



Mason County PUD No. 1
Special Board Meeting
July 12, 2021
10:00 p.m.

Join Zoom Meeting
<https://us02web.zoom.us/j/86826066104>

Meeting ID: 868 2606 6104
1 (253) 215-8782

10:00 a.m. Call to Order & Flag Salute

1) **Consent Agenda**

Minutes: June 29, 2021 Special Board Meeting
July 2, 2021 Special Board Meeting

Disbursements:

Accounts Payable Check Register

Accounts Payable Wire	\$ 372,101.38
Check Nos. 120317-120367	\$ 50,912.28

A/P Sub-Total **\$ 423,013.66**

Payroll Wire \$ 69,777.30

Grand Total **\$ 492,790.96**

2) **Public Comment-** *Members of the public wishing to comment may request permission to do so during the Public Comment portion of the agenda. Comments shall be limited to no more than 5 minutes per speaker. There will be no action or discussion of public comment items, although the board may defer to PUD management for any necessary response.*

3) **Business Agenda**

- a. Approval of Resolution No. 2050 – Calling for an Election for Annexation
- b. Sunset of AP No. 1016 COVID-19 Telework Stipend Policy, effective August 31, 2021
- c. Approve MOA with Squaxin Island Tribe
- d. Discussion on Reopening Plan

4) **Staff Reports**

- a. General Manager
- b. Treasurer
- c. Water Resource Manager
- d. Legal Counsel

5) **Correspondence**

6) **Board Comments**

7) **Other Business/Public Comment**

8) **Executive Session**

9) **Adjournment**

2021 Calendar

July 15-16	WPUDA	Virtual	Association Meetings
July 16 th		Employee Appreciation Event	Potlatch State Park
July 29	WPAG	9:00 am	
August 4, 2021	PPC		
August 26	WPAG	9:00 am	
September 1, 2021	PPC		
September 15-17	WPUDA	Hotel Windrow, Ellensburg	
September 18 th		Forest Festival Parade	
September 22-24 or 29 thru Oct 1			Water Workshop
September 30	WPAG	9:00 am	
October 6, 2021	PPC		
October 8, 2021		Customer Appreciation Event	PUD 1 Campus
October 14	WPUDA	Virtual	Budget Committee
October 21	WPAG	9:00 am	
November 3, 2021	PPC	(Town Hall with Marty Kanner 4-5:30pm)	
November 17	WPAG	1:00 pm	
November 17-19	WPUDA	Olympia	
December 1-3	WPUDA		Annual Meeting



Mason County Public Utility District No. 1
Board of Commissioners Regular Board Meeting
June 29, 2021 Potlatch, Washington

Present:

Mike Sheetz, President (Online)
Jack Janda, Vice President (Online)
Ron Gold, Board Secretary (Online)
Kristin Masteller, General Manager (Online)
Katie Arnold, District Treasurer (Online)
Brandy Milroy, Water Resource Manager (Online)
Julie Gray, Executive Assistant (Online)
Rob Johnson, Legal Counsel (Online)

Visitors:

None

CALL TO ORDER: Mike Sheetz called the meeting to order at 1:00 p.m.

APPROVAL OF CONSENT AGENDA:

Minutes: June 8, 2021 Regular Board Meeting

Disbursements:	<u>Accounts Payable Check Register</u>	
	Accounts Payable Wire	\$ 52,759.74
	Check Nos. 120238-120316	\$ 302,773.60
	A/P Sub Total	\$355,533.34
	<u>Payroll Expense</u>	
	Payroll Wire	\$ 61,563.99
	Grand Total	\$417,097.33

Jack made a motion to approve the consent agenda as presented, Ron seconded the motion. Motion carried.

PUBLIC COMMENT: None.

BUSINESS AGENDA:

Authorize Amendment for BPA Conservation Agreement Term Extension – Jack made a motion to Authorize Amendment for BPA Conservation Agreement Term Extension. Ron seconded the motion. Motion carried.

May Financials – Katie reported that the gross revenue for the month of May 2021 was \$998,558 and the gross expenditures were \$818,100. The Debt Service Coverage and TIER ratios remain above the 1.25 minimum requirement. The overall budget to actuals remains on track as compared to the annual budget, with the electric department at 52% of the budgeted annual revenue and 43% budgeted annual



Mason County Public Utility District No. 1
Board of Commissioners Regular Board Meeting
June 29, 2021 Potlatch, Washington

expenditures. The water department is at 47% of its budgeted annual revenue and 42% of annual budgeted expenditures. The sewer department is at 35% of the budgeted annual revenue and 38% of budgeted annual expenditures.

Financial Metrics as Compared with Prior Year:	May 2021	May 2020
Total General Cash and Investments	\$1,186,083	\$859,852
Current Ratio (Current Assets/Current Liabilities)	3.75 to 1	3.42 to 1
Debt Service Coverage (O&M/ Debt Service)	3.14	2.27
Long-Term Debt to Net Plant	38%	39%
Total Debt to Equity Ratio (Total Liabilities/Total Equity)	52%	54%
Long Term Debt to Equity Ratio (Long Term Debt / Total Equity)	48%	50%
Times Interest Earned Ratio (Earnings before Interest & Taxes/Total Interest)	5.74	3.85
Cash on Hand (Total Available Cash/Average Daily Costs)	48 Days (General) 156 Days (All Funds)	39 Days (General) 170 Days (All Funds)

Resolution No. 2049 Authorize Submittal for CERB Grant – Jack made a motion to Approve Resolution No. 2049 Authorize Submittal for CERB Grant. Ron seconded the motion. Motion carried.

Authorize Designation of Applicant Agent for FEMA Disaster 4593 – Jack made a motion to Authorize Designation of Applicant Agent for FEMA Disaster 4593. Ron seconded the motion. Motion carried.

Authorize Manager to sign 2021-2023 EAP Contract – Jack made a motion to Authorize the Manager to sign the 2021-2023 Employee Assistance Program Contract with the State of Washington. Ron seconded the motion. Motion carried.

Discussion on Board Meeting Dates – Jack has an Energy NW meeting that will conflict with the first meeting in July. The July 13th meeting will be re-scheduled to Monday, July 12 at 10:00 a.m.

General Manager – Kristin reported that the pole yard cleanup is finished and the grant accounting is done and has been sent to Ecology. The site will be monitored for a 1-year period due to trace amounts of contaminate found in the groundwater tests. The original amount of the grant will not be enough to cover the expenses due to the extra testing that needs to be done. There will be other opportunities to apply for grant money to reimburse for the extra costs. Representative Kilmer’s office is still working on the funding for the Duckabush project. She also reported that Jeremiah is working on the Manzanita project materials list so we can finish that project up this year. The crew has finished with the Bourgault rebuild and the old line thru Tozier’s field will be demolished sometime in the future. They are working on the Bambi Farms Road underground project today and when finished, they will be headed to do the project at Sylopash. She reported that a limb came down on Bee Mill road and caused a small brush fire.



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She reported that she is working on a draft for a fire mitigation plan. The crew's last safety meeting was focused on heat exposure safety and traffic control. In the traffic control portion, the temps were able to get their flagging cards. There was one reportable injury this month and the employee is on light duty. She reported that she is working on the redistricting with Rob and the auditor's office. She will write one with annexation of Alderbrook and without. When finished, Katie will take them to the Auditor's office for approval. Kristin reported that Jeremiah from BKI will no longer be available to us, as he is taking a permanent job with PUD 3. She also reported that Chris Crowell from the crew has accepted a job at PUD 3.

Director of Business Services – Nothing to report.

Water Resource Manager – Brandy reported that Hanson Excavating will be starting the Agate Beach project on July 5th. The Vuecrest Water system is in the 30-day feasibility stage for the new reservoir site property acquisition. All of the 2020 Consumer Confidence and Water Use Efficiency reports have been sent out and the reports have been submitted to the State. She also reported that she and Mary are working on the Cross Connection Control letters and will have them out soon. The purchase of the Holiday Beach Water System is currently in Escrow at AEGIS Title Company. The water crew is very busy with service work and pump house maintenance.

Legal Counsel – Nothing to report.

Correspondence – A picture on the front page of the Public Power Current newsletter for APPA has Kristin and Katie receiving the Sue Kelly Community Service Award in Orlando.

Board Reports –

Mike – Mike reported that he had attended a WPUDA water meeting last week.

Jack – Jack reported that he had received a complaint from a customer regarding the office not being open to the public.

Ron – Ron reported that he had attended the APPA Annual Meeting in Orlando last week.

PUBLIC COMMENT - None

EXECUTIVE SESSION – RCW 42.30.110(i) At 2:17 p.m. Commissioner Sheetz called a 10-minute Executive Session to discuss pending litigation and that no action would be taken following the session. At 2:27 p.m. Commissioner Sheetz resumed the regular board meeting to adjourn.

Adjournment: 2:27 p.m.

Mike Sheetz, President

Jack Janda, Vice President

Ron Gold, Secretary



Mason County Public Utility District No. 1

Board of Commissioners Special Meeting

July 2, 2021 Potlatch, Washington

Present:

Mike Sheetz, President (Online)
Jack Janda, Vice President (Online)
Ron Gold, Board Secretary (Online)
Kristin Masteller, General Manager (Online)
Katie Arnold, District Treasurer (Online)
Brandy Milroy, Water Resource Manager (Excused)
Julie Gray, Executive Assistant (Online)
Rob Johnson, Legal Counsel (Online)

Visitors:

None

At 9:00 a.m. President Mike Sheetz called the special meeting to order.

At 9:02 a.m. President Mike Sheetz called an executive session for 20 minutes to discuss Threatened or Pending Litigation, pursuant to RCW 42.30.110(i).

At 9:22 a.m. President Mike Sheetz adjourned the executive session and re-opened the special meeting.

Jack Janda was called on to discuss the re-opening of the PUD campus. After discussion, it was decided that Kristin will develop a plan to re-open and present it to the board at the July 12, 2021 board meeting.

Adjournment – 9:40 a.m.

Mike Sheetz, President

Jack Janda, Vice President

Ron Gold, Secretary

07/09/2021 10:11:21 AM

Accounts Payable Check Register

06/25/2021 To 07/09/2021

Bank Account: 4 - COLUMBIA BANK - DISTRICT

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
495 07/01/2021	WIRE	IRS	WEST COAST BANK	FEDERAL TAX LIABILITY	26,054.83
496 07/01/2021	WIRE	WASH 1	WA DEPT OF RETIREMENT SYS	STATE RETIREMENT - PLAN 2	21,564.61
497 07/01/2021	WIRE	WASH 7	WA STATE TREAS-MS: PO-11	DEFERRED COMPENSATION	8,060.50
498 07/01/2021	WIRE	HRA	HRA VEBA TRUST CONTRIBUTI	VEBA MEDICAL SAVINGS	2,877.59
499 06/30/2021	WIRE	USDA/RURAL D	USDA/RURAL DEVELOPMENT	QUARTERLY RUS PAYMENT	50,897.76
500 06/28/2021	WIRE	WASH 3	WA DEPT OF REVENUE	MONTHLY EXCISE TAX	33,595.09
501 07/06/2021	WIRE	BPA	COLUMBIA BANK	MONTHLY POWER BILL	229,051.00
1877 07/07/2021	DD	NAPA AUTO PA	WESTBAY NAPA AUTO PARTS	TRUCK #50-CREDITS	0.00
120317 06/28/2021	CHK	2M COMPANY	2M COMPANY INC	CHLORINE	1,180.39
120318 06/28/2021	CHK	BUILDERS	BUILDERS FIRSTSOURCE, INC	BELLWOOD WATER SUPPLIES	300.15
120319 06/28/2021	CHK	D&L AUTOMOTI	D&L AUTOMOTIVE	TRUCK #59- CHANGE OIL & FILTER	595.02
120320 06/28/2021	CHK	DANDAN	DANIEL C RUBINO DBA:DAN DAN THE	GATE KEEER LOCK SETS	62.00
120321 06/28/2021	CHK	EVER	EVERGREEN RURAL	CONTROL VALVES REGISTRATION-BARNEY & RIC	320.00
120322 06/28/2021	CHK	GLOBAL RENTA	GLOBAL RENTAL CO., INC	RENTAL TRUCK	4,247.10
120323 06/28/2021	CHK	HDFOWL	HD FOWLER COMPANY	WATER NON INVENTORY PARTS	5,805.13
120324 06/28/2021	CHK	HOOD CANAL	HOOD CANAL MARKET FRESH	BAGGED ICE	24.00
120325 06/28/2021	CHK	NWPPA	NWPPA	NWPPA ANNUAL CONF-RON & KRISTIN	1,500.00
120326 06/28/2021	CHK	OLYMP2	OLYMPIC SIGN SERVICES	(2)SERVICE TRIPS TO REPAIR NEON SIGN	651.00
120327 06/28/2021	CHK	TOZIER	TOZIER BROS, INC	LAKE ARROWHEAD WATER-SUPPLIES	84.99
120328 06/28/2021	CHK	2	PEGGY DOOLEY	HEAT PUMP & BPA INCENTIVE-REBATE	2,100.00
120329 06/28/2021	CHK	2	MARTHA M WARNER	DUCTLESS HEATPUMP & BPA INCENTIVE-REBATE	1,300.00
120330 06/29/2021	CHK	FERRIER	JANIECE FERRIER	MONTHLY REIMBURSEMENT-#0911011922	785.38
120331 06/29/2021	CHK	KESTER	KESTER, GREGORY C.	MONTHLY REIMBURSEMENT	1,298.32
120332 06/29/2021	CHK	KNIPSC	DEBBIE KNIPSCHILD	MONTHLY REIMBURSEMENT-#6585-5	380.75
120333 06/29/2021	CHK	MUNCHR	MUNCH, ROY	MONTHLY REIMBURSEMENT	704.62
120334 06/29/2021	CHK	WAGNER	WAGNER, CHERYL	MONTHLY REIMBURSEMENT-789026098408	309.96

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Accounts Payable Check Register

06/25/2021 To 07/09/2021

Bank Account: 4 - COLUMBIA BANK - DISTRICT

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
120335 06/29/2021	CHK	18	TRISH MARTIN	REIMBURSE FOR WIFI AT HOME (APRIL)	110.85
120336 07/01/2021	CHK	IBEW	IBEW LOCAL UNION #77	UNION DUES	838.83
120337 07/01/2021	CHK	PUDEMP	PUD #1 EMPLOYEE FUND	EMPLOYEE FUND	210.00
120338 07/01/2021	CHK	US TREASURY	US TREASURY	LEVY PROCEEDS #91-1197062	100.00
120339 07/07/2021	CHK	AFLAC	AFLAC	SUPPLEMENTAL INSURANCE	187.84
120340 07/07/2021	CHK	ALPINE DUCTLE	ALPINE DUCTLESS LLC	DUCTLESS HEATPUMP & BPA INCENTIVE-ANTRIM	1,300.00
120341 07/07/2021	CHK	ARNOLD,KATIE	KATIE ARNOLD	APPA ANNUAL CONF-REIMBURSE TRAVEL EXPENS	410.81
120342 07/07/2021	CHK	15	MARY BECHTOLT	REIMBURSE FOR WIFI AT HOME (JULY)	29.45
120343 07/07/2021	CHK	BRIGHT KNIGHT	BRIGHT KNIGHTS LLC	HARSTENE RETREAT WATER-CHECK STARTER PRO	632.83
120344 07/07/2021	CHK	BUILDERS	BUILDERS FIRSTSOURCE, INC	BLACK A&B WATER SUPPLIES	64.22
120345 07/07/2021	CHK	CAPIT2	CAPITAL INDUSTRIAL, INC.	TRUCK #60-V-RING STRAP	120.51
120346 07/07/2021	CHK	CASCA1	CASCADE COLUMBIA DIST.CO.	SODIUM HYPOCHLORITE & MULTICHLORINE PACK	842.46
120347 07/07/2021	CHK	DON SMALL & S	DON SMALL & SONS OIL DIST	GAS & DIESEL	1,770.41
120348 07/07/2021	CHK	FICS	FASTENAL COMPANY	TRUCK #76-STORAGE BOX & SHOP SUPPLIES	1,091.43
120349 07/07/2021	CHK	GENPAC	GENERAL PACIFIC INC	NON INVENTORY ELECTRIC SUPPLIES	2,201.90
120350 07/07/2021	CHK	GILLIS	GILLIS AUTO CENTER, INC.	TRUCK #71-HANDLE	13.19
120351 07/07/2021	CHK	GOLD	GOLD, RON	REIMBURSEMENT FOR TRAVEL-APPA ANNUAL CON	464.63
120352 07/07/2021	CHK	HOOD CANAL	HOOD CANAL MARKET FRESH	TRUCK #46-RULER TAPE	101.85
120353 07/07/2021	CHK	16	JIA J LOH	MILEAGE REIMBURSEMENT-NWPPA STAKING TECH	298.08
120354 07/07/2021	CHK	SHEL 2	MASON COUNTY JOURNAL	ANNUAL SUBSCRIPTION-THE MASON CO JOURNAL	62.00
120355 07/07/2021	CHK	MASTELLER	KRISTIN MASTELLER	TRAVEL PER DIEM, MILEAGE, & LUNCH-REIMB	511.57
120356 07/07/2021	CHK	NATIONAL MET	NATIONAL METERING & TECHNICAL S	TEST METERS	5,709.00
120357 07/07/2021	CHK	NORTHWEST RO	NORTHWEST ROCK, INC	ROCK	1,191.78
120358 07/07/2021	CHK	PACIF1	PACIFIC UNDERWRITERS CORP	SUPPLEMENTAL INSURANCE-JULIE	15.92
120359 07/07/2021	CHK	ROHLIN	ROHLINGER ENTERPRISES INC	CLEAN & TEST TELEPOLE & TOUCH UP HOTSTIC	147.84
120360 07/07/2021	CHK	SAEGER, SHIAN	SAEGER, SHIANE	TUITION REIMBURSEMENT	707.20

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Accounts Payable Check Register

06/25/2021 To 07/09/2021

Bank Account: 4 - COLUMBIA BANK - DISTRICT

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
120361 07/07/2021	CHK	SMS CLEANING	SMS CLEANING, INC	CLEANING SERVICE-LESS RETAINAGE	1,425.60
120362 07/07/2021	CHK	WASH23	STATE OF WASHINGTON	2020 HAZARDOUS WASTE GENERATION FEE	56.00
120363 07/07/2021	CHK	GOOS	TJ GOOS	TRUCK #77-BED LINER	104.14
120364 07/07/2021	CHK	TOZIER	TOZIER BROS, INC	SHOP SUPPLIES	48.74
120365 07/07/2021	CHK	34	WASHINGTON ALARM, INC	MONTHLY BILLING-SECURITY SYS. OPERATIONS	162.75
120366 07/07/2021	CHK	CITI CARDS	CITI CARDS	MO. CITI CARD ACCT# ENDING IN: 4326	8,005.58
120367 07/07/2021	CHK	TACOMA	TACOMA SCREW PRODUCTS IN	CONDUIT CLAMPS & ELECTRICAL TERMINALS	326.06
Total Payments for Bank Account - 4 :					(59) 423,013.66
Total Voids for Bank Account - 4 :					(0) 0.00
Total for Bank Account - 4 :					(59) 423,013.66
Grand Total for Payments :					(59) 423,013.66
Grand Total for Voids :					(0) 0.00
Grand Total :					(59) 423,013.66

Accounts Payable Check Register

PARAMETERS ENTERED:

Check Date: 06/25/2021 To 07/09/2021

Bank: All

Vendor: All

Check:

Journal: All

Format: Summary

Extended Reference: No

Sort By: Check/Transaction

Voids: Current

Payment Type: All

Group By Payment Type: No

Minimum Amount: 0.00

Authorization Listing: No

Credit Card Charges: No

07/08/2021 1:30:57 PM

GENERAL LEDGER
TRANSACTION DETAIL

Page: 1

JUL 2021 To JUL 2021

Date	Journal Description	Actv BU Project	Mod	Jrnl Reference Code	
Account: 0 131.2 CASH-GENERAL FUND (DISTRICT)			Department:	0	
07/01/21	59647 Check Print	0	PL	2 PAYROLL	69,777.30
Total For Module - PL:					69,777.30

PARAMETERS ENTERED:

Division: All
Accounts: 0 131.2
Department: All
Activity: All
Sort By: Div/Acct
Date Selection: Period
Period: JUL 2021 To JUL 2021
Module: PL
Journal Activity: All
Accounts With No Transactions: Yes
Extended Reference: No
Interface Detail: No
Group by Department: Yes



PUBLIC UTILITY DISTRICT NO. 1
OF MASON COUNTY
N. 21971 Hwy. 101
Shelton, Washington 98584

BOARD OF COMMISSIONERS
MIKE SHEETZ, Commissioner
JACK JANDA, Commissioner
RON GOLD, Commissioner

RESOLUTION NO. 2050

A RESOLUTION CALLING FOR AN ELECTION FOR THE ANNEXATION OF TERRITORY INTO MASON COUNTY PUBLIC UTILITY DISTRICT NO. 1 PURSUANT TO RCW 54.04.035

WHEREAS, A sufficient number of residents of the Alderbrook Community have filed a petition with Mason County pursuant to RCW 54.04.035 & RCW 31.13.020 requesting that the Alderbrook Community as described above be annexed by PUD 1 so that citizens in the Alderbrook Community can vote in PUD 1 elections for representation on the PUD 1 Board of Commissioners;

WHEREAS, The Mason County Auditor has certified that the signatures as meeting the requirements of an annexation petition.

WHEREAS, The District prefers that the election on annexation be held on November 2, 2021

NOW, THEREFORE, BE IT RESOLVED as follows: The District hereby requests the Auditor call a special election on question of annexation on November 2, 2021.

BE IT FURTHER RESOLVED that the ballot title may be as follows:

Shall the following described real property be annexed into Mason County Public Utility District No. 1 and thereby removed from the territory of Mason County Public Utility District No. 3;

- Plat of Alderbrook Country Club as recorded in Volume 6 of Plats Page 15-18.
- Plat of Alderbrook Golf and Yacht Club Estates Division 1, as recorded in Volume 7 of Plats Page 36-37
- Plat of Alderbrook Golf and Yacht Club Estates Division 2, as recorded in Volume 7 of Plats Page 1-2
- Plat of Alderbrook Golf and Yacht Club Estates Division 3, as recorded in Volume 7 of Plats Page 3-6.
- Plat of Alderbrook Golf and Yacht Club Estates Division 4, as recorded in Volume 7 of Plats Page 28-31.
- Plat of Alderbrook Golf and Yacht Club Estates Division 5, as recorded in Volume 7 of Plats Page 32-35.
- Plat of Alderbrook Golf and Yacht Club Estates Division 6, as recorded in Volume 6 of Plats Page 63-65.
- Plat of Alderbrook Golf and Yacht Club Estates Division 7, as recorded in Volume 7 of Plats Pages 66 to 69.
- Plat of Alderbrook Golf and Yacht Club Estates Division 8, as recorded in Volume 7 of Plats Pages 70-73.
- Plat of Alderbrook Golf and Yacht Club Estates Division 9, as recorded in Volume 7 of Plats Pages 101-104.
- Plat of Alderbrook Golf and Yacht Club Estates Division 10, as recorded in Volume 7 of Plats Pages 105-108.
- Plat of Alderbrook Golf and Yacht Club Estates Division 11, as recorded in Volume 7 of Plats Pages 109-113.
- Plat of Alderbrook Golf and Yacht Club Estates Division 12, as recorded in Volume 8 of Plats Pages 66-68.

ADPOTED this 12th day of July 2021 by the Board of Commissioners of Public Utility District No. 1 of Mason County.



**PUBLIC UTILITY DISTRICT NO. 1
OF MASON COUNTY**

N. 21971 Hwy. 101
Shelton, Washington 98584

BOARD OF COMMISSIONERS

MIKE SHEETZ, Commissioner
JACK JANDA, Commissioner
RON GOLD, Commissioner

Mike Sheetz, President

Jack Janda, Vice President

ATTEST:

Ron Gold, Secretary

Memorandum of Agreement

Public Utility District No. 1 of Mason County and the Squaxin Island Tribe

This Agreement is between Public Utility District No. 1 of Mason County (“PUD”) and the Squaxin Island Tribe (“Tribe”) (collectively, “Parties”).

Sec. 1 – Recitals

1.1 The PUD is a public utility district organized under Washington law, with all the rights and responsibilities pertaining thereto. The PUD’s authority to enter into this Agreement arises under Title 54 RCW and Chapter 39.34 RCW (Interlocal Cooperation Act).

1.2 The Tribe is a federally-recognized Indian tribe and a signatory party to the Treaty of Medicine Creek, with all the rights and responsibilities pertaining thereto. The Tribe’s authority to enter into this Agreement arises under federal laws, the Treaty of Medicine Creek, the Tribe’s Constitution and laws, and Chapter 39.34 RCW (Interlocal Cooperation Act).

1.3 Anadromous fish are central to the Tribe’s culture and economy, and the Tribe is concerned that instream flows necessary for fish are unmet in numerous streams throughout Mason County, including in Schumacher Creek, all of which is encompassed within the Tribe’s usual and accustomed fishing area. The Tribe asserts Treaty rights to these fisheries, and to streamflows that support them.

1.4 The PUD’s mission as a public water purveyor is to provide safe and reliable water service to Mason County residents, including the area served by the Union, Highland Park, Vuecrest, Union Ridge, Alderbrook, and Hood Canal water systems. The PUD asserts that it has consolidated these water systems into the singular Union Regional Water System (“URWS”) approved by the Washington Department of Health, to provide an adequate and safe regional public water supply and to prevent the proliferation of permit-exempt groundwater wells.

1.5 The Tribe is concerned that the PUD’s expanded service area and connection of its Alderbrook system to other systems in the URWS will increase the consumption of groundwater and could result in an increased impact to Schumacher Creek’s instream flows and fisheries. The PUD’s expanded regional service area is described in the Union Regional Part B Water System Plan (“Plan”) approved by the Department of Health on November 19, 2020. The Tribe has appealed the Plan approval in *Squaxin Island Tribe v. Washington Department of Health, et al.*, Thurston County Superior Court Case No. 20-2-02481-34. The Tribe has also appealed the Department of Ecology’s June 3, 2020 permit extension for Water Right No. G2-26232 for the Alderbrook Water System in *Squaxin Island Tribe v. Washington Department of Ecology, et al.*, Pollution Control Hearings Board (“PCHB”) Case No. 20-054.

1.6 The PUD has installed stream monitoring stations in Schumacher Creek, Big Bend Creek, and Alderbrook Creek, and established a monthly streamflow monitoring program for those creeks. The Parties expect that flow monitoring in Big Bend and Alderbrook Creeks will contribute to their understanding of the hydrology of Schumacher Creek.

1.7 By entering into this Agreement, the Parties intend to establish improved communication and increase coordination; to foster the government-to-government relationship that exists between them; and to engage in cooperative planning that provides a long-term, environmentally sustainable water supply and protects and restores anadromous fish resources while accommodating population growth.

IN CONSIDERATION THEREOF, THE PARTIES hereby agree as follows:

Sec. 2 – Purposes. The purposes of this Agreement are:

2.1 To develop a scientific framework to evaluate the impacts of PUD URWS development on Schumacher Creek and recommend mitigation strategies for those impacts where necessary;

2.2 To establish the Parties' commitments regarding adopting and implementing an Agreed Mitigation Plan to be developed by the Parties' consulting hydrologists; and

2.3 To increase coordination and establish improved channels of communication between the Parties.

Sec. 3 – Data collection and application

3.1 Streamflow monitoring program. The PUD will maintain its existing monthly streamflow monitoring program throughout the term of this Agreement, covering Schumacher, Big Bend, and Alderbrook Creeks, augmented by groundwater and rain measurements in the Union area.

3.2 Tribe back-up assistance. If PUD streamflow monitoring staff become unavailable for more than 30 days, the Tribe will make best efforts to provide back-up personnel to collect monitoring data.

3.3 Data availability. The PUD will post monitoring data described in Paragraph 3.1 on the streamflow website accessible to the general public. At the Tribe's request, the PUD will provide copies of streamflow measurement data directly to the Tribe on a quarterly or semi-annual basis.

3.4 Work performed by Aspect Consulting LLC (“Consultant”). Within 30 days after execution of this Agreement, the PUD will engage Aspect Consulting LLC (the “Consultant”) to undertake numerical groundwater flow modeling evaluation to assess potential impacts to instream flows of Schumacher Creek associated with future water supply within the URWS. Numerical groundwater flow models are computer simulations/representations of groundwater systems, and provide a tool to forecast changes to groundwater and associated surface waters in response to pumping withdrawals from wells under different water supply development scenarios. The existing Johns Creek and Goldsborough Creek numerical groundwater flow model (2014) will be modified/updated for this evaluation. The numerical groundwater model will be used to compare the relative potential impacts to instream flows under two different future water supply development scenarios (baseline scenarios), namely, no consolidation baseline scenario described in Paragraph 3.4.1(b)(1) and the consolidation baseline scenario described in Paragraph 3.4.1 (b)(2). A workplan will be developed as a first step in this evaluation and will outline proposed modifications to the groundwater flow model, updates to existing data inputs, and assumptions for each of the baseline scenarios. The results of the two baseline scenarios will be evaluated using a differential analysis, to quantify the relative impact to instream flow from future water supply development under the no consolidation versus consolidation scenario. The groundwater flow model will then be used to run additional scenarios to assess and inform potential mitigation strategies (e.g. change in the location of future water supply wells and/or pumping from the deep aquifer).

The PUD and the Tribe will each bear fifty percent (50%) of the Consultant’s fees and costs, not to exceed an aggregate total of One Hundred Thousand Dollars (\$100,000.00). The Consultant will invoice the PUD directly for the services rendered and the Tribe will reimburse the PUD for the Tribe’s share, up to a maximum of \$50,000. The Tribe will remit payment to the PUD in annual increments equal to one-fifth (1/5) of the Tribe’s share, up to an annual maximum of \$10,000, starting on or before June 30, 2022 and continuing each June 30th thereafter through June 30, 2026. The Tribe may also elect to prepay all or any portion of the Tribe’s share of the Consultant’s fees and costs sooner than required under the annual schedule set forth in this paragraph.

The PUD’s contract(s) with the Consultant, as described below, will require the Consultant to provide reasonable opportunity for review and feedback by the Tribe and its independent consultant within the specified timelines for each task.

3.4.1 Task 1: Develop a work plan. Within eight (8) weeks, the Consultant will develop a written work plan. The work plan will:

- (a) outline proposed modifications to the Johns Creek/Goldsborough Creek steady state numerical groundwater flow model developed by Golder Associates in 2014 (the “Model”), updates to existing data inputs, and assumptions for each of the baseline scenarios that are necessary to perform the tasks outlined in this Agreement; and

(b) provide for use of the numerical groundwater model to compare the relative potential impacts to instream flows under two different future water supply development scenarios (baseline scenarios), namely:

1. No Consolidation baseline scenario – water supply to undeveloped parcels within the service area of each of the six separate (unconsolidated) PUD water systems will be served by the PUD and all undeveloped parcels outside the six unconsolidated service areas will be served by permit exempt wells. The baseline analysis will assume full buildout of all undeveloped parcels. A consistent water supply demand per parcel will be applied for all undeveloped parcels, whether served by the PUD or by exempt well. Additional pumping within each of the six unconsolidated PUD water systems will be determined by the total water supply demand of all undeveloped parcels within each of the separate service areas, not to exceed the annual maximum quantity of existing water rights for each of the separate unconsolidated water systems. In the area east of Alderbrook, this scenario will assume water supply by permit exempt wells for up to 100 undeveloped parcels. For purposes of the baseline scenario, any additional wells (e.g. Alderbrook Well 4) will be located within the authorized point of withdrawal under existing water rights.

2. Consolidation baseline scenario – water supply to all undeveloped parcels within the service area of the URWS will be served by the PUD. The baseline analysis will assume full buildout of all undeveloped parcels. A consistent water supply demand (equivalent to that assumed for the No Consolidation baseline scenario) will be applied for all undeveloped parcels. Additional pumping within the consolidated PUD water system will be determined by the total water supply demand of all undeveloped parcels, not to exceed the annual maximum quantity of the consolidated water system. In the area east of Alderbrook, this scenario will assume water supply by the PUD for cluster development comprising 192 undeveloped parcels consistent with the PUD’s long-term URWS water supply planning. For purposes of the baseline scenario, any additional wells (e.g. Alderbrook Well 4) will be located within the authorized point of withdrawal under existing water rights.

3.4.2 Task 2: Update the Model. Within four (4) weeks after PUD approval of the work plan, the Consultant will complete modifications and updates to the Model and update the simulation of groundwater wells with current information on well locations and operations.

3.4.3 Task 3: Recalibrate the Model. Within four (4) weeks after completion of Task 2, the Consultant will recalibrate the Model.

3.4.4 Task 4: Use parcel data to estimate water demand. Within four (4) weeks after completion of Task 3, the Consultant will obtain and evaluate Mason County tax parcel data to identify assumptions for future water supply from the PUD and from permit-exempt wells under full buildout scenarios, consistent with subparagraph 3.4.1 involving URWS consolidation and no consolidation.

3.4.5 Task 5: Run Model simulations. Within twelve (12) weeks after completion of Task 4, the Consultant will complete Model simulations of the scenarios identified in the approved work plan.

3.4.6 Task 6: Report and recommendations. Within eight (8) weeks after completion of Task 5, the Consultant will submit its report on the comparative impacts on Schumacher Creek of groundwater pumping under the no-consolidation and consolidation scenarios. If the Model predicts impacts to Schumacher Creek streamflows under the consolidation scenario that exceed predicted impacts under the “no-consolidation” scenario, the Consultant’s report will include potential strategies and recommendations to minimize increased future impacts to Schumacher Creek associated with groundwater pumping to serve the URWS.

Sec. 4 – Mitigation

4.1 If the PUD applies for any new water right permit or change or transfer of any existing water right, the Department of Ecology may require that the PUD conduct an empirically-based analysis of impacts to Schumacher Creek utilizing site-specific information and mathematical evaluations. If this empirically-based evaluation predicts impacts to the minimum instream flows in Schumacher Creek set in WAC 173-514-030, the PUD will develop a mitigation plan in connection with its application (“Required Mitigation Plan”). In the event Ecology reduces the Schumacher Creek instream flows established for Control Station No. 12-0740-00 in WAC 173-514-030, the PUD will base its Required Mitigation Plan on the instream flows in effect on the date of this Agreement. The PUD will invite the Tribe’s feedback and input on mitigation concepts or proposals as the PUD develops its Required Mitigation Plan. The Tribe may provide such feedback and input but is not obligated to assist in developing the Required Mitigation Plan.

4.2 If the Model predicts impacts to Schumacher Creek streamflows under the consolidation scenario that exceed predicted impacts to Schumacher Creek streamflows under the “no-consolidation” scenario, the PUD agrees to develop and implement a mitigation plan in accordance with the process set out in this Paragraph 4.2 (“Agreed Mitigation Plan”). The Tribe agrees that the Agreed Mitigation Plan can include out-of-kind mitigation to address impacts to Schumacher Creek fisheries.

4.2.1 Consulting Hydrologists. Within twenty-four (24) months after receipt of the Consultant’s Report and Recommendations under Paragraph 3.4.6, the PUD will

engage Aspect Consulting LLC (“Aspect”) and the Tribe will engage Keta Waters LLC (“Keta”) as consulting hydrologists to perform the additional task of developing the Agreed Mitigation Plan. Aspect and Keta will jointly designate a third consulting hydrologist to act as a tiebreaker. The PUD will be responsible for payment of Aspect’s fees. The Tribe will be responsible for payment of Keta’s fees. The Parties will share equally the responsibility for payment of the fees for the third consulting hydrologist.

4.2.2 Goals, Objectives, and Performance Standards. Aspect and Keta will jointly prepare (i) a list of goals and objectives for the Agreed Mitigation Plan addressing mitigation of impacts to Schumacher Creek; and (ii) a list of meaningful and measurable performance standards to implement those goals and objectives. If Aspect and Keta cannot agree on goals and objectives and/or performance standards, the Parties will consult and accept the recommendation of the third consulting hydrologist.

4.2.3 Mitigation Measures. Aspect and Keta will jointly prepare a list of recommended mitigation measures, including but not limited to feasible strategies for avoiding or minimizing impacts to Schumacher Creek streamflows. Each recommended mitigation measure will have an implementation schedule linked to specific URWS development projects triggering the need for mitigation. If Aspect and Keta cannot agree on the recommended mitigation measures and/or implementation schedule, the Parties will consult and accept the recommendation of the third consulting hydrologist. The PUD agrees to implement recommended mitigation measures within the identified implementation schedule. This obligation will survive the term of this Agreement.

4.2.4 Monitoring. Aspect and Keta will jointly prepare a recommended monitoring plan to assess the impact of the implemented mitigation measures. If Aspect and Keta cannot agree on a monitoring plan, the Parties will consult and accept the recommendation of the third consulting hydrologist. The PUD agrees to conduct monitoring in accordance with the recommended monitoring plan, and to share monitoring results consistent with Paragraph 3.3. This obligation will survive the term of this Agreement.

4.3 Grant Funding. The Tribe and PUD will cooperate on obtaining grant funding for the mitigation work described in Paragraph 4.2. The Tribe will endeavor to be supportive of the PUD’s efforts to obtain grant funding. The Parties share a duty to perform the tasks described herein regardless of whether such funding is available.

Sec. 5 – Government-to-Government Cooperation

5.1 The Parties will meet at least semi-annually to discuss any issues of concern.

5.2 The Parties will each designate a governing board/council member as well as an executive staff member to the negotiating committee.

5.3 The PUD will provide the Tribe with timely copies of formal submittals to state agencies and local governments regarding specific updates to the URWS Plan, applications for new water rights, and applications for changes to existing water rights. The Tribe shall provide the PUD with timely copies of formal correspondence to state agencies relating directly to specific PUD proposals.

5.4 Within 10 business days after the Effective Date of this Agreement, the Tribe will withdraw or voluntarily dismiss its appeal of the extension of Superseding Water Right Permit G2-26232P in PCHB No. 20-054.

5.5 Within 10 business days after the Effective Date of this Agreement, the Tribe will voluntarily dismiss its Petition for Judicial Review of Agency Action and Declaratory Judgment in Thurston County Superior Court Case No. 20-2-02481-34.

Sec. 6 – General Provisions

6.1 Term and Effect. This Agreement is binding on the Parties and shall remain in effect through June 30, 2026, unless earlier terminated under Paragraphs 6.3, 6.5, or 6.7 below.

6.2 Dispute Resolution. The Parties shall attempt in good faith to promptly resolve any dispute arising out of or relating to this Agreement by negotiation between executives and governing board/council members who have authority to settle the dispute. Any Party may give the other Party written notice of any dispute not resolved in the normal course of business. Within 15 days after delivery of the notice, the receiving Party shall submit to the other a written response. The notice and response shall include with reasonable particularity (a) a statement of each Party's position and a summary of arguments supporting that position, and (b) the name and title of the executive who will represent that Party and of any other person who will accompany the executive. Within 30 days after delivery of the notice, the executives of both Parties shall meet at a mutually acceptable time and place. Unless otherwise agreed in writing by the negotiating Parties, the above-described negotiation shall end at the close of the first meeting of executives described above. Such closure shall not preclude continuing or later negotiations, if desired.

6.3 Remedies in Event of Default. In the event of default, the Parties acknowledge that it may be difficult to measure the resulting damages and that damages may not provide an appropriate remedy. Accordingly, the judicial remedies for a non-defaulting Party are limited to injunctive relief and specific performance, if appropriate. Alternatively, in the event of a material breach by a Party, the non-defaulting Party may elect to terminate this Agreement by providing written notice to the other Party.

6.4 Reservation of Rights. Each Party hereby reserves each and every one of its rights, remedies, powers, recourses, and privileges at law, or in equity.

6.5 Severability. In the event any term or condition of this Agreement or application thereof to any person or circumstances is held invalid by a court of competent jurisdiction, any such invalid term or condition shall be severable and such invalidity shall not affect other terms, conditions, or applications of this Agreement that can be given effect without the invalid term, condition, or application.

6.6 Waiver. If any Party fails to exercise any of its rights under this Agreement, it will not be precluded from subsequent exercise of that right. A failure to exercise any right will not constitute a waiver of any other rights under this Agreement.

6.7 Amendment. Amendments to this Agreement for any purpose must be in writing and signed by authorized representatives of the Parties.

6.8 Presumption of Good Faith. The Parties to this Agreement will work cooperatively and in good faith to implement this Agreement.

6.9 Governing Law. This Agreement will be governed and enforced under the laws of the State of Washington.

6.10 Applicability. Nothing in this Agreement will be construed to: (a) establish a third-party beneficiary relationship or other right to or responsibility for any person or entity that is not a signatory to this Agreement; or (b) affect or modify any treaty or other rights of the Tribe, including its federally-reserved water rights.

6.11 Sovereign Immunity. The Tribe hereby agrees to a limited waiver of sovereign immunity for suit in state court exclusively for the limited purpose of allowing the PUD to enforce this Agreement solely through the equitable remedies of injunctive relief or specific performance. This limited waiver is not for the benefit of any third party or for any other action or any other forum or regarding any other matter and shall not be enforceable by any third party or by any assignee of the Parties. In any enforcement action, the Parties shall bear their own enforcement costs, including attorneys' fees.

6.12 Recording. The PUD will post this Agreement to its website as provided under RCW 39.34.040.

6.13 Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof.

6.14 Effective Date. The Effective Date of this Agreement shall be the later of the dates of the Parties' signatures.

Covered by FRE/ER 408
Last revised: July 12, 2021

THIS AGREEMENT is effective upon signature by the Parties below.

Public Utility District No. 1 of Mason County

Squaxin Island Tribe

By: _____
Mike Sheetz, Board President

By: _____
Andy Whitener, Tribal Council Member

Date: _____

Date: _____

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