



Mason County PUD No. 1
Regular Board Meeting
October 11, 2022
1:00 p.m.

Join Zoom Meeting
<https://us02web.zoom.us/j/85869053743>

Meeting ID: 858 6905 3743
1 (253) 215-8782

Public Hearing – Canal View Water System Plan Part B

1:00 p.m. Call to Order & Flag Salute

- 1) **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.*

2) **Consent Agenda**

Minutes: September 27, 2022 Regular Board Meeting

| | | |
|-----------------------|--------------------------|----------------------|
| Disbursements: | Accounts Payable Wire | \$ 143,889.25 |
| | Check Nos. 122244-122341 | \$ 424,894.96 |
| | Payroll Wire | \$ 74,103.55 |
| | Grand Total | \$ 642,887.76 |

3) **Business Agenda**

- a. Approve Canal View Water System Plan Part B
- b. Approve Purchase of Manzanita Power Transformer
- c. Approve Change of Purchase for Manzanita Regulators
- d. August Financials
- e. Approve Reply to AGYC Letter
- f. Authorize Change Order to Vegetation Mgmt. Contract

4) **Staff Reports**

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

5) **Correspondence**

6) **Board Comments**

7) **Other Business/Public Comment**

8) **Executive Session**

9) **Adjournment**

2022 Calendar

| | | |
|----------------|-----------------|--------------------------------|
| October 13 | WPUDA | TBA (Budget Committee meeting) |
| October 22 | WPAG | 9:00 a.m. |
| November 16-18 | WPUDA | TBA (Association Meetings) |
| November 16 | PPC Town Hall | Sheraton Portland Airport |
| November 17 | PPC Annual Mtg. | Sheraton Portland Airport |
| Nov/Dec | WPAG | Date/Time TBA |



Mason County Public Utility District No. 1
Board of Commissioners Regular Board Meeting
September 27, 2022, Potlatch, Washington

Present:

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

Visitors:

Josh Garlock via Zoom
Tim Sheldon
Bob Schuetz

CALL TO ORDER: Mike Sheetz called the Regular Board of Commissioners meeting to order at 1:00 pm.

PUBLIC COMMENT: None.

APPROVAL OF CONSENT AGENDA:

Minutes: September 13, 2022

| | | |
|-----------------------|--|----------------------|
| Disbursements: | <u>Accounts Payable Check Register</u> | |
| | Accounts Payable Wire | \$ 49,852.96 |
| | Check Nos. 122242 - 122243 | \$ 1,097.21 |
| | A/P Sub Total | \$ 50,950.17 |
| | <u>Payroll Expense</u> | |
| | Payroll Wire | \$ 64,357.80 |
| | Grand Total | \$ 115,307.97 |

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

BUSINESS AGENDA:

Visit from Bob Schuetz, CEO Energy Northwest – Bob made a presentation on generating projects and programs at Energy Northwest, of which PUD 1 is a member.

BPA Proposed Settlement for BP-24 – Kristin gave an update to the board that because of the growth in Mason County over the last two years, both PUD 1 and PUD 3 have lost their BPA Low Density Discount (LDD). This equates to about 5% of our rate fees. Even though BPA will have a zero average rate increase for BP24, PUD 1 will see a 5% increase because of the loss of the LDD. If the LDD were still in effect, it would have been almost <1% discount. A 5% BPA rate increase equates to about 2.5% in a



Mason County Public Utility District No. 1
Board of Commissioners Regular Board Meeting
September 27, 2022, Potlatch, Washington

customer power increase. Katie will communicate the final impacts to the board and to the public when we complete the budget process.

Approve Comment Letter to EPA – Jack made a motion to approve the Comment Letter to EPA, Ron seconded the motion. Motion carried.

Staff Reports -

General Manager – Kristin reported that she spoke with Green Diamond about the soon-to-be expired water and wastewater agreements and that she was clear that any new agreement has to be renegotiated and require the company to hire a consultant to meet with the state agencies, county and tribes to get consensus before any project moves forward that involves the PUD's water rights. She stated that the PUD wants to provide these developments with water service under the PUD's water rights rather than have exempt wells drilled near the PUD's wells, but that the PUD has no interest in getting into another multi-year struggle with agencies and stakeholders about water systems. So those issues need to be resolved before the PUD will move forward and those specific terms will be in any ensuing agreements. Kristin is also working with some education administrators on forming a GIS Academy to help create a pipeline of future GIS/Mapping Technicians for public and private sector companies. There is a shortage of workers with this certification and skills and she wants to find a creative way to work together to generate interest in utility and public sector careers through partnerships with the counties, cities, PUDs and schools. Kristin also stated that the HUD contract for the Duckabush project is still delayed and that she is hopeful that the Dept. of Fish & Wildlife will be able to act as the lead agency on the NEPA again, that they've already done, but will re-do and include utilities in the project. This will save at least a year in delays.

Director of Business Services – Katie reported that the 2020 – 2021 audit is underway. She is working on gathering the initial data requested by the Auditor. She stated that since Jack is on the Finance Committee, she'll have him complete a Risk Assessment for the audit. She also reported that the APPA Business & Finance Conference she attended a week ago was very informative. One of the big key take aways was from the Bond Rating Agency update. In the past, 90 days cash on hand was the target that rating agencies looked for, but in the last few years they've increased that target to 200 days cash on hand. This is important for our PUD to be aware of with our long range goals for the next 10-15 years and the possibility of going out to bond.

Water Resource Manager – Kristin reported that the water department finally got Bellwood A generator online so both the generator installs for 2022 are complete.

Correspondence – BPA response to Mason County PUD 1 regarding the Alcoa request for power contracts.

Board Reports –

Mike – None.

Jack – None.

Ron – None.



Mason County Public Utility District No. 1
Board of Commissioners Regular Board Meeting
September 27, 2022, Potlatch, Washington

PUBLIC COMMENT – None.

EXECUTIVE SESSION – Mike called an executive session at 2:20 under RCW 42.30.110(g) to review the performance of a public employee for 10 minutes, with no action to be taken afterward. At 2:30, Mike closed the executive session and reopened the regular session.

Adjournment: 2:30 p.m.

Mike Sheetz, President

Jack Janda, Vice President

Ron Gold, Secretary

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Accounts Payable
Check Register

09/26/2022 To 10/07/2022

Bank Account: 4 - COLUMBIA BANK - DISTRICT

| Check / Tran Date | Pmt Type | Vendor | Vendor Name | Reference | Amount |
|----------------------|-------------|---------------|--|--|-----------|
| 726 10/03/2022 | WIRE | IRS | WEST COAST BANK | FEDERAL TAX LIABILITY | 26,813.81 |
| 727 10/03/2022 | WIRE | WASH 1 | WA DEPT OF RETIREMENT SYS | STATE RETIREMENT - PLAN 2 | 18,500.75 |
| 728 10/03/2022 | WIRE | WASH 7 | WA STATE TREAS-MS: PO-11 | DEFERRED COMPENSATION | 8,673.25 |
| 729 10/03/2022 | WIRE | HRA | HRA VEBA TRUST CONTRIBUTI | VEBA MEDICAL SAVINGS | 2,987.85 |
| 731 09/28/2022 | WIRE | WASH 3 | WA DEPT OF REVENUE | MONTHLY EXCISE TAX | 36,904.66 |
| 732 09/30/2022 | WIRE | USDA/RURAL D | USDA/RURAL DEVELOPMENT | QUARTERLY RUS LOAN PAYMENT | 50,008.93 |
| 122244 09/26/2022 | CHK | LILLIWAUP FAL | LILLIWAUP FALLS GENERATING COMP | AUGUST POWER USAGE | 5,583.44 |
| 122245 09/26/2022 | CHK | 2 | BUY-RITE HOMES | INACTIVE REFUND | 68.00 |
| 122246 09/26/2022 | CHK | 2 | MARY ENGEBRETSEN | INACTIVE REFUND | 257.34 |
| 122247 09/26/2022 | CHK | 2 | HARRISON-CHEVALIER, INC | INACTIVE REFUND | 7.77 |
| 122248 09/26/2022 | CHK | 2 | SANDRA HENRY | INACTIVE REFUND | 252.43 |
| 122249 09/26/2022 | CHK | 2 | DONALD E WILSON | INACTIVE REFUND | 179.67 |
| 122250 09/27/2022 | CHK | BROWNT | BROWN, TIM | DOT EXAM FEE | 150.00 |
| 122251 09/28/2022 | CHK | ASPECT CONSU | ASPECT CONSULTING LLC | RIPPLEWOOD, VIEW CREST, & CANAL VIEW | 572.00 |
| 122252 09/28/2022 | CHK | CENTURYLINK | CENTURYLINK | LONG DISTANCE & OUTBOARD CHARGES(21)LINE | 220.63 |
| 122253 09/28/2022 | CHK | GDS ASSOCIATE | GDS ASSOCIATES, INC | MONTHLY WPAG EXPENSES | 288.63 |
| 122254 09/28/2022 | CHK | GOLDSTREET | GOLDSTREET DESIGN AGENCY, INC. | CUSTOMER APPRECIATION-NEWSPAPER AD & MAP | 375.42 |
| 122255 09/28/2022 | CHK | HOOD CANAL | HOOD CANAL MARKET FRESH | CANAL VIEW WATER-FLOAT SWITCH | 10.82 |
| 122256 09/28/2022 | CHK | ITRON | ITRON, INC. | CREDIT-SUBSCRIPTION | 3,988.18 |
| 122257 09/28/2022 | CHK | KESTER | KESTER, GREGORY C. | MONTHLY REIMBURSEMENT | 1,392.90 |
| 122258 09/28/2022 | CHK | SHEL 2 | MASON COUNTY JOURNAL | CANAL VIEW WATER SYSTEM PLAN | 90.00 |
| 122259 09/28/2022 | CHK | MUNCHR | MUNCH, ROY | MONTHLY REIMBURSEMENT | 740.77 |
| 122260 09/28/2022 | CHK | PARSON | PARSONS DIESEL & STEAM | SERVICE VARIOUS VEHICLES | 7,611.27 |
| 122261 09/28/2022 | CHK | PITENY BOWES | PITNEY BOWES GLOBAL FINANCIAL SEQTRLY MAILING MACHINE & SCALE-LEASE FEES | | 413.52 |
| 122262 09/28/2022 | CHK | THE BROOKFIEL | THE BROOKFIELD GROUP | AUTOMATED PAYMENT LINE JUST RING BUSY | 78.66 |
| 122263 10/03/2022 | CHK | IBEW | IBEW LOCAL UNION #77 | UNION DUES | 877.27 |

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|----------------------|-------------|---------------|----------------------------------|--|-----------|
| 122264 10/03/2022 | CHK | PUDEMP | PUD #1 EMPLOYEE FUND | EMPLOYEE FUND | 220.00 |
| 122265 10/03/2022 | CHK | WASH 8 | WASHINGTON STATE | SEPTEMBER 2022- HEALTH & LTD INS | 42,494.81 |
| 122266 10/05/2022 | CHK | 2M COMPANY | 2M COMPANY INC | WATER NON INVENTORY PARTS | 6,947.26 |
| 122267 10/05/2022 | CHK | AFLAC | AFLAC | SUPPLEMENTAL INSURANCE | 145.04 |
| 122268 10/05/2022 | CHK | AWWA | AMERICAN WATER WORKS ASSO | AWWA STANDARDS - ANNUAL SUBSCRIPTION | 875.00 |
| 122269 10/05/2022 | CHK | ANIXTER | ANIXTER INC | (10)CURRENT TRANSFORMER | 28,230.55 |
| 122270 10/05/2022 | CHK | CAPIT2 | CAPITAL INDUSTRIAL, INC. | VEHICLE #79-STEEL | 184.70 |
| 122271 10/05/2022 | CHK | CITI CARDS | CITI CARDS | STATEMENT WAS OUT OF BALANCE BY ONE CENT | 11,774.01 |
| 122272 10/05/2022 | CHK | COLONI | COLONIAL LIFE INSURANCE | SUPPLEMENTAL INSURANCE | 712.71 |
| 122273 10/05/2022 | CHK | CRC | COOPERATIVE RESPONSE CENTER, INC | AFTER HOURS ANSWERING SERVICE | 1,243.00 |
| 122274 10/05/2022 | CHK | DOH | DEPT. OF HEALTH | LAKE ARROWHEAD WATER-ENGINEERING REVIEW | 1,103.00 |
| 122275 10/05/2022 | CHK | FEI 1539 | FERGUSON WATERWORKS #3011 | WATER INVENTORY PARTS | 385.56 |
| 122276 10/05/2022 | CHK | GORDON TRUC | FREIGHTLINER NORTHWEST OLYMPIA | VEHICLE #62-PARTS | 701.11 |
| 122277 10/05/2022 | CHK | GE SOFTWARE | GE SOFTWARE INC DBA EKOS | MONTHLY EKOS FUEL SITE MODULE | 80.00 |
| 122278 10/05/2022 | CHK | GENPAC | GENERAL PACIFIC INC | ELECTRIC INVENTORY SUPPLIES | 27,059.90 |
| 122279 10/05/2022 | CHK | GILLIARDI LOG | GILLIARDI LOGGING AND CONSTRUCT | LAKE ARROWHEAD WATER-ROCK | 298.38 |
| 122280 10/05/2022 | CHK | HANSON EXCAV | HANSON EXCAVATION LLC | LAKE ARROWHEAD MAINLINE REPLACEMENT | 78,804.90 |
| 122281 10/05/2022 | CHK | HDFOWL | HD FOWLER COMPANY | WATER NON INVENTORY PARTS | 1,962.77 |
| 122282 10/05/2022 | CHK | HOODCA | HOOD CANAL COMMUNICATIONS | INTERNET, IT SERVICES, & ALARM DIALER | 6,931.75 |
| 122283 10/05/2022 | CHK | NISC | NISC | POSTAGE, ACH E-CHECKS, REMITPLUS, & EFT | 4,401.75 |
| 122284 10/05/2022 | CHK | PACIF1 | PACIFIC UNDERWRITERS CORP | SUPPLEMENTAL INSURANCE-JULIE | 15.92 |
| 122285 10/05/2022 | CHK | PARSON | PARSONS DIESEL & STEAM | SERVICE VARIOUS VEHICLES | 1,746.85 |
| 122286 10/05/2022 | CHK | REYES | JAMES REYES | TRAVEL PER DIEM-WPUDA WATER WORKSHOP | 163.00 |
| 122287 10/05/2022 | CHK | RICOH USA | RICOH USA, INC. | RENT ON TWO MACHINES & ADDITIONAL IMAGES | 514.29 |
| 122288 10/05/2022 | CHK | SMS CLEANING | SMS CLEANING, INC | CLEANING SERVICE | 1,425.60 |
| 122289 10/05/2022 | CHK | SPEC | SPECIALTY ENGINEERING, INC. | EATON CONTROL CABLE-REGULATORS | 5,984.00 |

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|----------------------|-------------|---------------|----------------------------------|---|-----------|
| 122290 10/05/2022 | CHK | SPECTRA LAB | SPECTRA LABORATORIES-KITSAP, LLC | VARIOUS WATER SAMPLES | 4,692.50 |
| 122291 10/05/2022 | CHK | GOOS | TJ GOOS | TRAVEL PER DIEM-WPUDA FALL WORKSHOP | 163.00 |
| 122292 10/05/2022 | CHK | TOZIER | TOZIER BROS, INC | PROPANE | 45.81 |
| 122293 10/05/2022 | CHK | US BANK-CCC | US BANK | MO. CREDIT CARD CHRG- 4484 7345 5001 2554 | 12,122.52 |
| 122294 10/05/2022 | CHK | UTILI1 | UTILITIES UNDERGROUND LOCATION | MONTHLY UNDERGROUND LOCATES | 127.82 |
| 122295 10/05/2022 | CHK | 34 | WASHINGTON ALARM, INC | MONTHLY BILLING - SECURITY SYSTEM SHOP | 162.75 |
| 122296 10/05/2022 | CHK | NAPA AUTO PA | WESTBAY NAPA AUTO PARTS | SHOP SUPPLIES | 30.81 |
| 122297 10/05/2022 | CHK | WOLSELEY | WOLSELEY INDUSTRIAL #3067 | 480FT HDPE PIPE | 7,697.60 |
| 122298 10/05/2022 | CHK | 2 | EVERGREEN FIRE AND SECURITY | RETAINAGE-CCTV SYSTEM FOR UPPER CAMPUS | 561.06 |
| 122299 10/05/2022 | CHK | 2 | OLYMPIC MOUNTAIN ICE CREAM | (400)ICE CREAM CUPS | 700.00 |
| 122300 10/05/2022 | CHK | 2M COMPANY | 2M COMPANY INC | WATER NON INVENTORY-CHLORINE | 5,703.23 |
| 122301 10/05/2022 | CHK | CNA | CNA SURETY DIRECT BILL | WA HIGHWAY PERMIT & MASON CO PUBLIC WORK | 250.00 |
| 122302 10/05/2022 | CHK | FEI 1539 | FERGUSON WATERWORKS #3011 | WATER NON INVENTORY PARTS | 182.81 |
| 122303 10/05/2022 | CHK | HDFOWL | HD FOWLER COMPANY | NON INVENTORY WATER PARTS | 8,452.61 |
| 122304 10/05/2022 | CHK | GRAY | GRAY & OSBORNE, INC | SHADOWOOD WATER SYSTEM IMPROVEMENT | 36,933.72 |
| 122305 10/07/2022 | CHK | ANIXTER | ANIXTER INC | ELECTRIC NON INVENTORY PARTS | 159.94 |
| 122306 10/07/2022 | CHK | ARNOLD,KATIE | KATIE ARNOLD | TRAVEL EXPENSE REIMBURSEMENT-APPA CONF | 539.89 |
| 122307 10/07/2022 | CHK | ATWORK! | ATWORK! COMMERCIAL ENTERPRISES | LANDSCAPE MAINTENANCE | 11,332.22 |
| 122308 10/07/2022 | CHK | BLACK | BLACK STAR | REMOVE OLD DATES & INSTALL NEW ON BANNER | 32.55 |
| 122309 10/07/2022 | CHK | BRUCE TITUS F | BRUCE TITUS FORD | VEHICLE #10-HOSE | 162.39 |
| 122310 10/07/2022 | CHK | BUILDERS | BUILDERS FIRSTSOURCE, INC | VEHICLE #79-SUPPLIES | 301.58 |
| 122311 10/07/2022 | CHK | CAPIT2 | CAPITAL INDUSTRIAL, INC. | VEHICLE #79-STEEL ANGLES | 318.52 |
| 122312 10/07/2022 | CHK | CENTUR | CENTURYLINK | TELEPHONE CHARGES ACCT#206-Z05-0016 020 | 1,467.48 |
| 122313 10/07/2022 | CHK | DOX VAULT | COASTAL BSG, INC. | SCANNED PERSONNEL & PAYROLL RECORDS | 739.70 |
| 122314 10/07/2022 | CHK | CCAP | COMPACTION CONTRACTING | PAINT STRIPING-MAIN OFFICE PARKING | 1,953.00 |
| 122315 10/07/2022 | CHK | DAY | DAY WIRELESS SYSTEMS | RECURRING CHARGES-TWO WAY RADIO 26 UNITS | 525.18 |

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Bank Account: 4 - COLUMBIA BANK - DISTRICT

| Check / Tran Date | Pmt Type | Vendor | Vendor Name | Reference | Amount |
|----------------------|-------------|---------------|----------------------------------|---|-----------|
| 122316 10/07/2022 | CHK | DON SMALL & S | DON SMALL & SONS OIL DIST | GAS & DIESEL | 9,150.04 |
| 122317 10/07/2022 | CHK | FCS | FCS GROUP SOLUTIONS-ORIENTED CO | WATER RATE STUDY | 2,795.00 |
| 122318 10/07/2022 | CHK | FERRIER | JANIECE FERRIER | MONTHLY REIMBURSEMENT-#0911011922 | 1,351.21 |
| 122319 10/07/2022 | CHK | GORDON TRUC | FREIGHTLINER NORTHWEST OLYMPIA | VEHICLE #62-PARTS | 332.07 |
| 122320 10/07/2022 | CHK | GENPAC | GENERAL PACIFIC INC | ELECTRIC INVENTORY PARTS | 6,968.96 |
| 122321 10/07/2022 | CHK | GILLIARDI LOG | GILLIARDI LOGGING AND CONSTRUCT | LAKE ARROWHEAD WATER-ROCK | 541.25 |
| 122322 10/07/2022 | CHK | GOLDSTREET | GOLDSTREET DESIGN AGENCY, INC. | WEBSITE HOSTING | 50.00 |
| 122323 10/07/2022 | CHK | HENDEN ELECT | HENDEN ELECTRIC, INC | BELLWOOD B | 35,190.00 |
| 122324 10/07/2022 | CHK | HOOD CANAL | HOOD CANAL MARKET FRESH | CUSTOMER APPRECIATION BBA-TOMATOES | 202.32 |
| 122325 10/07/2022 | CHK | J&I | J & I POWER EQUIPMENT INC | VEHICLE #104-ELEMENT ASSEMBLEY & FILTER | 308.46 |
| 122326 10/07/2022 | CHK | MARSH | MARSH MUNDORF PRATT & SUL | MONTHLY WPAG SERVICES | 261.57 |
| 122327 10/07/2022 | CHK | SHEL 2 | MASON COUNTY JOURNAL | SHELTON-MASON COUNTY-AD | 1,080.00 |
| 122328 10/07/2022 | CHK | MASTELLER | KRISTIN MASTELLER | TRAVEL EXPENSE REIMBURSEMENT | 713.28 |
| 122329 10/07/2022 | CHK | MEGUIRE WHIT | MEGUIRE WHITNEY | GRANTWRITING | 975.00 |
| 122330 10/07/2022 | CHK | MILROY | BRANDY MILROY | TRAVEL PER DIEM-WPUDA WATER WORKSHOP | 203.25 |
| 122331 10/07/2022 | CHK | NISC | NISC | AUGUST 2022 RECURRING INVOICE | 12,617.44 |
| 122332 10/07/2022 | CHK | NORTH SAFE | NORTHERN SAFETY CO., INC. | SAFETY HARD HATS | 458.76 |
| 122333 10/07/2022 | CHK | NWSS | NORTHWEST SAFETY SERVICE LLC | SAFETY SERVICES ON 09/15/2022 | 1,136.25 |
| 122334 10/07/2022 | CHK | PAPE KENWORT | PAPE KENWORTH | VEHICLE #76-BRAKE KITS | 796.28 |
| 122335 10/07/2022 | CHK | SPECTRA LAB | SPECTRA LABORATORIES-KITSAP, LLC | JULY-VARIOUS WATER SAMPLING | 2,313.00 |
| 122336 10/07/2022 | CHK | STANDARD PES | STANDARD PEST CONTROL | RODENT TREATMENT-1681 E MCREAVY RD | 428.58 |
| 122337 10/07/2022 | CHK | STATE | STATE AUDITOR'S OFFICE | FINANCIAL AUDIT | 174.00 |
| 122338 10/07/2022 | CHK | 2 | ENGINEERING UNLIMITED, INC | JUNIOR ONE-SHOOT SEAL | 982.96 |
| 122339 10/07/2022 | CHK | 2 | HAMA HAMA COMPANY | BEE MILL PROJECT-DEBRIS | 325.50 |
| 122340 10/07/2022 | CHK | 2 | NATIONAL UTILITY INDUSTRY TRAINI | 2YEAR STUDENT BOOK KIT-LANCE VALLEY | 907.63 |
| 122341 10/07/2022 | CHK | 2 | SHARP'S TRUCKING, L.L.C. | BEE MILL PROJECT-DEBRIS | 1,708.88 |

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Accounts Payable
Check Register

09/26/2022 To 10/07/2022

Bank Account: 4 - COLUMBIA BANK - DISTRICT

| Check / Tran Date | Pmt Type | Vendor | Vendor Name | Reference | Amount |
|---------------------------------------|-------------|--------|-------------|-----------|------------|
| Total Payments for Bank Account - 4 : | | | | | |
| | | | | (104) | 568,784.21 |
| Total Voids for Bank Account - 4 : | | | | | |
| | | | | (0) | 0.00 |
| Total for Bank Account - 4 : | | | | | |
| | | | | (104) | 568,784.21 |
| Grand Total for Payments : | | | | | |
| | | | | (104) | 568,784.21 |
| Grand Total for Voids : | | | | | |
| | | | | (0) | 0.00 |
| Grand Total : | | | | | |
| | | | | (104) | 568,784.21 |

GENERAL LEDGER
TRANSACTION DETAIL

2:29:05 PM

10/07/2022

OCT 2022 To OCT 2022

| Date | Journal Description | Actv | BU Project | Mod | Jrnl Reference | Code |
|----------|--|------|------------|-----|----------------|-----------|
| 10/03/22 | Account: 0 131.2 CASH-GENERAL FUND (DISTRICT) 69687 Check Print | 0 | | PL | 2 PAYROLL | 74,103.55 |

PARAMETERS ENTERED:

Division: All
Accounts: 0 131.2
Department: All
Activity: All
Sort By: Div/Acct
Date Selection: Period
Period: OCT 2022 To OCT 2022
Module: PL
Journal Activity: All
Accounts With No Transactions: Yes
Extended Reference: No
Interface Detail: No
Group by Department: Yes
/pro/rpttemplate/acct/2.52.1/gl/GL_TRANS_DETAIL.xml.rpt



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

October 6, 2022

Canal View Water System Plan Executive Summary

The well site was originally approved in July 1981 and the well was drilled in August of that year. In October 1983 plans were approved and in September of that year a Utility Franchise permit was acquired to operate and maintain the system. In 1984, a 2-1/2 inch PVC distribution main was constructed and meter bases were installed for each residence. Initially constructed as a private system, Canal View was acquired by Mason PUD 1 in 2019 and new meters were installed in 2020. Since that time, the PUD obtained SRF funding for new reservoir, booster pump station and distribution system improvements to meet current PUD standards. The existing system has 9 services with rights to achieve 26 total connections at full build-out. The site is located in Section 23 Township 24N Range 3 West, and is immediately adjacent to WA 101, located 4.6 miles from Eldon, WA (across the highway from the Eldon Store).

Average Daily Demand is typically based on the average day consumption of an ERU. All water sales data for the Canal View are residential; however, six residences are only occupied part-time. Table 2-3 shows estimated average day water use per ERU (or ERUADD) based on average annual consumption. It is assumed the spike in consumption between 2020 and 2021 is due to the 2019 pandemic, where it was seen across many water systems that part time residents became full time, and the stay-at-home order led to much greater utility consumption.

TABLE 2-3

Average Day Water Use per ERU

| Year | Full-Time Residential Consumption (gal/yr) | Average Day Full-Time Residential Consumption (gpd) | Number of Full-Time ERUs | Average Day Sales per ERU (gpd/ ERU) |
|-----------------|--|---|--------------------------|--------------------------------------|
| 2 -Year Average | 309,227 | 848 | 9 | 94 |

A main focus for the District is increasing resiliency by replacing aging pipes, improving aesthetics by rebuilding unsightly pump houses as well as provide quality drinking water. Much of the above-mentioned improvement alternatives can be completed by District staff, while some of the improvements will be funded by system reserves, and the larger mainline replacement projects will be contracted out.

Based on the criteria established by the District, the following is the priority list:

- Replace 860 Linear Feet of mainline.
- Replace transmission line from well to reservoir.
- Build 2.5 HP booster pump with a rehabilitated pump house, 12,000 gallon concrete reservoir.
- Drill new well to rehabilitate aquifer with saltwater intrusion.
- Clean and inspect reservoir every five years, once the new one is installed.



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

This plan also includes details regarding the wellhead protection zoning of the Canal View water system, detailed capacity calculations, operating procedures as well as the systems projected financial program.

Sincerely,

A handwritten signature in blue ink that reads 'Brandy Milroy'.

Brandy Milroy
Water Resource Manager

| Manzanita Substation Regulator RFQ Response | | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| Vendor | Siemens | Toshiba | Eaton | Howard |
| Cost | \$ 195,400.00 | \$289,200.00 | \$306,932 | \$151,620 |
| Testing | \$ - | | | |
| Controls | \$ 20,874.00 | | | |
| Assembly | \$ - | Included | Included | N/A |
| Description | 667kVA-7.62kV-875A | 667kVA-7.62kV-875A | 667kVA-7.62kV-875A | 667kVA-7.62kV-875A |
| Lead Time | 62 Weeks | 28 weeks | 99 weeks | 20 weeks |
| Apparent Total | \$ 216,274.00 | \$ 289,200.00 | \$ 306,931.56 | \$ 151,620.00 |

On July 5, 2022, Mason County PUD 1 submitted a Request for Quotation to Eaton Cooper for (4) voltage regulators to regulate the proposed Manzanita Substation transformer. The proposal was due on July 21, 2022 where Eaton came in well over anticipated costs with an unpredictable delivery time. Upon receipt of the quote, the District decided it was a best interest to entertain other manufacturers that produce 667kVA regulators in single phase fashion under the same specifications given to Eaton. After reviewing the proposals, it was clear Eaton as not the cheapest or most timely option. With the Siemens ability to be retrofitted in a manor that is consistent with the Districts current operating system, and a delivery time that matches perfectly with anticipated substation transformer delivery, the District selected the Siemens regulator proposal with option to utilize a Cooper control system. This was the direction best suited for the PUD as it is operated fluently by line crews, low maintenance and far cheaper than a sole sourcing option.

Manzanita Substation Transformer Selection

| Vendor | Virginia- Georgia | Hitachi | Pennsylvania | Howard | Waukesha | WEG | PTI |
|-------------------|--|---|-----------------------------|-----------------------------|---------------------------|-----------------|-------------------------|
| Cost | \$ 615,777.00 | \$ 1,125,011.00 | \$856,641 | \$683,800 | \$671,095.00 | \$ 618,609.00 | \$548,860.00 |
| Offloading | \$ 4,000.00 | 13,900.00 | | | \$10,807.00 | \$ 628,659.00 | N/A |
| Testing | \$ 12,000.00 | | | | | | |
| Assembly | \$ 24,000.00 | | \$35,000 | \$56,600 | \$23,840.00 | \$ 37,900.00 | |
| Description | 12000 / 16000 / 20000 KVA 115 - 12.47 kV | 10.7/14.28/17.8/20 MVA | 10.7/14.29/17.86/20 | 12/16/2020 | 12/16/2020 | 12/16/20 MVA | See attached Rate Sheet |
| Validity of Quote | 9/30/2022 | maximum of 30 days starting on: 8/26/22 | 30 days Starting 08/31/2022 | 30 Days starting 08/29/2022 | 30 days starting 9/1/2022 | 21-Sep-22 | 10.7/14.29/17.86/20.0 |
| Lead Time | 40-46 Weeks | 78-80 weeks | 66-70 weeks | 44 weeks | 15-18 months | 90 Weeks | 30 Days from 08/31/2022 |
| Apparent Totals | \$ 655,777.00 | \$ 1,179,511.00 | \$ 891,641.00 | \$ 740,400.00 | \$ 705,742.00 | \$ 1,285,168.00 | \$ 548,860.00 |

On July 14, 2022, POWER Engineers posted a Request for Quotation (RFQ) for a top end 20 MVA Distribution Transformer on behalf of Mason County PUD 1 for the Future Manzanita substation. The RFQ was solicited to 12 vendors, and bids were due September 1, 2022. Out of the 12 vendors, 7 responded with qualifying quotations. The District has selected the transformer from Waukesha for the Manzanita site under recommendation by our contracted engineers at POWER. Although not the lowest priced quote received, it was the lowest cost quality transformer. This recommendation is valued from its vendor quality (Gore Electric) to historical properties in reliability and longevity. PTI is an overseas transformer whose products, although less expensive, have been known to fail and utilizing the warranty becomes difficult. Virginia-Georgia transformers were not recommended by our consultants due to the inexperience they had with Virginia-Georgia and based on linemen preference. The cost difference between Virginia-Georgia and Waukesha made a clear value based decision, moving forward with a purchase order to Waukesha. The lead time for the transformer is in-line with anticipated work schedule with POWER Engineers.



PUD1 – Executive Summary – August 2022

This report summarizes information on the current financial status of Mason County PUD No. 1 for the month of August 2022:

- **Work in Progress:**
 - Grant Applications – Ongoing
 - 2023 Budget Preparations
 - 2020 / 2021 Audit
- **Completed Projects:**
 - Resource Plan Update – Due September 3, 2022
 - Hazard Mitigation Grants – Due June 3, 2022
 - Feasibility Study Grants – Due June 30, 2022
 - 2021 Form 7 – Due March 31, 2022
 - 2021 Privilege Tax Return
 - 2022 Budget Development
 - FEMA Grant Applications (Due April 14, 2022)
 - 2021 Annual Report (State Auditors Office) – Due May 30, 2022
- **Planned Key Milestones, Activities and / or Events:**
 - Long range financial and budgetary planning – ongoing.

Financial Highlights:

- Revenue – Gross Revenue was \$1,005,931 for the month of August 2022.
- Expenditures – Gross expenditures were \$840,186 for the month of August 2022.
- As of August 31, the PUD has \$1,228,214 in grant reimbursements outstanding for ongoing projects.

| Financial Metrics as Compared with Prior Year: | August 2022 | August 2021 |
|--|---|---|
| Total General Cash and Investments | \$1,219,072 | \$1,134,936 |
| Current Ratio (Current Assets/Current Liabilities) | 2.18 to 1 | 2.67 to 1 |
| Debt Service Coverage (O&M/ Debt Service) | 3.38 | 2.76 |
| Long-Term Debt to Net Plant | 34% | 38% |
| Total Debt to Equity Ratio (Total Liabilities/Total Equity) | 46% | 52% |
| Long Term Debt to Equity Ratio (Long Term Debt / Total Equity) | 42% | 47% |
| Times Interest Earned Ratio (Earnings before Interest & Taxes/Total Interest) | 5.26 | 4.65 |
| Cash on Hand (Total Available Cash/Average Daily Costs) | 48 Days (General) 193 Days (All Funds) | 52 Days (General) 175 Days (All Funds) |



Mason County PUD No 1

Budget Summary by Division For the Month Ended August 31, 2022

| | <u>Electric</u> | <u>Water</u> | <u>Sewer</u> | <u>Totals</u> |
|------------------------------|------------------------|----------------------|-------------------|------------------------|
| Total Revenue | | | | |
| Budgeted | \$ 701,609.10 | \$ 303,336.52 | \$ 985.47 | \$ 1,005,931.09 |
| Difference (-/+) | \$ 654,862.01 | \$ 257,597.78 | \$ 903.75 | \$ 913,363.54 |
| % of Budget | \$ 46,747.09 107% | \$ 45,738.74 118% | \$ 81.72 109% | \$ 92,567.55 110% |
| Total Expenditures | | | | |
| Budgeted | \$ 622,484.05 | \$ 216,937.88 | \$ 763.65 | \$ 840,185.58 |
| Difference (-/+) | \$ 718,745.65 | \$ 223,967.99 | \$ 803.25 | \$ 943,516.89 |
| % of Budget | \$ (96,261.60) 87% | \$ (7,030.11) 97% | \$ (39.60) 95% | \$ (103,331.31) 89% |
| Net Operating Margins | | | | |
| Budgeted | \$ 79,125.05 | \$ 86,398.64 | \$ 221.82 | \$ 165,745.51 |
| Difference (-/+) | \$ (63,883.64) | \$ 33,629.79 | \$ 100.50 | \$ (30,153.35) |
| % of Budget | \$ 143,008.69 -124% | \$ 52,768.85 257% | \$ 121.32 221% | \$ 195,898.86 -550% |



Mason County PUD No 1

Budget Summary by Division for the Eight Months Ended August 31, 2022

| | <u>Electric</u> | <u>Water</u> | <u>Sewer</u> | <u>Totals</u> |
|------------------------------|--------------------------|------------------------|----------------------|--------------------------|
| Total Revenue | | | | |
| 2022 Budget | \$ 7,426,780.48 | \$ 1,787,335.05 | \$ 7,557.85 | \$ 9,221,673.38 |
| Difference (-/+) | \$ 9,867,493.00 | \$ 2,559,920.00 | \$ 11,169.00 | \$ 12,438,582.00 |
| % of Budget | \$ (2,440,712.52) 75% | \$ (772,584.95) 70% | \$ (3,611.15) 68% | \$ (3,216,908.62) 74% |
| Total Expenditures | | | | |
| 2022 Budget | \$ 6,056,128.21 | \$ 1,541,950.59 | \$ 3,369.63 | \$ 7,601,448.43 |
| Difference (-/+) | \$ 9,511,110.00 | \$ 2,324,170.29 | \$ 8,121.00 | \$ 11,843,401.29 |
| % of Budget | \$ (3,454,981.79) 64% | \$ (782,219.70) 66% | \$ (4,751.37) 41% | \$ (4,241,952.86) 64% |
| Net Operating Margins | | | | |
| 2022 Budget | \$ 1,370,652.27 | \$ 245,384.46 | \$ 4,188.22 | \$ 1,620,224.95 |
| Difference (-/+) | \$ 356,383.00 | \$ 235,749.71 | \$ 3,048.00 | \$ 595,180.71 |
| % of Budget | \$ 1,014,269.27 385% | \$ 9,634.75 104% | \$ 1,140.22 137% | \$ 1,025,044.24 272% |

| | | | |
|---|------------------|-------------------|-------------------|
| Cash Flow | | | |
| Beginning Cash (General Fund) | 49,753.30 | 96,037.62 | 149,986.12 |
| Net Operating Margin (Excluding Depreciation) | 1,853,519.31 | 933,516.19 | 2,790,843.85 |
| Cash Transferred to / from Special Funds | 486,427.95 | (296,297.54) | 189,966.71 |
| Change in Accounts Receivable | 230,019.59 | 139,092.36 | 369,386.95 |
| Change in Accounts Payable | (301,141.28) | 12,170.91 | (288,746.05) |
| Cash Expended on Utility Plant | (733,737.47) | (621,540.19) | (1,359,421.63) |
| Change in CWIP | (1,522,658.48) | (161,750.04) | (1,684,408.52) |
| Ending Cash (General Fund) | 62,182.92 | 101,229.31 | 167,607.43 |



Mason County PUD No. 1

Cash & Investment Balances

As of August 31, 2022

Cash Balances

| | |
|----------------------|----------------------|
| Cash - General Funds | \$ 167,607.43 |
| Cash - Restricted | \$ 110,829.85 |
| Total Cash | \$ 278,437.28 |

Investment Balances (LGIP)

| | |
|--------------------------|----------------------|
| Investments - Electric | \$ 613,832.36 |
| Investments - Sewer | \$ 30,713.35 |
| Investments - Water | \$ 296,089.49 |
| Total Investments | \$ 940,635.20 |

| | |
|-------------------------------------|------------------------|
| Total Cash & Investments | \$ 1,219,072.48 |
|-------------------------------------|------------------------|

***Does Not Include Designated Funds*



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

October 11, 2022

Tim Micek-AGYC
330 E. Country Club Drive E.
Union, WA 98592
Cc: gm@alderbrookgolf.com

Dear Tim,

Thanks for your letter with questions about our Alderbrook Water System that serves your community. Below are the PUD's responses.

The Alderbrook Water System is in good physical condition. The water quality is good, the leakage is low (8%) and the infrastructure, despite its age, is more than sufficient to serve our customers. Despite your concern to the contrary, the PUD's water systems, including Alderbrook, are entirely in compliance with local, state and federal regulations.

1. As you are aware, we completed a Cost-of-Service Analysis (COSA) that informed the rate setting actions needed to bring each class of customer into cost of service. We've provided AGYC with that information and as you will remember, we even paid for the consultant to attend a meeting at AGYC. There is no other information to provide for our "methodology" beyond what we have already provided.

The decision to not borrow money to build out any Union area water systems was already considered in the COSA at the time that study that was conducted. That decision could always change down the road depending on any circumstances that exceed our ability to cash flow emergency repairs or projects.

You're welcome to attend our board budget workshop that is open to the public if you would like to know more about the water budget and expenses that drive rates. The meeting notices and the meeting packets are posted on our website: www.mason-pud1.org, usually a few days before the meeting.

We will be setting the next 2-3 years of water rates at a public rate hearing before the end of the year. You're welcome to attend that as well.



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

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BOARD OF COMMISSIONERS

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

2. The number of water connections changes based on capacity analyses. Leaks get repaired, storage gets installed, mainline sizes get increased, full vs. part time residents change and use water differently. A whole host of things can increase available connections. The latest capacity analysis approved on 02/16/2021 has Alderbrook Water System listed at 636 available connections. Previous water system calculations were based on Equivalent Residential Units (ERUs) not connections, which is why they were previously listed as "unspecified". DOH has changed that practice and now the available connections are listed. ERUs don't always equate to connections.

There are about 100 available connections as of today. To increase this amount, additional storage needs to be constructed. The PUD will construct two large water reservoirs on our Manzanita campus next to our future substation to accommodate both Alderbrook and Highland Park water systems' storage needs. The land clearing and geotechnical review are completed, and we have started the design for the water reservoirs.

3. 700 feet of AC mainline replacement in Alderbrook is on the 2023 strategic work plan. We've been coordinating mainline and power line replacements with your GM, who we understand has recently put in his notice to leave AGYC. When you find a new GM, we will continue to coordinate our construction projects with them.
4. The current wells are fine. There are three separate wells and a standing permit to drill a 4th well, when necessary. If one of them were to be contaminated for some reason, the redundancy allows us to take it offline and feed from other wells while we treat the contaminated well before bringing it back online. The likelihood of contamination is relatively low, however in communities like Alderbrook that use septic systems, there is always a risk. A good proactive measure would be to continue to educate your membership about how to properly use and maintain their septic systems, including regular pumping of septic tanks. Mason County Public Health provides education on this topic every year and would probably come out to your meetings to do a presentation for your membership. Proper management of septic systems helps avoid ground pollution, including ground and surface waters.
5. We do not have any plans to separate the golf course from the water system. If we did, the golf course would not be able to water. Our grant proposals to use reclaimed water to offset the annual usage of the golf course and lower AGYC's water bill were not funded again this cycle. We'll continue to look for grant money for reclamation projects.
6. The MOA with the Squaxin Island Tribe is signed and on the PUD website. The consultants are doing a groundwater modeling study. The impact of this study on the AGYC community is the fact that the PUD's portion of that study (up to \$25,000 total, spread out over 5 years) was built into the annual budget and everyone's water rates fund the annual budget. It has no impact on your ability to receive water service from the PUD.



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BOARD OF COMMISSIONERS

MIKE SHEETZ, Commissioner
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RON GOLD, Commissioner

7. The Union Regional Water System Plan (URWSP) was approved two years ago by Dept. of Health, with both Mason County's and Dept. of Ecology's review and support. We held several public meetings since 2015, discussing the plan and the status of the approval process many times in open public board meetings over the course of five years. There are no new policies or procedures associated with the plan's approval. The plan is simply a projection of regional growth and demand for water supply over 20 years and how the PUD intends to accommodate the growth.

We appreciate your concern with planning for future resources. It's the PUD's responsibility to its customers and community to ensure that the public water supply is safe and protected and that water availability is maintained for its certificated points of withdrawal and places of use, as regulated by both Washington State Departments of Health and Ecology, who each supported the approval of the URWSP. Again, the PUD is in compliance with both regulatory agencies. The ability to serve full buildout of the platted Alderbrook community was calculated in the planning process. Regardless of if the URWSP was approved or not, Alderbrook would have needed additional source capacity to achieve the number of water connections for full buildout.

Our General Manager has been in regular contact with your General Manager on water and power construction projects in Alderbrook, along with the General Manager at Hood Canal Communications. They have had a good system of coordinating buildout of utilities to serve our shared customers/members in the Alderbrook community.

Thank you again for your questions. Let us know if you have any additional ones.

Mike Sheetz, Board President

Jack Janda, Vice President

Ron Gold, Board Secretary



**ALDERBROOK
GOLF & YACHT CLUB**
330 E Country Club Drive East
Union, WA 98592
www.alderbrookgolfclub.com
(360) 898-2560

Date
Board of Commissioners
Mason County PUD No. 1
N. 21971 Hwy. 101
Shelton, WA 98584

The Alderbrook Golf & Yacht Club (AGYC) Board of Directors appreciates the PUD's responsibility to ensure it provides its customers safe, reliable and valued utility service. At the same time, we trust the PUD understands the AGYC's Board of Directors has an obligation to ensure the best interests of our homeowner's association will be the ultimate decider in our decision process. That obligation includes a reasonable inquiry into matters that would substantially affect its welfare. The PUD's Consolidation Plan is such a matter, and that is why the AGYC has submitted the below questions for the PUD's review and written response.

Over the next several years, the AGYC will be completing the buildout of our community and we need to ensure we will have sufficient water connections along with a reliable water infrastructure system. The water system must meet all the federal and state mandates which, we believe our current system is unable to meet today. Our main concerns center on our aging infrastructure which has resulted in an increased risk of a rupture and contamination to our water distribution system, an unacceptable level of water leakage, a reduced number of available water connections and the need to understand PUD's plan for updating our water system in a realistic time frame. Therefore, the Board formally requests a written response to the following questions:

1. Does the PUD plan to adjust any of the water rates for the four Alderbrook Water Company customer classes during the current seven year "Phase-In" rate period? If so, please identify the rationale for the adjustments and the methodology for calculating the adjustments. Does the PUD have water rate projections beyond the "Phase-In" rate period? If so, what are the projections, rationale and the methodology for calculating the rates?

In addition, on 2/23/22 we received an e-mail from Kristen which stated "Regardless, the information is moot now. Its five years old and we have pivoted on our financial strategy with regard to borrowing money and our approach to long term debt, we're not looking to borrow money for any of the Union Regional systems at this point. We continue to work on grants and utilize our capital budget to accomplish the prioritized projects." Please explain the impact

this financial strategy pivot has on the current "Phase-In" water rate period and beyond?

2. Department of Health (DOH) ltr. dtd. 11/19/20, Subj: URWS Approval stated the Alderbrook Water Company had 445 water connections. DOH ltr. dtd. 2/19/21, Subj: Alderbrook Water Co. Water System

- Approval lowered the number of existing water connections to 433. On 2/25/2021 the PUD approved the Application for Determination of Water Adequacy, Permit Number SWG2020-00664, Parcel# 32104- 54-00088. The application stated "This will be the 475 connection,"

- Explain why the DOH lowered the number of water connections from 445 to 433 on 2/19/21.

- Explain the increase of 42 water connections from 2/19/21 to 2/25/21.

- Review of additional Water Adequacy applications discloses the terms "Undetermined" and "Unspecified" were entered in the "Approved Water Connections" block of the application. Explain why the block did not enter the number of water connections.

- Provide the number of Alderbrook Water Company water connections as of 30 September 2022.

- Will the Consolidation Plan allow for an increase in the current number water connections (i.e., 636)? We Will have approximately 689 lots available for buildout which will leave us with 52 lots on a wait list if, we are unable to increase our water connections above the current level of 636.

3. When is the PUD going to replace our aging asbestos/cement water mains and other infrastructure?

4. Does the PUD plan to address the potential well contamination for wells 1 (moderate risk) and well 2 (high risk)?

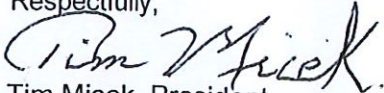
5. Does the PUD plan to separate irrigating the golf course from the potable water system? If so, when will this occur and what will be the new source for irrigating the golf course?

6. What is the status of the MOA between the PUD and the Squaxin Tribe and what are the implications for the AGYC community?

7. What is the actual target date for establishment of the Union Regional Water System (URWS)? Is the PUD going to schedule any community informational meetings/materials explaining the URWS policies/procedures?

The PUD response to our questions will assist us in planning for AGYC's future and assure our members we will have an increased level of supply and quality of water for domestic use and sufficient water to irrigate the golf course. We look forward to your response and to an ongoing communication regarding the PUD's service to our community.

Respectfully,



Tim Micek, President

Alderbrook Golf & Yacht Club



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

May 12, 2022

Kemp West Inc.
3800 Sinclair Ave..
Snohomish, WA 98290

Re: Vegetation Management Project 2022

Dear Kemp West Inc.,

I am pleased to inform you that Kemp West Inc. was awarded Mason County PUD 1's Vegetation Management Project 2022 in the total amount of \$143,100.00. This correspondence shall serve as your Notice of Award.

Please review the list of documents (see enclosure below) that require your execution and return them to my attention, along with your certificate of insurance and performance bond as soon as possible. Digital files and signatures will be acceptable to the District.

Please also sign the Acceptance of Notice of Award below immediately and fax or email a copy to our office at the number below. Promptly follow with the Contract and other required documents. These documents must be submitted prior to your start date. PUD 1 will not issue payment without all paperwork in order.

ACCEPTANCE OF NOTICE OF AWARD AS BID

Receipt of the Notice of Award is hereby acknowledged this 16th day of May, 2022.

Signature

President

Title

I will be your on-site contact for the project and handle all your questions and scheduling. If you have any questions, please do not hesitate to contact me directly.

Sincerely,

James Reyes, EIT
jamesr@mason-pud1.org
(360) 877-5249 x. 215

Enc: Notice to Proceed
W-9 Form
Service Agreement (Please return with Performance Bond & Certificate of Liability Insurance)
Declaration of Option for Management of Statutory Retained Percentage *
*Escrow Agreement (If Option B is chosen)
Affidavit of Non-Collusion
Certification of Debarment
Change Order Form (For your use, if necessary)
Certificate of Completion and Release (To complete & return once project is substantially complete)



**PUBLIC UTILITY DISTRICT NO. 1
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N. 21971 Hwy. 101
Shelton, Washington 98584

BOARD OF COMMISSIONERS

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

NOTICE TO PROCEED

TO: Kemp West Inc.
3800 Sinclair Ave.
Snohomish WA. 98290

DATE: May 12, 2022

PROJECT: Vegetation Management Project 2022

Dear Kemp West Inc:

You are hereby notified to commence work on the above referenced project on or before September 1, 2022, and you are to complete the work no later than December 31, 2022. The Contractor agrees that all work will be performed in accordance with the technical specification and drawings provided in the request for bid package.

Contractor further agrees to furnish all required work, including labor and specified materials, in full compliance with the terms and conditions contained in the enclosed Small Works Contract.

The District agrees to pay the Contractor for the work specified herein to be performed, in the sum of no more than \$143,100.00, which includes applicable Washington State sales tax.

The date of completion of all WORK is therefore December 31, 2022.

PUBLIC UTILITY DISTRICT NO. 1
OF MASON COUNTY, WASHINGTON

BY: _____

Christen Maskeller

General Manager

ACCEPTANCE OF NOTICE TO PROCEED

Contractor acknowledges receipt of this Notice and agrees to perform all work in accordance with the above referenced terms and conditions on this 16th day of May, 2022.

Signature: _____

Ken Han

Date: 5/16/22

Title: _____

President



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

**Declaration of Option for
Management of Statutory Retained Percentage**

- A. I hereby elect to have the retained percentage of this contract held in a fund by the Public Utility District No. 1 of Mason County for sixty (60) days after completion of all contract work. Public Utility District No. 1 shall release and pay in full the Chapters 39.12 and 60.28 RCW amounts retained during the performance of the contract subject to the provisions of the.

Signed:  Date: 5/16/22

- B. I hereby elect to have the Public Utility District No. 1 of Mason County invest the retained percentage of this contract from time to time as such retained percentage accrues and in accordance with RCW 60.28.010, .021, and .051.

I hereby designate _____ as the repository for the escrow of said funds.

I hereby further agree to be fully responsible for payment of all costs or fees incurred as a result of placing said retained percentage in escrow and investing it as authorized by statute.

The Public Utility District No. 1 of Mason County shall not be liable in any way for any costs or fees in connection herewith.

Signed: _____ Date: _____

If option B is chosen, complete Escrow Agreement.



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

NON-COLLUSION AFFIDAVIT

STATE OF WASHINGTON }
 }SS
COUNTY OF MASON }

The undersigned being duly sworn, on oath deposes and says that the person, firm, association, co-partnership or corporation herein named has not either directly or indirectly entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free competitive bidding in the preparation and submission of a proposal to the Owner for consideration in the award of a contract on the improvements described as follows:

Kemp West, Inc.
Firm Name



Authorized Signature

Kari Hakso
Type Name

President
Title

Sworn to before me, this 16th day of May, 2022.




Notary Public
In and for the State of Washington
Residing at Everett, WA
My Commission Expires 12-29-2024

BIDDER: RETURN THIS SHEET COMPLETED



AGREEMENT BETWEEN OWNER AND CONTRACTOR

| | |
|---|---|
| The Effective Date of this Contract is: | May 12, 2022 |
| <u>The Parties to this Contract are:</u> | |
| The “Owner” | Mason County Public Utility District No. 1 |
| The “Contractor” | Kemp West Inc. |
| Project Name: | Vegetation Management Project 2022 |
| The “Architect” or “Engineer:” | |
| The “Work:” | See “Scope of Work,” Exhibit <u>A</u> |
| Alternates included in the Contract Sum: | |
| Contract Sum for the Work: <i>(not including sales tax)</i> | \$ 143,100.00 |
| Payments: <i>(check one)</i> | <input type="checkbox"/> The Owner will make a single payment to the Contractor within thirty (30) days of Final Acceptance. <input checked="" type="checkbox"/> See Supplemental Conditions |
| Date of Substantial Completion of the Work: | |
| Date of Final Completion of the Work: | <u>December 31, 2022</u> |
| Liquidated Damages: | <u>N/A</u> |
| Owner’s Permit Responsibilities: | N/A |
| Unit Prices: | |
| <u>Minimum Required Insurance:</u> | |
| Commercial General Liability: | At least \$1 million per occurrence and general aggregate. |
| Automobile Liability: | At least \$1 million |
| Workers’ Compensation (industrial insurance): | At least the State statutory amount |
| Employer’s Liability: | At least \$1 million |
| Aircraft Liability: | At least \$5 million |
| Watercraft Liability: | At least \$1 million |
| Property Insurance: | N/A |
| Boiler and Machinery Insurance: | |
| Additional Insureds: | Mason County PUD No. 1 |

The Owner and Contractor agree as set forth below.

ARTICLE 1: THE WORK. The Contractor shall fully execute and complete the entire Work described in the Contract Documents, including the Alternates listed above.

ARTICLE 2: COMMENCEMENT AND SUBSTANTIAL AND FINAL COMPLETION.

2.1 The date of commencement of the Work is the date of this Agreement. The Contract Time is measured

from the date of commencement to the date of Substantial Completion specified above, as it may be adjusted under the Contract Documents.

2.2 The Contractor shall achieve Substantial Completion and Final Completion of the entire Work within the dates specified above, subject to adjustments of the Contract Time as provided in the Contract Documents.

ARTICLE 3: THE CONTRACT SUM. The Owner shall pay the Contractor the Contract Sum for the Contractor's performance of this Contract, subject to additions and deductions as provided in the Contract Documents. Sales tax is not included in the Contract Sum.

ARTICLE 4: PAYMENT. The Owner will pay the Contractor within *thirty (30) days* of receipt of an approved Application for Payment in accordance with this Contract. Retainage will be released in accordance with statutory requirements.

ARTICLE 5: PERMITS AND FEES.

5.1 The Owner will secure and pay for only those governmental permits, approvals, fees, licenses, inspections, governmental charges and inspection fees listed on the cover page.

5.2 The Contractor shall secure and pay for all other governmental permits, approvals, fees, licenses, inspections, governmental charges and inspection fees required for the prosecution of the Work.

ARTICLE 6: ENUMERATION OF CONTRACT DOCUMENTS.

6.1 The Contract Documents form this Contract. This Contract represents the entire and integrated agreement between the parties and supersedes prior negotiations, representations or agreements, either written or oral. The Contract Documents shall not be construed to create a contractual relationship of any kind between the Owner and a Subcontractor of any tier, between any Architect and the Contractor, or between any persons or entities other than the Owner and the Contractor.

6.2 The Contract Documents are enumerated as follows and, in the event of a conflict or discrepancy among or in the Contract Documents, interpretation shall be governed in the following order of priority:


1. Agreement
2. Prevailing wage rates set by L&I as of the bid date for Mason County (available at <http://www.lni.wa.gov/TradesLicensing/PrevWage/WageRates/default.asp>)
3. General Conditions
4. Scope of Work (See **Exhibit A**)
5. Drawings and Specifications (Refer to Bid Package)

OWNER

By _____
(Signature)

(Printed name and title)

CONTRACTOR

By _____
(Signature)
Kari Hakso, President

(Printed name and title)

GENERAL CONDITIONS

ARTICLE 7

THE CONTRACT DOCUMENTS

7.1 The intent of the Contract Documents is to include all items necessary for the proper execution and completion of the Work by the Contractor. The Contractor's performance shall be consistent with the Contract Documents and reasonably inferable from them as being necessary to produce the intended results.

7.2 "Work" means the construction and services required by the Contract Documents and includes all labor, materials, equipment and services to be provided by the Contractor to fulfill its obligations.

7.3 If the Contractor finds a conflict, error or discrepancy in the Contract Documents, the Contractor shall report it to the Owner in writing at once. The Contractor shall not proceed with the affected Work until it receives a written interpretation or clarification from the Owner.

ARTICLE 8

ADMINISTRATION OF THE CONTRACT

8.1 The Owner will provide administration of the Contract. If an Architect or Engineer is also involved, its duties beyond those addressed in these General Conditions will be described in an attachment to this Contract.

8.2 **Authority.** The Owner must approve in writing all changes in the Contract Sum or Contract Time as well as all Change Orders, Construction Change Directives, and payments to the Contractor. The Owner will make any modification or release of any requirement of the Contract Documents, or any approval or acceptance of any portion of the Work, whether or not executed in accordance with the Contract Documents, exclusively in writing.

8.3 **Rejection of Work.** The Owner may reject Work that, in its opinion, does not conform to the Contract Documents. If the Contractor fails to correct Work that is not in accordance with the Contract Documents or fails to carry out the Work in accordance with the Contract Documents, the Owner may order the Contractor in writing to stop the Work, or any portion thereof, until the cause for that order has been eliminated; however, the right of the Owner to stop the Work shall not give rise to a duty on the part of the Owner to exercise this right.

8.4 **Site Access.** The Owner shall have access to and may visit the Work site at intervals it considers appropriate to the stage of the Work to become generally familiar with the progress and quality of the completed Work, but the Owner will not be required to make exhaustive or continuous on-site inspections to check the quality or quantity of the Work.

8.5 **Submittals.** The Contractor shall review, approve and submit to the Owner with reasonable promptness shop drawings, product data, samples and similar submittals required by the Contract Documents. The Owner will review and approve or take other appropriate action upon the Contractor's submittals for the limited purpose of checking for conformance with information given and the design concept expressed by the Contract Documents. The Work shall be in accordance with approved submittals. The Owner's review and approval does not relieve the Contractor of responsibility for compliance with the Contract Documents. The Contractor shall submit to the Owner any proposed change to or deviation from previously approved documents or submittals.

ARTICLE 9

THE CONTRACTOR

9.1 Using its best skill and attention, the Contractor shall perform, supervise and direct the Work. The Contractor shall be solely responsible for and have control over construction means, methods, techniques, sequences, procedures and personnel, for safety, and for coordinating all portions of the Work under this Contract. The Contractor shall provide and pay for all labor, materials, equipment, tools and machinery, water, heat, utilities, transportation, and other facilities and services necessary for the proper execution and completion of the Work, whether temporary or permanent and whether or not incorporated or to be incorporated in the Work.

9.2 **Subcontractors.** A "Subcontractor" is a person or entity that has a direct contract with the Contractor to perform a portion of the Work at the site or to supply materials or equipment. A "Subcontractor of any tier" includes Subcontractors and lower-level subcontractors and suppliers.

9.2.1 **Identification.** As soon as practicable and no later than *fourteen (14) days* after award of this Contract, the Contractor shall confirm to the Owner in writing the names of the Subcontractors for each portion of the Work.

9.2.2 **Subcontracts.** Contracts between the Contractor and Subcontractors shall require each Subcontractor to be bound to the Contractor by the terms of the Contract Documents for the Work to be performed by the Subcontractor and to assume toward the Contractor all the obligations and responsibilities that the Contractor, by the Contract Documents, assumes toward the Owner.

9.2.3 **Payment.** The Contractor shall promptly pay (and secure the discharge of any liens asserted by) all persons properly furnishing labor, equipment, materials or other items in connection with the performance of the Work for which the Owner has paid (including, but not limited to, workers and Subcontractors). The Contractor shall furnish to the Owner releases of liens and claims and other documents that the Owner requests from time to time to evidence such payment (and discharge). Nothing in the Contract Documents shall obligate the Owner to pay or to cause the payment of any moneys due to any Subcontractor of any tier or other person or entity, except as may otherwise be required by law or regulation.

9.3 **Workers.** The Contractor shall enforce strict discipline and good order among persons carrying out the Work and shall not permit employment of unfit persons or persons not skilled in tasks assigned to them. At no change to the Contract Sum or Contract Time, the Owner may provide written notice requiring the Contractor to remove from the Work any employee or other person carrying out the Work that the Owner considers objectionable.

9.4 **Warranty.** The Contractor warrants that materials and equipment furnished under this Contract will be of good quality and new, that the Work will be performed in a workmanlike manner, free from defects not inherent in the quality required, and that the Work will conform with the requirements of the Contract Documents.

9.5 **Progress Schedule.** Within *fourteen (14) days* of execution of this Contract, the Contractor shall submit a schedule of the Work to the Owner ("Progress Schedule"). The Contractor will be responsible for planning, scheduling, managing, and reporting the progress of the Work in accordance with all of the specific methods and submittals described in the Contract Documents. The Contractor shall use the Progress Schedule (as updated) to plan, coordinate, and prosecute the Work in an orderly and expeditious manner.

9.6 **Clean-Up.** The Contractor shall keep the site and surrounding area free from accumulation of waste materials caused by operations under the Contract.

9.7 **Indemnification.**

9.7.1 Subject to the following conditions and to the fullest extent permitted by law, the Contractor shall defend, indemnify and hold harmless the Owner and its agents, employees, consultants, successors and assigns (together, the "Indemnified Parties") from and against all claims, damages, losses and expenses, direct and indirect, or consequential, including but not limited to costs, attorneys' fees, and other litigation expenses incurred on such claims and in proving the right to indemnification, arising out of or resulting from the performance of the Work by or any act or omission of the Contractor, its agents, any Subcontractor of any tier, and anyone directly or indirectly employed by them (together, the "Indemnitor").

.1 The Contractor will fully indemnify and defend the Indemnified Parties for the sole negligence of the Indemnitor.

.2 The Contractor will indemnify and defend the Indemnified Parties for the concurrent negligence of the Indemnitor only to the extent of the Indemnitor's negligence. The Contractor agrees to being added by the Owner as a party to any mediation, arbitration or litigation with third parties in which the Owner alleges indemnification or contribution from the Indemnitor. The Contractor agrees that all of its Subcontractors of any tier will similarly stipulate in their subcontracts. To the extent a court or arbitrator strikes any portion of this indemnification provision for any reason, all remaining provisions shall retain their vitality and effect.

9.7.2 After mutual negotiation of the parties, the indemnification obligation shall not be limited by the amount or type of damages, compensation or benefits payable by or for the Contractor or a Subcontractor under workers' compensation acts, disability benefit acts or other employee benefit acts in claims by an employee of the Contractor or a Subcontractor of any tier against any person or entity indemnified under this Paragraph 9.7. For the sole purpose of effecting the indemnification obligations under this Contract and not for the benefit of any third parties unrelated to the Owner, the Contractor specifically and expressly waives any immunity that may be granted it under Title 51 RCW, "Industrial Insurance." IF THE CONTRACTOR DOES NOT AGREE WITH THIS WAIVER, IT MUST PROVIDE A WRITTEN NOTICE TO THE OWNER PRIOR TO THE DATE FOR THE RECEIPT OF BIDS, OR THE CONTRACTOR WILL BE DEEMED TO HAVE NEGOTIATED AND WAIVED THIS IMMUNITY.

9.8 **Records.** The Contractor shall maintain and preserve books, ledgers, records, estimates, correspondence, logs, schedules, electronic data and other documents relating or pertaining to the costs and/or performance of the Contract ("records"). Within *seven (7) days* of the Owner's request, the Contractor shall make available at the Contractor's office all records for inspection, audit and reproduction (including electronic reproduction) by the Owner's representatives. These requirements apply to each Subcontractor of any tier. The Contractor agrees, on behalf of itself and Subcontractors of any tier, that the invocation of any rights under RCW 42.56 shall initiate an equivalent right to disclosures from the Contractor and Subcontractors of any tier for the benefit of the Owner.

9.9 **Compliance with Law.** The Contractor, its employees, Subcontractors of any tier and representatives, shall comply with all applicable laws, ordinances, statutes, rules and regulations, federal and state, county and municipal.

9.9.1 **Prevailing Wages.** The Contractor shall comply with all applicable provisions of RCW 39.12, including but not limited to submission of approved "Statements of Intent to Pay Prevailing Wage," payment of all Labor & Industries' fees, submission and posting of approved "Statements of Intent to Pay Prevailing Wages" and payment of prevailing wages. The State of Washington prevailing wage rates applicable for this public works project, which is located in Mason County, may be found at the following website

address of the L&I: <http://www.lni.wa.gov/TradesLicensing/PrevWage/WageRates/default.asp>. The Contractor shall keep a paper copy at the Project site.

9.9.2 Hours of Labor. The Contractor shall comply with all applicable provisions of RCW 49.28.

9.9.3 Worker's Right to Know. The Contractor shall comply with RCW 49.70 and WAC 296-62-054 regarding workplace surveys and material safety data sheets for "hazardous" chemicals at the Project site.

ARTICLE 10

CONSTRUCTION BY THE OWNER OR BY SEPARATE CONTRACTORS

10.1 The Owner may perform construction or operations related to the Project with its own forces and may award separate contracts in connection with other portions of the Project or other construction or operations on the site under contractual conditions consistent with those of the Contract Documents.

10.2 The Contractor shall afford the Owner and separate contractors reasonable opportunity for the introduction and storage of their materials and equipment and performance of their activities, and shall connect and coordinate the Contractor's construction and operations.

ARTICLE 11

CHANGES IN THE WORK

11.1 The Owner, without invalidating this Contract, may order changes in the Work consisting of additions, deletions or modifications ("Changes"), and the Contract Sum and Contract Time will be adjusted accordingly. Changes in the Work, in the Contract Sum and/or in the Contract Time shall be authorized only by written Change Order signed by the Owner and the Contractor or by written Construction Change Directive signed by the Owner.

11.1.1 Change Orders. A Change Order is a written instrument signed by the Owner and the Contractor stating their agreement upon a change in the Work, the amount of any adjustment in the Contract Sum, and the extent of any adjustment in the Contract Time.

11.1.2 Construction Change Directives. A Construction Change Directive is a written order prepared and signed by the Owner that directs a change in the Work and states a proposed basis for any adjustment in the Contract Sum and/or Contract Time. It is used in the absence of total agreement on the terms of a Change Order. The Contractor shall promptly proceed with the change in the Work described in the Construction Change Directive. As soon as possible, and within *seven (7) days* of receipt, the Contractor shall advise the Owner in writing of the Contractor's agreement or disagreement with the cost or the method, if any, provided in the Construction Change Directive for determining the proposed adjustment in the Contract Sum or Contract Time.

11.2 Costs of Changes and Claims. If the parties cannot agree on the cost or credit to the Owner from a Construction Change Directive or other Change in the Work, the Contractor and all affected Subcontractors of any tier shall keep and present an itemized accounting with supporting data. The total cost of any Change or Claim shall be limited to the reasonable value of the direct labor costs, material costs, construction equipment usage costs for the actual time equipment appropriate for the Work is used solely on the Change in the Work, the cost of any change in insurance, Subcontractor costs, and a fee for all combined overhead and profit, including impact costs of any kind, limited to twelve percent (12%) of the cost for any materials or work performed by the forces of the Contractor or a Subcontractor and eight percent (8%) of amounts due to Subcontractors.

11.3 Claims for Concealed or Unknown Conditions. If conditions are encountered at the site that are (1) concealed physical conditions that differ materially from those indicated in the Contract Documents or (2) unknown physical conditions of an unusual nature that differ materially from those ordinarily found and generally recognized as inherent in activities of the character provided for in the Contract Documents, then the Contractor shall give written notice to the Owner promptly before conditions are disturbed and in no event later than *seven (7) days* after the first observance of the conditions. The Contractor shall make any Claim arising from such condition in accordance with the dispute resolution procedures of Article 19.

ARTICLE 12

TIME

12.1 Delay.

12.1.1 Time. If the Work is delayed by changes ordered in the Work, unanticipated general labor disputes, fire, unusual delay in deliveries, abnormal adverse weather conditions not reasonably anticipatable, unavoidable casualties or any other causes beyond the Contractor's control, then the Contract Time shall be extended by Change Order to the extent the critical path is affected.

12.1.2 Damages. The Contractor and Sub-contractors shall be entitled to damages for delay only where the Owner's actions or inactions were the actual, substantial cause of the delay and where the Contractor could not have reasonably avoided the delay by the exercise of due diligence.

12.1.3 Contractor Delay. If a delay was caused by the Contractor, a Subcontractor of any tier, or anyone acting on behalf of any of them, the Contractor is not entitled to an increase in the Contract Time or in the Contract Sum.

12.2 Completion and Liquidated Damages. The timely completion of the Project is essential to the Owner. The Owner will incur serious and substantial damages if Substantial Completion of the Work does not occur within the Contract Time. The Contractor is responsible for actual damages for delay unless an amount is inserted on the cover page for liquidated damages, in which case the liquidated damage amount shall apply. Liquidated damages shall not be affected by partial completion, occupancy, or beneficial occupancy.

ARTICLE 13

PAYMENTS AND COMPLETION

13.1 Payments. Payment shall be made as provided in this Contract, including any Supplemental Conditions.

13.2 Withheld Payment. The Owner may withhold payment in whole or in part, or it may nullify the whole or part of a payment previously issued, on account of (1) defective Work not remedied, (2) claims or liens filed by third parties, (3) failure of the Contractor to make payments due to Subcontractors or for labor, materials or equipment, (4) damage to the Owner or another contractor, (5) reasonable evidence that the Work cannot be completed for the unpaid balance of the Contract Sum, (6) reasonable evidence that the unpaid balance would not be adequate to cover actual or liquidated damages for delay for which the Contractor is responsible, (7) failure to carry out the Work in accordance with the Contract Documents, or (8) liquidated damages. The Owner will provide the Contractor with written notice of its intent to implement this provision and provide details supporting the Owner's intention. The Contractor will be afforded reasonable time following receipt of such notice to respond to or correct the circumstances provoking this action by the Owner.

13.3 Substantial Completion.

13.3.1 Substantial Completion is the stage in the progress of the Work when the construction is sufficiently complete, in accordance with the Contract Documents, so the Owner can fully utilize the Work (or a designated portion) for its intended use. All Work other than incidental corrective or punchlist work and final cleaning shall have been completed. The Work is not Substantially Complete if all systems and parts affected by the Work are not usable, any required occupancy or use permit has not been issued, or if utilities affected by the Work are not connected and operating normally. The fact that the Owner may use or occupy some or all of the Work does not indicate that the Work is Substantially Complete, nor does it toll or change any liquidated damages due the Owner.

13.3.2 When the Contractor believes that the Work has achieved Substantial Completion, it shall notify the Owner in writing. When the Owner agrees, it will issue a Certificate of Substantial Completion.

13.3.3 Immediately before any occupancy, the Owner will schedule an inspection tour of the area to be occupied. Representatives of the Owner and the Contractor will jointly tour the area and record items still remaining to be finished and/or corrected. The Contractor shall promptly supply and install any such items as well as items missed by the inspection but required or necessary for Final Completion as a part of the Contract Sum.

13.4 Final Completion. After the Contractor has notified the Owner that the Work has been concluded, and the Contractor has submitted the items listed below as may be required at the discretion of the Owner, the Owner will determine in writing that Final Completion has occurred.

- .1 A final Application for Payment.
- .2 An affidavit that all payrolls, bills for materials and equipment, and other indebtedness connected with the Work for which the Owner or its property might in any way be responsible or encumbered, have been paid or otherwise satisfied.
- .3 Consent of surety to final payment.
- .4 A certificate evidencing that insurance required by the Contract Documents to remain in force after final payment is currently in effect and will not be cancelled or allowed to expire until at least thirty (30) days' prior written notice has been given to the Owner.
- .5 A written statement that the Contractor knows of no substantial reason why the insurance will not be renewable to cover the period required by the Contract Documents.
- .6 Other data establishing payment or satisfaction of or protection (satisfactory to the Owner) against all obligations, such as receipts, releases and waivers of liens and claims.
- .7 Pursuant to RCW 39.12.040, an "Affidavit of Wages Paid" from the Contractor and from each Subcontractor certified by the Industrial Statistician of the Department of Labor and Industries, with the fees paid by the Contractor or Subcontractor.

.8 A certified statement that the Contractor has closed all necessary permits or otherwise met the requirements of all governing jurisdictions related to this Project.

.9 Pursuant to RCW 60.28.020, certificates from the Department of Revenue and the Department of Labor and Industries.

.10 Pursuant to RCW 50.24, a certificate from the Department of Employment Security.

.11 All deliverables required by the Contract Documents.

.12 A certification that the materials in the Work are "lead-free" and "asbestos free."

.13 A legible hard copy of the as-built drawings.

13.5 Final Acceptance and Final Payment.

13.5.1 Pursuant to RCW 60.28, completion of the contract Work shall occur after Final Completion has been achieved and the Owner has formally accepted the Project ("Final Acceptance"). Final Payment shall not become due until after Final Acceptance.

13.5.2 If any Subcontractor of any tier refuses to furnish a release or waiver required by the Owner, the Owner may retain an amount to defray the cost of foreclosing the liens of such claims and to pay attorneys' fees, the total of which shall be no less than one hundred fifty percent (150%) of the claimed amount. If any such lien remains unsatisfied after all payments are made, the Contractor shall refund to the Owner all moneys that the latter may be compelled to pay in discharging such lien, including all costs and reasonable attorneys' fees.

13.6 Waivers.

13.6.1 Final Payment by the Owner. The making of final payment constitutes a waiver of claims by the Owner except those arising from (1) liens, claims, security interests, or encumbrances arising out of the Contract and unsettled; (2) failure of the Work to comply with the requirements of the Contract Documents; (3) Work subsequently found to be substandard and/or deficient; or (4) terms of warranties required by the Contract Documents or law.

13.6.2 Final Payment to the Contractor. Acceptance of final payment by the Contractor constitutes a waiver of Claims except those previously made in writing and specifically identified as unsettled on the final Application for Payment.

13.6.3 Change Orders. The execution of a Change Order constitutes a waiver of Claims by the Contractor arising out of the Work to be performed or deleted pursuant to the Change Order, except as specifically described in the Change Order.

13.6.4 Reservation of Rights. If the Contractor adds to a Change Order, a Construction Change Directive, or any other document a reservation of rights that has not been initiated by the Owner, any amounts previously agreed shall be considered disputed and not yet payable unless the costs are re-negotiated or the reservation is withdrawn or changed in a manner satisfactory to and initiated by the Owner.

13.6.5 Failure to Exercise. The Owner's failure to exercise any of its rights under this Contract shall not constitute a waiver of any past, present or future right or remedy. Any waiver by the Owner of any right or remedy under this Contract must be in writing and shall apply only to the right or remedy specified.

13.7 Warranty of Title. The Contractor warrants and guarantees that title to the Work, materials and equipment covered by an Application for Payment, whether or not incorporated in the Project, will pass to the Owner no later than the time of payment, free and clear of liens.

ARTICLE 14 PROTECTION OF PERSONS AND PROPERTY

14.1 The Contractor shall be solely responsible, and the Owner shall not have responsibility, for all aspects of safety related to this Contract or the Work, including initiating, maintaining, and supervising all safety precautions and programs in connection with the performance of the Contract. The Contractor shall take reasonable precautions for the safety of, and shall provide reasonable protection to prevent damage, injury or loss to, persons or property.

14.2 The Contractor shall promptly remedy to the Owner's satisfaction damage or loss to property at the site caused in whole or in part by the Contractor, a Subcontractor of any tier, or anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable, except for damage or loss attributable to acts or omissions of the Owner or by anyone for whose acts the Owner may be liable that are not attributable to the fault or negligence of the Contractor or a Subcontractor of any tier.

14.3 The Contractor shall not be required to perform without consent any Work relating to asbestos or polychlorinated biphenyl, unless identified as such in the Contract Documents.

ARTICLE 15 INSURANCE AND BONDS

15.1 The Contractor shall, at its own cost, purchase from a company or companies authorized to do business in the State of Washington possessing a Best's policyholder's rating of A- or better and a financial rating of no less than VII, and reasonably acceptable to the Owner, and maintain during the life of this Contract, at least the following insurance. The Contractor shall also cause its Subcontractors of any tier to secure and maintain at least the following insurance. The insurance shall be in force at the time the Work is commenced and shall remain in force until Substantial Completion, unless a later date is specified below.

15.1.1 Contractor's Liability Insurance. The Contractor shall purchase and maintain an occurrence-based Commercial General Liability Insurance Policy and such other insurance as will provide protection from claims set forth below which may arise out of or result from Contractor's operations under the Contract Documents, whether to be performed or furnished by Contractor, by any Subcontractor, by anyone directly or indirectly employed by any of them to perform or furnish any of the Work, or by anyone for whose acts any of them may be liable:

.1 Claims under workers' compensation, disability benefits and other similar employee benefit acts, as required by the laws of the state of Washington, including Contingent Employers Liability (Stop Gap) for all employees of the Contractor and Subcontractors;

.2 If there is an exposure for injury to Contractor's or subcontractors' employees under the United States Longshoremen's and Harbor Workers' Compensation Act, the Jones Act or under laws, regulations or statutes applicable to maritime employees, or any similar laws, regulations or statutes, coverage shall be included for such injuries or claims.

.3 Claims for damages because of bodily injury, occupational sickness or disease, or death of the Contractor's employees and of any person other than the Contractor's employees;

.4 Claims for damages insured by personal injury liability coverage that are sustained (a) by any person as a result of an offense directly or indirectly related to the employment of such person by Contractor, or (b) by any other person for any other reason.

.5 Claims for damages, other than to the Work itself, because of injury to or destruction of tangible property wherever located, including loss of use resulting therefrom;

.6 Claims arising out of operation of laws or regulations for damages because of bodily injury or death of any person or for damage to property;

.7 Claims for damages because of bodily injury or death of any person or property damage arising out of the ownership, maintenance or use of any motor vehicle, including coverage for Owned Motor Vehicles, Non Owned Motor Vehicles and Hired or Borrowed Motor Vehicles; and

.8 The comprehensive general liability insurance required by this paragraph must include contractual liability insurance applicable to Contractor's obligations under Paragraph 9.7.

15.1.2 Property Insurance. Unless otherwise provided in the Contract Documents, the Contractor shall purchase and maintain property insurance upon the Work at the site to the full insurable value thereof (subject to any deductible amounts that may be provided in the Contract Documents). This insurance shall include the interest in the Work of the Owner, Contractor, Subcontractors of any tier, any Architect and consultants, all of whom shall be listed as insureds or primary, non-contributing additional insured parties. Additional insured status shall be evidenced by internal policy provision or by separate external endorsement. This insurance shall insure against the perils of fire and extended coverage and shall include "all risk" insurance for physical loss and damage including, without duplication of coverage, theft, vandalism and malicious mischief, collapse, false work and water damage, temporary buildings and debris removal (including demolition occasioned by enforcement of any applicable legal requirements), and such other perils as may be provided in the Contract Documents, and shall include damages, losses and expenses arising out of or resulting from any insured loss or incurred in the repair or replacement of any insured property (including but not limited to fees and charges of engineers, architects, attorneys and other professionals). If not covered under the "all risk" insurance or otherwise provided in the Contract Documents, the Contractor shall purchase and maintain similar property insurance on portions of the Work stored on and off the site or in transit when such portions of the Work are to be included in an Application for Payment. The Owner shall bear no responsibility for such portions of the Work or the consequences of their damage or loss.

15.1.3 Boiler and Machinery Insurance. The Contractor shall purchase and maintain such boiler and machinery insurance for applicable equipment utilized or contained in the Work, which will include the interests in the Work of the Owner, Contractor, Subcontractors, any Architect, and consultants, all of whom shall be listed as insured or additional insured parties.

15.1.4 Aircraft/Watercraft Insurance. If the performance of the Work requires the use of any aircraft that are owned, leased, rented, or chartered by the Contractor or any of its Subcontractors, the Contractor shall secure and maintain Aircraft Liability Insurance for property damage and bodily injury, including passengers and crew. If the performance of the Work requires the use of any watercraft that are owned, leased, rented or chartered by the Contractor or any of its subcontractors, the Contractor shall secure and maintain Watercraft Liability insurance for property damage and bodily injury.

15.3 The Owner's specification or approval of insurance in this Contract or of its amount shall not relieve, limit or decrease the liability of the Contractor under the Contract Documents or otherwise. Coverages are the minimum to be provided and are not limitations of liability under the Contract, indemnification, or applicable law provisions. The Contractor may, at its expense, purchase larger coverage amounts or additional insurance.

15.4 Waiver of Rights

15.4.1 The Owner and Contractor waive all rights against each other for losses and damages caused by any of the perils covered by the policies of insurance provided in response to Paragraphs 15.1.2 and 15.1.3 and any other property insurance applicable to the Work, and also waive such rights against the Subcontractors, Architect, consultants and other parties named as insureds in such policies for losses and damages so caused. Each subcontract between the Contractor and a Subcontractor will contain similar waiver provisions by the Subcontractor in favor of the Owner, Contractor, Architect, consultants and all other parties named as insureds. None of these waivers shall extend to the rights that any of the insured parties may have to the proceeds of insurance held by the Owner as Trustee or otherwise payable under any policy so issued.

15.4.2 The Owner and Contractor intend that any policies provided in response to Paragraphs 15.1.2 and 15.1.3 shall protect the parties insured and provide primary coverage for losses and damages caused by the perils covered thereby. Accordingly, such policies shall contain provisions to the effect that in the event of payment of any loss or damage the insurer will have no rights of recovery against any of the parties named as insureds or additional insureds, and if the insurers require separate waiver forms to be signed by the Architect or its consultant, the Owner will obtain the same, and if such waiver forms are required of any Subcontractor, the Contractor will obtain the same.

15.5 Any insured loss under the policies of insurance required by Paragraphs 15.1.2 and 15.1.3 will be adjusted with the Owner and made payable to the Owner as Trustee for the insureds, as their interests may appear, subject to the requirements of any applicable mortgage clause. The Owner shall deposit in a separate account any money so received, and shall distribute it in accordance with such agreement as the parties in interest may reach. If no agreement is reached, the damaged Work shall be repaired or replaced, the moneys so received applied on account thereof, and the Work and the cost thereof covered by an appropriate Contract Modification or Written Amendment, or be a separate contract, at the Owner's option.

15.6 Endorsements.

15.6.1 The Owner, its officer and employees shall be named as a primary, non-contributing additional insured and coverage shall apply on a primary and non-contributory basis on such policies other than Workers' Compensation. Additional insured status shall be evidenced by internal policy provision or by separate external endorsement. Policies shall contain a provision that the Owner shall be given *thirty (30) days'* written notice by certified mail before cancellation of any insurance or reduction of the amount thereof, or any alteration, modification, restriction or material change thereto. No such cancellation, reduction, alteration, modification, restriction or material change in any policy shall relieve the Contractor of its obligation to maintain coverages in accordance with the Contract Documents.

15.6.2 All insurance policies to be maintained by the Contractor shall provide for Waiver of Subrogation in favor of the Owner.

15.6.3 All insurance policies, except Workers' Compensation, to be maintained by the Contractor shall provide Severability of Interests or Cross Liability Clause and provide that the insurance shall be primary and not excess to or contributing with any insurance or self-insurance maintained by the Owner.

15.7 Certificates evidencing that satisfactory coverage of the type and limits set forth in the Contract Documents shall be furnished to the Owner in a form acceptable to the Owner and shall contain provisions consistent with Paragraph 15.6.

15.8 Irrespective of the requirements of the Contract Documents as to insurance to be carried by the Contractor, insolvency, bankruptcy or failure of any insurance company to pay all claims accruing, shall not be held to relieve the Contractor of any of its obligations.

15.9 The Contractor shall defend, indemnify and hold the Owner harmless from any failure of the Contractor or its Subcontractors of any tier to secure and maintain insurance as required by this Contract.

ARTICLE 16 CORRECTION OF WORK

16.1 The Contractor shall promptly correct Work rejected or failing to conform to the requirements of the Contract Documents at

any time through a period of *one (1) year* from the date of Substantial Completion of this Contract or by terms of a longer manufacturer's warranty or an applicable special warranty required by the Contract Documents.

16.2 If the Contractor fails to carry out or correct Work that is not in accordance with the Contract Documents, the Owner may, by written order, require the Contractor to stop the Work or any portions thereof until the cause for the order has been eliminated, and the Owner may take over and correct some or all of the non-conforming Work at the Contractor's cost.

16.3 Nothing in this Article shall be construed to establish a period of limitation with respect to other obligations that the Contractor might have under the Contract Documents.

ARTICLE 17 MISCELLANEOUS PROVISIONS

17.1 Applicable Law. This Contract shall be governed by the internal law of the State of Washington, without regard to its choice-of-law provisions.

17.2 Compliance with Law. The Contractor shall give notices and comply with applicable laws, rules, regulations and orders of public authorities, including but not limited to RCW 39.06 and RCW 18.27 (Registration), RCW 49.60 (Discrimination), RCW 70.92 (Aged and Handicapped Persons), WAC 296-155 (Safety Standards), RCW 50.24 (Unemployment Compensation), RCW 51 (Industrial Insurance); RCW 82 (State Excise Tax Registration), RCW 39.12.065(3) (prevailing wage violations), Drug-Free Workplace Act of 1988 (Drug-Free Workplace) and RCW 49.26 (any asbestos removal).

17.3 Assignment. The Contractor shall not let, assign or transfer this Contract, or any interest in it or part of it, without the written consent of the Owner.

17.4 The Owner's Site Rules. The Contractor shall comply with the Owner's site and conduct rules.

17.5 Survival of Clauses. The warranty, dispute resolution, and indemnification provisions of this Contract shall survive the termination, cancellation or expiration of this Contract.

17.6 Writing Required. No addition to or modification of this Contract or waiver of any provisions of this Contract shall be binding on either Party unless explicitly made in writing and executed by the Contractor and the Owner.

17.7 Safety Standards. Contractor shall comply with require adequate safety systems for the trench excavation that meet the requirements of the Washington industrial safety and health act, chapter 49.17 RCW. The Contractor shall comply with pertinent provisions of Chapter 296-155 WAC, "Safety Standards for Construction Work," including without limitation trench safety requirements of RCW 39.04.180.

ARTICLE 18 TERMINATION OF THE CONTRACT

18.1 Termination for Cause by the Contractor. If the Owner fails to make payment of undisputed amounts for a period of *sixty (60) days* through no fault of the Contractor, the Contractor may, upon *seven (7) additional days'* written notice (during which time the Owner has the right to cure), terminate the Contract and recover from the Owner payment for all Work executed in accordance with the Contract Documents.

18.2 Termination for Cause by the Owner. The Owner may, upon *seven (7) days'* written notice to the Contractor, terminate without prejudice the whole or any portion of the Work for cause, including but not limited to the Contractor's material breach of this Contract; failure to prosecute the Work or any portion thereof with sufficient diligence to ensure the Substantial Completion of the Work within the Contract Time; failure to supply a sufficient number of properly skilled workers or proper materials; material disregard of laws, ordinances, rules, regulations or orders of any public authority having jurisdiction; or being adjudged bankrupt, making a general assignment for the benefit of its creditors, or having a receiver appointed on account of the Contractor's insolvency.

18.3 Termination for Convenience by the Owner. The Owner may, at any time upon *seven (7) days'* written notice to the Contractor, terminate (without prejudice to any right or remedy of the Owner) the whole or any portion of the Work for the convenience of the Owner. The Owner shall be liable to Contractor only for the amount reasonably incurred to date and due under Article 13 for the performance of the Work terminated and other pre-approved costs, consistent with the Paragraph 11.2, necessary and reasonably incurred in connection with the termination of the Work.

18.4 Effects of Termination.

18.4.1 The total sum to be paid to the Contractor under this Article 18 shall not exceed the Contract Sum as reduced by the amount of payments otherwise made.

18.4.2 Unless the Owner directs otherwise, after receipt of a notice of termination by the Owner, the Contractor shall promptly stop Work as specified in the notice of termination; place no further orders or subcontracts, except as necessary for completion of non-terminated Work; procure cancellation of all orders and subcontracts to the extent related to the performance of terminated Work; assign to the Owner all of the right, title and interest of the Contractor under all orders and subcontracts; with the Owner's approval, settle outstanding liabilities and claims arising out of such termination of orders and subcontracts not assigned to the Owner; transfer title and deliver to the entity or entities designated by the Owner the fabricated or unfabricated parts, Work in process, partially completed supplies and equipment, materials, parts, tools, dies, jigs and other fixtures, completed Work, supplies and other material produced as part of, or acquired in connection with the performance of, the Work terminated, and the completed or partially completed plans, drawings, information and other property related to the Work; take such action as may be necessary or as directed by the Owner to preserve and protect the Work and property related to the Project in the possession of the Contractor in which the Owner has an interest; and continue performance only to the extent not terminated.

18.5 Suspension. The Owner may, at its option and at any time, suspend the Contractor's performance of some or all of the Work. The Owner will give the Contractor notice of any such suspension, including the scope of the suspension and the Owner's estimate of the duration of such suspension. During the period of suspension, the Contractor shall use its best efforts to minimize costs associated with such suspension and to protect and maintain the Work. As full compensation for any such suspension, the Contractor will be eligible for an equitable adjustment, which shall not include consequential or indirect damages. Upon receipt of the Owner's notice to resume the suspended performance, the Contractor shall immediately resume performance to the extent required in the notice.

ARTICLE 19

DISPUTE RESOLUTION

19.1 All claims, disputes and other matters in question of the Contractor, direct or indirect, arising out of, or relating to, the Contract Documents or the breach thereof ("Claims") shall be decided exclusively by the following dispute resolution procedure. Failure to comply with the requirements of this Article 19 shall constitute waiver of the Claim.

19.2 Notice of Claim. The Contractor shall submit notice of all Claims to the Owner in writing within *seven (7) days* of the event giving rise to them and shall include a reasonable description of the event and its probable effect.

19.3 Claim Submission. Within *thirty (30) days* of the effective date of submitting the notice in Paragraph 19.2, the Contractor shall provide the Owner with a written Claim that includes a clear description of the Claim, all changes in cost and in time (direct, indirect, impact, consequential, and otherwise) to which the Contractor and Subcontractors of any tier are entitled, and data supporting the Claim. No act, omission, or knowledge, actual or constructive, of the Owner or any Architect shall in any way be deemed to be a waiver of the requirement for a timely written notice and a timely written Claim unless the Owner and the Contractor sign an explicit, unequivocal written waiver.

19.4 Effective Date. Unless otherwise specified in the Contract Documents, the effective date of any notice or request given in connection with this Contract shall be the date on which it is delivered to the Owner.

19.5 Informal Resolution. The Owner will make a determination of the Claim submitted. If the Contractor disagrees with the determination and wishes to pursue the Claim further, the Contractor must, within *fourteen (14) days* of receipt of the determination, provide the Owner with a written request that a representative of the Contractor, any Architect, and the Owner meet, confer, and attempt to resolve the claim. This meeting will then take place at mutually convenient time and place within *fourteen (14) days* of the Contractor's request.

19.6 Mediation. The Contractor may not bring any litigation against the Owner unless the Claim is first subject to mediation under the Construction Industry Mediation Procedures of the American Arbitration Association ("AAA"). This requirement cannot be waived except by an explicit written waiver signed by the Owner and the Contractor. To initiate the mediation process, the Contractor shall submit a written mediation request to the Owner within thirty (30) days after the meeting undertaken in Paragraph 19.5. If the parties are unable to agree to a mediator within *thirty (30) days* after the Owner's receipt of the written request for mediation, either party may submit a request for mediation to the AAA. An officer of the Contractor and the General Manager or designee of the Owner, both having full authority to settle the Claim, must attend the mediation session. To the extent there are other parties in interest, such as Subcontractors and insurers, their representatives, with full authority to settle the Claim, shall also attend the mediation session. All unresolved Claims in the Project shall be considered at a single mediation session that shall occur prior to Final Acceptance by Owner.

19.7 Litigation. The provisions of Paragraphs 19.1, 19.2, 19.5, and 19.6 are each a condition precedent to the Contractor bringing litigation. All unresolved Claims of the Contractor shall be waived and released unless the Contractor has strictly complied with the time limits of the Contract Documents, and litigation is served and filed within *120 days* after the Date of Substantial Completion as designated in writing by the Owner. This requirement cannot be waived except by an explicit written waiver signed by the Owner and the Contractor. The pendency of mediation shall toll this filing requirement.

19.8 Maintenance of Responsibilities. The parties shall diligently carry on their respective obligations and responsibilities and maintain the Progress Schedule during any dispute resolution proceedings, unless otherwise agreed by both parties in writing.

19.9 Waiver. The requirements of this Article 19 cannot be waived except by an explicit written waiver signed by the Owner and the Contractor. The fact that the Owner and the Contractor may continue to discuss or negotiate a Claim that has or may have been defective or untimely under the Contract Documents shall not constitute waiver of the provisions of the Contract Documents unless the Owner and Contractor sign an explicit, unequivocal written waiver approved by the Owner's Board of Commissioners.

Supplemental Conditions

1. Payments will be in one lump sum, minus retained funds. The District may consider payments in increments of not less than twenty-five percent (25%) of contracted amount. The Contracting Officer will be the final arbiter to set the percentage of work completed for release of any payments.

1. **Progress Payments.** Progress payments shall be made monthly for Work that is duly approved and performed during the calendar month preceding the Application for Payment according to the following procedure.

1.1 **Schedule of Values.** Prior to submitting its first Application for Payment, the Contractor shall submit to the Owner a schedule of values allocating the Contract Sum to the various portions that comprise the Work. The schedule of values shall be prepared in such form and supported by such data as the Owner may require. The schedule of values shall allocate at least three percent (3%) of the original Contract Sum to that portion of the Work between Substantial Completion of the Work and Final Completion, which will be earned upon Final Completion and distributed in the final payment.

1.2 **Draft Application.** Within the first *seven (7) days* of each month, the Contractor shall submit to the Owner a report on the current status of the Work as compared to the Progress Schedule and a draft, itemized Application for Payment for Work performed through the prior calendar month. This shall not constitute a payment request. The Contractor, the Owner and the Architect or Engineer (if any) shall meet within the next *seven (7) days* and confer regarding the current progress of the Work and the amount of payment to which the Contractor is entitled. The Owner may request the Contractor to provide data substantiating the Contractor's right to payment, such as copies of requisitions or invoices from Subcontractors. The Contractor shall not be entitled to make a payment request, nor is any payment due the Contractor, until such data is furnished.

1.3 **Payment Request.** Within *seven (7) days* after the Contractor and the Owner have met and conferred regarding the draft Application for Payment and the Contractor has furnished all data requested, the Contractor may submit a payment request in the agreed-upon amount, in the form of a notarized, itemized Application for Payment for Work performed during the prior calendar month on a form supplied or approved by the Owner. Among other things, the Application shall state that prevailing wages have been paid in accordance with the pre-filed statement(s) of intent to pay prevailing wages on file with the Owner and that all payments due Subcontractors from the Owner's prior payments have been made. The Application shall constitute the Contractor's representation that (1) all payments due Subcontractors from the Owner's prior payments have been made and (2) the Work is current on the Progress Schedule, unless otherwise noted on the Application. If the Contractor believes it is entitled to payment for Work performed during the prior calendar month in addition to the agreed-upon amount, the Contractor may, within the same time period, submit to the Owner a separate written payment request specifying the exact additional amount due, the category in the schedule of values in which the payment is due, the specific Work for which the additional amount is due, and why the additional payment is due.

1.4 **Payments to Subcontractors.** No payment request shall include amounts the Contractor does not intend to pay to a Subcontractor. If, after making a request for payment but before paying a Subcontractor for its performance covered by the payment request, the Contractor discovers that part or all of the payment otherwise due to the Subcontractor is subject to withholding from the Subcontractor for unsatisfactory performance, the Contractor may withhold the amount as allowed under the subcontract, but it shall give the Subcontractor and the Owner written notice of the remedial actions that must be taken as soon as practicable after determining the cause for the withholding but before the due date for the Subcontractor payment, and pay the Subcontractor within *eight (8) working days* after the Subcontractor satisfactorily completes the remedial action identified in the notice.

1.5 **Retainage.** Pursuant to RCW 60.28, the Owner will reserve five percent (5%) from the moneys the Contractor earns on estimates during the progress of the Work, to be retained as a trust fund for the protection and payment of the claims of any person arising under this Contract and the state with respect to taxes imposed pursuant to Title 82 RCW, which may be due from the Contractor. The moneys reserved will be retained in a fund by the Owner until *forty-five (45) days* following formal acceptance of the Project by the Owner ("Final Acceptance"). The Contractor may retain payment of not more than five percent (5%) from the moneys earned by any Subcontractor.

1.6 Upon completion of the Work, Contractor shall submit a Request for Final Payment, Certificate and Release form and itemized invoice to the Owner for approval and payment.



**Certification Regarding
Debarment, Suspension, Ineligibility and Voluntary Exclusion
Lower Tier Covered Transactions**

This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 13 CFR Part 145. The regulations were published as Part VII of the May 26, 1988 *Federal Register* (pages 19160-19211). Copies of the regulations may be obtained by contacting the person to which this proposal is submitted.

(BEFORE COMPLETING CERTIFICATION, READ INSTRUCTIONS ON REVERSE)

- (1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals are presently debarred, suspended, proposed for disbarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
- (2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Business Name Kemp West, Inc.

Date 5/16/22

By Kari Hakso, President

Name and Title of Authorized Representative

A handwritten signature in black ink, appearing to read "Kari Hakso", written over a horizontal line.

Signature of Authorized Representative

INSTRUCTIONS FOR CERTIFICATION

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.
3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
4. 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 which this proposal is submitted for assistance in obtaining a copy of those regulations (13CFR Part 145).
5. The prospective lower tier participant agrees by submitting this proposal 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 the department or agency with which this transaction originated.
6. The prospective lower tier participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transactions," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
7. 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.
8. 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.
9. Except for transactions authorized under paragraph 5 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, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

Request for Taxpayer Identification Number and Certification

► Go to www.irs.gov/FormW9 for instructions and the latest information.

Give Form to the
requester. Do not
send to the IRS.

| | | |
|--|--|---|
| Print or type. See Specific Instructions on page 3. | 1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank. Kemp West, Inc. | |
| | 2 Business name/disregarded entity name, if different from above | |
| | 3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes. <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input checked="" type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ► _____ Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner. <input type="checkbox"/> Other (see instructions) ► _____ | |
| | 4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <small>(Applies to accounts maintained outside the U.S.)</small> | |
| | 5 Address (number, street, and apt. or suite no.) See instructions. 3800 Sinclair Ave | Requester's name and address (optional) |
| | 6 City, state, and ZIP code Snohomish, WA 98290 | |
| | 7 List account number(s) here (optional) | |

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

| | | | | | | | | | |
|--------------------------------|---|---|---|---|---|---|---|---|---|
| Social security number | | | | | | | | | |
| | | | - | | | | | | |
| or | | | | | | | | | |
| Employer identification number | | | | | | | | | |
| 9 | 1 | - | 1 | 4 | 0 | 3 | 4 | 6 | 2 |

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign
Here

Signature of
U.S. person ►

Date ► 9/23/21

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
 - Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
 - Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
 - Form 1099-S (proceeds from real estate transactions)
 - Form 1099-K (merchant card and third party network transactions)
 - Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
 - Form 1099-C (canceled debt)
 - Form 1099-A (acquisition or abandonment of secured property)
- Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.

Scope of Work- Exhibit A

KEMP WEST, INC.

(425) 334-5572

3800 Sinclair Ave. Snohomish, Wa. 98290

QUOTATION / ESTIMATE

CUSTOMER NAME: Mason County P.U.D. #1 Date: 4/29/2022
CONTACT: James Reyes
BILLING ADDRESS: N. 21971 Highway 101
Shelton, Wa. 98584

TELEPHONE: 360-877-5249
FAX: _____
Email: jamesr@mason-pud1.org

PROJECT LOCATION: Vegetation Management Project 2022
Sites to be trimmed as described in Tree Trimming Bid Packet.

PROJECT SPECIFICATIONS: Live line tree trimming for a seven year trim cycle; trim 6 feet
minimum below communication lines. Remove and dispose of brush and chips.
Traffic control and our own staging area will be supplied.
Work will be completed no later than December 31, 2022

QUOTATION:

| Description | Totals |
|---|---------------------------|
| Same as above | \$143,100.00 |
| ----- | |
| | Subtotal \$143,100.00 |
| Plus Applicable Sales Tax, which will be added to final invoice | \$0.00 |
| | Total \$143,100.00 |

THIS ESTIMATE/QUOTATION IS:

☐ On a Time & Materials basis at the daily rates shown above, hours/days and fees are estimated, not fixed !!

☒ A Fixed Price bid not to be exceeded to perform above specified work.

Credit Cards are Not accepted

ACKNOWLEDGED AND ACCEPTED BY:

KEMP WEST QUOTE PROVIDED BY:

Customer Representative/Title Date

Kari Hakso 4/29/2022
Kari Hakso/Kemp West, Inc./Pres. Date

List of Drawings and Specifications- Exhibit B



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

VEGETATION MANAGEMENT PROJECT 2022 REQUEST FOR PROPOSALS

NOTICE IS HEREBY GIVEN THAT PUBLIC UTILITY DISTRICT No. 1 OF MASON COUNTY, WASHINGTON, does hereby invite bids from qualified, responsible bidders specializing in vegetation management along live-power lines as described below.

SUBMISSION DEADLINE:

Bids must be submitted electronically to James Reyes, Engineering Manager, at jamesr@mason-pud1.org, **no later than Friday, April 29, 2022 at 4:00 p.m.** The District's electronic email time clock will be the official date/time stamp. Bids received after deadline will not be considered.

Questions may also be submitted to James Reyes via email and answers will be posted on the District's website www.mason-pud1.org/bids/ next to the bid announcement so all bidders receive the same information.

All bidders must be registered on the District's small works roster online at MRSC Rosters
www.mrscrosters.org.

DISTRICT OPTION TO REJECT ALL BID PROPOSALS:

The District may, at its sole discretion, reject any or all bid proposals submitted. The District shall not be liable for any costs incurred in connection with the preparation and submittal of any bid proposal. The District reserves the right to waive any informality in a submitted proposal.

SCOPE OF WORK:

Approximately **10.6** miles of live-line tree trimming in the PUD 1 service territory along US Highway 106 in Union WA.

To be trimmed:

- Pole # 5721 (E Jenns Way, Union WA) to Pole #5326 (Hunter Farms, Union WA)



**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

The voltage on the system is 12,470/7200 volt grounded Y three phase single circuit system. **This project is a lump sum bid project. PUD to supply traffic control plans through DOT.** Attachment A is a map that demonstrates the area to be trimmed. Attachment B is a sample small works contract. Attachment C is the District's Vegetation Management Policy.

CONTRACTOR WILL:

- Adhere to the District's Vegetation Management Policy (Attachment C)
- Trim for a maximum 7-year cycle; 6-foot minimum below communications lines
- Supply all traffic control
- Supply their own staging area
- Remove and dispose of brush and chips
- Begin work no later than September 1, 2022 and complete work no later than December 31, 2022

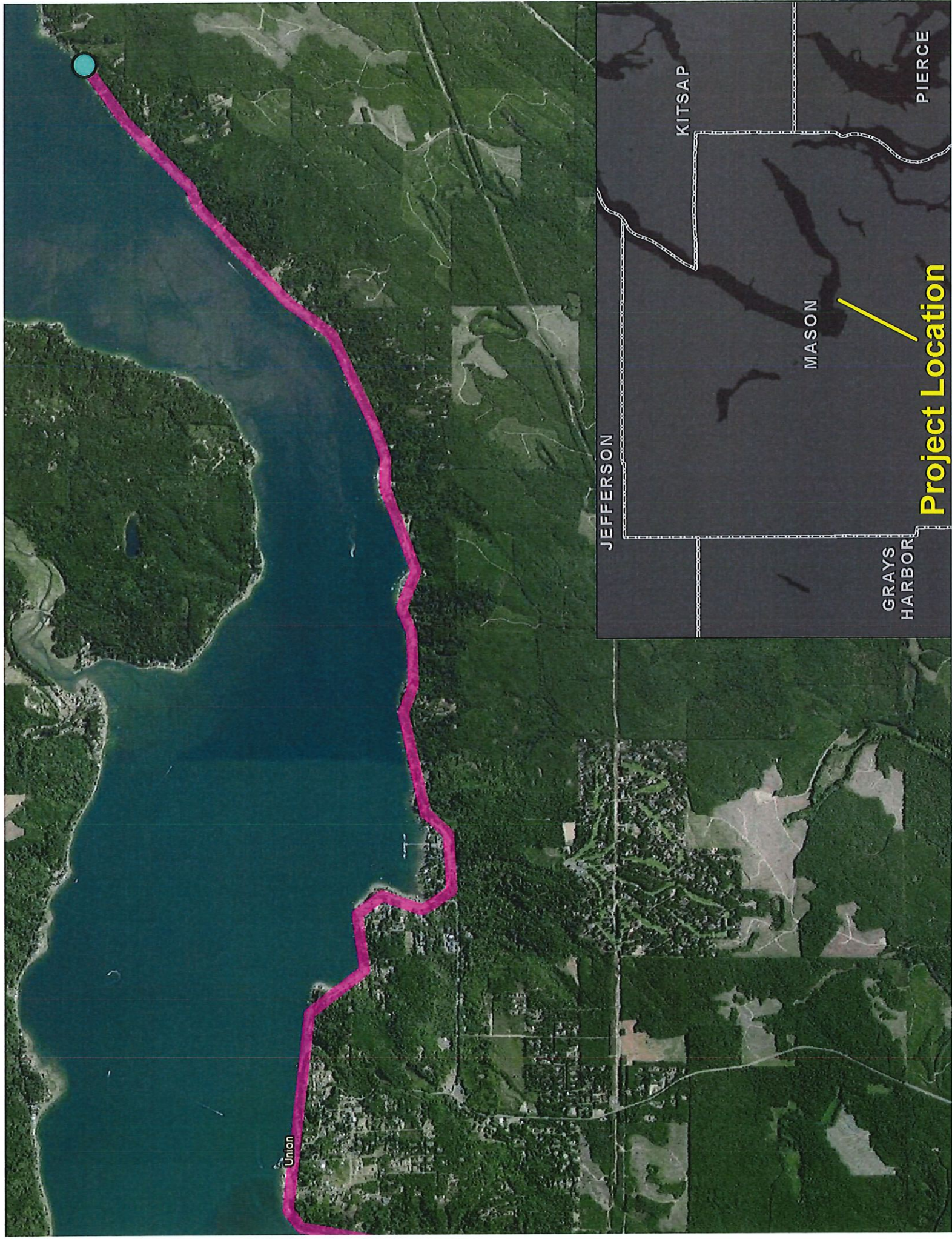
PREVAILING WAGE:

All contractors and subcontractors are required to pay Washington State prevailing wages.

<https://fortress.wa.gov/lni/wagelookup/prvWagelookup.aspx>

DISADVANTAGED BUSINESS ENTERPRISE:

Mason County PUD No. 1 is an equal opportunity employer; small, minority and women owned firms are strongly encouraged to apply.



JEFFERSON

KITSAP

MASON

GRAYS
HARBOR

PIERCE

Project Location



Attachment C

VEGETATION MANAGEMENT POLICY

I. OBJECTIVE

To maintain adequate vegetation clearance from Mason County Public Utility District No. 1 (PUD or District) electric infrastructure such as power lines and other electric utility equipment vital to the safe and reliable operation of the electric distribution and transmission systems. Properly maintaining vegetation minimizes the probability of contact with power lines and equipment thus reducing the likelihood of fire ignition and interruptions. Proactively maintaining vegetation will increase safety for PUD employees as well by providing adequate access for line operations.

II. APPLICABLE REGULATIONS

The PUD will seek required government permits or applicable authorization for vegetation and tree removal or trimming, including but not limited to, federal, state, municipal, and tribal laws, ordinances, rules, and regulations.

The PUD will use hand cutting, pruning, and mechanical cutting to maintain proper clearances in accordance with, but not limited to, the National Electrical Safety Code (NESC), Rural Utility Service (RUS), American National Standards Institute (ANSI), federal, state and local laws and regulations pursuant to the operation of electrical facilities. The PUD specifically requires that the ANSI A300 Tree Care Operations standard practices relating to quality tree care, pruning, and integrated vegetation management be followed where practical when planned maintenance is being performed in the vicinity of electric lines and equipment. Employees and contractors shall also adhere to ANSI Z133.1 Safety Standards.

III. VEGETATION MANAGEMENT

In general, vegetation management consists of three primary components, preventative vegetation management, corrective vegetation clearance, and emergency vegetation clearance. Preventative vegetation management generally includes planned activities in right-of-way (ROW) with PUD facilities and are performed on 3 to 7-year cycle depending on species and risk factors. The PUD will mail a notification for all planned vegetation management activities. (See Attachment A: "Customer Notification of Vegetation Management"). Corrective vegetation clearance consists of completing corrective and emergent vegetation orders to fix clearance discrepancies that the contractor or PUD discovers. If an order is designated as High Priority, the PUD must prioritize that work and make the correction immediately. Emergency vegetation clearance includes completing maintenance on an as-needed basis for any major disaster or emergency events. For example, if a storm results in fallen trees and branches, the PUD must mobilize as soon as possible to clear the vegetation.

ROW corridors will be managed to:

- (10) feet on either side of pole - single-phase vertical and secondary routes.
- (15) feet on either side of pole - single-phase horizontal and three-phase routes.
- (50) feet on either side of structure centerline for transmission line routes.

The PUD will strive to remove all trees, whether hazardous or not, growing beneath the District's power lines in a public or the PUD's ROW. All trees that can be reasonably removed from private ROW, with the landowners' permission, shall be removed. A special effort shall be made to remove all young trees in ROW while they are small and before they become a hazard to the power line. Brush and other vegetation will be removed during regular tree trimming procedures.

Trees endangering PUD owned lines may be cut down or pruned by the PUD to eliminate any immediate hazard. Trees less than 8" inches in diameter in rural, forested, and agricultural road right of way corridors will be removed with or without the consent of the property owner.

A "Hazardous Tree" is a tree that is dead, severely damaged, or may present reasonable risks to the PUD's lines and facilities. A Hazardous Tree may be in the PUD's ROW, a public ROW, or on private property. For the safety of the public and/or all involved, the PUD may opt to remove a landowner's Hazardous Tree or remove the line from service to allow the landowner to safely remove the Hazardous Tree. A Hazardous Tree shall be removed or pruned in accordance with this Policy to mitigate safety hazards.

Landowners shall provide the PUD access to all public ROW and District easements where maintenance and cutting or pruning of vegetation and trees may be needed, in the opinion of the PUD, to avoid danger to the public or interference with the operation and maintenance of its power lines or facilities. The PUD has no affirmative duty to remove trees outside the District's rights-of-way. With a written request from a landowner, the PUD may assist the landowner with the removal of a Hazardous Tree outside the ROW at no cost to the landowner, as long as the PUD has identified the tree as a Hazardous Tree.

The PUD is responsible for maintaining tree clearance only on power lines owned by the PUD. Responsibility for tree clearance on customer owned lines belongs to the customer. When the line belongs to the customer, hiring of a professional tree service is recommending ensuring customer safety and prevent damage to electric lines.

Removal of branches and other debris from vegetation and tree removal in or outside the ROW or easement is the sole responsibility of the landowner unless otherwise agreed upon in writing. Stumps shall be cut as close to ground level as possible. Complete removal of a stump is the responsibility of the landowner.

The PUD shall control vegetation and trees around its property, including the fenced boundaries and within a substation, to ensure the safety of its landowners, employees and public while maintaining the reliability and integrity of the PUD's facilities.

The PUD will educate the public on planting trees in and around the PUD's power lines. The PUD shall encourage customers to report trees that are potential hazards, in and outside the ROW, which may become a threat to public safety and/or the system's reliability.

IV. CUSTOMER PLANTING GUIDE

Customers should consider the mature canopy size of trees to be planted on their property. Trees shall be planted in accordance with Attachment B as to not interfere with distribution or transmission lines when fully grown. If a customer's tree is in violation of the required distance, the trees will likely be trimmed as part of the tree trimming cycle or be subject to removal.

Customers and contractors should contact 811 to locate underground utilities to avoid personal harm and damage to the lines and interruption of electrical service when planting or moving trees. Customers and contractors will be responsible for paying repair costs for lines that are damaged due to digging.

V. RESPONSIBILITY

The General Manager and/or their designee is responsible for the administration of this policy.

LARGE TREES AREA
Plant large trees (over 35 feet high when mature) at least 50 feet away from overhead power lines.



PRUNING AREA
To help prevent outages, trees and shrubs will be pruned if they are within 10 feet of overhead power lines.



MEDIUM TREES AREA
Plant medium trees (25 - 35 feet high when mature) at least 25 feet away from overhead power lines.



CLEARANCE AREA
Trees and shrubs should be planted at least 10 feet away from ground-mounted transformers.



LOW TREES AREA
Plant low growing trees (15 feet high max. when mature) and shrubs at least 10-25 feet from overhead power lines.



KEEP CLEAR
Keep the area around the meter clear for reading and safety.





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

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

SMALL WORKS PROJECT

CHANGE ORDER FORM

No. 101022

The following changes are hereby incorporated into this Contract:

A. Description of Change:

As per attached.

B. Contract Price Adjustment:

As a result of this Change Order, the total Contract shall be increased/decreased by the sum of \$ 62,770.00 plus sales tax, which the amount Contractor acknowledges is full and complete compensation for the Contract Work including changes incorporated by this Change Order.

This Change Order shall not provide any basis for any other payments to or claims by the Contractor as a result of or arising out of the performance of the work described herein. The new total revised Contract Price is \$ 62,700.00 including sales tax.

C. Time of Completion:

The time of completion shall be increased / decreased by 0 calendar days. The revised completion date shall be December 31, 2022.

D. Except as specifically provided herein, all other Contract terms and conditions shall remain unchanged.

CONTRACTOR

Company: Kemp West, INC

Accepted By: _____

Title: _____

Date: _____

PUBLIC UTILITY DISTRICT NO. 1
OF MASON COUNTY, WASHINGTON

Accepted By: _____

Title: General Manager

Date: 10/10/2022

KEMP WEST, INC.**(425) 334-5572**

3800 Sinclair Ave. Snohomish, Wa. 98290

QUOTATION / ESTIMATE

CUSTOMER NAME: Mason County P.U.D. #1 Date: 10/6/2022
CONTACT: Kristin Masteller
BILLING ADDRESS: N. 21971 Highway 101
Shelton, Wa. 98584

TELEPHONE: Office- 360-877-5249 Cell- 360-490-4895
FAX: _____
Email: kristinm@mason-pud1.org jamesr@mason-pud1.org

PROJECT LOCATION: Work along Hwy 101

PROJECT SPECIFICATIONS: Trim and cut overhang for new poles along Hwy 101 as per site
map. Chip all brush and supply traffic control.

QUOTATION:

| Description | Totals |
|---|-------------|
| Same as above | \$62,770.00 |
| ----- | |
| Subtotal | \$62,770.00 |
| Plus Applicable Sales Tax, which will be added to final invoice | |
| Total | \$62,770.00 |

THIS ESTIMATE/QUOTATION IS:

☐ On a Time & Materials basis at the daily rates shown above, hours/days and fees are estimated, not fixed !!☒ A Fixed Price bid not to be exceeded to perform above specified work.

Credit Cards are Not accepted

ACKNOWLEDGED AND ACCEPTED BY:

KEMP WEST QUOTE PROVIDED BY:

| | | |
|-------------------------------|--|-----------|
| _____ |  | 10/8/2019 |
| Customer Representative/Title | Kari Hakso/Kemp West, Inc./Pres. | Date |

This estimate/quotation is valid for 30 days from the date above.

Hot Spot Trimming

N299- N309

On the north side of the highway, theres a canopy that overhand the new poles. We are looking to push the vegetation back as far up the hill as we can. Roughly half a mile .

Latitude:
47.552072

Longitude:
-123.035171

