INTERLOCAL AGREEMENT BETWEEN
PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY
AND CITY OF WENATCHEE FOR
EXCHANGE OF PARK AND SUBSTATION PROPERTY

THIS AGREEMENT is made and entered into by and between Public Utility District No. 1 of Chelan County (hereinafter “District”) and City of Wenatchee (hereinafter “City”) pursuant to Chapter 39.34 RCW, the Interlocal Cooperation Act, and RCW 39.33, the Interlocal Governmental Exchange of Property.

Recitals

The City has a plan for the redevelopment and improvement of the Wenatchee waterfront area.

An integral component of the City’s redevelopment plan is a new road (Riverside Drive) which will provide better traffic flow in the area and create a connection among the various waterfront areas. The preferred and proposed route for this road will require use of certain lands currently owned by the District and/or lands within the District park boundaries.

One parcel of property required by the City for this redevelopment project is the District’s Worthen Street substation. That property (known as “Worthen Street property”) is legally described in Exhibit A and illustrated on Exhibit B. The substation that has historically been on the Worthen Street property will not be adequate to serve the predicted new construction in the area. It has aging infrastructure and its transformer is of non-standard voltage and is surplus to the District’s needs.

The District identified a site on Walla Walla Street that is desirable for a new substation. This property has the benefit of being located along existing transmission and distribution lines, is a prime location for serving the predicted new electrical demand in the area, and will be compatible with the immediately surrounding properties. This property (known as the “Walla Walla Street property”) is legally described in Exhibit C and illustrated on Exhibit D. The City will purchase the Walla Walla Street property for transfer to the District.

Agreement

Now, therefore, in consideration of the mutual covenants herein, the parties agree as follows:

1. Worthen Street Property.
(a) **District’s obligations.**

The District will convey the Worthen Street property to the City by Warranty Deed. The legal description of the Worthen Street property is attached as Exhibit A. Title shall be free from all encumbrances, except those to which the City may in its sole discretion accept. The transfer of property shall occur after the District has complied with applicable statutes, including statutes regarding the transfer to surplus lands to another governmental entity, RCW Title 39.33.

Prior to the conveyance the District will decommission and remove the substation equipment. The District at its discretion will either remove or cut the concrete pads to a level below grade to enable the City to pave the property for its purposes.

District will perform a Limited Phase 2 Environmental Site Assessment and perform clean-up of any hazardous substances reported in said Assessment.

(b) **City’s obligations**

The City agrees with and is satisfied with the District’s planned testing methodology and the scope of such testing for hazardous substances.

The City intends to use the Worthen Street property as part of Riverside Drive and/or a parking area and will be responsible to take all actions necessary to make that property useable for such purposes, except those actions specifically agreed upon by the District in the foregoing subsection 1(a) above.

The City may obtain title insurance which shall be at the sole expense of the City.

(c) **Conveyance**

The conveyance of the Worthen Street property will concur with the conveyance of the Walla Walla Street property, and be by direct transfer of title on or before **September 1, 2007** unless an extension is agreed upon by the Parties.

2. **Walla Walla Street Property.**

(a) **City’s obligations**

The City will convey the Walla Walla Street property to the District by Warranty Deed. The legal description of the Walla Walla Street property is attached as Exhibit C. Title shall be free from all
encumbrances, except those to which the District may in its sole discretion accept. The transfer of property shall occur after the City has complied with applicable statutes, including statutes regarding the transfer to surplus lands to another governmental entity, RCW Title 39.33.

The City recently acquired this property and has not used or occupied the property. The City agrees to provide all documentation it receives from the sellers or their agents regarding hazardous substances, if any, located on the Walla Walla street property.

(b) District's obligations.

The District intends to utilize the land for a substation and shall be responsible to take any and all actions necessary to make the property usable for that purpose.

The District may obtain title insurance at its sole expense.

(c) Conveyance

The conveyance of the Walla Walla Street property will concur with the conveyance of the Worthen Street property, and be by direct transfer of title on or before December 31, 2007.

3. Exchange of Park Property and Replacement Park Property

(a) Park Property required for Riverside Drive development.

The City requires the use of certain property within the District's Riverfront park boundary for the development of Riverside Drive ("Park Property"). The exact location and description of the Park Property has not yet been defined. The District agrees that the City may utilize said Park Property for redevelopment purposes, subject to the contingencies agreed upon herein.

(b) Replacement Park Property.

The City will make available to the District for park purposes real property located near the Orondo boat launch ("Replacement Park Property"). The exact location and description of the Replacement Park Property has not yet been defined. This Replacement Park Property is intended to replace the Park Property necessary for the Riverside Drive development as set forth in the foregoing subsection 3 (a) above.
The Replacement Park property shall be of equal size to the park property and of equal nature. The City shall improve the Replacement Park Property to park quality comparable to current District park property and to District’s satisfaction. It is specifically recognized that this may entail the City’s removal of concrete/asphalt or other improvements and the City’s planting of grass or plants and/or installation of a trail on the Replacement Park Property to make the Replacement Park Property of park quality comparable to other park property in the Riverfront Park.

(c) **Determination of Park Property and Replacement Park Property.**

The specific location and description of the Park Property and Replacement Park Property will be determined by mutual acceptance of both parties after redevelopment plans are final.

(d) **Contingent upon FERC approval.**

The exchange of Park Property and Replacement Park Property will be by separate agreement and is contingent upon Federal Energy Regulatory Commission approval. The District agrees to apply for said approval in a timely manner after final determination is made of the location and description of the Park Property and Replacement Park Property.

4. **9th Street and Walla Walla Property.**

The District owns property on the northeast corner at 9th Street and Walla Walla Avenue which is currently under permit for use by the City. This permit will be terminated prior to the exchange of Park Property and the City will remove the building and gravel and comply with terms for surrendering property as defined in permit. The District will initially develop this property into public parking for the waterfront district. The District will cooperate with the City to assist the City in receiving credit, if any, for this land and improvements as contribution in kind toward their Riverside Drive project.

5. **Compliance with Laws.**

Both parties have complied with or will comply with RCW 39.33.020.

6. **Full and Fair Value.**

Both parties agree that each is receiving full and fair value for the properties being exchanged and this Agreement reflects all other consideration as appropriate and as fully negotiated by and between the parties.
PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY

Richard Riazzi, General Manager

CITY OF WENATCHEE

Dennis Johnson, Mayor

8/23/07
Exhibit A

Worthen Street Substation legal description:

That portion of Lot 1, Block 1 of Second Suburban Home Addition to Wenatchee, Washington, records of Chelan County, Washington, Book 1, Page 23, recorded October 30, 1899 described as follows: Beginning at the Southwest corner of Lot 1, Block 1 of Second Suburban Home Addition to Wenatchee; thence Northeasterly along the Southeasterly boundary of said lot a distance of 70 feet to the true point of beginning; thence continuing on same course along the Southeasterly boundary a distance of 140 feet; thence Northwesterly along a line parallel to the Southwesterly boundary of said Lot 1 a distance of 85 feet; thence Southwesterly along a line parallel to the Southeasterly boundary of Lot 1 a distance of 140 feet; thence Southeasterly along a line parallel to the Southwesterly boundary of Lot 1 a distance of 85 feet to the true point of beginning, except the Southwesterly 10 feet thereof; together with the right of egress and ingress over and across said excepted strip and subject, however, to the encroachment of the Shell Oil Co. office and warehouse building upon the Southeasterly five feet of said property.

Interlocal Agreement between PUD #1 of Chelan County and
City of Wenatchee for Exchange of Park and Substation Property
EXHIBIT C

Legal Description
Parcel “B”

A portion of Lots 1 and 2, Block 8, Second Suburban Home Addition to Wenatchee, Volume 1, Page 23 of plats, situated in the S 1/2 SW 1/4 of Section 34, T.23N., R.20E., W.M., and filed in the Chelan County Auditor’s Office; said tract of land being more particularly described as follows: Commencing at the SE corner of SC Fresh Survey, recorded May 29, 2007, Chelan County, Washington, Bk. 50, Pg. 17; Said point being the “Point of Beginning” for this description: Thence S60°27’36”W along south line of said SC Fresh Survey a distance of 600.77 feet to the Easterly R.O.W. line of the Burlington Northern Sante Fe Railroad; Thence N29°19’32”W along said R.O.W. line a distance of 156.75 feet to the NW corner of said Lot 1, Block 8, Second Suburban Home Addition; Thence N60°27’36”E along north line of said Lot 1 a distance of 239 feet; Thence S29°19’03”E and parallel with Walla Walla Avenue a distance of 96 feet; Thence on an angle of 46° to the left, a distance of 47 feet to a point lying 25 feet north of the south line of said SC Fresh survey; Thence N60°27’36”E and parallel with said south line a distance of 223 feet; Thence S29°19’03”E and parallel with Walla Walla R.O.W distance of 5 feet; Thence N60°27’36”E and parallel with said south line a distance of 72.76 feet, more or less, to a point on a curve; Thence along a curve to the left with a radius is 35 feet, through a central angle of 90°, an arc length of 54.98 feet to a point of tangent; said point lying on said Westerly R.O.W. line of Walla Walla Avenue; Thence S29°19’03”E a distance of 54.85 feet, more or less, to the “Point of Beginning” for this description.

The above described tract of land contains 46,803 Square Feet, more or less, as delineated on the Exhibit attached hereto and made a part hereof as page 2 of this instrument.