

**INTERLOCAL COOPERATIVE AGREEMENT
BETWEEN
SKAGIT COUNTY AND PUBLIC UTILITIES DISTRICT #1
FIBER OPTICS**

THIS INTERLOCAL AGREEMENT is entered into this 17 day of October, 2016 between Skagit County, Washington (the "County") and Public Utilities District #1, a Washington Municipal Corporation (the "Recipient") pursuant to the authority granted by Chapter 39.34 RCW, INTERLOCAL COOPERATION ACT, and in consideration of the mutual benefits do hereby agree as follows:

1. Purpose: The purpose of the contract is to distribute economic development funds pursuant to RCW 82.14.370.
2. Scope of Work: Recipient will use the funds distributed under this agreement pursuant to the intent and purpose of RCW 82.14.370. Further, Recipient is to use such funds only for the Public Facility Project described in Recipient's Economic Development Application submitted to the County which is attached to this document as Exhibit "A".
3. Payment: County will compensate Recipient a maximum of \$110,000, chargeable to GL expenditure code # 342 58502045200. Recipient shall submit an invoice describing the use of funds to be distributed by the County and the County upon receipt of appropriate documentation shall distribute a portion of the awarded funding as determined by the County Contract Representative described in Paragraph 6.1 of this Contract. However, such payments shall not occur more often than monthly, through the County voucher system. The County Contract Representative has the sole discretion of determining what appropriate documentation is required in order for Recipient to receive a distribution of funds under this Agreement.
4. Recipient agrees that in the event the county or other state or federal agency finds that the funds distributed pursuant to this agreement violate any state or federal laws including but not limited to the primary purpose for which funds pursuant to this agreement are being given, Recipient agrees to return the funds provided by County under this agreement to County including any penalties and interest, and agrees to hold County harmless and indemnify County for distributing such funds contrary to state or federal law. Further, in the event that funds provided to Recipient under this agreement are used for a purpose other than what was originally described in its application of funds, then Recipient agrees to return such funds to the County upon demand.
5. The parties agree that Recipient is an independent contractor and not an employee, or agent of Skagit County. Recipient hereby agrees not to make any representations to any third party or to allow such third party to remain under the misimpression that Recipient is an employee, independent contractor, or agent of Skagit County. All payments made hereunder and all services performed shall be made and performed

pursuant to this Agreement. Recipient will defend, indemnify and hold harmless the County, its officers, agents or employees from any loss or expense, including but not limited to settlements, judgments, setoffs, attorneys' fees or costs incurred by reason of claims or demands because of breach of the provisions of this paragraph. Further the Recipient represents that all employees and sub-contractors are covered under Industrial Insurance in compliance with R.C.W. Title 51.

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

6.1 The County's representative shall be the Budget and Finance Director:
Trisha Logue
1800 Continental Place, Suite 100
Mount Vernon, WA 98273

6.2 Recipient's representative shall be IT Manager:
Gary Chrysler
1415 Freeway Drive
Mount Vernon, WA 98273

All notices and payments mailed by regular post (including first class) shall be deemed to have been given on the second business day following the date of mailing, if properly mailed and addressed. Notices and payments sent by certified or registered mail shall be deemed to have been given on the day next following the date of mailing, if properly mailed and addressed. For all types of mail, the postmark affixed by the United States Postal Service shall be conclusive evidence of the date of mailing.

7. Defense & Indemnity Agreement: The Recipient agrees to defend, indemnify and save harmless the County, its appointed and elective officers and employees, from and against all loss or expense, including but not limited to judgments, settlements, attorney's fees and costs by reason of any and all claims and demands upon the County, its elected or appointed officials or employees for damages because of personal or bodily injury, including death at any time resulting therefrom, sustained by any person or persons and on account of damage to property including loss of use thereof, whether such injury to persons or damage to property is due to the negligence of the Recipient, its subcontractors, its elected officers, employees or their agents, except only such injury or damage as shall have been occasioned by the sole negligence of the County, its appointed or elected officials or employees. It is further provided that no liability shall attach to the County by reason of entering into this contract, except as expressly provided herein. Recipient insurance shall be primary. Any insurance or self-insurance maintained by the County, its officers, officials, employees or volunteers shall be excess of Recipient's insurance and shall not contribute to it.

8. This Agreement shall become effective on July 18, 2016, per Resolution No. R20160202. Work on the project shall be substantially complete and contract shall expire October 1, 2016. For the purposes of this paragraph, the term "substantially complete" shall mean "when the contract work has progressed to the extent that the Recipient has full use and benefit of the facilities, both from the operational and safety standpoint, and only minor incidental work, replacement of temporary substitute facilities, or correction or repair remains to physically complete the total contract." Upon termination of this Agreement, all property acquired by the Recipient shall remain the Recipient's property, with no obligation to pay the County therefore.

9. The Recipient shall not assign any interest in this Contract and shall not transfer any interest in same without prior written County consent.

10. The Recipient will secure, at his own expense, all personnel required in performing said services under this Contract. Recipient shall be personally liable for applicable payroll, Labor and Industries premiums, and all taxes, and shall hold the County harmless from any claims related thereto.

11. Right to Review: This contract is subject to review by the State Auditor's office. The County or its designee shall have the right to review and monitor the financial components of this project. Such review may include, but is not limited to, on-site inspection by County agents or employees, and inspection of all records of other materials, which the County deems pertinent to the Agreement and its performance. Recipient shall preserve and maintain all financial records and records relating to this project under this Agreement for 3 years after contract termination, and shall make them available for such review, within Skagit County, State of Washington, upon request.

12. Acknowledgement of Funding: All books, informational pamphlets, press releases, research reports, articles, requests for information, signs or other public notices developed for or referring to the activities or programs funded by this agreement shall include the statement, "This project received funding from Skagit County," or similar language acknowledging Skagit County's funding contribution. Further, Recipient shall notify the County (or Administrative Services) no later than two weeks before a dedication ceremony or public event for any activities or programs funded by this agreement. Recipient shall also make efforts to verbally acknowledge the County's contributions to the Recipient at all dedication ceremonies or other public events relating to any programs or projects funded by this agreement.

13. Prevailing Wages: If Prevailing Wages are applicable to the work provided under the Agreement then Recipient shall submit a "Statement of Intent to Pay Prevailing Wages" prior to submitting first application for payment. Each statement of intent to pay prevailing wages must be approved by the Industrial Statistician of the Department of Labor and Industries before it is submitted to the County. Unless otherwise authorized by the Department of Labor and Industries, each voucher claim submitted by a Recipient for payment on a project estimate shall state that the prevailing wages have been paid in

accordance with the pre-filed statement or statements of Intent to Pay Prevailing Wages on file with the public agency.

14. Nondiscrimination: During the performance of this contract, the Recipient shall comply with all federal and state nondiscrimination statutes and regulations. These requirements include, but are not limited to:

a. Nondiscrimination in Employment: The Recipient shall not discriminate against any employee or applicant for employment because of race, color, sex, religion, national origin, creed, marital status, age, Vietnam era or disabled veterans status, or the presence of any sensory, mental, or physical handicap. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer, recruitment or recruitment selection for training, including apprenticeships and volunteers. This requirement does not apply, however, to a religious corporation, association, educational institution or society with respect to the employment of individuals of a particular religion to perform work connected with the carrying on by such corporation, association, educational institution or society of its activities.

15. Compliance with Applicable Law: The Recipient and all subcontractors of Recipient shall comply with, and the Department is not responsible for determining compliance with, any and all applicable federal, state, and local laws, regulations, and/or policies. This obligation includes, but is not limited to, nondiscrimination laws and/or policies; the Americans with Disabilities Act (ADA); Ethics in Public Service (RCW 42.52); Covenant Against Contingent Fees (48 C.F.R. Sec. 52.203-5); safety and health regulations. In the event of the Recipient's or a subcontractor's noncompliance or refusal to comply with any law or policy, the Department may rescind, cancel, or terminate the contract in whole or in part. The Recipient is responsible for any and all costs or liability arising from the Recipient's failure to so comply with applicable law.

16. Venue and Choice of Law: In the event that any litigation should arise concerning the construction or interpretation of any of the terms of this Agreement, the venue of such action of litigation shall be in the Superior Court of the State of Washington in and for the County of Skagit. This Agreement shall be governed by the laws of the State of Washington.

17. No Separate Legal Entity: It is understood and agreed that this Agreement is solely for the benefit of the parties hereto and gives no right to any other party. No joint venture or partnership is formed as a result of the Agreement.

18. Termination of Contract for Cause

a. If, through any cause, the Recipient shall fail to fulfill in a timely and proper manner its obligations under this contract or if the Recipient shall violate any of its covenants, agreements, or stipulations of this contract, the County shall thereupon have the right to terminate this contract and withhold the remaining allocation if such default or violation is not corrected within thirty (30) days after submitting written notice to the Recipient describing such default or violation. Further, in the event Recipient fails to

expend funds under this contract in accordance with State or Federal laws and/or the provisions of the agreement, the County reserves to right to recapture funds expended to Recipient in an amount equal to the extent of the noncompliance.

b. The County may unilaterally terminate all or part of this contract, or may reduce its scope of work and budget, if there is a reduction in funds by the source of those funds, and if such funds are the basis for this contract.

19. Termination for Public Convenience: The County may terminate the contract in whole or in part whenever the County determines, in its sole discretion, that such termination is in the best interests of the County. Whenever the contract is terminated in accordance with this paragraph, the Recipient shall be entitled to payment for actual work performed at unit contract prices for completed items of work. An equitable adjustment in the contract price for partially completed items of work will be made, but such adjustment shall not include provision for loss of anticipated profit on deleted or uncompleted work. Termination of this contract by the County at any time during the term, whether for default or convenience, shall not constitute a breach of contract by the County. If sufficient funds are not appropriated or allocated for payment under this contract for any future fiscal period, the County will not be obligated to make payments for services or amounts incurred after the end of the current fiscal period. No penalty or expense shall accrue to the County in the event this provision applies.

20. Nonassignability: Neither this contract, nor any claim arising under this contract, shall be transferred or assigned by the Recipient.

21. Taxes: All payments accrued on account of payroll taxes, unemployment contributions, any other taxes, insurance or other expenses for the Recipient or its staff shall be the sole responsibility of the Recipient.

IN WITNESS WHEREOF, the parties have executed this Agreement this 17 day of October, 2016.

Public Utilities District #1

[Signature]
Signature
(Date 9/14/16)

GEORGE SIDHU
Print Name
INTERIM GENERAL MANAGER
Title

Mailing Address:
1415 FREEWAY DRIVE
MOUNT VERNON
98273

Telephone No. _____
Fed. Tax ID # _____
Contractor Lic. # _____

Attest:

[Signature]
Clerk of the Board

APPROVED:

BOARD OF COUNTY COMMISSIONERS
SKAGIT COUNTY, WASHINGTON

[Signature]
Lisa Janicki, Chair

[Signature]
Ron Wesen, Commissioner

[Signature]
Kenneth A. Dahlstedt, Commissioner

For contracts under \$5000

County Administrator
(Authorization per Resolution #R20030146)

Recommended:

[Signature]
Department Head

[Signature]
Budget and Finance Director

Approved as to Indemnification:

[Signature]
Risk Manager

Approved as to Form:

[Signature] (9/24/16)
Deputy Prosecuting Attorney

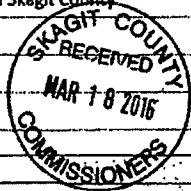
Exhibit A



Economic Development Public Facility Project Application

Board of County Commissioners · 1800 Continental Place · Mount Vernon WA 98273
 voice 360-416-1300 · fax 360-336-9307 · www.skagitcounty.net

Part 1	Applicant Information		
Organization	Public Utility District No. 1 of Skagit County		
Address	1415 Freeway Drive	State	WA Zip 98273
Primary Contact	Gary Chrysler	Phone	(360) 848-4444
E-mail Address	glc@skagitpud.org		
Part 2	Project Information		
RCW 82.14.370 (3) defines "public facilities" as bridges, roads, domestic and industrial water facilities, sanitary sewer facilities, earth stabilization, storm sewer facilities, railroad, electricity, natural gas, buildings, structures, telecommunications infrastructure, transportation infrastructure, commercial infrastructure, and port facilities in the state of Washington.			
Project Name	Port of Skagit County Fiber Extension	Location	Higgins Airport Way
Project Type	Fiber Optic Communications Infrastructure	Start Date	7/1/2016
Description	Connection of existing Port of Skagit County Fiber to Existing Skagit PUD Fiber to create a redundant loop to the BayView Airport and Port Facility communications systems.		
Use of funds	Describe the specifics of what funds will be spent on (e.g., labor, equipment, material, etc.): The funds will be spent on labor, equipment, material, restoration, permits, and fees for the underground installation, splicing, and termination of approximately 3000' of 48 strand fiber optic cable in conduit, with vaults and to connect the existing Port of Skagit County fiber to the existing Skagit PUD fiber at Josh Wilson Road and Higgins Airport Way.		
Part 3	Required Resources		
Provide a budget that shows a breakdown of project costs. Please also provide a breakdown of current and proposed funding that clearly illustrates the total funding required for the project listed by individual funding source, including any money from the Public Facilities fund. Specify any conditions attached to any funding sources.			
Budget	Total funding requested from Distressed/Rural County Sales and Use Tax to fund public facilities projects in Skagit County (not to exceed \$500,000)	\$	110,000.00
	Amount primary sponsor/organization is contributing to the project	\$	190,000.00
	Other Funding Source: None	\$	text
	Other Funding Source: Click here to enter text.	\$	text
	Other Funding Source: Click here to enter text.	\$	text
	Other Funding Source: Click here to enter text.	\$	text
	Other Funding Source: Click here to enter text.	\$	text
	Total Project Cost	\$	text
Comments	Describe impact to project if not fully funded: It will not take place.		



Vicky Gonzalez - Commissioners' Office

From: glc@skagitpud.org
Sent: Friday, March 18, 2016 4:07 PM
To: Vicky Gonzalez - Commissioners' Office
Cc: Sidhu@skagitpud.org
Subject: Economic Development Grant Application
Attachments: 20160318150530429.pdf

Hi, Vicky.

Attached, please find our Economic Development Grant Application. If you have any questions, please feel free to call or email. I had a bit of difficulty clarifying on the form our contribution of \$190,000, so I'll do it here.

The request is for a project that has tremendous benefit to the citizens and businesses of Skagit County, with an amazing potential to draw business and industry to our community.

On a personal level, and as a life long resident of Skagit County, I am very excited about the potential benefit this project will bring to our community.

Skagit PUD has two active projects that are already contributing to the success of this request.

- The first contributing project is approximately \$130,000, and is part of a \$1.3 million dollar pipe replacement project, from the existing Skagit PUD fiber infrastructure at Higgins Airport Way, to the Bayview standpipe (the 100' tall white tank) on Josh Wilson Road in Bayview. We will be able to benefit from the project overhead and mobilization of the concurrent pipe replacement project for cost savings on this project. Both the pipe replacement and the fiber to the tank are fully funded by Skagit PUD.
- The second project is from the end of our existing fiber at Highway 99 across the freeway from Josh Wilson road. This project will build from there to the top of Burlington Hill and is part of our long term communications backbone plan. The cost is approximately \$60,000 and is fully funded by Skagit PUD. This run will provide the opportunity for interconnection between existing Skagit PUD and City of Burlington fiber optic infrastructure, and so complete the ring. That is why the Higgins Airport Way segment is so important to the community.

Our long term plan has been to work toward redundancy for the community, both in water services and wholesale telecommunications services. We have future plans that will duplicate the benefits of this project, only on a much larger scale. As always, the funding is limited, but we are making progress. Our plans are of benefit, not only to the PUD and potential new businesses, but they are also of great benefit to all the existing businesses, including the existing telecommunication carriers, providing opportunity for a higher level of service for the residents of Skagit County.

In the future, we hope to request grant funding and complete the connection from our Highway 99 and Josh Wilson Road to our fiber at Highway 20 in Sedro Woolley. My desire was to request it for this year, but based upon the size and complexity of the project, the window on this grant was too short for us to achieve that goal this year and still make the deadline. The segment mentioned will pass the Sedro Woolley Hospital and all of the nearby businesses, as well as pass through the Town of Sedro Woolley to the east. The segment from Highway 20 and Fruitdale Road to our Water Treatment Facility at the Judy Reservoir is already in place. Together, these form a segment of a larger planned protected ring that will be completed with the installation of approximately 15 miles of 36" pipeline, beginning in approximately 2018. The 36" pipe project will run from the Judy Reservoir fiber to the City of Mount Vern and will include fiber optic infrastructure. The project is in the preliminary design stage right now, moving to final design in 2017. As stated above, construction is scheduled to begin in 2018.

As you can see, it is difficult to convey the larger vision in the grant request, but I did my best in the space provided. Thank you,

Gary Chrysler
IT Manager

Part 4	Growth Management
Planning	<p>Per RCW 82.14.370(3)(a), the project must be listed as an item in the County's adopted overall economic development plan, or the economic development section of the County's comprehensive plan, or your city or town's comprehensive plan. Under which plan is the proposed project contained? (Please attach a resolution or ordinance documenting that the appropriate authority has included the project in one of the above plans.)</p> <p>In this case, fiber optic infrastructure is specifically listed under section 14.16.180 Bayview Ridge Light Industrial (BR-LI) of the Skagit County Zoning documents. I've spoken with the Port of Skagit County and the City of Mount Vernon and they support this project as an enhancement to fiber optic infrastructure they already have in place.</p>

Project location	Unincorporated Urban Growth Area	Zoning: Bayview Ridge Light Industrial (BR-LI)
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Part 5	Value Proposition
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Business	<p>Is this project supportive of a specific business? If so, how many? Please provide names of businesses if known.</p> <p>This project impacts all businesses in the ring. In conjunction with the Skagit PUD funded project from Highway 99 at Josh Wilson to Burlington Hill, connection of this segment will connect the Burlington, Skagit PUD, and Mount Vernon networks together in a protected ring with physical separation. The opportunity will be for all businesses connecting to the ring to have protected connectivity. Included along with private businesses providing jobs is the benefit of higher levels of service for government and emergency services along the ring.</p>
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Jobs	<p>Describe, in specific detail, how this project will create jobs and/or allow for the retention of current jobs.</p> <p>As discussed in the latest Fiber Consortium meeting, the Port of Skagit County has already lost a business call center because they were unable to provide a protected circuit. This short fiber installation would allow future businesses requiring redundant connectivity to be based on Port property. It would also allow any government facilities to move offices and infrastructure to Port property, keeping services out of the flood plain. The potential for jobs is very high, easily reaching into the hundreds.</p>
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Job Detail	<p>Provide information on the following: (a) the average wage, including benefits, and the number of new Jobs/FTEs; and (b) the average wage, including benefits, as the result of the project. Please be specific as possible. <i>Generic information may not be scored. Do not include any construction-related jobs.</i></p>
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	Jobs/FTEs Retained	Jobs/FTEs Created 1-3 Years	Jobs/FTEs Created 4 Years
Number of Jobs/FTEs	20	50	100
Average Wage/FTE	20	20	20

Infrastructure	<p>How will this project improve local infrastructure capacity? How much additional capacity will be provided for future development? Please be specific in your answer.</p> <p>With the installation of redundant equipment by the various providers, it has the potential to nearly eliminate communications systems down time due to cable damage or single point equipment failures causing a break in the completed ring. The value to businesses and emergency services is very high. Any businesses requiring this level of service are unable to use the Port of Skagit County as a base of operations until this is completed.</p>
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Part 6 Project Timeline

Timeline Provide a timeline for the project. Please include specific deadlines for segments or phases of the project, including total project begin date and completion date.

The project will begin July 1, 2016, in conjunction with a funded project already planned by Skagit PUD from Higgins Airport Way to Skagit PUD's BayView road standpipe on the Josh Wilson Road. The scheduled time line is approximately 90 days.

Phasing If this is a phased project, for which phase are you applying for funding?

It is not phased.

Completion By what date will the project (or this phase) be complete? Funds will lapse and may not be spent after this date.

October 1st, 2016

Efforts So Far Summarize efforts taken to date regarding the project. What planning has taken place? Have engineering reports and feasibility studies been prepared? If so, describe them.

We have worked on preliminary engineering. As soon as funding is available, we will begin permit revisions for existing pipe and fiber project to include the fiber for this segment.

Part 7 Action Plan

What quantifiable measures are you going to track to measure the success of the project?

Verified pricing models with engineering, verified approval of port and City of Mount Vernon, who manages this fiber. We are finalizing PSE permits to close the segment in Burlington that will make the proposed project viable, and we have already installed 4 miles of fiber along the Josh Wilson road in support of this project.

Part 8 Miscellaneous

Include information related to the project, if any, that would assist the Economic Development Advisory Committee and the Board of County Commissioners in evaluating the funding request, such as emergency declarations, bird-in-hand industry, volunteer efforts, links to other priority projects, etc.

This project is tied to the PUD funded infrastructure replacement to eliminate the BayView standpipe and increase capacity to the entire BayView ridge. We will be running our own fiber as part of that project, and this will be a short connection that can run concurrently with our infrastructure project. The cost savings will be in decreased mobilization and increased overhead efficiencies by utilizing staff and equipment from an already running project. It also decreases the chance of the loss of another business that may choose to build elsewhere because our collective infrastructure is unable to provide the redundancy they so desperately need. It also allows Skagit PUD, the Port of Skagit County, the City of Mount Vernon, and the City of Burlington to work together on a project for the benefit of the entire county, providing a solid foundation of redundant fiber optic infrastructure with significant physical separation for the benefit of all the citizens of Skagit County and any future businesses that we so much desire to serve.

Part 9 Applicant Certification

The applicant here certifies and affirms (1) that it does not now, nor will it during the performance of any contract arising from this application, unlawfully discriminate against any employee, applicant for employment, client, customer, or other person who might benefit from said contract, by reason of age, race, color, ethnicity, sex, religion, creed, place of birth, or degree of handicap; (2) that it will abide by all relevant local, state and federal laws and regulations; and (3) that it has read and understood the provisions and restrictions in each part above and will comply with all provisions thereof.

Signature



Date

3/18/16

Printed Name George Sidhu

Title

INTERIM GENERAL MANAGER