AMENDMENT No. 1 to
INTERLOCAL COOPERATION AGREEMENT
Between
Cascadia Conservation District and Public Utility District No. 1 of Chelan County
For the Entiat PUD Canal System Conversion Project

Cascadia Conservation District ("Cascadia") and Public Utility District No. 1 of Chelan County ("PUD") hereby amend the Interlocal Agreement ("Agreement") executed on April 29, 2009 as follows:

Additional Recitals

The existing Agreement was executed to facilitate the implementation of the Entiat PUD Canal System Conversion Project to provide alternate sources of irrigation water for landowners served by a surface water irrigation system owned by the PUD. The project has been implemented to the extent feasible within the available funding and timeline identified in the Agreement. That portion of the project which has been completed is hereinafter referenced as Phase I.

This Amendment provides for further cooperative arrangements between Cascadia and the PUD to execute Phase II, as further defined in the sections below, and as contemplated in the original Agreement.

I. DESCRIPTION OF PROJECT

Phase II of the Entiat PUD Canal System Conversion Project is a continuation of the project identified in the original Agreement. The ongoing objectives as stated are "to decommission the PUD pipeline and delivery system, upgrade to modern and efficient delivery systems located closer to the point of use (creating water savings), improve lower Entiat River in-stream flow conditions, enhance off-channel habitat conditions, and prevent juvenile fish entrainment." The expectation is that the Project will ultimately achieve water savings for inclusion in the Washington Water Trust program.

II. RESPONSIBILITIES OF CASCADIA

a. Cascadia has secured additional funds from the Salmon Recovery Funding Board in the amount of $204,000 for Phase II of the Project. Cascadia will act as Project Sponsor on behalf of the PUD for administration of the grant. Cascadia shall comply with the contract requirements as set forth in the grant agreement and shall be responsible for all necessary financial reporting to the Salmon Recovery Funding Board for the project.

b. Cascadia shall reserve up to $22,000 of the allowable administration funds within the grant budget for its administrative costs.

c. The PUD will provide a not-to-exceed $36,000 match to the funding received. These matching funds shall be accounted for and utilized as provided in subsection (d) below.
Cascadia shall have discretion over the use of matching PUD contributions along with other funds as reported to the Salmon Recovery Funding Board. The PUD's matching contributions will be provided as in-kind services and expenses of the project and shall be included in the quarterly status report of funds available for the implementation of the project.

d. Cascadia will make periodic payments to the PUD based upon invoices provided by the PUD documenting allowable costs for contractors, consultants and internal staff time, reduced by amounts identified as PUD matching contributions.

e. Cascadia will document the grant reimbursements to the PUD as well as the PUD's contributions of in-kind time and expenses to the project, and will report to the PUD at least quarterly on the status of funds available for project implementation.

f. Cascadia will coordinate the required grant Progress Reports with cooperation and assistance from the PUD representatives.

III. OBLIGATIONS OF PUD

a. The PUD will conduct project management that will include the following:

- Overall project management, including working with landowners to obtain consent to proceed and waiver of any rights the landowners may have under the 1909 agreements. This will include professional assistance with regard to water rights and preparation of legal documents. Some of this work with landowners may occur after the completion of Phase II.

- Conduct research and records review regarding historical and current water use, and will complete the water rights change application(s).

- Complete all necessary permitting and Section 106 consultation and provide copies to Cascadia.

- Complete all bidding and contracting for the project in compliance with PUD policies and the applicable laws as noted in the Salmon Recovery Funding Board grant agreement, including those regarding Endangered Species, Cultural Resources, Nondiscrimination, Prevailing Wages, and various health and safety laws.

- Execute Landowner Agreements acceptable to the Salmon Recovery Funding Board establishing the maintenance of any facilities or installations funded by the grant to serve the intended purpose for a minimum of ten (10) years after the final payment, unless the site or facility is rendered unusable for the purpose it was intended by an act of nature. The PUD expects that the responsibility for maintenance of individual systems on private land shall be transferred to the appropriate landowners by agreement.

- Accept, as the Project Sponsor's representative, the ongoing obligation to monitor and maintain project sites and landowner activities so the extent required and in compliance with the Landowner Agreements.

- Provide geologic study (well logs) and system design including, but not limited to, geological reports, well size and location, well construction, surface water diversion and delivery facilities, pumping equipment selection, and piping design, and shall complete the work or contract for the work necessary to complete the project.
• Develop contract documents and drawings and perform the work necessary to complete the work. Such work will be completed pursuant to applicable laws and policies. Provide copies of contracts, drawings, certified payroll records included applicable Intent(s) to Pay Prevailing Wages and Affidavit(s) of Wages Paid to Cascadia on request.

• Complete monthly progress reports and provide them to Cascadia so that they can report to the funding entity. Monthly reports will include project status, accomplishments for the month, and schedule of future meetings and work on the project.

• Provide Cascadia with well specifications, surface water diversion design specifications, and pump and equipment information.

• Provide Cascadia the well construction, surface water diversion construction, and pump, piping and delivery system installation schedule and amendments as needed.

b. The PUD will bill Cascadia no more often than monthly for services described above with net payment due ninety (90) days from the date the invoice is received by Cascadia. The billings by the PUD will include the amount of all PUD costs for contractors, consultants, materials and internal staff time to accomplish work associated with the project. Cascadia will calculate the reimbursable amount of the invoice and provide, with each payment, a budget report showing the amounts allocated to PUD match, grant Sponsor (Cascadia) costs, and grant funds payable to the PUD, as well as grant funds remaining.

c. For Phase II, the PUD’s non-reimbursable contribution costs related to the project will be provided in the amount of at least $36,000, and may include not more than $28,000 in administrative, architectural or engineering costs. The total administrative, architectural, or engineering costs that may be submitted by the PUD, whether for reimbursement or for matching contributions, may not exceed 30% of the construction-related costs, or $33,384, whichever is less. Water rights research, documentation, change applications and legal costs are not eligible for grant reimbursement and may not be used as match.

d. The PUD’s reimbursable costs for the project are budgeted at a maximum of $182,000. Cascadia will review the budget periodically and may, at its discretion, make additional reimbursement funds available as grant funds allow.

e. If the grant funding is not sufficient to complete the project, the PUD will consider the benefits of completing the project and paying additional sums as necessary. Cascadia will consider jointly seeking additional funds, but will not be responsible for project costs beyond those available through the Salmon Recovery Funding Board grant secured for this purpose.

IV. TERM

This amended Agreement shall be effective from the original date of execution and shall remain in full force and effect until the Project is completed or until this Agreement is terminated by mutual agreement of the Parties. Payments and indemnity/waivers of claims provisions shall remain effective after termination of the Agreement. The Parties further agree that project costs incurred by either Party on or after December 6, 2012, which is the effective date of the associated Salmon Recovery Funding Board grant, are eligible expenses for documentation as matching or reimbursable costs.
V. OTHER TERMS

The terms and conditions of the original Agreement shall apply in full force and effect unless expressly modified by this Amendment.

VI. FILING

The administrators shall, in compliance with RCW 39.34, upon execution of the Agreement, post an electronic copy of the Agreement on Cascadia and the PUD’s Websites at the following addresses:

Cascadia: http://www.cascadiacd.org
PUD: http://www.chelanpud.org/interlocal-agreements.html

IN WITNESS WHEREOF, each part to this Agreement has caused it to be executed on the date indicated below.

CASCADIA CONSERVATION DISTRICT

By: [Signature]
Title: Chair, board of supervisors
Date: 6/13/2013

PUBLIC UTILITY DISTRICT NO. 1
OF CHELAN COUNTY, WASHINGTON

By: [Signature]
Title: General Manager
Date: 8-1-13
INTERLOCAL COOPERATION AGREEMENT

This Agreement is made by and between Cascadia Conservation District, a quasi-municipal corporation under the laws of the State of Washington, ("Cascadia") and Public Utility District No. 1 of Chelan County, a municipal corporation under the laws of the State of Washington ("PUD"), collectively referred to as "Parties".

Recitals:

The Parties are authorized pursuant to RCW Chapter 39.34 to enter into Cooperative Agreements.

Cascadia has been duly created pursuant to Chapter 89.08 RCW for the purposes set forth therein.

The PUD is a public utility district created pursuant to Title 54 RCW.

PUD currently owns and operates a surface water irrigation system (PUD irrigation system) which delivers water through a pipeline delivery system from the Entiat River. The PUD’s involvement in this irrigation system stems from 1909 agreements to provide water via this irrigation system to particular landowners. The PUD has been working with the landowners served by this irrigation system to provide wells to the landowners. The PUD wants to stop delivering water from the Entiat River through the irrigation system.

The project described in this agreement would allow the PUD to stop delivering water to the landowners using the irrigation system. The PUD and its customers would benefit from this due to the fact that the irrigation system will require extensive modifications as well as ongoing maintenance and repairs. The PUD would also benefit from a release from the landowners of any obligations under the 1909 agreements. The landowners would benefit from a cleaner, more reliable source of water through wells. The public would benefit due to the fact that less water would be removed from the Entiat River for irrigation.

Cascadia wishes to cooperate with the PUD to manage and implement the project described in this agreement for the purpose of eliminating the need for the piped portion of the canal as a surface water irrigation source and subsequently dedicating said surface water to Washington State’s Trust Water Program to improve instream flows in the Entiat River. Cascadia has applied for and received commitments of grants from the Rock Island Habitat Conservation Plan (RI HCP) Tributary Committee and the Salmon Recovery Funding Board for the project as described below. These grants will provide partial funding for the project.

Cascadia is defined as including any employee, contractor or agent of Cascadia Conservation District of Chelan County, Washington.

PUD is defined as including any employee, contractor or agent of Public Utility District No. 1 of Chelan County, Washington.

NOW THEREFORE; in consideration of the mutual promises and covenant contained herein, the parties agree as follows:
I. DESCRIPTION OF PROJECT

The Project will consist of replacing the PUD’s irrigation system with groundwater wells as appropriate to serve the current canal irrigation system users. The wells would be located on individual landowner’s property and would be owned by the respective landowner. This replacement will create an estimated water savings of 2.7-3.3 cfs between River Mile 0.45 and 1.7 and improve lower Entiat River instream flow conditions. Additionally, off-channel habitat benefiting adult and juvenile steelhead will be improved throughout the year by reducing the flows in the canal diversion by approximately 8-9 cfs, resulting in an estimated savings of 8-9 cfs in the mainstem of the 0.15 miles between the canal diversion and outfall.

II. RESPONSIBILITIES OF CASCADEIA

a. Cascadia has obtained grant funding from the RI HCP Tributary Committee in the amount of $99,360.00 for this Project. Cascadia shall comply with contract requirements as set forth in the Salmon Project Agreement and Sponsor/HCP Tributary Committee Agreement to obtain the grant funding committed for this Project.

b. Cascadia has obtained grant funding from the Salmon Recovery Funding Board in the amount of $283,824.00 for this Project. Cascadia shall be responsible for all necessary reporting to the Salmon Recovery Funding Board in order to account for and receive the grant funding committed for this Project.

c. Cascadia shall seek reimbursement for services in the following order: 1) Rock Island Tributary Committee and 2) Salmon Recovery Funding Board. If the funding provided by those two sources are inadequate to fund the system, the PUD has committed to expend up to $248,400 of its own funds for the Project. If additional funds beyond these stated sources are needed to complete the Project, Cascadia and the PUD will work together to seek funding from other sources.

d. Cascadia shall make payments to the PUD based upon invoices provided by the PUD pursuant to requirement of the RI HCP Tributary Committee or Salmon Recovery Funding Board. The payments to the PUD will include reimbursement for contractors, consultants and internal staff time as invoiced and documented by the PUD. Cascadia shall request from the PUD any additional documentation necessary to comply with the grant requirements.

III. OBLIGATIONS OF PUD

a. The PUD will conduct project management that will include the following:

- Overall project management, including working with landowners to obtain consent to proceed and waiver of any rights the landowners may have under the 1909 agreements. This will include professional assistance with regard to water rights and preparation of legal documents.
- Conduct research and records review regarding historical and current water use, and will complete the water right change application.
- Complete all necessary permitting and Section 106 consultation and provide copies to Cascadia Conservation District
- Provide geologic study and system design including, but not limited to, geological reports, well size and location, well construction, pumping equipment selection, and piping design and shall complete the work or contract for the work necessary to complete the project.
- Develop contract documents and drawings and perform the work necessary to complete the work necessary and such work will be completed pursuant to applicable laws and policies.
- Complete monthly progress reports and provide them to Cascadia so that they can report to the funding entities. Monthly reports will include project status, accomplishments for the month and schedule of future meetings on the project.
- Provide Cascadia Conservation District with draft well specifications, final well specifications and equipment information.
- Provide Cascadia Conservation District the well construction schedule and amendments as needed.

a. PUD will bill Cascadia no more often than a monthly basis for services described above with net payment due sixty (60) days from the date the invoice is received by Cascadia. The billings by the PUD will include the amount to reimburse the PUD for all costs of contractors, consultants and internal staff time to accomplish associated with the Project. The PUD shall provide Cascadia with documentation to support billing so that Cascadia can comply with the grant requirements. If additional documentation is required, Cascadia will request the necessary information from the District.

b. If the Salmon Recovery Funding Board or Tributary grant funding is inadequate to complete the Project, the PUD agrees to provide services, materials, contracts, and administration costs in an amount not to exceed $248,400 and will track all costs associated with those services.

c. PUD and Cascadia agree to jointly seek additional funding for any costs for the Project which exceeds the grant funding (and does not include direct payment to landlords) and the PUD's $248,400 commitment of funds. If funding is unavailable, the PUD will consider the benefits of completing the Project paying additional sums as necessary.

IV. TERM

This Agreement shall be effective from the date of execution and shall remain in full force and effect until the Project is completed or until this Agreement is terminated by mutual agreement of the Parties. Payments and indemnity/waivers of claims provisions shall remain effective after termination of the Agreement.

V. PROJECT COMPLETION and UNCERTAINTY

PUD makes no warranties or guarantees that the Project will be completed as anticipated due to the uncertainties related to landowner agreements, permits, productivity of the test wells and other unknown or known contingencies. The Parties agree to move forward on this Project in light of those contingencies. Cascadia agrees it will not seek reimbursement from the PUD for any monies paid pursuant to this Agreement regardless of the progress or ultimate completion of the Project.

VI. INDEMNITY and WAIVER OF CLAIMS

Cascadia and the PUD shall hold each other harmless and indemnify the other for any claims by any party (except as specifically provided otherwise below) resulting from the action of the indemnifying party, including, but not limited to, enforcement actions, fines, penalties, property damage, loss of fish, cost, charge or expense, whether direct or indirect.
Cascadia and PUD agree to hold each other harmless for injuries suffered by their own employees or contractors/subcontractors. This indemnity obligation specifically includes liability or alleged liability that may arise from injury or loss suffered by an employee of either party regardless of any immunity provided by the Washington Industrial Insurance Act, RCW Title 51, or any other applicable law.

The terms of this section, specifically including the waiver of immunity, shall be deemed mutually negotiated to the fullest extent allowed by the laws of Washington.

VII. ADMINISTRATION OF AGREEMENT

This Agreement shall be administered by a representative of Cascadia and a representative of the PUD. Absent written notice by one party to the other, the administrators shall be:

Chelan County PUD
Attn: Gary Rice
327 N. Wenatchee Avenue
Wenatchee, WA 98801
Phone: (509) 663-8121

Cascadia Conservation District
Attn: Mike Rickel or Peggy Entzel
301 Yakima Street, Room 307
Wenatchee, WA 98801
Phone: (509) 664-0266

VIII. EFFECT OF OTHER AGREEMENTS

This Agreement shall not change or affect the responsibilities and obligations of the PUD under its Rocky Reach and Rock Island Habitat Conservation Plans.

IX. JURISDICTION AND ATTORNEY FEES

This Agreement is made, executed under and is to be governed by, construed and enforced in accordance with the laws of the State of Washington and venue for any lawsuit shall be in the Chelan County Superior court. The substantially prevailing party in any legal action herein shall be entitled to reasonable attorney fees and all reasonable costs.

X. GENERAL PROVISIONS

Any modification of this Agreement or additional obligations assumed by either party in connection with this Agreement shall be binding only if evidenced in writing signed by each party or any authorized representative of each party. This Agreement constitutes the entire agreement between the parties, and any prior understanding or representation of any kind preceding the date of this Agreement shall not be binding on either party except to the extent incorporated in this Agreement.

XI. AUTHORITY

Each person signing this Agreement has the full authority of the entities on behalf of which they are signing to execute this Agreement and to bind those entities to the terms of this Agreement.

XII. RELATIONSHIP OF THE PARTIES

No agent, employee or representative of Cascadia shall be deemed to be an agent, employee, or representative of the PUD for any purpose, and the employees of Cascadia are not entitled to any of benefits the PUD provides to PUD employees. No agent, employee or representative for the PUD shall be
XIII. FILING

The administrators shall, in compliance with RCW 39.34, upon execution of this Agreement, post an electronic copy of the Agreement on Cascadia and the PUD's Websites at the following addresses:
Cascadia: http://www.cascadiaacd.org
And PUD: http://www.chelanpud.org/interlocal-agreements.html

IN WITNESS WHEREOF, each party to this Agreement has caused it to be executed on the date indicated below.

CASCADIA CONSERVATION DISTRICT

By: [Signature]

Title: [Title]

Date: 4/19/09

PUBLIC UTILITY DISTRICT NO. 1
OF CHELAN COUNTY, WASHINGTON

By: [Signature]

Title: General Manager

Date: 4/29/09