld Operation
- vi. Hazard Reporting
- vii. Drug Free Workplace
- viii. Meter Reading
- ix. Inclement Weather
- x. Utility Policies
- xi. Meter Tampering
- xii. Use of Personal Protective Equipment
- xiii. Appearance
- xiv. Route Management
- xv. Dog Bite Prevention
- xvi. Customer Relations
- xvii. Production Standards
- xviii. Key Management
- xix. Accuracy

The DISTRICT will provide training to the CONTRACTOR on any specific DISTRICT policies and procedures that are applicable to the CONTRACTOR.

E. Meter Reading Hardware & Software, Tools, Vehicles and Fleet, Fuel, Maintenance

All equipment provided by CONTRACTOR hereunder shall be well maintained; operationally reliable; and adequately sized, rated, and equipped to perform the work assigned.

i. Meter Reading Hardware & Software and Tools

The DISTRICT will supply DISTRICT-owned ITRON software and DISTRICT-owned FC-300 handheld meter reading equipment for use by CONTRACTOR's staff.

The CONTRACTOR shall use DISTRICT-supplied equipment and software in a professional and safe manner, shall not cause any damage to DISTRICT-owned equipment beyond normal wear, and shall report to the DISTRICT immediately any damage to or loss of such DISTRICT-supplied equipment.

The DISTRICT will replace any lost or damaged DISTRICT-supplied equipment or software as necessary, but the CONTRACTOR shall be responsible for the cost of any damage to or loss of such equipment in accordance with the Contract's terms.

Should it become necessary for the DISTRICT to make changes to meter reading hardware or software systems, the DISTRICT will supply DISTRICT-owned meter reading equipment and software for use by CONTRACTOR's staff.

The CONTRACTOR will provide all other tools and equipment necessary to perform the contracted services including but not limited to:

- a. Fleet communications, i.e., wireless phone service and/or radio-based communications
- b. Any fleet tracking system or AVL (Automated Vehicle Location)
- c. Specialized software and associated support services on CONTRACTOR's PCs

ii. Vehicles and Fleet, Fuel, Maintenance

The CONTRACTOR will, at a minimum, provide all fleet and other vehicles, fuel, and vehicle maintenance necessary to perform the contracted services. Vehicles shall be newer fleet model, uniform, clean, and smoke-free appropriately.

Vehicles shall be clearly and permanently marked with CONTRACTOR's identification information. Vehicles will bear evidence of the DISTRICT's name or logo, displayed such as "Tru-Check...a contractor for Snohomish County PUD". The DISTRICT and CONTRACTOR will mutually agree prior to deployment of any shared use of names or logos.

F. Meter Reading Specifics

The DISTRICT shall provide the CONTRACTOR with route sheets, meter information, maps, necessary customer information, and any other pertinent

information necessary to carry out the work. All such information is and shall remain confidential and the property of the DISTRICT.

The CONTRACTOR will be responsible to meet the following requirements.

i. Route Types

The CONTRACTOR will be responsible for reading the following route types:

- a. On-cycle monthly scheduled routes
- b. Off-cycle reads for start service, stop service and check reading

ii. Reading Routes

The CONTRACTOR shall read assigned on-cycle routes per the terms outlined in this Scope of Work. The CONTRACTOR shall read assigned off-cycle reads in accordance with this Scope of Work.

The DISTRICT shall make reasonable efforts to divide on-cycle residential and small commercial routes between the DISTRICT and the CONTRACTOR in the first year of meter reading.

It is agreed that the CONTRACTOR will be assigned all off-cycle reads for on-cycle routes that are assigned to the CONTRACTOR.

Any change to routes assigned to CONTRACTOR must be mutually agreed to by DISTRICT and CONTRACTOR.

iii. Reading Schedule

The CONTRACTOR shall follow the existing DISTRICT-managed reading schedule. It is the CONTRACTOR's responsibility to determine means and methods to accomplish the reads on these routes in accordance with the reading schedules.

Meters must be read within one day ahead and two days after the scheduled reading date, and the CONTRACTOR shall make a reasonable effort to obtain a reading for meters that are hard to access. The actual read date will be used for billing.

iv. Reading Hours & Holidays

Meter reading will take place between 7:30 a.m. and 4:00 p.m. during Pacific Time and between 7:00 a.m. and 4:00 p.m. during Pacific Time day light savings, excluding DISTRICT holidays. Any exceptions to this schedule shall be pre-approved by the DISTRICT.

The DISTRICT recognizes the following holidays:

- New Year's Day
- Martin Luther King Jr.'s Birthday
- President's Day
- Memorial Day
- Independence Day
- Labor Day
- Veteran's Day
- Thanksgiving Day
- the day after Thanksgiving Day
- Christmas Day.

Handheld equipment shall be placed in cradle and be made ready to upload by 4:00 p.m. Pacific Time Monday through Friday for DISTRICT invoicing and revenue collection processes to begin.

v. Meter Types

Reading routes may include any combination of the following device types:

- a. Electric digital and dial meters
- b. Water odometer style meters
- c. Electric and Water OMR (remote ERT) meters
- d. Optical Probe meter reads and load profile data
- e. PRO Reader Water Meter

vi. Customer Keys & Gates

The CONTRACTOR shall utilize the DISTRICT's existing process to access customer property using customer-provided keys. At the onset of this contract, all keys needed for the CONTRACTOR's routes will be stored at the DISTRICT's facility at 2320 California St, Everett, WA 98201. The CONTRACTOR shall utilize the DISTRICT's sign-out and sign-in process. The CONTRACTOR shall also maintain a sign-out and sign-in process at the DISTRICT-provided work reporting location. Any change to

customer-provided key storage must be mutually agreed to by DISTRICT and CONTRACTOR.

The CONTRACTOR shall ensure that all gates are properly closed or locked to prevent unauthorized access to property immediately upon obtaining access through any gate, and for securing all customer-supplied access keys.

vii. Field Condition Reporting

The CONTRACTOR shall report conditions noted in the field in the form and manner agreed to by the parties, including but not limited to:

- a. Emergency response/reporting CONTRACTOR will immediately notify the specified DISTRICT representative by telephone or radio communication.
- b. New meter/new service.
- c. Tampered meter Upon discovery of meter tampering or suspected meter tampering, the CONTRACTOR will immediately notify the specified DISTRICT representative by telephone or radio communication, to ensure that the DISTRICT is able to respond in a timely manner.
- d. Water meter leaks Upon discovery of a water leak or suspected water leak, the CONTRACTOR shall notify the specified DISTRICT representative as soon as practicable, or within one day of discovery of the leak or suspected leak.
- e. The CONTRACTOR shall immediately report the loss of customer keys, DISTRICT keys, and/or DISTRICT-issued "contractor" security badge to the specified DISTRICT representative by telephone or radio communication.
- f. The CONTRACTOR shall report any relevant or unusual field conditions using existing DISTRICT system read codes supplied by the DISTRICT.

viii. Meter Reading Optimization

Following the first 12 months of successful meter reading by the CONTRACTOR, the DISTRICT and the CONTRACTOR may, by mutual agreement, optimize routes, including establishing the most efficient routes, procedures, and processes for ensuring uninterrupted and reliable meter reading services, which improve DISTRICT invoicing, customer service, and revenue collection, or reduce meter reading expenses. Upon

optimization, the DISTRICT and the CONTRACTOR will identify shared benefits and negotiate revised pricing or contract requirements.

G. Identification and Badging Requirements

i. DISTRICT-Issued Identification and Security Badges

The DISTRICT has an existing access management system that provides security to all of its facilities, which includes DISTRICT-issued security badges.

CONTRACTOR and its designated employees will be provided with access to those DISTRICT facilities that are deemed necessary by the DISTRICT, in the form of DISTRICT-issued "contractor" security badges. These badges must be carried by CONTRACTOR employees at all times, and be returned if the CONTRACTOR employee is no longer performing job functions associated with this Contract.

ii. CONTRACTOR-Issued Identification and Uniform

The CONTRACTOR shall provide identification for each of its employees that can be used when communicating with DISTRICT customers. The identification must include a photograph of the employee. When performing any part of this Scope of Work, the CONTRACTOR shall require that each of its meter reader staff carry their contractor identification at all times, and clearly display their contractor identification and not represent themselves as DISTRICT employees.

CONTRACTOR's meter reader staff shall wear a uniform or logo-wear that is neat and clean at all times, and clearly identifies the meter reader staff as employees of the CONTRACTOR. Uniforms will bear evidence of the DISTRICT's name or logo such as "Tru-Check...a contractor for Snohomish County PUD". The DISTRICT and CONTRACTOR will mutually agree prior to deployment of any shared use of names or logos.

Expenses associated with purchasing and maintaining uniforms shall be the sole responsibility of the CONTRACTOR.

H. Reporting Requirements

The CONTRACTOR shall maintain adequate books and provide records and documents that accurately reflect daily and monthly performance against Contract goals, including but not limited to:

- i. Daily meter read plans that will outline, at a minimum, routes the CONTRACTOR plans to read, including any completions or routes read ahead or following the scheduled read date, and off-cycle reads
- ii. Daily meter reading management reports that will reflect, at a minimum, the quantity of on-cycle routes completed and uploaded, on-cycle routes started, but not completed, route reading start and end times, and the quantity of off-cycle reads completed and uploaded.
- iii. Monthly summary reports will reflect performance against Contract goals, including but not limited to: reading accuracy, timeliness, safety metrics including injuries and accidents, quantity of customer claims and outstanding unresolved customer claims, and equipment damage.

The CONTRACTOR shall provide such reports to the DISTRICT's Project Leader indicating injuries/accidents, customer contact information including all complaints, equipment damage, reading accuracy and all other necessary data to properly manage the services of this Contract.

5.0 WORK REPORTING LOCATION

The DISTRICT will furnish a facility that will provide a work reporting and work-staging area for the CONTRACTOR to perform their duties. The CONTRACTOR will be sited at the DISTRICT's building located at 6120 212th St SW, Mountlake Terrace, Washington, 98043.

- **A.** The facility provided by the DISTRICT will have these minimum characteristics and will be provided at no cost to the CONTRACTOR:
 - i. Professional, comfortable, and well-maintained office workspace
 - ii. Utilities furnished (electrical, water, sewer, garbage, internet, telephone landlines)
 - iii. Cleaning service and landscaping services
 - iv. 24-hour building monitoring
 - v. Controlled building access via electronic badges
 - vi. Meeting space for 35 with furniture
 - vii. Break room and kitchen facilities

- viii. 8 work stations with monitors and PCs that contain basic software (MS Office, Acrobat) and computer support
- ix. Itron software to support meter reading
- x. 8 telephone handsets
- xi. Unsecured parking for 65 vehicles

B. The CONTRACTOR will provide the following:

i. Repair of any facility damage beyond normal wear.

The DISTRICT will not be responsible for any damage or theft of the CONTRACTOR's property.

The DISTRICT's work reporting and work staging area is to be used solely for the purposes of providing services to the DISTRICT. It is not intended and shall not be used as the CONTRACTOR's business office, nor for any fleet or equipment maintenance.

6.0 COMPENSATION AND PAYMENT

The CONTRACTOR shall submit monthly invoices and the DISTRICT will pay the CONTRACTOR for services performed in accordance with the terms and conditions of the contract and pursuant to negotiated rates provided in the fee schedule contained in Exhibit E. Invoices shall be emailed to the following email address, and include the DISTRICT provided purchase order number on it, as well as any other information required by the Project Leader:

AccountsPayable@Snopud.com

7.0 PROJECT LEADER

The DISTRICT will appoint a Project Leader to administer the contract. The Project Leader will have authority to reject all work that does not conform to the contract documents and to authorize payment for the work. The DISTRICT's Project Leader for this project will be:

Name:

Will Odell

Address:

Public Utility DISTRICT No. 1 of Snohomish County

PO Box 1107, MS E-2

Everett, WA 98206-1107

Phone:

(425) 783-4311

E-mail:

WHOdell@SNOPUD.com

8.0 COMPLAINT TRACKING and RESOLUTION

The CONTRACTOR shall be responsible for any damage caused by CONTRACTOR's employees or agents, to any property including, but not limited to, crops, cultivated lands, fences, ditches, roads, livestock, dogs, pastures, and lawns.

The CONTRACTOR shall address complaints of any nature received from property owners, members of the public, or public authorities directly with the customer within one (1) business day after receipt of the claim. All such complaints shall be logged and reported immediately upon resolution or if unresolved, within two (2) business days to the DISTRICT's Project Manager. In handling any complaints, the CONTRACTOR shall use its best efforts to maintain and promote good public relations for the DISTRICT.

In any customer claim or complaint where the CONTRACTOR and the customer cannot agree on a resolution, the CONTRACTOR may ask the DISTRICT for assistance in the form of an opinion and/or past history with the specific customer.

Should the customer's claim be denied, a Denial Letter will be mailed to the customer outlining the decision of the Project Manager and appropriate management personnel.

It is understood that the CONTRACTOR does not represent the DISTRICT and has no authority to obligate the DISTRICT for any payment or benefit of any kind to any person.

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Number 99

SUBJECT:

DISTRICT INFORMATION SECURITY

Date 11/4/14

OVERVIEW

You are our best defense. Protecting the personal information of our customers and users and protecting information of the District is far more than technical controls and a program. It is a way of operating that includes an awareness of the trust our community and our peers place in each of us to safeguard information which might otherwise cause harm.

While technical controls such as anti-virus and firewalls are necessary and useful tools to help protect District Electronic Communication Systems, the most effective protection is wellinformed users making good choices.

Information security is the responsibility of every user of District Electronic Communication Systems. While the District does not expect every user to be an information security expert, the protection of information and systems depends on awareness of security risks and understanding how to avoid actions which may compromise systems or information. To achieve District goals for awareness and informed computer use, the District provides several resources to educate and inform users, including a Cyber Security section on Snoweb, initial information security training for new users, and annual training for all users.

SCOPE

This Directive applies to all users at the District and all users affiliated with third parties who may have physical access to District Electronic Communication Systems. This Directive relates to computer or network equipment owned or leased by the District or connected to the District's networks, and to portable devices that contain District information (see Directive 64, Use of District Electronic Communication Systems).

Information security is the responsibility of every user and requires the support of all District officials, users, and assigned contractors. Below you will find general security policies and rules that outline safe practices. The District requires users to read these policies and rules and to conduct their activities in ways that promote the safety and security of the District's Electronic Communication Systems.

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DEFINITIONS

Electronic Information: Includes all documents, information, communications and data that are stored in electronic form (e.g. data, emails, files, spreadsheets, PDF documents, digital photographs, text messages, websites, databases and voicemails) or on an electronic medium (e.g., personal computer, laptop, computer hard drives, wireless communications devices (WCDs). disks, tapes, servers, and other media), regardless of the software used to generate the document or item (e.g., CAD systems, Baan, Word, Excel).

User: Any person who uses District Electronic Communication Systems as described above.

Electronic Communication System(s): All electronic equipment, software and/or data (either furnished by the District or property of the user) used in the performance of the user's work assignments, including, but not limited to: computers, telephones, WCDs, mobile radios, 900 MHz Radio System, fax machines, pagers, email, scanners, audio recorders, or voicemail. An Electronic Communication System includes the operating, storage and delivery components of that system.

District Records: Any data or document preserved in paper, photographic, electronic, or any other permanent or quasipermanent format that is prepared, owned, used or retained in connection with the District's business. This includes, but is not limited to, paper documents and electronic information.

Network: The primary "network" used at the District is the general purpose corporate connection for all desktop computers and servers. It handles the network traffic for email, internet, and corporate applications. There is a secondary network called "Guest" that is separated from the corporate network and is used for vendors and visitors. No corporate information is allowed on the Guest network. The corporate and Guest networks have wireless as well as cabled access.

Media: Any device with storage capability. This includes flash (thumb) drives, smartphones, tablets, personal computers, laptops,

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DEFINITIONS (Continued)

music players, digital cameras, CDs, DVDs and external hard drives.

Wireless Communications Devices (WCD): Any Electronic Communication System such as a cellular telephone, smartphone, laptop or tablet computer.

EXPECTATIONS

All users of District Electronic Communication Systems are expected to understand and apply the requirements, guidelines and best practices set forth in this Directive.

In order to provide assurance that all District users have appropriate understanding of information security practices, procedures and good habits, all users also are expected to:

- Complete the online Information Security Awareness Training Program within two weeks of being granted access to District Electronic Communication Systems as a new user.
- Complete the Information Security Awareness Refresher Course annually.

Every user is a critical part of the information security program and responsible for promoting a creative, productive work environment where information tools provide efficiency, collaboration and new opportunities. The goal of information security is to improve District operations through assuring that information and systems are safe, dependable and accurate. It is expected that every user will demonstrate understanding of the principles conveyed in Information Security Awareness Training through normal work activities and behavior.

ACCEPTABLE USE OF DISTRICT IT RESOURCES

The District uses a wide range of electronic communication systems. The District's policy regarding Use of District Electronic Communications Systems is outlined in Directive 64 and all users should be familiar with the rules governing acceptable use of the District's Electronic Communications System.

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REQUIREMENTS AND GUIDELINES

General

You are the most valuable line of defense in protecting District Electronic Communication Systems. The District depends on you to act responsibly and be vigilant in reporting anything suspicious. If your computer or other system you use seems slow or acts in a way you do not expect, contact the ITS Help Desk, do not just ignore it. For example, if you click on a link in an email and nothing happens, or if you are unsure of what happened, contact the ITS Help Desk immediately. Follow the security guidelines contained in this Directive, information on the Cyber Security web site on Snoweb, and lessons learned from the Information Security Awareness Training.

Access Control / Identification and Authorization

Access to District Electronic Communication Systems, much like access to office spaces, substations and other facilities, is protected and access is limited based on job function. In order to correctly apply District rules regarding access, users are granted access to systems and information upon initial hire, which can potentially change with changes in job function or role.

All managers are accountable for timely notification of contractor terminations and changes per the Access Management Guide on Snoweb (Departments/ITS Help Desk).

While users at the District may share job functions and responsibilities, your District passwords are for your use only. All activity on District computers is logged and any activity done using your password will be presumed to have been done by you.

Do not use a system you are not logged into. Bypassing access controls is not limited to hacking or technical compromise, but includes seemingly harmless acts like using an unlocked computer without logging in using your network ID and password. The logged in user may have access in excess of your own, making it possible for you to view confidential or sensitive information or to accidentally delete or damage files or system configurations. The same principle applies to logging in and then purposefully

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REQUIREMENTS AND **GUIDELINES** (Continued)

allowing another user to use the system.

Do not share information from systems you may have access to with other District users who do not share your role. Persons who should have access will be able to log in to the system and use it directly. Contact your manager for additional access that may be required to perform your job function. Your manager can request additional access using the ITS Service Portal.

Protect systems and information by locking systems when not in use. While the District may have technical controls that automatically lock systems after a period of inactivity, District users should lock systems manually when leaving a system unattended. Systems locked in this way, or through automatic locks, protect both the user and the District.

Password Management and Practices

Do not share your District passwords with anyone. The security of District systems in part depends on proper management of passwords.

Choose good quality passwords, as determined by the capabilities and requirements of the system accessed. Good passwords are typically not English or other language words, keyboard patterns, or repeated sequences. While not all systems are the same, good passwords share some common characteristics (see the Cyber Security website for more password help):

- Easy to remember without writing it down
- Long enough to prevent automated guessing
- Not a word in any dictionary
- Contain numbers, capitalization and/or special characters
- Do not directly reference well known characteristics of the user (pet name, person's name, children's birthdate, etc.)

One technique for choosing good passwords is to think of a memorable phrase, such as "My Last Password Was Really Boring And Way Too Short" and then using the first letter of each word, with some substitutions to form a password (e.g. "Mlpwrbaw2s" or "mLASTpwrbaw2s"). Note that neither of these examples use

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REQUIREMENTS AND **GUIDELINES** (Continued)

punctuation, but are of sufficient length and complexity to qualify as good passwords.

In some unusual cases, the systems you use may not allow for all or any of the suggested quality measures, such as length, capitalization or special characters. In such cases, use good judgment in selecting the best password you can by not using keyboard patterns like asdf, 13579 or 2468 and by avoiding sequences like abcd, 1111 or 1234.

Media Protection

District information can be stored not only on the District's networks, but also in various forms on laptops, portable storage and printed form. In these portable forms, District information is more easily lost or stolen than when on District servers and must be handled carefully to ensure that it is properly protected.

While not all District users utilize information stored on portable media in their normal course of business, anyone may encounter situations where proper handling is important. In order to accomplish District goals for media security, users shall observe good practices in the following areas:

Loss or theft of District Information Assets

Loss of District information assets (smartphones, laptops, portable storage devices) should be immediately reported to the ITS Help Desk and your direct manager and considered a data loss incident. Also refer to Directive 15 - Reporting Known or Suspected Loss of Public Funds or Assets. Inform the ITS Help Desk of the data residing on the device and its sensitivity (personal information, proprietary data, contract information, procurement or financial information, email, personally identifiable information, etc.) to the best of your ability.

The loss of information that personally identifies customers or employees can potentially expose those customers or employees to identity theft. Certain data or information security breaches require the District to notify the owner of the information of its potential loss. Legal shall be

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responsible for determining whether such notice is required.

Copying

Only District authorized devices (e.g. thumb drives) should be connected to the District network or systems. Non-District systems may not meet our standards of protection and may put information and systems at risk.

Access

Media with sensitive District information shall be kept in places where it cannot be accessed, removed or stolen by unauthorized individuals.

Labeling

Media containing privileged or confidential District information shall be labeled, so that it cannot be mistaken for ordinary recycling or personal media per *Directives* 64 – Use of District Electronic Communications Systems and 83 -Records & Information Management Policy. Labeled media found in areas where unauthorized individuals may have access should be secured and reported and turned in to the ITS Help Desk.

Storage

District information should not be stored on portable media without prior management approval. The best practice is to use remote access to work on or use District information without downloading it or storing it on portable media. If you do create or temporarily store information on portable media, make sure that any District content is migrated to a Districtowned system for retention and removed from the portable media.

Media containing proprietary, confidential, and/or privileged information should be stored in a secure location when not in use. Any media containing District information, such as WCDs, laptops, and portable storage devices, should not be left unattended in vehicles or similarly unprotected public spaces.

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REQUIREMENTS AND **GUIDELINES** (Continued)

Handling

When there is a requirement to transport media with sensitive District information, it should be in the control of authorized District users or authorized third parties at all times. Refer to Directive 83 – Records & Information Management Policy for handling and retention of printed District information.

Printing

When printing proprietary, confidential, or privileged material, print to a printer close to your location so you can monitor the print job. Retrieve the print job as soon as it is printed. Refer to Directive 83 - Records & Information Management Policy for handling and retention of printed District information.

Disposal

Before disposing of any media, make sure that it does not contain District Records that are required to be kept pursuant to Directive 83 – Records & Information Management Policy, or applicable law.

Information Sharing or Cloud Resources

It may be necessary to share District information with trusted partners. There are many ways to accomplish this including email and cloud services. When sharing District information with partners, only District-approved methods and services are allowed. The complete list of approved methods and services can be obtained from the ITS Help Desk.

NETWORK SECURITY **POLCIES**

The District network allows information to be shared throughout District facilities, as well as with authorized third parties outside the District. Users must adhere to the following procedures:

1. Only District-authorized devices (e.g., computers, laptops, smartphones, cameras, District-owned devices, or portable storage media, etc.) may connect to the District's network. Vendors, contractors, and auditors are not allowed, under any circumstance, to connect non-District owned equipment directly to the District's corporate network (this does not

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NETWORK SECURITY **POLICIES** (Continued)

include approved remote access by users). Provisions to accommodate special access may be arranged through the ITS Help Desk at ext. 8351 with 48-hours' notice. This special access will allow access to the internet but will not allow access to the District's data network.

- 2. Users may only use or access District information or systems needed for their assigned job functions.
- 3. Installation of non-District standard software on District equipment not previously installed must be approved by ITS through the Help Desk. ITS reserves the right to delete unauthorized software from any District-owned device without prior notice (Directive 64 – Use of District Electronic Communication Systems).

REMOTE AND WIRELESS ACCESS **SECURITY PROCEDURES**

Remote Access Users

It is the policy of the District to provide remote access when the job duties of the position necessitate its use as a justified business need. The business need for remote access must be requested and approved by the user's manager using the ITS Service Portal.

Any user authorized for remote access is responsible for following District remote access policies.

If using wireless internet access at a public location (e.g., home, hotels, or anywhere that provides free or fee-based access points), users are strongly encouraged to take special precautions. Ensure that the laptop has been connected to the corporate network to receive updated system software and antivirus definitions before using it away from the District. Ensure that no one can see your screen when working on District information (commonly called shoulder surfing) and be aware of any suspicious events that occur while on the untrusted network and report them to the ITS Help Desk as soon as possible.

ENFORCEMENT

Any user found to have violated this Directive may be subject to disciplinary action, up to and including termination of

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employment.

RELATED **DIRECTIVES** Directive 8 - Facility Security Policy

Directive 15 - Reporting Known or Suspected Loss of Public

Funds or Assets

Directive 34 – Employee Rules of Conduct

Directive 64 – Use of District Electronic Communications

Systems

Directive 83 – Records & Information Management Policy

Directive 90 - Conflicts of Interest

INQUIRIES

Direct inquiries about this Directive to ITS Operations.

APPROVAL

Information Technology Services

Office of the General Counsel

General Manager's Office

EXHIBIT C TRUCHECK BACKGROUND SCREENING OVERVIEW



Purpose:

At Tru-Check safety is number 1 and it starts with who we hire to represent us, the utility and and/or technology vendor. Our background screening process is an important aspect of our overall recruiting process to hire the most qualified applicants that will best meet all concerned stakeholders needs regarding safety, quality and production.

Covered Employees:

All Tru-Check employees.

Performed by:

Various screening reports are obtained, logged and communicated to those members of management that have a need to know, by members of our Somerset, KY and Buffalo, NY offices on all employees.

Screenings:

Tru-Check's standard background screenings include:

- ✓ Applicant must be 21 years of age or older
- ✓ Social Security Number
- ✓ Name Link to verify current and previous addresses
- ✓ Criminal History Background Check(s) for all states and counties applicant has lived in the last seven (7) years
- Motor Vehicle History check(s). Applicants will be eliminated from further consideration if their driving history includes a suspended driver's license, multiple moving violations and/or a conviction of a DUI/DWI over a specified period of time.
- ✓ Drug and Alcohol; DOT where required
- ✓ Physical examination

Some projects may require additional specific screenings

Frequency:

After an employees' initial hiring screen, MVR's and Criminal History background checks are run each year.

Accuracy:

Tru-Check's accuracy standards include:

- ✓ Each employee must be able to read 500 meters in a row without error in order to advance to the next phase of training
- ✓ Employee must read with an accuracy rate of 99.9%

Results:

If an applicant fails to meet the minimum standards for the above listed tests at any time during their employment, continued employment with Tru-Check will be denied.

EXHIBIT D TRUCHECK CODE OF CONDUCT



The Tru-Check Code of Conduct applies to all directors, officers and employees of TRU-CHECK, INC. and all affiliated entities ("Tru-Check'). The Code of Conduct confirms TruCheck's long-standing commitment to conduct business in an ethical, honest and responsible manner.

In the course of your employment or service with Tru-Check, you are expected to comply with all laws governing its operations, to conduct business in accordance with the highest ethical standards, and to adhere to the principles set forth in this Code of Conduct at all times in the discharge of your responsibilities. These same high standards of conduct apply whenever you are engaged in any activities on behalf of Tru-Check and regardless of where they occur.

The following are the guiding principles governing Tru-Check's business practices:

- 1. All dealings with contractors, carriers, suppliers, vendors, customers, consultants and other persons having business with Tru-Check shall be conducted with honesty, integrity and the highest ethical standards.
- 2. You shall not be involved in any activity, including any personal investment, which is or gives the appearance of being intended to benefit you (or your family members) personally to the detriment of Tru-Check, or which otherwise creates or gives the appearance of creating any conflict of interest between you (or your family members) and Tru-Check.
- 3. You (and your family members) shall not accept gifts (including entertainment and other things of value) from persons having business with Tru-Check beyond what is reasonable and customary in the industry. In no event shall you accept any such gift that might affect or reasonably be expected to influence, or have the appearance of influencing, your independent business judgment.
- 4. Under no circumstances shall any cash payments be made to customers or suppliers, other than payments for goods and services in the ordinary course of business, or discounts, rebates and allowances applied in the ordinary course of business. In addition, the terms of any customer's or supplier's policy concerning gifts and hospitality will be honored and respected by Tru-Check.
- 5. Tru-Check employees who are in a subordinate/supervisory relationship of any kind are not to exchange favors or gifts which could give rise to, or appear to give rise to, any obligation whatsoever.
- 6. Tru-Check property (samples, supplies, documents, etc.) shall be used only for TruCheck business purposes. Tru-Check property may not be sold or otherwise disposed of, except in the

ordinary course of Tru-Check business pursuant to normal procedures. You are expected to properly account for all Tru-Check property for which you are responsible.

- 7. You shall not use Tru-Check proprietary information or trade secrets, other than as required by Tru-Check. You will at all times honor any separate agreements you have signed with Tru-Check pertaining to protection of Tru-Check's proprietary information and trade secrets.
- 8. Tru-Check independently and unilaterally determines the sales prices and terms for all of its products and services. You shall never make any agreement, formally or informally, orally or in writing, with any competitor relating to or affecting in any manner the prices, terms, or conditions of sale of Tru-Check products or services. Furthermore, you shall never share or exchange information with a Tru-Check competitor with respect to prices, costs, or any other aspects of competition, or with any other person outside of Tru-Check other than consultants and advisors to TruCheck upon approval of a Vice-President.
- 9. Tru-Check employees responsible for preparing or reporting the company's financial information shall report all information honestly, accurately and in compliance with all internal controls, and shall report all information used in audited financial statements, or Federal and State tax reports, in strict accordance with generally accepted accounting principles.

If you become aware of any violations of the foregoing principles or any other dishonest or unethical conduct by anyone acting on behalf of Tru-Check, you are asked to report such incidents to your supervisor or a Vice-President. Tru-Check will never take any disciplinary or other adverse employment action against any individual who honestly reports violations of this Code of Conduct.

While you are expected to exercise good judgment in complying with the foregoing principles, you should always err on the side of seeking approval if you are unsure how these principles are to be applied. The Vice-President shall have the final say as to the interpretation and application of this Code of Conduct.

EXHIBIT E COMPENSATION AND PAYMENT

1.0 COMPENSATION

Price(s) shall include **all** labor, equipment, materials, transportation (includes vehicles), overhead, travel, profit, supervision, insurance, sales and other taxes, licenses, uniforms, laundry service, incidentals, and all other related costs not specifically identified as being provided by the DISTRICT necessary to meet the work requirements as specified and fairly and reasonably implied in the Contract, no separate payment of any kind shall be made for such incidental items. Prices shall include all anticipated cost inflation for the term of the Contract.

Payment at the prices agreed upon shall be in full for the completed work and shall cover all expenditures incidental to satisfaction of the requirements of the Contract, unless otherwise specifically provided in writing by the DISTRICT.

There will be no route optimization within the first 12 months of this Contract.

A. On-Cycle Quantity and Compensation

It is agreed that number of meter reads will be + or - 15% of the target number of on-cycle reads per month. The estimated target reads per month are described in the matrix below.

Pricing shall be valid for on-cycle meter reads within + or - 15% of the target number of on-cycle reads per month. CONTRACTOR will be compensated for on-cycle meter read services performed according to the following matrix:

Read Month Range	1-12 Months	13-24 Months	25-36 Months		
·					
On-Cycle Reads					
Target Reads Per Month	190,000 Reads/ Month	195,000 Reads/ Month	200,000 Reads/ Month		
Price Per Meter Read	\$1.04	\$1.01	\$1.06		

B. Off-Cycle Quantity and Compensation

The DISTRICT cannot control the quantity or timing of off-cycle reads that will be generated from any routes. The DISTRICT's estimates are based on historical averages, which may or may not be reflective of future quantities. Therefore, the DISTRICT cannot guarantee the quantity of off-cycle reads that will be assigned to the CONTRACTOR. Pricing shall be valid for off-cycle meter reads within + or - 15% of the historical estimated quantity of off-cycle reads per month.

CONTRACTOR will be compensated for off-cycle meter read services performed according to the matrix below:

Read Month Range	1-12 Months	13-24 Months	25-36 Months		
Off-Cycle Reads					
Estimated Reads Per	3,350 Reads/ Month	3,350 Reads/ Month	3,350 Reads/ Month		
Month					
Price Per Meter Read	\$14.98	\$14.66	\$15.08		

C. Rate Adjustment

i. After the first six months of meter reading, the DISTRICT and CONTRACTOR reserve the right to work, in good faith, to renegotiate pricing and estimated quantity of off-cycle reads to mutually acceptable levels.

The CONTRACTOR will:

- Manually monitor and track all off-cycle work orders completed by CONTRACTOR for a six-month period
- Compare actual off-cycle costs to budgeted off-cycle costs
- Share cost comparison with the DISTRICT and enter into good faith negotiations in an effort to set mutually agreeable off-cycle read pricing and estimated quantities.
- ii. Following the first 12 months of successful meter reading by the CONTRACTOR, the DISTRICT and the CONTRACTOR may, by mutual agreement, optimize routes, including establishing the most efficient routes, procedures, and processes for ensuring uninterrupted and reliable meter reading services, which improve DISTRICT invoicing, customer service, and revenue collection, or reduce meter reading expenses.
 - The DISTRICT and the CONTRACTOR will work in good faith to negotiate revised pricing that shares savings from CONTRACTOR's operational improvements.
- iii. In the event that the DISTRICT increases or decreases the quantity of services under this CONTRACT beyond + or 15% of the target number of on-cycle reads per month or beyond + or 15% of the historical estimated quantity of off-cycle reads per month such that it results in a substantial and material change in daily manpower requirements for the CONTRACTOR, the CONTRACTOR and the DISTRICT agree that they will make a good faith effort to renegotiate the pricing for services to mitigate such change.
- iv. In the event the parties are unable to negotiate the pricing after good faith negotiations, then either party has the right to terminate the Contract associated with this Scope of Work upon 6 months written notice.

D. Multi-Register Meters

i. The DISTRICT utilizes a limited number of meters that contain multi registers that can record kWh, kW and VARs. For these meters, all meter registers are read through a single download of data into the handheld unit. Therefore all multi registered meters will be considered a single meter read.

2.0 PERFORMANCE METRICS AND PENALTIES

The ability to reliably read and upload 100% of customer electric and water meters, every month and on schedule, is very important to the DISTRICT, its customers, and its revenue collection processes. Performance metrics shall include, but will not be limited to, accuracy, efficiency, safety, and response time of high-priority issues involving customer safety.

A. Accuracy

The DISTRICT will identify any meter read errors made by the CONTRACTOR. The CONTRACTOR will be responsible for correcting those inaccurate reads. The DISTRICT expects the CONTRACTOR to maintain a 99.9% meter read accuracy rate per invoice period. Liquidated damages of \$25.00 (cost of on-cycle meter read plus cost of off-cycle meter read plus cost of administrative rework) per error will be assessed to the CONTRACTOR each invoice period for any errors. Liquidated damages of \$25.00 per error will be assessed beginning 30 days after the CONTRACTOR is required to begin monthly meter reading.

For any read which the DISTRICT incorrectly identified as a meter read error made by the CONTRACTOR for which the CONTRACTOR has performed an off-cycle read, the CONTRACTOR shall be compensated at the off-cycle read rate described in Exhibit E Compensation and Payment, Section 1.0 Compensation, subsection B Off-Cycle Quantity and Compensation.

The DISTRICT reserves the right to reestablish liquidated damages based on pricing of off cycle and on-cycle reads performed by the CONTRACTOR.

If the CONTRACTOR consistently falls below the 99.9% meter read accuracy rate, the DISTRICT may cancel the contract without penalty to the DISTRICT.

B. Early or Late Reads Outside the Meter Reading Schedule

Meters must be read within one day ahead and two days after the scheduled reading date.

The liquidated damages for early or late reads, outside the reading boundary, will be determined by the magnitude and frequency as described by the following tiers:

- i. Tier 1 (Minimum damages): \$1,000 per route; 1 to 3 days outside reading boundary
- ii. Tier 2 (Maximum damages): \$2,000 per route; 4 or more days outside reading boundary

RESOLUTION NO. 5791

A RESOLUTON Adopting a Plan or System of Additions to and Extensions of the District's Water Utility; Declaring the Intention of the Board of Commissioners to Form Water Local Utility District No. 59 to Carry Out That Plan; and Fixing the Date, Time and Place For a Public Hearing on Formation of the Proposed Local Utility District and Confirmation of the Assessment Roll

WHEREAS, the owners of the land described in Exhibit "A" hereto have requested a connection to the District's water system either through direct attachment to a supply pipeline serving the District's water supply main or attachment to an existing District-installed main, and the owners have entered into a Water Connection Contract establishing the terms for such connection, requesting financing for public improvements installed for the benefit of their property through the formation of a water local utility district, and waiving publication of notice of the hearing establishing the local utility district and confirming the assessment roll; and

WHEREAS, pursuant to the terms of such Water Connection Contract, the District has completed construction of such improvements; and

WHEREAS, the Board of Commissioners of the District has considered the information presented by staff regarding the feasibility of extending and adding to the District's system of distribution of water to lands described in Exhibit "A", and has determined the method of distributing the cost and expense thereof against the District and against the local utility district proposed to be created within such lands, and has determined that the cost and expense of constructing and installing such additions to the District's Water Utility, and to acquire the necessary easements and facilities in connection therewith, shall be paid from Water Utility Revenues and from the proceeds of assessments levied on property specially benefited thereby; and

WHEREAS, the plan of improvements proposed to be financed through the formation of the proposed Water Local Utility District is shown in Exhibit "B" hereto; and

WHEREAS, the Commission has considered the recommendations of staff and determined that the formation of such local utility district is appropriate and in the best interests of the District.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District
No. 1 of Snohomish County, Washington, as follows:

Section 1. The plan for additions to the existing distribution system of the District, consisting of the installation of a meter, pressure reducing valve, and service line, all as more fully described in Exhibit "B," appears to be financially and economically feasible and is hereby adopted.

Section 2. The cost of carrying out the plan provided in Section 1 hereof, including all construction and installation, general facilities charge, distribution system charge, meter installation fees, and overhead and general expenses, is hereby declared to be \$98,720.90.

Section 3. The cost of the plan provided in Section 1 hereof and hereby adopted, shall be met and defrayed from Water Utility Revenues and from the proceeds of assessments levied and assessed against all property within the local utility district referred to in Section 6 hereof, legally and properly assessable therefore and specifically benefited by such improvement, as provided by the laws of the State of Washington and the resolutions of the District. The entire principal and interest on such assessments as well as penalties for late payment shall be paid into a local improvement revenue fund, which shall be created and established in the office of the Snohomish County Treasurer, to be known as "Local Utility District No. 59 (Water Distribution System) – Non-Contiguous" and shall be used for paying

principal and interest on District warrants and/or notes, inter-fund loans and bonds to be issued in payment of the cost and expense of the plan provided in Section 1. The assessments in such local utility district may be paid in cash, without penalty, interest or cost, any time within 30 days from the first day of publication of notice by the Treasurer of Snohomish County, Washington, that the assessment roll is in his or her hands for collection or if not then paid may, at the option of the several property owners, be paid in twenty equal annual installments and with interest at the rate of 4.5 percent per annum. The levying, collection and enforcement of all assessments in such local utility district shall be in the manner now or hereafter provided by law or resolution of the District.

Section 4. The method of assessment shall be made against the property within said local utility district on a per buildable lot basis. Each assessment shall include a general facilities charge, which represents the charge imposed by the District for access to the source, storage and transmission facilities of the District's Water Utility; distribution system charge, which represents the average cost per lot for new distribution systems installed; a service connection charge, which is the average cost of installation of a meter, pressure reducing valve, service line; when applicable, a charge to cover the cost of a county right-of-way permit; and a \$200 LUD administration charge to recover costs associated with administering the LUD including formation costs and annual fees charged by the Snohomish County Treasurer.

Section 5. It is the intention of the Board of Commissioners of the District to approve, ratify and confirm the construction of the additions to the District's integrated water system as described in Section 1 of this Resolution and described in Exhibit "B" attached hereto.

Section 6. The Board of Commissioners of the District hereby declares its intention to form a local utility district to be known and designated as Local Utility District No. 59 of Snohomish County, Washington and as fully described and set forth in the Resolution forming such local utility district, which is attached hereto as Exhibit "C."

Section 7. Not to exceed 100 percent of the cost of the improvements described in Section 1 hereof shall be borne by assessments against the property within the proposed local utility district specially benefited by such improvements. Actual assessments may vary from assessment estimates so long as they do not exceed a figure equal to the increased true and fair value the improvement adds to the property assessed.

Section 8. A public hearing shall be held by the Commission in the Commission Meeting Room, Headquarters Building, 2320 California Street, Everett, Washington, at 1:30 p.m. on the 20th day of December, 2016, for the purpose of determining whether the above-described proposed local utility district shall be established and, if appropriate, confirming the proposed assessment roll, as set forth in Exhibit "A" hereto.

The Secretary of the Board of Commissioners of the District is hereby authorized and instructed to cause notice of the adoption of this Resolution to be given to each owner or reputed owner of any lot, tract, parcel of land, or any other property within the proposed local utility district, and to mail such notice at least 15 days before the date fixed for the public hearing to the owner or reputed owner of the property shown on the tax rolls of the County Treasurer of Snohomish County, at the address shown therein as required by law.

PASSED AND APPROVED this 22nd day of November, 2016.

President

(not present)

Vice-President

Secretary

Preliminary Assessment Roll for Lots Within Boundaries of 2016 Non-Contiguous LUD 59 of Public Utility District No. 1 of Snohomish County, Washington

<u>Tax Account No.</u> 290604-004-030-00	Legal Description SEC 04 TWP 29 RGE 06RT-42B) BAAP N00*53 22W 603.76FT FROM SE COR SEC TH CONT N ALG E LN SEC 262. 90FT TO NXN SE R/W CO RD TH S49*42 00W 178.97FT TH S22*23 30W 172.32FT TH S 38*17 30W 63.02FT TH N89*06 38E56.74FT TH N49*06 38E 90FT TH N89* 06 38E 120.53FT TO POB	Recorded Owner & Mailing Address Dale & Yvonne Bogart PO Box 113 Lake Stevens, WA 98258	<u>Assessment</u> \$8,850.90
290602-004-031-00	Section 02 Township 29 Range 06 Quarter SE LOT 1 SNO CO PFN 04-110334SP REC AFN 200508195197 BEING A PTN OF NE1/4 SE1/4	Marcelyn Neumann 3517 Newberg Rd Snohomish, WA 98290	\$9,790.00
310633-004-006-00	SEC 33 TWP 31 RGE 06S 726FT OF W 300FT SW1/4 SE1/4 LESS CO RD IF ANY	Kyle Smith 13915 Burn Rd Arlington, WA 98223	\$9,955.00
280609-001-001-00	Section 09 Township 28 Range 06 Quarter NE E1/2 NE1/4 NE1/4 SUBJ R/W ESE TO USA & LESS W 320FT & LESS E 20FT LESS ADD E 10FT THOF TO SNO CO AUD FILE NO 8011140228 VOL 1690 PG 739	Gary Duffner 11377 Meadowmeer Circle NE Bainbridge Island, WA 98110	\$9,510.00
290621-002-003-00	SEC 21 TWP 29 RGE 06RT-22A) S 289 FT OF E 611 FT OF NW1/4 NW1/4 LESS E 20 FT FOR CO RD	Gary Alexander 728 135th Ave SE Snohomish, WA 98290	\$9,790.00
310629-002-030-00	SEC 29 TWP 31 RGE 06LOT 2 ZA 9407143 SP REC AF NO 9701105005 BEING PTN W1/2 NW1/4	Benjamin & Sherrie Walther 16709 Burn Rd Arlington, WA 98223	\$9,510.00
300628-004-005-00	SEC 28 TWP 30 RGE 06THAT PART SE1/4 SE1/4 LY SE OF CO RD LESS S/HY VOL 840/328 AF NO 1669874	Thomas & Traci Matthew 14603 W Lake Goodwin Rd Stanwood, WA 98292	\$9,790.00
300613-003-026-00	SEC 13 TWP 30 RGE 06NWLY 103FT OF SELY 196FT AS MEAS ALG WLY LN FDTR BEG INT S LN S/HY 15-A & W MGN ST GAME RD TH SWLY ALG HWY 606.04FT TH S49*10 00E 451.65FT TH N60*52 59E 226FT TPB TH CONT N60*5259E 300.30FT TO W MGN ST GAME RD TH NWLY ALG SD RD 374.29FT TO S LN HWY TH SWLY ALG HWY 256.04FT TH IN STRT LN SELY TPOB EXC CERTAIN 24FT RDWY DESCAUD FILE #1430329 TGW 40FT STRIP OF LAND LY NLY OF ABOVE DESC PRTY & WLY OF SD 24FT RDWY	Danen & Heather Barnhart 632 Wetmore Ave Everett, WA 98201	\$9,790.00

		Recorded Owner & Mailing	
Tax Account No.	<u>Legal Description</u>	<u>Address</u>	<u>Assessment</u>
310632-001-001-00	SEC 32 TWP 31 RGE 06RT-1) BEG INT S LN NE1/4 NE1/4 & W LN CORD TH NLY ALG W LN SD RD 528 FT TO TPB TH SLY ALG W LN SD CO RD 200 FT TH W PLT S LN SD SUB 200 FT TH NLY PLT W LN CO RD TAP 200FT W OF TPB TH E PLT S LNSD SUB 200 FT TO TPB	Colton Bailey 15302 Burn Rd Arlington, WA 98223	\$9,790.00
004205-000-008-00	MEADOW LAKE HILLS BLK 000 D-00 - ALL THAT PTN OF LOTS 8 & 9 LY SLY OF FDL:BEG AT W1/4 COR OF SEC 17 TWN 28 RGE 7 BEING ALSO NW COR OF SD LOT 8 TH N61* 56 14E ALG N LN OF SD LOT 8 414.75FT TH N10* 1905W 157.49FT TH N61* 56 14E PLW N LN OF SD LOT 8 179.63FT TO WLY R/W OF MEADOW LK RD & TERM OF HEREIN DESC LN EXC ANY PTN LY IN R/W OF PUBLIC RD PER BLA 97-106024 REC AFN 9809160287	Reilly Hendrix and Fay Hartje 21230 Meadow Lake Rd Snohomish, WA 98290	\$11,945.00

EXHIBIT B

PUBLIC UTILITY DISTRICT NO. 1 OF SNOHOMISH COUNTY

WATER UTILITY

NON-CONTIGUOUS WATER LUD NO. 59

FEASIBILITY STUDY REPORT

November, 2016

1. INTRODUCTION AND BACKGROUND

The properties included in Local Utility District (LUD) No. 59 are located in unincorporated Snohomish County in the Arlington, Lake Stevens, Granite Falls, and Snohomish areas. They are attached to the District's main on Burn Road, Three Lakes Road, Meadow Lake Road, Ray Grade Road, Newberg Road, 135th Avenue SE, 147th Avenue NE, and 28th Street NE (See Attachment 1 for maps of property locations).

Research by the District's Office of General Counsel determined that an LUD was the only mechanism through which the District could offer financing for attachment to District water service, and that an LUD need not include contiguous parcels. Thus, the concept of a Non-Contiguous LUD was developed to allow voluntary participation by property owners wishing to take permanent service from an existing District water supply main.

Participants have been provided with a Water Connection Contract (See Attachment 2). The Water Connection Contract is written such that the property owner's signature qualifies as a signed LUD petition. Since only those requesting financing for water service have signed Contracts, the LUD has 100 percent property owner support.

2. COST

The cost per customer varies depending upon which main the service is connecting to.

The following fees for connection are charged at the 2015 rates:

This customer signed the contract for the water service installation in December 2015 after LUD 58 was already complete. The cost for the property connecting to the distribution main on 28th Street NE is \$9,780, which is for a full service connection with a Pressure Reducing Valve. The connection fee is comprised of a General Facilities Charge (GFC) of \$3,640, a Distribution System Charge (DSC) of \$4,205, a Pressure Reducing Valve (PRV) of \$280, a Service Connection Charge (SCC) of \$1,355 (for a ¾" meter), a Snohomish County Right-of-Way permit costing \$100, and a LUD Administrative fee of \$200. The customer paid \$929.10 toward the cost of the installation and the total assessment for this lot will be \$8,850.90.

The following fees for connection are charged at the 2016 rates:

The cost for the properties connecting to the distribution main on Burn Road and Three Lakes Road is \$9,510 each, which is for a full service connection. The connection fee is comprised of a General Facilities Charge (GFC) of \$3,645, a Distribution System Charge (DSC) of \$4,210, a Service Connection Charge (SCC) of \$1,355 (for a ³/₄" meter), a Snohomish County Right-of-Way permit costing \$100, and a LUD Administrative fee of \$200.

There are five properties connecting to the distribution main; one each on Burn Road, Ray Gray Road, Newberg Road, 147th Ave NE, and 135th Ave SE. The connection fees total \$9,790 for each property and consist of a General Facilities Charge (GFC) of \$3,645, a Distribution System Charge (DSC) of \$4,210, a Service Connection Charge (SCC) of \$1,355 (for a ³/₄" meter), a Snohomish County Right-of-way permit costing \$100, a pressure reducing valve costing \$280, and a LUD Administrative fee of \$200.

The cost for one of the properties connecting to the distribution main on Burn Road is \$9,955, which is for a full service connection with a 1" meter and PRV. The connection fees are comprised of a General Facilities Charge (GFC) of \$3,645, a Distribution System Charge (DSC) of \$4,210, a Service Connection Fee (SCC) of \$1,520 (for a 1" meter), a Snohomish County Right-of-Way permit costing \$100, a pressure reducing valve costing \$280, and a LUD Administrative fee of \$200.

The cost for the property connecting to the distribution main on Meadow Lake Road is \$11,945. The amount is composed of a General Facilities Charge (GFC) of \$5,915 (GFC for Remote System of Storm Lake Ridge), a Distribution System Charge (DSC) of \$4,210, a Service Connection Charge (SCC) of \$1,520 for a 1" meter, a Snohomish County Right-of-Way Permit of \$100, and a LUD Administrative fee of \$200.

The GFC represents a pro-rata share of the cost of funding transmission, storage and water source improvements, which are required to serve the LUD properties. The DSC is based on the average cost per lot for new distribution systems installed in the District's rural service area (this amount will vary based on when the District-installed water main extension was completed or if the property was located in an area where another LUD-financed main was installed). The SCC is the average cost of installation of a meter and a service line from the main to the property line. The LUD administrative fee provides recovery of costs associated with administering the LUD, including formation costs and annual fees charged by the Snohomish County Treasurer's Office.

No. of	Connection Fee	Assessment
Properties		
1	2015 3/4" Meter Drop SF Connection Fee w/PRV	\$8,850.90
2	2016 Standard SF Connection Fee	\$19,020.00
5	2016 Standard SF Connection Fee w/PRV	\$48,950.00
1	2016 1" SF Connection Fee w/PRV	\$9,955.00
1	2016 1" SF Connection Fee w/ Storm Lake GFC	\$11,945.00
10 TOTAL		\$98,720.90

2015 3/4" Meter Drop SF Connection Fee w/PRV	
General Facilities Charge	\$ 3,640.00
Distribution System Charge	\$ 4,205.00
Service Connection Charge (3/4")	\$ 1,355.00
Pressure Reducing Valve	\$ 280.00
County Right-of-Way Permit	\$ 100.00
LUD Administrative Fee	\$ 200.00
Cash Down Payment	\$ -929.10
*	\$ 8,850.90
2016 Standard SF Connection Fee	
General Facilities Charge	\$ 3,645.00
Distribution System Charge	\$ 4,210.00
Service Connection Charge (3/4")	\$ 1,355.00
County Right-of-Way Permit	\$ 100.00
LUD Administrative Fee	\$ 200.00
20211	\$ 9,510.00
	4 2,422
2016 Standard SF Connection Fee w/PRV	
General Facilities Charge	\$ 3,645.00
Distribution Service Charge	\$ 4,210.00
Service Connection Fee (3/4")	\$ 1,355.00
Pressure Reducing Valve	\$ 280.00
County Right-of-Way Permit	\$ 100.00
LUD Administration Fee	<u>\$ 200.00</u>
	\$ 9,790.00
2016 1" SF Connection Fee w/PRV	
General Facilities Charge	\$ 3,645.00
Distribution Service Charge	\$ 4,210.00
Service Connection Fee (1")	\$ 1,520.00
Pressure Reducing Valve	\$ 280.00
County Right-of-Way Permit	\$ 100.00
LUD Administration Fee	\$ 200.00
	\$ 9,955.00
2016 1" SE Connection Econy/ Stames Labo CEC	
2016 1" SF Connection Fee w/ Storm Lake GFC	\$ 5,915.00
General Facilities Charge	•
Distribution System Charge	\$ 4,210.00
Service Connection Charge (1")	\$ 1,520.00
County Right-of-Way Permit	\$ 100.00
LUD Administrative Fee	\$ 200.00 \$ 11.045.00
	\$ 11,945.00

3. FINANCING

Bonds will not be sold for this LUD since the District incurs no substantial costs in providing the new customer service attachments to existing facilities. Once the final assessment roll has been approved, the Snohomish County Treasurer will be notified, and the Treasurer will in turn notify the property owners. Following a 30-day opportunity to pay the assessment off in-full with no interest or penalty, the first annual installment would be due 12 months following that notice. The interest rate charged to the property owners would be established by the District at the public hearing on the final assessment roll. An interest rate of approximately 4.5 percent is anticipated. As the Treasurer collects assessment payments, the proceeds are forwarded to the District.

Since the assessment will be secured by a senior lien on the property, in second position behind general property taxes, the District may foreclose on a parcel if the assessment is not paid. For all parcels included in the LUD, the value of the property exceeds by several times the amount of the assessment. Further, District policy provides for disconnection of water service in the event of default, hence the District is well protected from possible non-payment.

4. ECONOMIC FEASIBILITY

For an LUD to be economically feasible, the assessed parcel's value must be increased by at least as much as the amount of the assessment. By signing the Connection Contract, all owners stipulate and agree that the benefits to their property exceed the estimated cost of the assessment. Further, all property owners applying for a District water connection via the non-contiguous local utility district method agree that the benefits to their property will be greater than the estimated cost of the improvements. Property owners also acknowledge and agree that water service options other than direct connection to the District's system are more expensive and provide less benefit than a direct connection to the District's water system.

5. PRELIMINARY ASSESSMENT ROLL

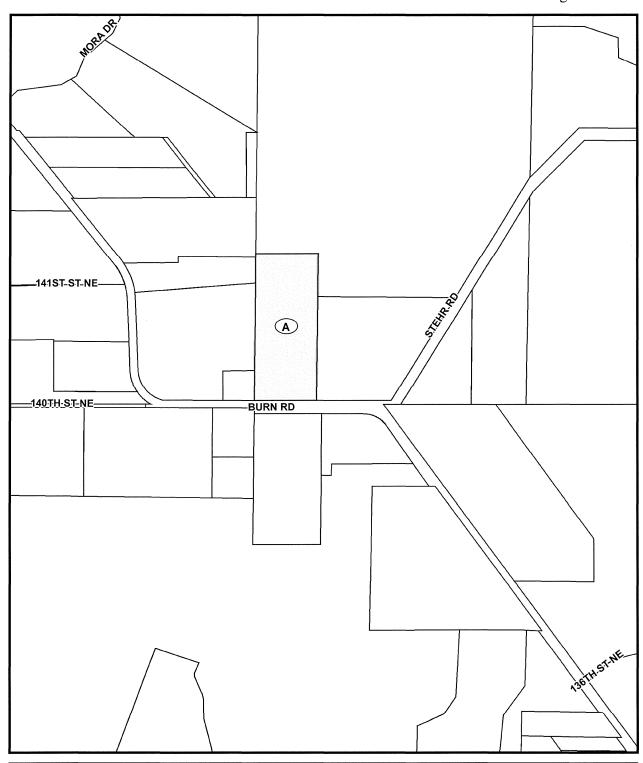
The preliminary assessment is attached as Exhibit A.

6. RATES

All customers in this LUD will pay the District's standard single-family water rate. Rates currently in effect for a single-family residential water service include a \$22.57 minimum monthly charge and \$3.46 per 100 cubic feet (748 gallons) of water usage. An average single-family household using 800 cubic feet per month would see a monthly bill of \$50.25 per month, or \$603.00 per year.

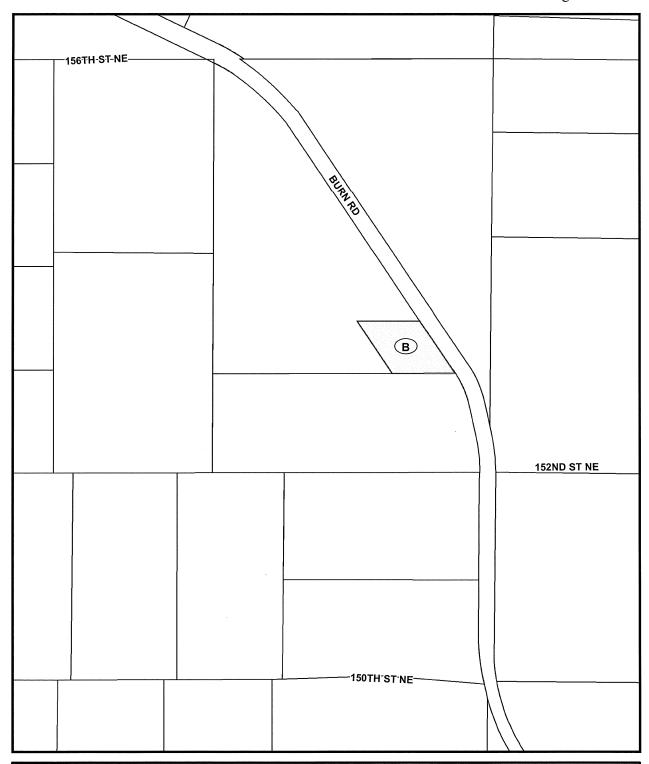
7. SUMMARY AND RECOMMENDATION

The proposed LUD is financially, economically and technically feasible. The District will not issue bonds for the LUD, and will collect assessment payments over the projected 20-year life of the LUD. It is recommended that the LUD be formed and the properties assessed as outlined in the Feasibility Report.





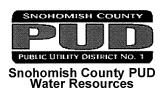
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TAX ACCOUNT #: 310632-001-001-00





TAX ACCOUNT #: 310629-002-030-00





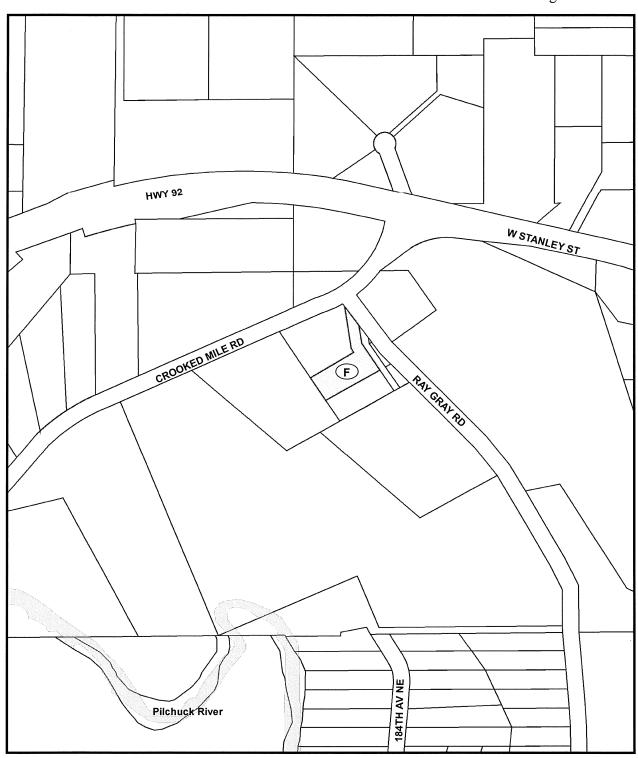
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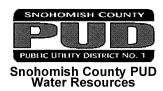
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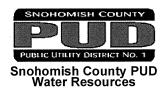
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TAX ACCOUNT #: 300613-003-026-00



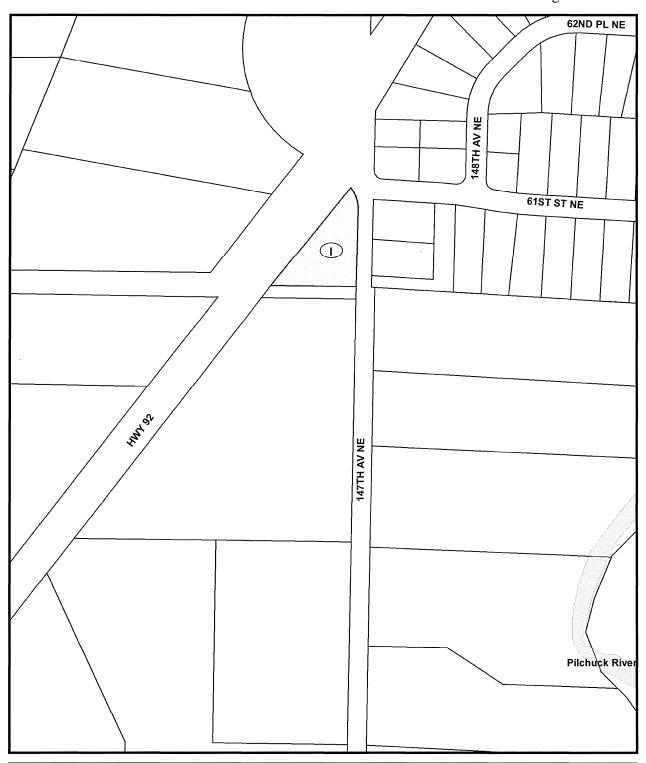


TAX ACCOUNT #: 290602-004-031-00



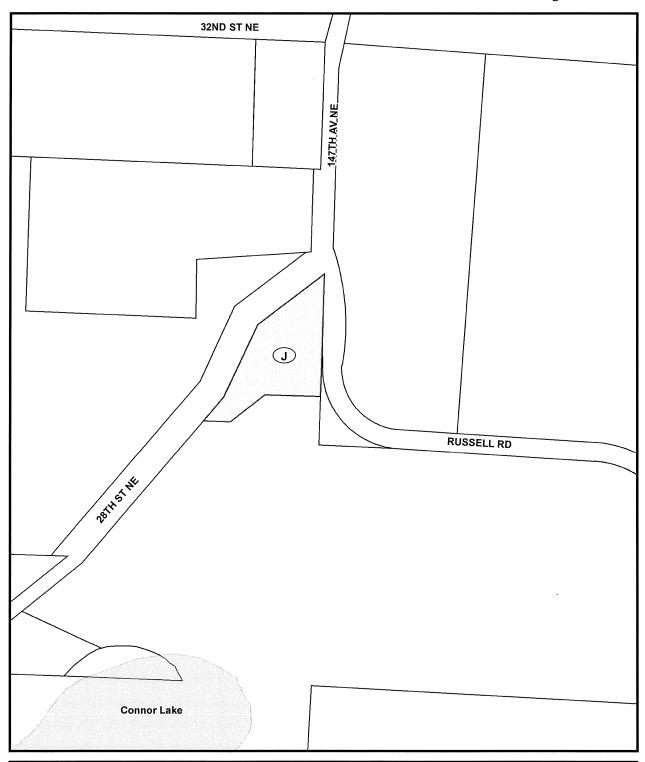
NON-CONTIGUOUS LUD NO. 59 TAX ACCOUNT #:

TAX ACCOUNT #: 290621-002-003-00





TAX ACCOUNT #: 300628-004-005-00





TAX ACCOUNT #: 290604-004-030-00



WATER CONNECTION CONTRACT FOR NON-CONTIGUOUS LOCAL UTILITY DISTRICT

Washin	gton (tł tion to	ne District), and(Ap	plicant(s	Utility District No. 1 of Snohomish County,), for the purpose of establishing the terms for lirect access to a District-funded water supply
Applica	ınt decla	ares and warrants as follows:		
(1)	Applica	ant's service address is:	(2)	Applicant's mailing address is:
(3)	Proper	ty tax account number is:	4)	Applicant's telephone number is: (H) (W)
(5)	The leg	al description of the property is:		
The Ap	plicant : (1)	and the District agree as follows: Applicant requests District w pipeline.		wice through direct connection to the supply
	(2)	Applicant agrees to pay the Dis	trict the	following amounts per residential unit:
		 a. General Facilities Charge b. Distribution Service Charge c. Service Connection Fee d. County Right-of-Way Permi e. Pressure Reducing Valve f. LUD Administration Fee 	t	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$

Financing is available through participation in a non-contiguous Local Utility District (LUD) to owners of existing single-family residences adjacent to a District-funded water supply pipeline. The dwelling must serve as the residence of the Applicant or of Applicant's lessee and must be a residence that cannot otherwise be served from an ancillary water distribution main in a cost-effective manner.

Applicant agrees that the benefits to Applicant's property will be greater than the cost of the improvements as described by this Contract when the District-constructed improvements have been installed.

Applicant acknowledges and understands that the District-constructed improvements consist of a direct water service access from the District's supply pipeline to a water meter at the edge of the right-of-way within which the supply pipeline is constructed. Applicant understands and acknowledges that the

responsibility to run a service line from the District's water meter to the Applicant's residence is solely the Applicant's responsibility.

Applicant acknowledges and declares that water service options other than connection to the District's system are more expensive or provide less benefit than connection to the District's water system. Applicant also acknowledges that a direct connection to the District's supply pipeline is both financially and economically feasible and accepts the District's determination that such is the case.

Applicant hereby waives publication of notice of a hearing establishing a non-contiguous Local Utility District and agrees that written notice by first class U.S. Mail, postage pre-paid, to Applicant's address as indicated above, sent at least 15 days prior to the hearing on the formation of the Local Utility District and confirmation of the assessment roll shall be sufficient notice for constructive compliance with applicable law.

ASSESSMENT

Applicant understands and agrees that an assessment will be levied in the total amount of \$\square\$ for the water connection rights and services described herein and a lien established upon Applicant's real property as described above, securing such assessment. The levying, collection and enforcement of all assessments are performed by the Snohomish County Treasurer's Office. Payment of such assessment amount may be made without penalty, interest, or cost at any time within 30 days of the first day of notification by the Treasurer's Office that the assessment roll has been placed in his/her hands for collection. If not paid within the 30-day period, assessments will be billed by the Treasurer's Office in 20 equal annual installments beginning in 2015 and continuing each and every year thereafter until the total assessment, plus interest accrued at the rate of 4.5% compounded annually on the declining unpaid balance, is paid in full.

Delinquent Payment - Penalty -- Termination of Water Service - Collection Agency Fee

Applicant understands and agrees that water service obtained through the non-contiguous local utility district process is for the sole benefit and improvement of property. Applicant also agrees that if an assessment payment is delinquent, reasonable collection methods may be used, including charging a penalty of 12 percent per annum on the outstanding delinquent balance, disconnection of water service, assignment to a collection agency with the addition of a collection agency fee that will be 30% of the amount of the claim assigned as authorized by Section 19.16.500 of the Revised Code of Washington, or legal action (Policies & Procedures for Administration of Water Service, Section 2.4.9, and Appendix B, Table B-10)

http://www.snopud.com/home/watermain/waterpolicies.ashx?p=1214.

Entered into this day of	, 2016.
Public Utility District No. 1 Of Snohomish County	
By:	Ву:
Representative	Applicant
	Ву:
	Applicant
State of Washington)	
\$	
County of Snohomish)	

I certify that I know or have satisfactory evidence that and, Applicant(s), is/are the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument and acknowledged it to be (his/her/their) free and voluntary act for the uses and purposes mentioned in this instrument.
Date:
Signature of Notary Public in and for the State of Washington
Residing at
My appointment expires

	RESOL	LUTION NO.	
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A RESOLUTION ordering, approving, ratifying and confirming the construction and installation of the plan or system of additions to the District's Water Utility, as adopted on November 22, 2016, and applicable to the local utility district hereinafter described, forming Local Utility District No. 59 of Snohomish County, Washington, and confirming the final assessment roll

WHEREAS, by Resolution No. XXXX passed by the Board of Commissioners of the District on November 22, 2016, a plan or system of additions and related appurtenances to the District's Water Utility, all in accordance with "Exhibit B" thereto, which by this reference is made a part hereof, was adopted, which resolution also declared the intention of the Board of Commissioners to form Local Utility District No. 59 in connection with carrying out such plan; and

WHEREAS, the boundaries and a general description of the proposed local utility district, together with the names and addresses of the owners of all lots, parcels, or tracts of land or other property within such local utility district, as shown on the tax rolls of the County Treasurer, and the legal descriptions and proposed annual assessments for all such lots, parcels or tracts of land or other property within the proposed local utility district, are as set forth in "Exhibits A" and "B," attached hereto and by this reference incorporated herein; and

WHEREAS, on November 23, 2016, written notice of the hearing to form such proposed local utility district and adopt related assessment rolls was sent by first class mail, U.S. postage prepaid, to the owners of all lots, parcels, or tracts of land or other property within the proposed local utility district; and

WHEREAS, the publication of such notice has been waived in writing by each and every member of the proposed local utility district; and

WHEREAS, no protest petition signed by fifty percent (50%) or more of the property owners within such proposed local utility district was filed with the Secretary of the Board of Commissioners on or before twelve o'clock noon on the date fixed for hearing; and

WHEREAS, on December 20, 2016, commencing at 1:30 p.m., the Commission conducted a hearing on such proposed local utility district, and considered all timely written objections and oral arguments presented for or against the formation of such district and for or against the proposed assessment roll for such district; and

WHEREAS, under the State Environmental Policy Act, WAC 197-11-800 (16) and -800 (23)(b), no environmental checklist was prepared prior to the formation and construction of Local Utility District No. 59; and

WHEREAS, the Commission finds that it is reasonable and proper and in the best interest of the District to form Local Utility District No. 59 as hereinbefore described, and to confirm the assessment roll for such local utility district;

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, as follows:

Section 1. The construction of the plan or system of additions to and extensions of the District's Water Utility as adopted in Resolution No. XXXX and as more particularly set forth in "Exhibit B" thereto, is hereby approved, ratified and confirmed.

<u>Section 2.</u> The proposed Local Utility District No. 59 of Snohomish County, Washington, as more particularly described in "Exhibit A," appears to be financially and economically feasible, and is hereby formed.

Section 3. The cost and expense of carrying out the plan or system provided in Section 1, including construction and installation, overhead and general expenses and engineering and legal expenses, is hereby declared to be \$98,720.90. Not to exceed 100 percent of such cost and expense shall be borne by assessments against property within said local utility district specially benefited by the improvement. The Commission finds that the cost and expense to be borne by each lot is not greater than the benefit to be conferred on each lot.

Section 4. Assessment shall be made against the property within said local utility district on a per buildable lot basis. Each assessment shall include, in addition to a proportionate share of the cost of facilities constructed as part of the plan or system described in Section 1 hereof, a general facilities charge, which represents the charge imposed by the District for access to the source, storage and transmission facilities of the

District's Water Utility. A connection charge shall also be levied for each service connection. The Board of Commissioners hereby finds that such method of assessment is equitable and proper and fairly reflects the special benefits to the respective assessed properties.

Section 5. The proposed final assessment roll and assessments for Local Utility District No. 59 as set forth in the attached "Exhibit A" is fair and reasonable and is hereby approved and confirmed.

The assessments in such utility district may be paid in cash, Section 6. without penalty, interest or cost, at any time within thirty days from the first day of publication of notice by the Treasurer of Snohomish County, Washington, that the assessment roll is in his or her hands for collection, and if not then paid, such assessments may, at the option of the several property owners, be paid in 20 equal annual installments; that the first of such installments be due one year after the expiration of the aforesaid 30-day period, and subsequent installments shall be due annually after such date; that the sum remaining unpaid at the expiration of such 30-day period shall bear interest at the rate 4.5 percent per annum, and interest on the unpaid amount shall be due on the due date of the first installment of principal and each year thereafter on the due date of each installment of principal; that assessments or installments thereof, when delinquent, in addition to such interest, shall bear a penalty in the amount of 12 percent per annum on the outstanding delinquent balance; and that the owner of any lot, tract or parcel of land or other property charged with any such assessment may redeem it from all liability for the unpaid amount of the assessment, at any time after the 30-day period allowed for payment of the assessment without penalty or interest, by paying the entire unpaid amount of the assessment to the Snohomish County Treasurer, with interest thereon to the date of maturity of the installment next falling due.

Section 7. The cost of the plan described in Section 1 hereof shall be met and defrayed from the District's Water Utility General fund and the proceeds of assessments levied and assessed against all property within the local utility district created by Section 2 hereof, legally and properly assessable therefore and specially benefited by said improvement, as provided by the laws of the State of Washington and the resolutions of the District. The entire principal of and interest on such assessments, as well as penalties

for late payment, shall be paid into a local improvement fund which is hereby created and established in the office of the Snohomish County Treasurer to be known as "Utility Local Improvement District No. 59, (Water Distribution System) – Non-Contiguous" and shall be used for the sole purpose of paying the cost of the plan described in Section 1, and/or paying principal of and interest on District warrants and/or notes, inter-fund loans or bonds issued in payment of the cost and expense of such improvements; and the Snohomish County Treasurer is hereby authorized and directed to remit to the District, on or prior to the tenth day of the month following receipt thereof, for use for such purposes, any and all monies received by the Treasurer from time to time in said fund.

Section 8. The Secretary of the Board of Commissioners of the District is hereby authorized and directed to certify unto the Snohomish County Treasurer and any and all public authorities or others interested in LUD No. 59 or properties contained therein as to the giving of all notices, the manner and form of all resolutions or proceedings and any other information or material which may be necessary or appropriate with respect thereto.

PASSED AND APPROVED this 20th day of December, 2016.

President	
Vice-President	
Secretary	

RESOLUTION NO. 5810

A RESOLUTION Authorizing the CEO/General Manager to Execute Amendment No. 1 to the Wholesale Water Agreement Between the City of Snohomish and the District

WHEREAS, Public Utility District No. 1 of Snohomish County (the "District") entered into a Wholesale Water Agreement with the City of Snohomish (the "City") in 2012; and

WHEREAS, the Wholesale Water Agreement allows the City to use the 2" intertie for only Emergency Use or Temporary/Seasonal Use, and is limited to one time per year not more than ten consecutive days, or up to eight times per year, for not more than ten consecutive days each time, respectively; and

WHEREAS, the City is in the process of decommissioning its Water Treatment Plant Facility which is an integral part of its water supply infrastructure that provides service to approximately 100 customers along the City's transmission line; and

WHEREAS, the City has determined that it needs to receive water supply from the District's intertie in excess of the terms under the Wholesale Water Agreement in order to provide water service to its transmission line customers; and

WHEREAS, Section 1 l) of the Wholesale Water Agreement states that any desired use in excess of the limits for Emergency Use or Temporary/Seasonal Use is "outside the scope of this agreement and require[s] an amendment to allow full time wholesale use of the intertie;" therefore, the District and the City are seeking this proposed amendment to allow full-time use of the intertie; and

WHEREAS, the District and the City upon execution of this proposed Amendment No.

1 to Wholesale Water Agreement anticipate entering into good-faith negotiations to establish a new agreement for permanent full-time water supply; and

WHEREAS, the Commission has considered the recommendation of staff and finds, based upon the information and evaluation provided by staff, that it is in the best interest of the District to approve the proposed Amendment No. 1 to Wholesale Water Agreement.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County that the CEO/General Manager or his designee is authorized to execute the proposed Amendment No. 1 to Wholesale Water Agreement between the City of Snohomish and the District, in substantially the form set forth in the Exhibit A, attached hereto and incorporated by this reference.

PASSED AND APPROVED this 28th day of March, 2017,

President

Vice-President

Secretary

EXHIBIT A AMENDMENT NO. 1 TO WHOLESALE WATER AGREEMENT

THIS AMENDMENT NO. 1 TO WHO	OLESALE WA	TER AGREEMENT (the "First
Amendment") is made and entered into this	day of	, 2017, by and between
Public Utility District No.1 of Snohomish Cou	ınty, a municipa	al corporation of the State of
Washington, (the "District"), and the City of S	Snohomish, here	ein referred to as "the City."

WHEREAS, the District and the City executed an agreement entitled "Wholesale Water Agreement" (the "Original Agreement") on April 17, 2012; and

WHEREAS, the City is in the process of decommissioning its Water Treatment Plant Facility which is an integral part of its water supply infrastructure that provides service to approximately 100 customers along its transmission main. Therefore, the City has determined that it needs to use the District water supply full-time, in excess of the eight (8) times per year allowed by the Temporary/Seasonal Reoccurring Use and one (1) time per year allowed by the Emergency Only Use definitions in the Original Agreement; and

WHEREAS, subject to Section 1 l) and Section 2 c) of the Original Agreement that require amendment to effectuate the intent of the district and the City, the District and the City have entered into good faith negotiations to promptly establish an amendment to the Original Agreement to provide for such additional water supply; and

WHEREAS, the District and the City upon execution of this First Amendment anticipate entering into good-faith negotiations prior to the termination or expiration of this amendment to establish a new agreement for permanent full-time water supply;

NOW THEREFORE, for and in consideration of the mutual benefits conferred on both parties, the parties agree as follows:

- **Section 1.** Subsection b) of Section 2 <u>Delivery and Use of Water</u>, of the Original Agreement is amended to read as follows:
- b) The City agrees to receive supply from the District under the *Emergency Only Use* provision up to one (1) time per year for no more than ten (10) consecutive days, or under the *Temporary/Seasonal Reoccurring Use* option, up to eight (8) times per year, for no more than ten (10) consecutive days each time.

In the alternative, the City agrees to receive supply from the District full-time from the 2" intertie.

- **Section 2.** Subsection c) of Section 3 <u>Wholesale Water Rate and Billing</u>, of the Original Agreement is amended to read as follows:
- c) Period for Billing. The Master Meter shall be read by the District and the results recorded at the end of each month following commencement of full-time use of the intertie. The Master Meter shall be read by the District and the results recorded at the end of the month following the end of the Emergency Only Use or the Temporary/Seasonal Reoccurring Use. Billing to the City will be issued on or before the 10th day of the month following the use and the final reading of the Master Meter as recorded by District crews. Payment to the District shall be due within thirty (30) days of issuance of the billing invoice. A payment shall be deemed delinquent if more than ten (10) days past due. Delinquent wholesale water charge amounts shall accrue interest on the unpaid balance, from the date of delinquency until paid, at the rate of one percent (1%) per month, or twelve percent (12%) per year.
- **Section 3.** Subsection b) of Section 4 <u>General Facilities Charge</u> of the Original Agreement is amended to read as follows:
- b) If the City chooses to use the Master Meter more than one (1) time per year as allowed by Emergency Only Use status, a onetime only General Facilities Charge to the City will be imposed and the City will enter into the *Temporary/Seasonal Reoccurring Use* status as defined in Section 1. The General Facilities Charge will be due no later than sixty (60) days after the City requests that the status of the agreement change from Emergency Use Only to Temporary Seasonal use or other mutually agreeable payment arrangements as described in Section 5 below.

Upon commencement of the full-time water use authorized by Section 1 b) after First Amendment, the District agrees to defer receipt of payment of any applicable General Facilities Charge until a new agreement for permanent full-time water supply can be executed, or this Agreement expires, whichever comes first.

Section 4. Section 11- <u>Term</u>, of the Original Agreement is amended to read as follows:

This Agreement shall be effective from the date of execution by authorized representatives of both parties hereto and shall continue in effect through 2018 and thereafter with an option to extend the term for one year by mutual agreement. This Agreement may be terminated with one (1) year written notice by either party.

This Agreement may be amended at any time upon mutual written agreement of the parties. Any Notices required by this Agreement shall be given by certified mail to the official mailing address of each party.

Resolution No. 5810 Exhibit A Page 3 of 3

- **Section 5.** All other terms and conditions of the Original Agreement shall remain in full force and effect except as expressly modified by this First Amendment.
- **Section 6.** In the event any provisions of this First Amendment conflict with the Original Agreement the provisions of this First Amendment shall control.
- **Section 7.** This Amendment may be executed in two or more counterparts, each of which shall constitute an original and all of which shall constitutes one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment as of the day and year first written above.

PUBLIC UTILITY DISTRICT NO. 1 OF SNOHOMISH COUNTY	CITY OF SNOHOMISH	
By:	Ву:	
Craig Collar	Name:	
CEO/General Manager	Title:	
Approved as to Form:	Approved as to Form:	
Assistant General Counsel	City Attorney	

RESOLUTION NO. 5816

A RESOLUTION Authorizing the CEO/General Manager to Negotiate Terms for the Transfer of Ownership of the Warm Beach Water Association's Water System to Public Utility District No. 1 of Snohomish County

WHEREAS, in 2016 the Washington State Department of Health provided a grant to Public Utility District No. 1 of Snohomish County (the "District") to pay for an engineering feasibility study for possible acquisition of the Warm Beach Water Association water system (the "System") by the District as part of the District's Satellite Water System Program; and

WHEREAS, District staff conducted a feasibility study in the summer of 2016 for the purpose of evaluating the economic, technical, and financial feasibility of the District acquiring the System; and

WHEREAS, the findings of the study are contained in a report entitled Feasibility Study for Potential Consolidation of Warm Beach Water Association (PWS ID# 93000F), September 2016 (the "Report"); and

WHEREAS, the Report determined that acquisition of the System by the District was economically, financially and technically feasible, provided that System customers contribute to System modifications and improvements, including distribution pipe replacements and extensions, connection with the District's Kayak water system, a pressure reducing station, treatment modifications, electronic controls, replacing water meters, replacing some fire hydrants, and abandoning some unused facilities; and

WHEREAS, in January 2017, the District was selected to receive a \$3,532,862 loan with fifty percent principal forgiveness from the Drinking Water State Revolving

Fund (DWSRF) program, which provides low interest loans and grants to water systems for capital improvements that increase public health protection; and

WHEREAS, following a presentation on the Report at a public meeting held on September 10, 2016, at Life Church 360 within the System's service area, a second public meeting for updates and discussion held March 25, 2017, at the Warm Beach Fire Station, and a subsequent ballot mailed to System customers on April 10, 2017, ninety-nine percent (99%) of the responses were in favor of the System consolidating with the District; and

WHEREAS, the Board of Commissioners of the District has considered the Report and has determined that it would be reasonable and in the best interest of the District and its customers for the District to own and operate the System, so long as the cost and expense of District ownership and operation of the System is borne by the System's water service customers, as provided in District policy, and can be paid from rates and charges as described in such Report and in subsequent mailings for the March 2017 meeting and April 2017 ballot.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Public Utility District No. 1 of Snohomish County, Washington, as follows:

The CEO/General Manager or his designee is authorized to enter into negotiations with Warm Beach Water Association for transferring ownership of the System, and to present a Bill of Sale and Transfer Agreement to the Board of Commissioners for review and approval.

PASSED AND APPROVED this 11th day of July, 2017.

President

Vige-President

Secretary

RESOLUTION NO. 5827

A RESOLUTON Adopting a Plan or System of Additions to and Extensions of the District's Water Utility; Declaring the Intention of the Board of Commissioners to Form Water Local Utility District No. 60 to Carry Out that Plan; and Fixing the Date, Time and Place For a Public Hearing on Formation of the Proposed Local Utility District and Confirmation of the Assessment Roll

WHEREAS, the owners of the land described in Exhibit "A" hereto have requested a connection to the District's water system either through direct attachment to a supply pipeline serving the District's water supply main or attachment to an existing District-installed main, and the owners have entered into a Water Connection Contract establishing the terms for such connection, requesting financing for public improvements installed for the benefit of their property through the formation of a water local utility district, and waiving publication of notice of the hearing establishing the local utility district and confirming the assessment roll; and

WHEREAS, pursuant to the terms of such Water Connection Contract, the District has completed construction of such improvements; and

WHEREAS, the Board of Commissioners of the District has considered the information presented by staff regarding the feasibility of extending and adding to the District's system of distribution of water to lands described in Exhibit "A", and has determined the method of distributing the cost and expense thereof against the District and against the local utility district proposed to be created within such lands, and has determined that the cost and expense of constructing and installing such additions to the District's Water Utility, and to acquire the necessary easements and facilities in connection therewith, shall be paid from

Water Utility Revenues and from the proceeds of assessments levied on property specially benefited thereby; and

WHEREAS, the plan of improvements proposed to be financed through the formation of the proposed Water Local Utility District is shown in Exhibit "B" hereto; and

WHEREAS, the Commission has considered the recommendations of staff and determined that the formation of such local utility district is appropriate and in the best interests of the District.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, as follows:

Section 1. The plan for additions to the existing distribution system of the District, consisting of the installation of a meter, pressure reducing valve, and service line, all as more fully described in Exhibit "B," appears to be financially and economically feasible and is hereby adopted.

Section 2. The cost of carrying out the plan provided in Section 1 hereof, including all construction and installation, general facilities charge, distribution system charge, meter installation fees, and overhead and general expenses, is hereby declared to be \$48,670.

Section 3. The cost of the plan provided in Section 1 hereof and hereby adopted, shall be met and defrayed from Water Utility Revenues and from the proceeds of assessments levied and assessed against all property within the local utility district referred to in Section 6 hereof, legally and properly assessable therefore and specifically benefited by such improvement, as provided by the laws of the State of Washington and the resolutions of the District. The entire principal and interest on such assessments as well as penalties for late payment shall be paid into a local improvement revenue fund, which shall be created and

established in the office of the Snohomish County Treasurer, to be known as "Local Utility District No. 60 (Water Distribution System) – Non-Contiguous" and shall be used for paying principal and interest on District warrants and/or notes, inter-fund loans and bonds to be issued in payment of the cost and expense of the plan provided in Section 1. The assessments in such local utility district may be paid in cash, without penalty, interest or cost, any time within 30 days from the first day of publication of notice by the Treasurer of Snohomish County, Washington, that the assessment roll is in his or her hands for collection or if not then paid may, at the option of the several property owners, be paid in twenty equal annual installments and with interest at the rate of 4.5 percent per annum. The levying, collection and enforcement of all assessments in such local utility district shall be in the manner now or hereafter provided by law or resolution of the District.

Section 4. The method of assessment shall be made against the property within said local utility district on a per buildable lot basis. Each assessment shall include a general facilities charge, which represents the charge imposed by the District for access to the source, storage and transmission facilities of the District's Water Utility; distribution system charge, which represents the average cost per lot for new distribution systems installed; a service connection charge, which is the average cost of installation of a meter, pressure reducing valve, service line; when applicable, a charge to cover the cost of a county right-of-way permit; and a \$200 LUD administration charge to recover costs associated with administering the LUD including formation costs and annual fees charged by the Snohomish County Treasurer.

Section 5. It is the intention of the Board of Commissioners of the District to approve, ratify and confirm the construction of the additions to the District's integrated water

system as described in Section 1 of this Resolution and described in Exhibit "B" attached hereto.

Section 6. The Board of Commissioners of the District hereby declares its intention to form a local utility district to be known and designated as Local Utility District No. 60 of Snohomish County, Washington and as fully described and set forth in the Resolution forming such local utility district, which is attached hereto as Exhibit "C."

Section 7. Not to exceed 100 percent of the cost of the improvements described in Section 1 hereof shall be borne by assessments against the property within the proposed local utility district specially benefited by such improvements. Actual assessments may vary from assessment estimates so long as they do not exceed a figure equal to the increased true and fair value the improvement adds to the property assessed.

Section 8. A public hearing shall be held by the Commission in the Commission Meeting Room, Headquarters Building, 2320 California Street, Everett, Washington, at 1:30 p.m. on the 19th day of December, 2017, for the purpose of determining whether the above-described proposed local utility district shall be established and, if appropriate, confirming the proposed assessment roll, as set forth in Exhibit "A" hereto.

The Secretary of the Board of Commissioners of the District is hereby authorized and instructed to cause notice of the adoption of this Resolution to be given to each owner or reputed owner of any lot, tract, parcel of land, or any other property within the proposed local utility district, and to mail such notice at least 15 days before the date fixed for the public hearing to the owner or reputed owner of the property shown on the tax rolls of the County Treasurer of Snohomish County, at the address shown therein as required by law.

PASSED AND APPROVED this 21st day of November 2017.

President

Vice-President

Secretary

Preliminary Assessment Roll for Lots Within Boundaries of 2017 Non-Contiguous LUD 60 of Public Utility District No. 1 of Snohomish County, Washington

<u>Tax Account No.</u> 300614-004-038-00	Legal Description SEC 14 TWP 30 RGE 06ALL THAT PTN SW1/4 SE1/4 DAF: COM SW COR SD SW1/4 SE1/4 TH N89*20 12E ALG S LN SD SEC FOR 76.02FT TH N35*33 19E ALG A LN PLW & 30FT SELY OF AS MEAS AT R/A TO SELY MGNHARTFORD & EASTERN RAILWAY CO R/W FOR 417.26FT TPB TH CONT N35*33 19E 20FT TH S62*38 41E 74FT TH S10*56 31W 286.12FT TO NLY R/W LN SECONDARY S/HYNO 15A TH WLY ALG SD NLY R/W LN TAP THAT BEARS S06*14 27W FR TPB TH N06*14 27E 309.89FT TO TPB TGW ALL TH PTN SW1/4 SE1/4 DAF - COM SW COR SD SW1/4 SE1/4 TH N89*20 12E ALG S LN SDSEC 76.02FT TH N35*33 19E ALG A LN PLW &30FT SELY OF AS MEAS R/A TO SELY MGN HARTFORD & EASTERN RAILWAY CO R/W FOR 213.65FT TO TPB TH CONT N35*33 19E203.61FT TH S06*14 27W 309.89FT TO NLY R/W LN SECONDARY S/HY NO 15A TH WLY ALG SD NLY R/W LN TAP TH BEARS S08*31 53E FR TPB TH N08*31 53W 148.97FT TO TPB SUBJ TO R/W ESE PUD NO 1 LESS R/W TOST OF WA PER WD REC AF NO 94010700642 PER PROJ NO RS-S310(001)	Recorded Owner & Mailing Address Aaron Rich 5818 64th Ave NE Marysville, WA 98270	<u>Assessment</u> \$9,790.00
004401-000-024-01	Section 36 Township 29 Range 05 Quarter SW EVERETT VIEW ACRE TRS DIV A BLK 000 D-01 - LOT 24 LESS S/HY	Steven Gibson 9011 Tom Marks Rd Snohomish, WA 98290	\$9,510.00
290605-001-009-00	SEC 05 TWP 29 RGE 06E 8 AC OF W 11 AC OF TH PTN GOVT LOT 2 LY N OF BURLINGTON NORTHERN (NP) RR R/W LESS CO RD BY ESTABLISHMENT (NOTE: PER WD 865-715 DATED 9/24/64 GRANTORS MAKE NO REPRESENTATION AS TOTHE SIZE OF THE ABOVE DESC. PARCEL IN THAT THE REFERENCE TO "8" OR "11" ACRES IS FOR DESCRIPTIVE PURPOSES ONLY & HAVE NO RELATION AS TO THEACTUAL SIZE OF PARCEL DESCRIBED WHICH DEPENDS UPON MEASUREMENT FOR DETERMINATION) & TGW NLY 50FT OF A 100FTST OF LD LY NLY & PLW C/L OF BNRR R/W GRADE AS-BUILT AS STAKED BY SNO CO7-23-93 SURV NO 3438 TH SLY LN SD 100FT STRIP OF LD BEING C/L SD RR GRADE AS- BUILT ALL OF SD 100FT STRIP OF LD IS FOUND IN GOVT LOT 2 SEC 5 THE C/L OFAS-BUILT RR IS DAF - BEG AT NE COR GOVT LOT 2 SD SEC TH S01*12 42E DIST 842.32FTALG E LN GOVT LOT 2 SD SEC TO C/L SD AS-BUILT RR SNO CO ENG STA 465+42.13 TH NWLY ALG C/L SD RR GRADE AS-BUILT ON ACRV TO L HAVG RAD OF 1432.09FT TO SNO COENG STA 470+60.51 THE TPB SD 100FT STRIP OF LD TH NWLY ALG SD C/L TO SNO COENG STA 475+57.71 TERM SD DESC ALL SD50FT STRIP OF LD LIES WLY OF EXST FENCE & ELY OF E LN OF W 3 AC LY S OF CO RD & N OF SD RR AS SHOWN ON EXHIBIT J-2 PER SCC NO 94-2-03064-5 AF 9406140256	Lynn Zielasko 12420 44th St NE Lake Stevens, WA 98258	\$9,790.00
290514-004-026-00	SEC 14 TWP 29 RGE 05 - S 170FT OF FDP - N1/2 S1/2 NW1/4 SE1/4 LY E OF VERNON RD EXC W 10FT DEEDED TO SNO CO PER AF NO 7607150194 (PER BLA #97-104844 REC AF NO 9808210778)	David Dunlap 109 Vernon Rd Lake Stevens, WA 98258	\$9,790.00

280609-001-017-00

Section 9 Township 28 Range 6 Quarter NE - E1/2 N1/2 N1/2 SE1/4 NE1/4 LESS CO RD LESS FDP: BEG AT SE COR SD SUB TH N150FT TH W PLT N LN 291FT TH S 150FT TAP 291FT FR POB TH E TO POB AKA LOT A UNREC SP 273-72

Don & Deanna Scholl 7206 147th Ave SE Snohomish, WA 98290 \$9,790.00

Total Preliminary Assessment:

\$48,670.00

EXHIBIT B

PUBLIC UTILITY DISTRICT NO. 1 OF SNOHOMISH COUNTY

WATER UTILITY

NON-CONTIGUOUS WATER LUD NO. 60

FEASIBILITY STUDY REPORT

November, 2017

Feasibility Study
Non-Contiguous LUD No. 60
November 2017

1. INTRODUCTION AND BACKGROUND

The properties included in Local Utility District (LUD) No. 60 are located in unincorporated Snohomish County in the Lake Stevens, Granite Falls, and Snohomish areas. They are attached to the District's main on State Route 92, 147th Avenue SE, 44th Street NE, Vernon Road, and Tom Marks Road (See Attachment 1 for maps of property locations).

Research by the District's Office of General Counsel determined that an LUD was the only mechanism through which the District could offer financing for attachment to District water service, and that an LUD need not include contiguous parcels. Thus, the concept of a Non-Contiguous LUD was developed to allow voluntary participation by property owners wishing to take permanent service from an existing District water supply main.

Participants have been provided with a Water Connection Contract (See Attachment 2). The Water Connection Contract is written such that the property owner's signature qualifies as a signed LUD petition. Since only those requesting financing for water service have signed Contracts, the LUD has 100 percent property owner support.

2. COST

The cost per customer varies depending upon which main the service is connecting to.

The following fees for connection are charged at the 2017 rates:

The cost for the property connecting to the distribution main on Tom Marks Road is \$9,510, which is for a full service connection. The connection fee is comprised of a General Facilities Charge (GFC) of \$3,645, a Distribution System Charge (DSC) of \$4,210, a Service Connection Charge (SCC) of \$1,355 (for a 3/4" meter), a Snohomish County Right-of-Way permit costing \$100, and a LUD Administrative fee of \$200.

There are four properties connecting to the distribution main; one each on State Route 92, 147th Avenue SE, 44th Street NE, and Vernon Road. The connection fees total \$9,790 for each property and consist of a General Facilities Charge (GFC) of \$3,645, a Distribution System Charge (DSC) of \$4,210, a Service Connection Charge (SCC) of \$1,355 (for a ³/₄" meter), a Snohomish County Right-of-way permit costing \$100, a pressure reducing valve costing \$280, and a LUD Administrative fee of \$200.

The GFC represents a pro-rata share of the cost of funding transmission, storage and water source improvements, which are required to serve the LUD properties. The DSC is based on the average cost per lot for new distribution systems installed in the District's rural service area (this amount will vary based on when the District-installed water main extension was completed or if the property was located in an area where another LUD-financed main was installed). The SCC is the average cost of installation of a meter and a service line from the main to the property line. The LUD administrative fee provides

Non-Contiguous LUD No. 60 November 2017

recovery of costs associated with administering the LUD, including formation costs and annual fees charged by the Snohomish County Treasurer's Office.

No. of	Connection Fee	Assessment
Properties		
1	2017 Standard SF Connection Fee	\$9,510.00
4	2017 Standard SF Connection Fee w/PRV	\$39,160.00
5 TOTAL		\$48,670.00

2017 Standard SF Connection Fee	
General Facilities Charge	\$ 3,645.00
Distribution System Charge	\$ 4,210.00
Service Connection Charge (3/4")	\$ 1,355.00
County Right-of-Way Permit	\$ 100.00
LUD Administrative Fee	<u>\$ 200.00</u>
	\$ 9,510.00
2017 Standard SF Connection Fee w/PRV	
General Facilities Charge	\$ 3,645.00
Distribution Service Charge	\$ 4,210.00
Distribution Service Charge Service Connection Fee (3/4")	\$ 4,210.00 \$ 1,355.00
C	
Service Connection Fee (3/4")	\$ 1,355.00
Service Connection Fee (3/4") Pressure Reducing Valve	\$ 1,355.00 \$ 280.00

3. FINANCING

Bonds will not be sold for this LUD since the District incurs no substantial costs in providing the new customer service attachments to existing facilities. Once the final assessment roll has been approved, the Snohomish County Treasurer will be notified, and the Treasurer will in turn notify the property owners. Following a 30-day opportunity to pay the assessment off in-full with no interest or penalty, the first annual installment would be due 12 months following that notice. The interest rate charged to the property owners would be established by the District at the public hearing on the final assessment roll. An interest rate of approximately 4.5 percent is anticipated. As the Treasurer collects assessment payments, the proceeds are forwarded to the District.

Since the assessment will be secured by a senior lien on the property, in second position behind general property taxes, the District may foreclose on a parcel if the assessment is not paid. For all parcels included in the LUD, the value of the property exceeds by several times the amount of the assessment. Further, District policy provides for disconnection of

Feasibility Study
Non-Contiguous LUD No. 60
November 2017

water service in the event of default, hence the District is well protected from possible non-payment.

4. ECONOMIC FEASIBILITY

For an LUD to be economically feasible, the assessed parcel's value must be increased by at least as much as the amount of the assessment. By signing the Connection Contract, all owners stipulate and agree that the benefits to their property exceed the estimated cost of the assessment. Further, all property owners applying for a District water connection via the non-contiguous local utility district method agree that the benefits to their property will be greater than the estimated cost of the improvements. Property owners also acknowledge and agree that water service options other than direct connection to the District's system are more expensive and provide less benefit than a direct connection to the District's water system.

5. PRELIMINARY ASSESSMENT ROLL

The preliminary assessment is attached as Exhibit A.

6. RATES

All customers in this LUD will pay the District's standard single-family water rate. Rates currently in effect for a single-family residential water service include a \$22.57 minimum monthly charge and \$3.46 per 100 cubic feet (748 gallons) of water usage. An average single-family household using 800 cubic feet per month would see a monthly bill of \$50.25 per month, or \$603.00 per year.

7. SUMMARY AND RECOMMENDATION

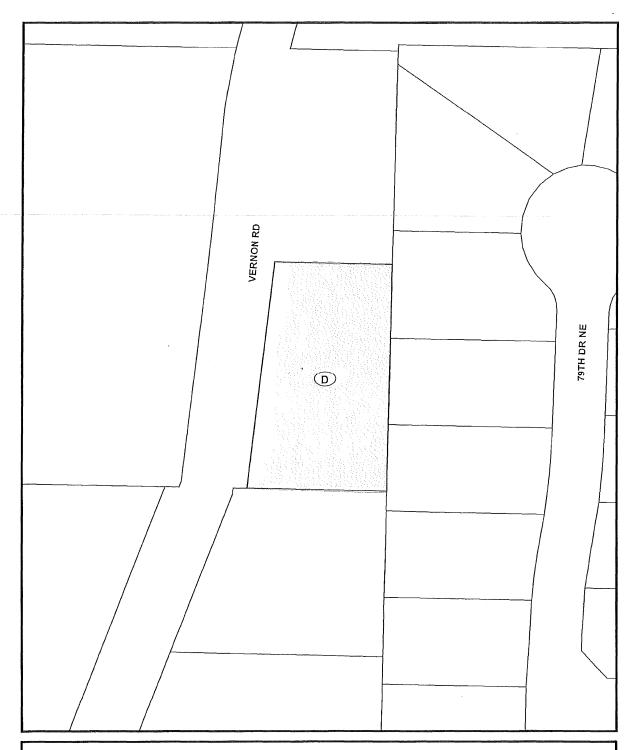
The proposed LUD is financially, economically and technically feasible. The District will not issue bonds for the LUD, and will collect assessment payments over the projected 20-year life of the LUD. It is recommended that the LUD be formed and the properties assessed as outlined in the Feasibility Report.





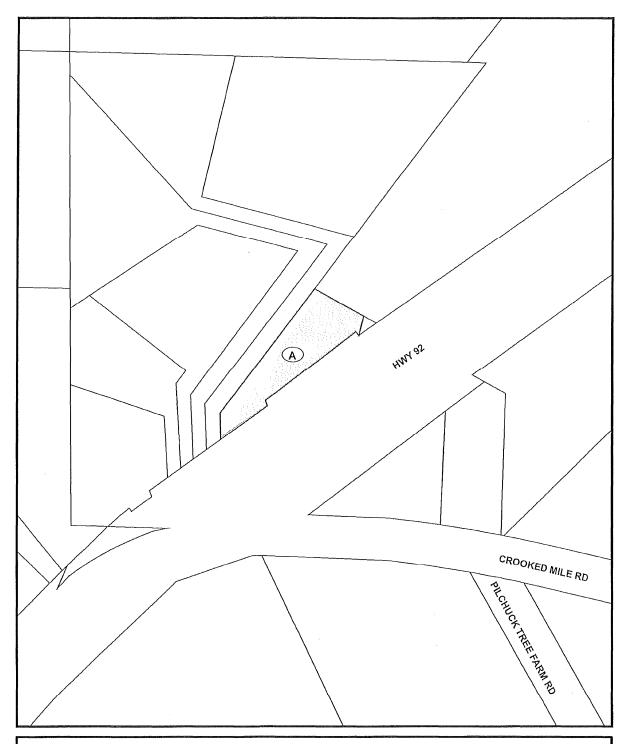
Snohomish County PUD Water Resources NON-CONTIGUOUS LUD NO. 60

TAX ACCOUNT #: 280609-001-017-00





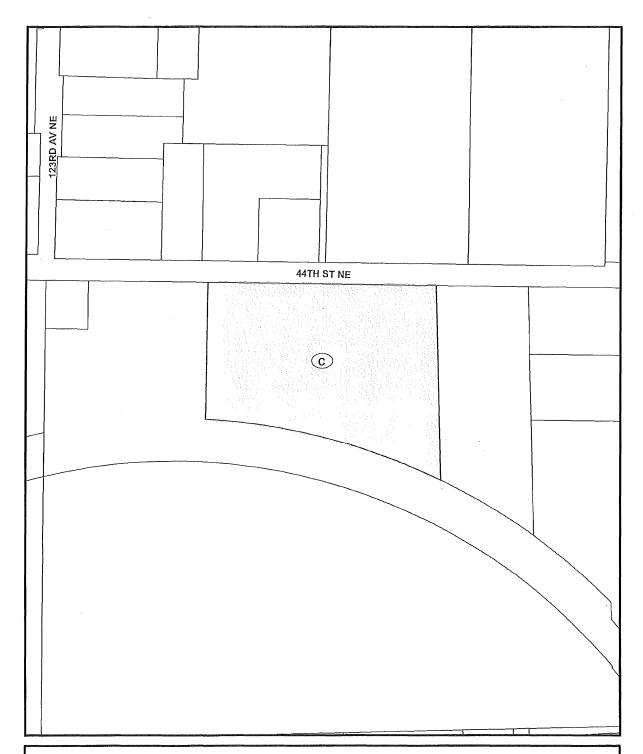
TAX ACCOUNT #: 290514-004-026-00





TAX ACCOUNT #:

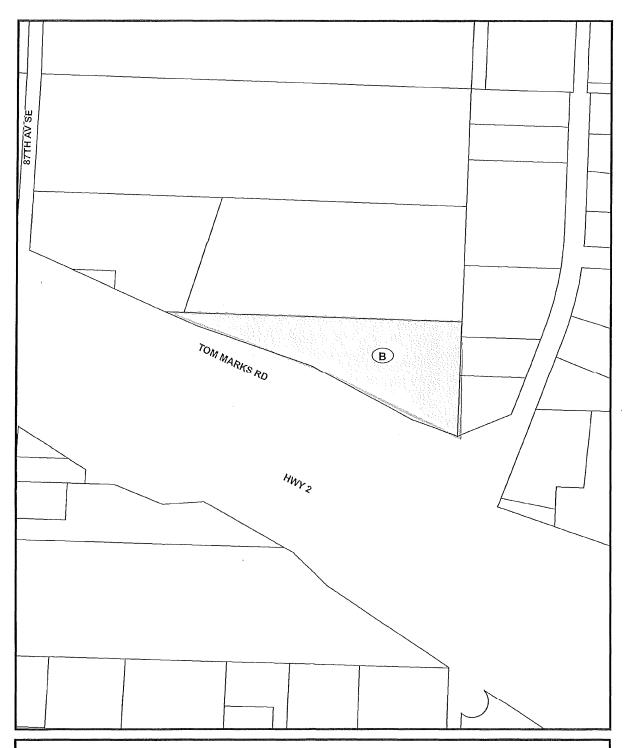
300614-004-038-00





Snohomish County PUD Water Resources NON-CONTIGUOUS LUD NO. 60

TAX ACCOUNT #: 290605-001-009-00





TAX ACCOUNT #:

004401-000-024-01



WATER CONNECTION CONTRACT FOR NON-CONTIGUOUS LOCAL UTILITY DISTRICT

Washir	ngton (ti etion to	he District), and(Ap	plicant(Utility District No. 1 of Snohomish County, s), for the purpose of establishing the terms for direct access to a District-funded water supply
Applica	ant decla	ares and warrants as follows:		
(1)	Applic	ant's service address is:	(2)	Applicant's mailing address is:
(3)	Proper	ty tax account number is:	4)	Applicant's telephone number is: (H) (W)
(5)	The leg	gal description of the property is:	:	
The Ap	oplicant (1)	and the District agree as follows Applicant requests District w pipeline.		rvice through direct connection to the supply
	(2)	Applicant agrees to pay the Dis	trict the	following amounts per residential unit:
		 a. General Facilities Charge b. Distribution Service Charge c. Service Connection Fee d. County Right-of-Way Permite e. Pressure Reducing Valve f. LUD Administration Fee 		\$ \$ \$ \$ \$ \$

Financing is available through participation in a non-contiguous Local Utility District (LUD) to owners of existing single-family residences adjacent to a District-funded water supply pipeline. The dwelling must serve as the residence of the Applicant or of Applicant's lessee and must be a residence that cannot otherwise be served from an ancillary water distribution main in a cost-effective manner.

Applicant agrees that the benefits to Applicant's property will be greater than the cost of the improvements as described by this Contract when the District-constructed improvements have been installed.

Applicant acknowledges and understands that the District-constructed improvements consist of a direct water service access from the District's supply pipeline to a water meter at the edge of the right-of-way within which the supply pipeline is constructed. Applicant understands and acknowledges that the

responsibility to run a service line from the District's water meter to the Applicant's residence is solely the Applicant's responsibility.

Applicant acknowledges and declares that water service options other than connection to the District's system are more expensive or provide less benefit than connection to the District's water system. Applicant also acknowledges that a direct connection to the District's supply pipeline is both financially and economically feasible and accepts the District's determination that such is the case.

Applicant hereby waives publication of notice of a hearing establishing a non-contiguous Local Utility District and agrees that written notice by first class U.S. Mail, postage pre-paid, to Applicant's address as indicated above, sent at least 15 days prior to the hearing on the formation of the Local Utility District and confirmation of the assessment roll shall be sufficient notice for constructive compliance with applicable law.

ASSESSMENT

Applicant understands and agrees that an assessment will be levied in the total amount of \$\square\$ for the water connection rights and services described herein and a lien established upon Applicant's real property as described above, securing such assessment. The levying, collection and enforcement of all assessments are performed by the Snohomish County Treasurer's Office. Payment of such assessment amount may be made without penalty, interest, or cost at any time within 30 days of the first day of notification by the Treasurer's Office that the assessment roll has been placed in his/her hands for collection. If not paid within the 30-day period, assessments will be billed by the Treasurer's Office in 20 equal annual installments beginning in 2018 and continuing each and every year thereafter until the total assessment, plus interest accrued at the rate of 4.5% compounded annually on the declining unpaid balance, is paid in full.

Delinquent Payment - Penalty -- Termination of Water Service - Collection Agency Fee

Applicant understands and agrees that water service obtained through the non-contiguous local utility district process is for the sole benefit and improvement of property. Applicant also agrees that if an assessment payment is delinquent, reasonable collection methods may be used, including charging a penalty of 12 percent per annum on the outstanding delinquent balance, disconnection of water service, assignment to a collection agency with the addition of a collection agency fee that will be 30% of the amount of the claim assigned as authorized by Section 19.16.500 of the Revised Code of Washington, or legal action (Policies & Procedures for Administration of Water Service, Section 2.4.9, and Appendix B, Table B-10)

http://www.snopud.com/home/watermain/waterpolicies.ashx?p=1214.

Entered into this day of	, 2017.	
Public Utility District No. 1 Of Snohomish County		
By:	Ву:	
Representative	Applicant	
	By:	
	Applicant	
State of Washington)		
3		
County of Snohomish)		
Non-Contiguous LUD Contract 3:21 PM. November 14, 2017	2	

I certify that I know	v or have satisfa	ctory evidence tl	nat	and	,	
Applicant(s), is/are	e the person(s)	who appeared	before me,	and said person	(s) acknowledged	that
(he/she/they) sign	ed this instrume	ent and acknowl	edged it to	be (his/her/their)	free and voluntar	y act
for the uses and pu	rposes mentione	ed in this instrum	nent.	,		•
*	-					
Date:						
				_		
Signature of Notary	Public in and f	or the State of W	ashington			
Residing at						
My appoint	ment expires					

RESOLUTION NO.

A RESOLUTION ordering, approving, ratifying and confirming the construction and installation of the plan or system of additions to the District's Water Utility, as adopted on November 21, 2017, and applicable to the local utility district hereinafter described, forming Local Utility District No. 60 of Snohomish County, Washington, and confirming the final assessment roll

WHEREAS, by Resolution No. XXXX passed by the Board of Commissioners of the District on November 21, 2017, a plan or system of additions and related appurtenances to the District's Water Utility, all in accordance with "Exhibit B" thereto, which by this reference is made a part hereof, was adopted, which resolution also declared the intention of the Board of Commissioners to form Local Utility District No. 60 in connection with carrying out such plan; and

WHEREAS, the boundaries and a general description of the proposed local utility district, together with the names and addresses of the owners of all lots, parcels, or tracts of land or other property within such local utility district, as shown on the tax rolls of the County Treasurer, and the legal descriptions and proposed annual assessments for all such lots, parcels or tracts of land or other property within the proposed local utility district, are as set forth in "Exhibits A" and "B," attached hereto and by this reference incorporated herein; and

WHEREAS, on November 22, 2017, written notice of the hearing to form such proposed local utility district and adopt related assessment rolls was sent by first class mail, U.S. postage prepaid, to the owners of all lots, parcels, or tracts of land or other property within the proposed local utility district; and

WHEREAS, the publication of such notice has been waived in writing by each and every member of the proposed local utility district; and

WHEREAS, no protest petition signed by fifty percent (50%) or more of the property owners within such proposed local utility district was filed with the Secretary of the Board of Commissioners on or before twelve o'clock noon on the date fixed for hearing; and

WHEREAS, on December 19, 2017, commencing at 1:30 p.m., the Commission conducted a hearing on such proposed local utility district, and considered all timely written objections and oral arguments presented for or against the formation of such district and for or against the proposed assessment roll for such district; and

WHEREAS, under the State Environmental Policy Act, WAC 197-11-800 (16) and -800 (23)(b), no environmental checklist was prepared prior to the formation and construction of Local Utility District No. 60; and

WHEREAS, the Commission finds that it is reasonable and proper and in the best interest of the District to form Local Utility District No. 60 as hereinbefore described, and to confirm the assessment roll for such local utility district;

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, as follows:

Section 1. The construction of the plan or system of additions to and extensions of the District's Water Utility as adopted in Resolution No. XXXX and as more particularly set forth in "Exhibit B" thereto, is hereby approved, ratified and confirmed.

Section 2. The proposed Local Utility District No. 60 of Snohomish County, Washington, as more particularly described in "Exhibit A," appears to be financially and economically feasible, and is hereby formed.

Section 3. The cost and expense of carrying out the plan or system provided in Section 1, including construction and installation, overhead and general expenses and

engineering and legal expenses, is hereby declared to be \$48,670. Not to exceed 100 percent of such cost and expense shall be borne by assessments against property within said local utility district specially benefited by the improvement. The Commission finds that the cost and expense to be borne by each lot is not greater than the benefit to be conferred on each lot.

Section 4. Assessment shall be made against the property within said local utility district on a per buildable lot basis. Each assessment shall include, in addition to a proportionate share of the cost of facilities constructed as part of the plan or system described in Section 1 hereof, a general facilities charge, which represents the charge imposed by the District for access to the source, storage and transmission facilities of the District's Water Utility. A connection charge shall also be levied for each service connection. The Board of Commissioners hereby finds that such method of assessment is equitable and proper and fairly reflects the special benefits to the respective assessed properties.

Section 5. The proposed final assessment roll and assessments for Local Utility District No. 60 as set forth in the attached "Exhibit A" is fair and reasonable and is hereby approved and confirmed.

Section 6. The assessments in such utility district may be paid in cash, without penalty, interest or cost, at any time within thirty days from the first day of publication of notice by the Treasurer of Snohomish County, Washington, that the assessment roll is in his or her hands for collection, and if not then paid, such assessments may, at the option of the several property owners, be paid in 20 equal annual installments; that the first of such installments be due one year after the expiration of the aforesaid 30-day period, and subsequent installments shall be due annually after such date; that the sum remaining unpaid at the expiration of such 30-day period shall bear interest at the rate 4.5 percent per annum, and interest on the unpaid

amount shall be due on the due date of the first installment of principal and each year thereafter on the due date of each installment of principal; that assessments or installments thereof, when delinquent, in addition to such interest, shall bear a penalty in the amount of 12 percent per annum on the outstanding delinquent balance; and that the owner of any lot, tract or parcel of land or other property charged with any such assessment may redeem it from all liability for the unpaid amount of the assessment, at any time after the 30-day period allowed for payment of the assessment without penalty or interest, by paying the entire unpaid amount of the assessment to the Snohomish County Treasurer, with interest thereon to the date of maturity of the installment next falling due.

Section 7. The cost of the plan described in Section 1 hereof shall be met and defrayed from the District's Water Utility General fund and the proceeds of assessments levied and assessed against all property within the local utility district created by Section 2 hereof, legally and properly assessable therefore and specially benefited by said improvement, as provided by the laws of the State of Washington and the resolutions of the District. The entire principal of and interest on such assessments, as well as penalties for late payment, shall be paid into a local improvement fund which is hereby created and established in the office of the Snohomish County Treasurer to be known as "Utility Local Improvement District No. 60, (Water Distribution System) – Non-Contiguous" and shall be used for the sole purpose of paying the cost of the plan described in Section 1, and/or paying principal of and interest on District warrants and/or notes, inter-fund loans or bonds issued in payment of the cost and expense of such improvements; and the Snohomish County Treasurer is hereby authorized and directed to remit to the District, on or prior to the tenth day of the month following receipt

Resolution No. 5827 Exhibit C Page 5 of 5

thereof, for use for such purposes, any and all monies received by the Treasurer from time to time in said fund.

Section 8. The Secretary of the Board of Commissioners of the District is hereby authorized and directed to certify unto the Snohomish County Treasurer and any and all public authorities or others interested in LUD No. 60 or properties contained therein as to the giving of all notices, the manner and form of all resolutions or proceedings and any other information or material which may be necessary or appropriate with respect thereto.

PASSED AND APPROVED this 19th day of December, 2017.

President		
Vice-President	 	
Secretary		

RESOLUTION NO. 5829

A RESOLUTION Amending the District's Water Utility Service Rates and Establishing Periodic Review of Water Utility Charges

WHEREAS, on December 3, 2012, the Board of Commissioners of Public Utility District No. 1 of Snohomish County (the "District") adopted Resolution No. 5616 revising the District's rates for Water Utility Service, and the Commission now finds that such rates are in need of further revision; and

WHEREAS, on March 12, 1996, the Board of Commissioners adopted Resolution No. 4448 directing that certain Water Utility charges (e.g. General Facilities Charge, LUD Water Resource Connection Charge, Distribution System Charge, and Service Connection Charges) be adjusted annually, based upon the ratio of the Engineering News Record Construction Cost Index for the Seattle area for the preceding November to that Index for the next preceding November; and

WHEREAS, the District has full and exclusive authority under RCW 54.16.030 to regulate and control the use, distribution, and price of its Water Utility services, and has the power and obligation under RCW 54.24.080, to establish, maintain, and collect rates or charges for water and other services supplied by the District, which shall be fair, nondiscriminatory, and adequate to provide revenues sufficient for payment of its lawful obligations, to fund its planned improvements, and to provide quality water service to its existing and new water service customers; and

WHEREAS, District staff with the assistance of Financial Consulting Solutions Group, Inc. have updated the Water Utility's financial model, 20-year capital improvement plan, cost of service analysis, and reviewed applicable issues potentially impacting retail water rates since the last adjustment, including but not limited to increases in the cost of

purchased water from the City of Everett, continued emphasis on the replacement of aging water mains, increased operations and maintenance costs over the last five years, and other necessary system infrastructure improvements; and

WHEREAS, on November 21, 2017, a public hearing was held to review the Water Utility's projected plans and revenue needs and the proposed Water Utility rates and charges, and to provide District water service customers the opportunity to comment thereon; and

WHEREAS, the Commission has considered the information and comments provided at such meeting; and

WHEREAS, District staff have proposed, consistent with the cost of service analysis, a 1.8 percent over all retail water service rate increase for General Single Family Residential customers and a 4% overall retail water service rate increase for all General Multi-Family and General Commercial / Industrial customers effective January 1, 2018, to address the factors set forth above; and

WHEREAS, District staff also recommend that any future changes proposed to the Water Utility charges be periodically reviewed and approved by the Commission as necessary; and

WHEREAS, the Commission finds that the proposed amendment of the District's Water Utility rates and periodic review of Water Utility charges are reasonable and proper and in the best interests of the District and its customers.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Public Utility District No. 1 of Snohomish County, as follows:

<u>Section 1</u>. The District's rates for Water Utility service shall be revised as set forth in Exhibit "A," which Exhibit is attached hereto and incorporated herein by this reference.

Section 2. The rate revision hereby imposed shall become effective for the service described in such schedules, beginning on January 1, 2018, as provided in the attached Exhibit "A", and such rate revisions shall remain in effect until further revised. All water consumption prior to January 1, 2018, shall be billed at the rates in effect prior to such date. In preparing customers' bills to implement this resolution on January 1, 2018, the District shall prorate such bills as if water consumption occurred at a constant rate during the billing period.

<u>Section 3</u>. Any future proposed changes to the Water Utility charges will be periodically reviewed and approved by the Commission as necessary.

<u>Section 4</u>. Section 2d of Resolution No. 4448 is hereby superseded, and all other resolutions or portions of resolutions in conflict with this resolution are hereby superseded.

PASSED AND APPROVED this 5th day of December 2017.

President

Vice-Presiden

Rec

PROPOSED CHANGES TO THE DISTRICT'S WATER UTILITY RATES

(Effective January 1, 2018)

		urrent		2040
Description	Rates		2018	
General Single-Family Residential - Table B-6				
General and Special Rates				
Monthly Customer Charge	\$	22.57	\$	22.98
Commodity Rate (per 100 cu ft)	\$	3.46	\$	3.52
Unmetered Monthly Rate	\$	57.17	\$	58.20
General Multi-Family Residential - Table B-7				
General and Special Rates				
Monthly Customer Charge	\$	22.20	\$	23.09
Commodity Rate (per 100 cu ft)	\$	3.21	\$	3.34
General Commercial / Industrial - Table B-8				
General and Special Rates, except Lake Connor Park				
Monthly Customer Charge	\$	48.24	\$	50.17
Commodity Rate (per 100 cu ft)	\$	3.12	\$	3.24
General Commercial / Industrial - Table B-8				
Lake Connor Park Monthly Customer Charge	\$	90.69	\$	94.32
Lake Connor Park Commodity Rate (per 100 cu ft)	\$	3.67	\$	3.82

RESOLUTION NO. 5835

A RESOLUTION Ordering, Approving, Ratifying and Confirming the Construction and Installation of the Plan or System of Additions to the District's Water Utility, as Adopted on November 21, 2017, and Applicable to the Local Utility District Hereinafter Described, Forming Local Utility District No. 60 of Snohomish County, Washington, and Confirming the Final Assessment Roll

WHEREAS, by Resolution No. 5827 passed by the Board of Commissioners of the District on November 21, 2017, a plan or system of additions and related appurtenances to the District's Water Utility, all in accordance with "Exhibit B" thereto, which by this reference is made a part hereof, was adopted, which resolution also declared the intention of the Board of Commissioners to form Local Utility District No. 60 in connection with carrying out such plan; and

WHEREAS, the boundaries and a general description of the proposed local utility district, together with the names and addresses of the owners of all lots, parcels, or tracts of land or other property within such local utility district, as shown on the tax rolls of the County Treasurer, and the legal descriptions and proposed annual assessments for all such lots, parcels or tracts of land or other property within the proposed local utility district, are as set forth in "Exhibits A" and "B," attached hereto and by this reference incorporated herein; and

WHEREAS, on November 22, 2017, written notice of the hearing to form such proposed local utility district and adopt related assessment rolls was sent by first class mail, U.S. postage prepaid, to the owners of all lots, parcels, or tracts of land or other property within the proposed local utility district; and

WHEREAS, the publication of such notice has been waived in writing by each and every member of the proposed local utility district; and

WHEREAS, no protest petition signed by fifty percent (50%) or more of the property owners within such proposed local utility district was filed with the Secretary of the Board of Commissioners on or before twelve o'clock noon on the date fixed for hearing; and

WHEREAS, on December 19, 2017, commencing at 1:30 p.m., the Commission conducted a hearing on such proposed local utility district, and considered all timely written objections and oral arguments presented for or against the formation of such district and for or against the proposed assessment roll for such district; and

WHEREAS, under the State Environmental Policy Act, WAC 197-11-800 (16) and -800 (23)(b), no environmental checklist was prepared prior to the formation and construction of Local Utility District No. 60; and

WHEREAS, the Commission finds that it is reasonable and proper and in the best interest of the District to form Local Utility District No. 60 as hereinbefore described, and to confirm the assessment roll for such local utility district.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, as follows:

Section 1. The construction of the plan or system of additions to and extensions of the District's Water Utility as adopted in Resolution No. 5827 and as more particularly set forth in "Exhibit B" thereto, is hereby approved, ratified and confirmed.

Section 2. The proposed Local Utility District No. 60 of Snohomish County, Washington, as more particularly described in "Exhibit A," appears to be financially and economically feasible, and is hereby formed.

Section 3. The cost and expense of carrying out the plan or system provided in Section 1, including construction and installation, overhead and general expenses and

engineering and legal expenses, is hereby declared to be \$48,670. Not to exceed 100 percent of such cost and expense shall be borne by assessments against property within said local utility district specially benefited by the improvement. The Commission finds that the cost and expense to be borne by each lot is not greater than the benefit to be conferred on each lot.

Section 4. Assessment shall be made against the property within said local utility district on a per buildable lot basis. Each assessment shall include, in addition to a proportionate share of the cost of facilities constructed as part of the plan or system described in Section 1 hereof, a general facilities charge, which represents the charge imposed by the District for access to the source, storage and transmission facilities of the District's Water Utility. A connection charge shall also be levied for each service connection. The Board of Commissioners hereby finds that such method of assessment is equitable and proper and fairly reflects the special benefits to the respective assessed properties.

Section 5. The proposed final assessment roll and assessments for Local Utility District No. 60 as set forth in the attached "Exhibit A" is fair and reasonable and is hereby approved and confirmed.

Section 6. The assessments in such utility district may be paid in cash, without penalty, interest or cost, at any time within thirty days from the first day of publication of notice by the Treasurer of Snohomish County, Washington, that the assessment roll is in his or her hands for collection, and if not then paid, such assessments may, at the option of the several property owners, be paid in 20 equal annual installments; that the first of such installments be due one year after the expiration of the aforesaid 30-day period, and subsequent installments shall be due annually after such date; that the sum remaining unpaid at the expiration of such 30 day period shall bear interest at the rate 4.5 percent per annum, and interest on the unpaid

amount shall be due on the due date of the first installment of principal and each year thereafter on the due date of each installment of principal; that assessments or installments thereof, when delinquent, in addition to such interest, shall bear a penalty in the amount of 12 percent per annum on the outstanding delinquent balance; and that the owner of any lot, tract or parcel of land or other property charged with any such assessment may redeem it from all liability for the unpaid amount of the assessment, at any time after the 30-day period allowed for payment of the assessment without penalty or interest, by paying the entire unpaid amount of the assessment to the Snohomish County Treasurer, with interest thereon to the date of maturity of the installment next falling due.

Section 7. The cost of the plan described in Section 1 hereof shall be met and defrayed from the District's Water Utility General fund and the proceeds of assessments levied and assessed against all property within the local utility district created by Section 2 hereof, legally and properly assessable therefore and specially benefited by said improvement, as provided by the laws of the State of Washington and the resolutions of the District. The entire principal of and interest on such assessments, as well as penalties for late payment, shall be paid into a local improvement fund which is hereby created and established in the office of the Snohomish County Treasurer to be known as "Utility Local Improvement District No. 60, (Water Distribution System) – Non-Contiguous" and shall be used for the sole purpose of paying the cost of the plan described in Section 1, and/or paying principal of and interest on District warrants and/or notes, inter-fund loans or bonds issued in payment of the cost and expense of such improvements; and the Snohomish County Treasurer is hereby authorized and directed to remit to the District, on or prior to the tenth day of the month following receipt

thereof, for use for such purposes, any and all monies received by the Treasurer from time to time in said fund.

Section 8. The Secretary of the Board of Commissioners of the District is hereby authorized and directed to certify unto the Snohomish County Treasurer and any and all public authorities or others interested in LUD No. 60 or properties contained therein as to the giving of all notices, the manner and form of all resolutions or proceedings and any other information or material which may be necessary or appropriate with respect thereto.

PASSED AND APPROVED this 19th day of December, 2017.

President

Vice-President

Secretary

Final Assessment Roll for Lots Within Boundaries of 2017 Non-Contiguous LUD 60 of Public Utility District No. 1 of Snohomish County, Washington

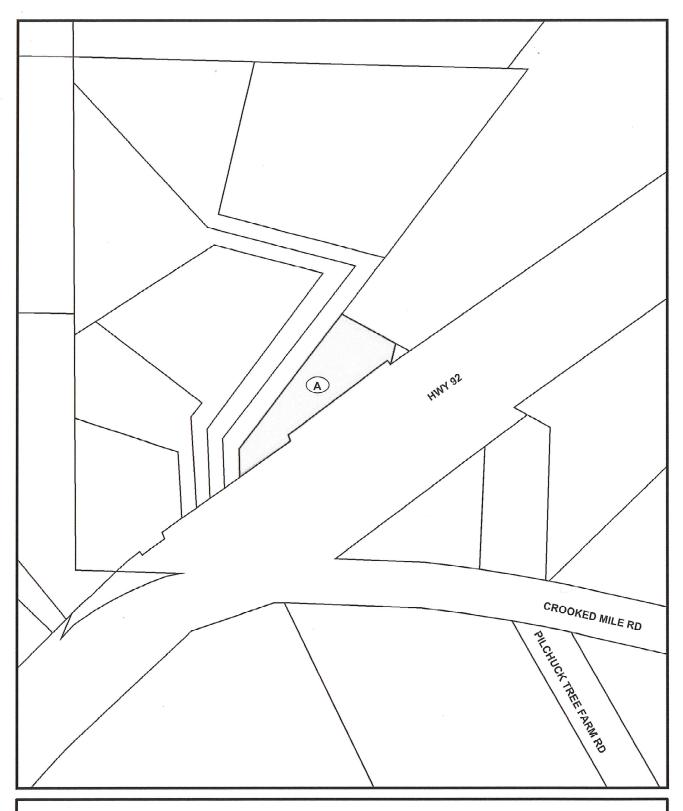
<u>Tax Account No.</u> 300614-004-038-00	Legal Description SEC 14 TWP 30 RGE 06ALL THAT PTN SW1/4 SE1/4 DAF: COM SW COR SD SW1/4 SE1/4 TH N89*20 12E ALG S LN SD SEC FOR 76.02FT TH N35*33 19E ALG A LN PLW & 30FT SELY OF AS MEAS AT R/A TO SELY MGNHARTFORD & EASTERN RAILWAY CO R/W FOR 417.26FT TPB TH CONT N35*33 19E 20FT TH S62*38 41E 74FT TH S10*56 31W 286.12FT TO NLY R/W LN SECONDARY S/HYNO 15A TH WLY ALG SD NLY R/W LN TAP THAT BEARS S06*14 27W FR TPB TH N06*14 27E 309.89FT TO TPB TGW ALL TH PTN SW1/4 SE1/4 DAF - COM SW COR SD SW1/4 SE1/4 TH N89*20 12E ALG S LN SDSEC 76.02FT TH N35*33 19E ALG A LN PLW &30FT SELY OF AS MEAS R/A TO SELY MGN HARTFORD & EASTERN RAILWAY CO R/W FOR 213.65FT TO TPB TH CONT N35*33 19E203.61FT TH S06*14 27W 309.89FT TO NLY R/W LN SECONDARY S/HY NO 15A TH WLY ALG SD NLY R/W LN TAP TH BEARS S08*31 53E FR TPB TH N08*31 53W 148.97FT TO TPB SUBJ TO R/W ESE PUD NO 1 LESS R/W TOST OF WA PER WD REC AF NO 94010700642 PER PROJ NO RS-S310(001)	Recorded Owner & Mailing Address Aaron Rich 5818 64th Ave NE Marysville, WA 98270	<u>Assessment</u> \$9,790.00
004401-000-024-01	Section 36 Township 29 Range 05 Quarter SW EVERETT VIEW ACRE TRS DIV A BLK 000 D-01 - LOT 24 LESS S/HY	Steven Gibson 9011 Tom Marks Rd Snohomish, WA 98290	\$9,510.00
290605-001-009-00	SEC 05 TWP 29 RGE 06E 8 AC OF W 11 AC OF TH PTN GOVT LOT 2 LY N OF BURLINGTON NORTHERN (NP) RR R/W LESS CO RD BY ESTABLISHMENT (NOTE: PER WD 865-715 DATED 9/24/64 GRANTORS MAKE NO REPRESENTATION AS TOTHE SIZE OF THE ABOVE DESC. PARCEL IN THAT THE REFERENCE TO "8" OR "11" ACRES IS FOR DESCRIPTIVE PURPOSES ONLY & HAVE NO RELATION AS TO THEACTUAL SIZE OF PARCEL DESCRIBED WHICH DEPENDS UPON MEASUREMENT FOR DETERMINATION) & TGW NLY 50FT OF A 100FTST OF LD LY NLY & PLW C/L OF BNRR R/W GRADE AS-BUILT AS STAKED BY SNO CO7-23-93 SURV NO 3438 TH SLY LN SD 100FT STRIP OF LD BEING C/L SD RR GRADE AS-BUILT ALL OF SD 100FT STRIP OF LD IS FOUND IN GOVT LOT 2 SEC 5 THE C/L OFAS-BUILT RR IS DAF - BEG AT NE COR GOVT LOT 2 SD SEC TH S01*12 42E DIST 842.32FTALG E LN GOVT LOT 2 SD SEC TO C/L SD AS-BUILT RR SNO CO ENG STA 465+42.13 TH NWLY ALG C/L SD RR GRADE AS-BUILT ON ACRV TO L HAVG RAD OF 1432.09FT TO SNO COENG STA 470+60.51 THE TPB SD 100FT STRIP OF LD TH NWLY ALG SD C/L TO SNO COENG STA 475+57.71 TERM SD DESC ALL SD50FT STRIP OF LD LIES WLY OF EXST FENCE & ELY OF E LN OF W 3 AC LY S OF CO RD & N OF SD RR AS SHOWN ON EXHIBIT J-2 PER SCC NO 94-2-03064-5 AF 9406140256	Lynn Zielasko 12420 44th St NE Lake Stevens, WA 98258	\$9,790.00
280609-001-017-00	Section 9 Township 28 Range 6 Quarter NE - E1/2 N1/2 N1/2 SE1/4 NE1/4 LESS CO RD LESS FDP: BEG AT SE COR SD SUB TH N150FT TH W PLT N LN 291FT TH S 150FT TAP 291FT FR POB TH E TO POB AKA LOT A UNREC SP 273-72	Don & Deanna Scholl 7206 147th Ave SE Snohomish, WA 98290	\$9,790.00

Resolution No. 5835 Exhibit A Page 2 of 2

300603-002-016-00 SEC 03 TWP 30 RGE 06PTN GOVT LOT 5 3-30-6 & PTN SE1/4 NE1/4 4-30-6 BEING LOT 4 OF Lorna Garcia & Craig Kringle \$9,790.00 LTS 25 (6-80) REC AF NO 8204285010 VOL 15 OF SURV PGS 249-251 13229 Burn Rd Arlington, WA 98223

Final Assessment Total

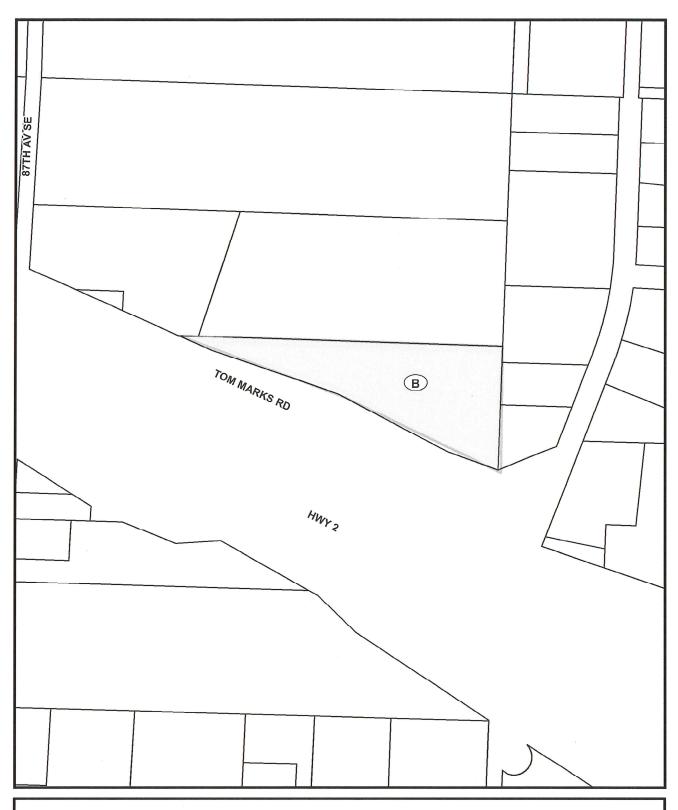
\$48,670.00

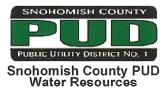




NON-CONTIGUOUS LUD NO. 60 TAX ACCOUNT #:

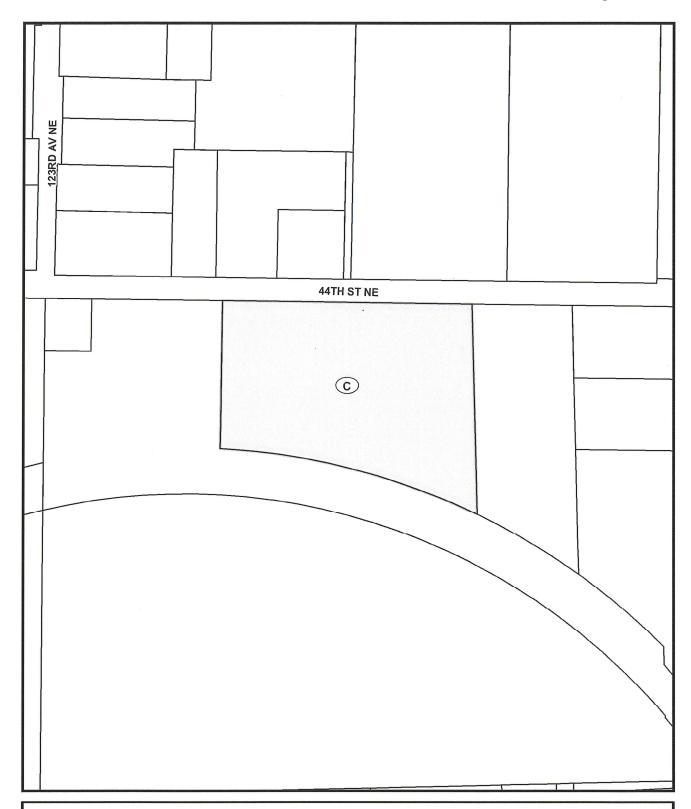
300614-004-038-00





TAX ACCOUNT #:

004401-000-024-01



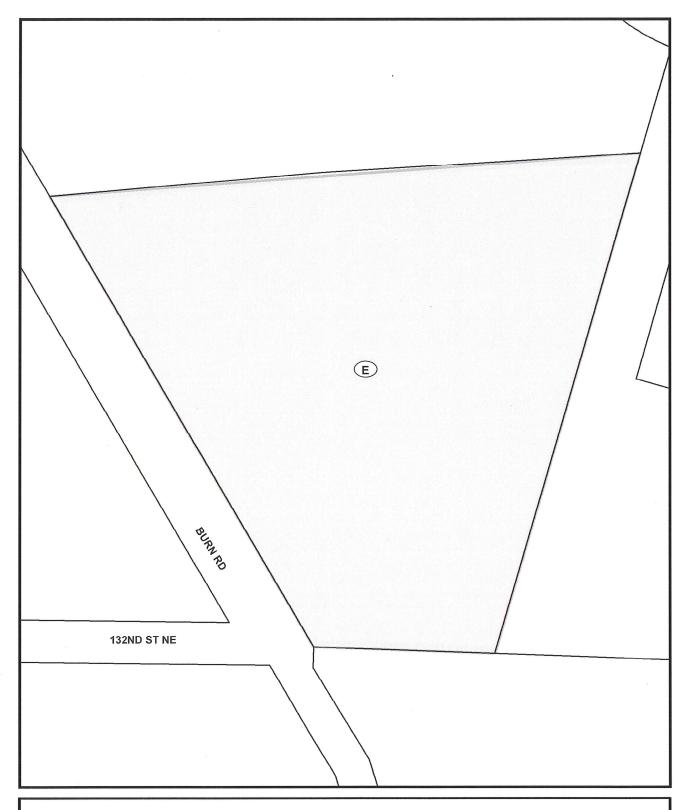


TAX ACCOUNT #: 290605-001-009-00





TAX ACCOUNT #: 280609-001-017-00





TAX ACCOUNT #: 300603-002-016-00

RESOLUTION NO. 5845

A RESOLUTION Amending the District's Water Utility Wholesale Rates for the City of Arlington and the City of Granite Falls

WHEREAS, on July 28, 1998, the Board of Commissioners of Public Utility

District No. 1 of Snohomish County (the "District") adopted Resolution No. 4770

authorizing the General Manager to execute a Wholesale Water Agreement with the City of

Arlington; and

WHEREAS, on November 17, 2009, the Board of Commissioners of Public Utility

District No. 1 of Snohomish County (the "District") adopted Resolution No. 5463

authorizing the General Manager to execute a Wholesale Water Agreement with the City of

Granite Falls; and

WHEREAS, the Wholesale Water Agreements contain terms establishing Wholesale

Water Rate adjustments by the District from time to time based upon the costs to the District

for water supplied and sold to the cities; and

WHEREAS, the District has full and exclusive authority under RCW 54.16.030 to regulate and control the use, distribution, and price of its Water Utility services, and has the power and obligation under RCW 54.24.080, to establish, maintain, and collect rates or charges for water and other services supplied by the District, which shall be fair, nondiscriminatory, and adequate to provide revenues sufficient for payment of its lawful obligations, to fund its planned improvements, and to provide quality water service to its existing and new water service customers; and

WHEREAS, District staff have calculated 2018 Wholesale Water Rates for the City of Arlington and the City of Granite Falls pursuant to state law and consistent with the relevant terms and conditions in the respective Wholesale Water Agreements, and have hereby proposed 2018 Wholesale Water Rates for the cities as described in attached Exhibit "A," effective April 1, 2018, to address the factors set forth above; and

WHEREAS, the City of Arlington and the City of Granite Falls were notified in writing on February 9, 2018, of the District's proposed adjustments to the Wholesale Water Rates, thus satisfying the timing and notice requirements included in the respective Wholesale Water Agreements; and

WHEREAS, on February 20, 2018, a public meeting was held to review the recommended changes to the City of Arlington and the City of Granite Falls' Wholesale Water Rates; and

WHEREAS, on March 6, 2018, a public hearing was held to review the recommended changes to the City of Arlington and the City of Granite Falls' Wholesale Water Rates, and to provide District water service customers the opportunity to comment thereon; and

WHEREAS, the Board of Commissioners has considered the information and comments provided at such meetings; and

WHEREAS, the Commission finds that the proposed amendment of the District's Wholesale Water Utility Rates for the City of Arlington and the City of Granite Falls is appropriate and consistent with the respective Wholesale Water Agreements, and is reasonable, proper and in the best interests of the District and its customers.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Public Utility District No. 1 of Snohomish County, as follows:

Section 1. The District's rates for Wholesale Water Utility service shall be revised as set forth in Exhibit "A," which Exhibit is attached hereto and incorporated herein by this reference. <u>Section 2</u>. Any future proposed changes to the Wholesale Water Utility Rates will be periodically reviewed and approved by the Commission as necessary.

PASSED AND APPROVED this 6th day of March, 2018.

President

(absent)

Secretary

PROPOSED CHANGES TO THE DISTRICT'S WHOLESALE WATER UTILITY RATES (Effective April 1, 2018)

Table B-9 Wholesale Water Service (1,2)

Commodity Charge

City of Granite Falls (3,4)

\$2.05 \$2.11/CCF (5)

Footnotes:

- (1) Available only for wholesale water service for resale by a wholesale customer to its retail water customers.
- (2) Rates are subject to proportional increases to compensate for any gross revenue tax imposed by any municipal body upon the District.
- (3) Water will be supplied through four master meters and to several City of Granite Falls retail customers served directly from the District's mains.
- Wholesale service to Granite Falls is subject to terms as defined in the Wholesale Water Agreement between the District and the City of Granite Falls, as amended from time to time, including, but not limited to, Section 2 thereof.
- (5) The actual rate for each year will be based on the average costs of the preceding year for each of the wholesale cost components as described in Exhibit 2 of the Wholesale Water Agreement with the City of Granite Falls.

Commodity Charge

City of Arlington (3,4)

\$2.12 \$2.16/CCF (5)

Footnotes:

- (1) Available only for wholesale water service for resale by a wholesale customer to its retail water customers.
- (2) Rates are subject to proportional increases to compensate for any gross revenue tax imposed by any municipal body upon the District.
- (3) Water will be supplied through one master meter.
- (4) Wholesale service to Arlington is subject to terms as defined in the Wholesale Water Agreement between the District and the City of Arlington, as amended from time to time, including, but not limited to, Section 3 thereof.
- (5) The actual rate for each year will be based on the average costs of the preceding year for each of the wholesale cost components as described in Exhibit 2 of the Wholesale Water Agreement with the City of Arlington.

RESOLUTION NO. 5854

A RESOLUTION Establishing the District's Water System Financial Reserve Policy

WHEREAS, Public Utility District No. 1 of Snohomish County has a responsibility to its customer-owners to prudently manage and account for all of its assets and to appropriately manage associated risks and uncertainty; and

WHEREAS, sound financial policies are necessary and appropriate to carry out those responsibilities; and

WHEREAS, maintaining adequate cash reserves is both financially and operationally prudent and they also serve as a primary determinant for Public Utility District No. 1 of Snohomish County's strong investment grade bond rating; and

WHEREAS, Resolution No. 4848 established three governance policy sets entitled Executive Limitations, Governance Process, and Board CEO/General Manager Linkage Policies; and

WHEREAS, Resolution No. 3825 established the Board's authority to establish and fund a Rate Stabilization Account, and Resolution Nos. 5493 and 5627authorized the transfer of additional funds to the Rate Stabilization Account; and

WHEREAS, the Commission of Public Utility District No. 1 desires to establish certain Water System financial reserve policies and funds and delegate authority to the CEL/General Manager to spend such funds, all as more fully set forth herein; and

WHEREAS, in addition to the policies set forth herein pertaining to the Water System reserve funds, the reserve policies and/or funds specifically pertaining to the Generation and Electric Systems may be established and/or modified pursuant to companion resolutions.

NOW, THEREFORE, BE IT RESOLVED by the Commission of the Public Utility District No. 1 of Snohomish County, Washington, as follows:

A. General Reserve Policies

The following general Water System reserve policies are hereby established:

- a) Reserve funds will be structured to enable the District to prudently and consistently meet its financial obligations while allowing for flexible planning in the development and implementation of its capital plan and operations and maintenance budget.
- b) Reserve funds will allow the District to mitigate risks from unforeseen financial variability, thereby minimizing the necessity for temporary rate surcharges.
- c) Areas that may warrant reserves include, but are not limited to, water cost variability, capital infrastructure investment, legal claims, operating cash flow needs, bond reserve covenant compliance, bond payment sinking requirements, future financial obligations, contingencies for significant known or estimated liabilities, and other areas as determined by the Commission from time to time.
- d) Levels for cash reserves will be established based on the nature of the risk or situation being managed.
- e) Cash reserves categories shall be established or terminated by the Commission.

 As risks and/or the need to mitigate risks change over time and the CEO/General

 Manager or designee determines that the need for the fund has changed, the

 CEO/General Manager may establish or terminate individual reserve funds

 within such categories as he or she deems necessary or appropriate, provided that

 the Commission shall be informed of such additions to and/or removals of

established funds at the next regularly scheduled Commission meeting.

- f) Except as specifically provided elsewhere in this Resolution, the Treasurer shall be authorized to make deposits to and withdrawals from individual reserve funds from time to time in accordance with the guidelines set forth herein.
- g) All cash reserves will be presented in the annual budget and their status and performance will be reported to the Commission quarterly.
- h) In addition to the interim adjustments described in subsection (e) above, the CEO/General Manager will direct staff to perform a review and analysis of established reserve funds and recommend to the Commission any needed changes to the cash reserves categories at least every five years.
- i) The reserve policies in this Resolution are not intended nor should they be construed to adversely affect any accounts or funds that the District is required to set aside by virtue of Resolution No. 3825, as amended (the "Master Bond Resolution") and subsequent resolutions authorizing additional series of Water System Revenue Bonds.

B. Overview and Purpose of Cash Reserves

The following Overview and Purpose of Water System Cash Reserves is hereby established:

Cash reserves are readily available liquid assets that are set aside to provide funds to address operational and economic risks. The size of the reserve is based on assessment of specific risks or circumstances that require the use of reserve funds and the probability of such circumstances occurring as of the date of this resolution. The following five categories of reserves shall be established:

a) Operating Reserves will represent the funds set aside in order to provide adequate

working capital for operational liquidity, seasonal revenue and expenditure fluctuations, and unforeseen events not addressed by other reserve funds provided for herein.

- b) Sinking Reserves will represent the funds set aside on a calculated schedule in order to meet known significant, periodic payments.
- c) Project Reserves may be utilized to fund projects as approved by the Commission, either through the adopted District budget, as directed by the Commission, or (with respect to the Bond Construction Funds described in Section C hereof) as required to comply with applicable requirements set forth in the Master Bond Resolution and subsequent resolutions authorizing additional series of Water System Revenue Bonds.
- d) Contingency Reserves will represent funds set aside to mitigate Water System risk exposure, including risks associated with exposure resulting from natural disasters and water quality issues.
- e) Bond Debt Service Reserves will represent funds set aside to fulfill the District's obligation to establish debt service reserve funds to secure individual series of water system bonds, to the extent required by the applicable resolution(s) authorizing such bonds.

C. Overview and Purpose of Established Funds

The following Overview and Purpose of Established Funds is hereby established:

Within each of the above-described reserve categories, individual funds, as more fully described below, shall be established to address the mitigation of specific operational and economic risks identified as of the date of this resolution.

1. Operating Reserves

a) Water System Revenue Fund – will represent 90 days of non-purchased water budgeted operating expenses in order to provide adequate working capital for operational liquidity, seasonal revenue and expenditure fluctuations, and unforeseen events including revenue interruption, economic downturns, customer loss, natural disasters and water quality issues. The CEO/General Manager is expected to submit annual budgets that will maintain Revenue Fund levels to at least policy levels unless otherwise directed by the Commission. If the Revenue Fund falls below \$1.2 million during any year, the CEO/General Manager or designee must inform the Commission at the next regularly scheduled public meeting.

The Revenue Fund shall be managed such that it should be replenished to policy levels within at least two budget periods by means of cost-of-service allocated rate revenue, surplus reserves or other method approved by the Commission.

2. Sinking Fund Reserves

- a) Bond Interest and Principal Sinking Funds (multiple) In accordance with the Master Bond Resolution and subsequent resolutions authorizing additional series of Water System Revenue Bonds, the District shall set aside funds into individual bond interest and principal sinking funds as required under the applicable resolutions. These funds will vary over the course of the year based on scheduled debt service payments.
- b) State Loan Sinking Funds (multiple) The District shall set aside funds into individual interest and principal sinking funds in order to meet annual state loan

repayment obligations. The funds will vary over the course of the year based on established payment schedules.

3. Project Reserves

- a) Bond Construction Funds (multiple) In accordance with the Master Bond Resolution and subsequent resolutions authorizing additional series of Water System Revenue Bonds, proceeds from the issuance of bonds to finance allowable capital expenditures shall be tracked and accounted for separately in order to ensure compliance with the applicable requirements set forth in such resolutions. The applicable bond construction fund will be initiated when bond proceeds are received and terminated when all proceeds from outstanding bonds have been used to fund qualifying capital.
- b) General Facility Fund In accordance with Resolution No. 4848, Exhibit J and as amended by Resolution No. 5557, a General Facilities Charge (GFC) is applied on new service connections to compensate the Water System for costs it incurs in construction or acquisition of water system general facilities, (i.e., source storage, treatment and transmission facilities) required to support the addition of the new customers. Withdrawals from or commitments of the General Facility Fund may be made by the CEO/General Manager or their designee to facilitate the use of funds for qualified capacity infrastructure improvements.
- c) Lake Roesiger Septic Fund In accordance with Resolution No. 3840, supplemental rates collected from Lake Roesiger customers are set aside to be tracked and accounted for separately in order to ensure compliance with wastewater limitation program requirements. Withdrawals from or commitments of the Lake Roesiger

Septic Fund may be made by the CEO/General Manager or their designee in accordance with the intent of the Fund.

4. Contingency Reserves

a) Rate Stabilization Fund – In accordance with the Master Bond Resolution, over a number of years the District allocated surplus operating revenues to this fund. These funds may be utilized to absorb future costs of significant operating changes and unforeseen financial variability as well as to facilitate the phase-in of any rate adjustments determined necessary. Use of these funds will mitigate the impact of unforeseen events that could have an immediate impact on the District's ability to provide low cost water to ratepayers.

No withdrawals from or commitments of the Rate Stabilization Fund shall be made without approval by the Commission. The CEO/General Manager will confer with the Commission and seek their authorization for a method and schedule for replenishment of this fund.

5. Bond Debt Service Reserves

a) Debt Service Reserve Funds (multiple) – In accordance with the Master Bond Resolution, individual Debt Service Reserve Funds are established to secure individual series of Water System Bonds, to the extent required under the applicable resolution authorizing such bonds. The Reserve Funds may be withdrawn from time to time solely for the purpose of making up any deficiency in the applicable Bond Interest and Principal Sinking Fund for the notes or bonds secured by the applicable Debt Service Reserve Fund, for the direct or indirect payment or redemption of all notes or bonds secured by the applicable Debt

Service Reserve Fund, or for other purposes permitted under the Master Bond Resolution.

D. Amendment/Repeal of Previous Resolutions

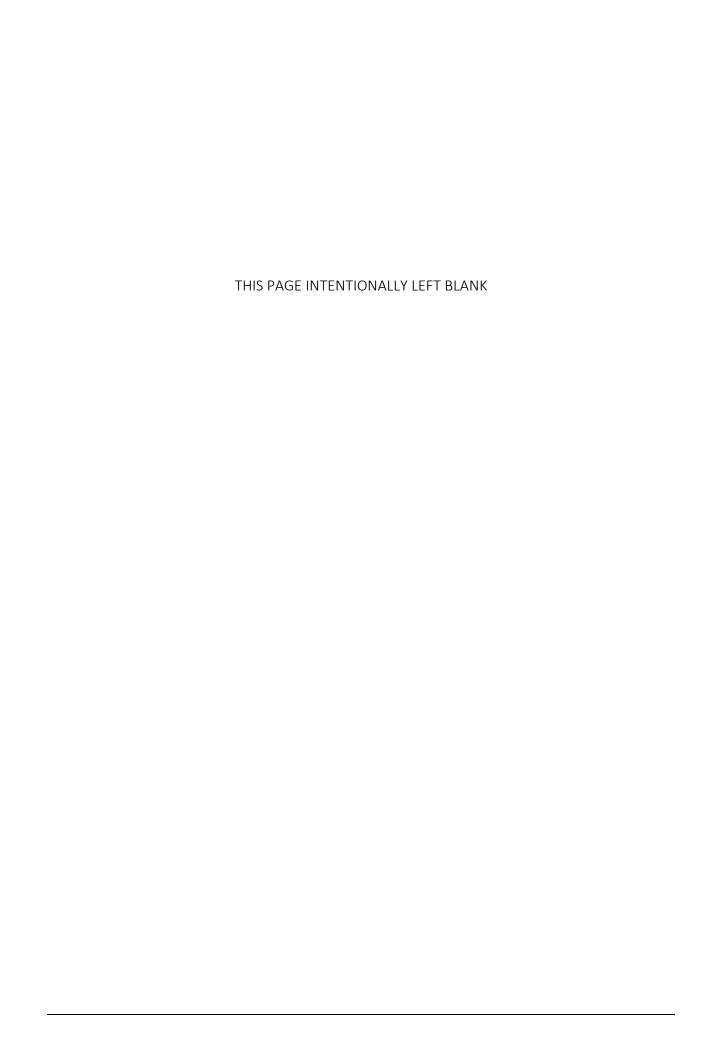
The Carver Governance Policies established in Resolution 4848, as amended, particularly the Executive Limitations set forth therein, are further amended by this Resolution to the extent they are inconsistent with this Resolution.

PASSED AND APPROVED this 12th day of June, 2018.

President.

Vice-Presider

Secretary





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