cc Craig, Pete, Bill B, Finance

Received
By
SEP 10 2008
City of Sequim
Sequim, WA

STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY
PO Box 47600 • Olympia, WA 98504-7600 • 360-407-6000
711 for Washington Relay Service • Persons with a speech disability can call 877-833-6341

September 9, 2008

Mr. William C. Bullock
Interim Director of Public Works
City of Sequim
152 W. Cedar Street
Sequim, WA 98382

Re: **City of Sequim Water Reclamation Facility and Distribution Expansion**
2008 Reclaimed Water Grants Program
Grant No. G0800564

Dear Mr. Bullock:

I am pleased to inform you that the reclaimed water grant agreement for the City of Sequim Water Reclamation Facility and Distribution Expansion project has been signed. A signed original of the agreement is enclosed for your project files and future reference.

The grant provides $827,453 toward the project. We appreciate this opportunity to assist you with financial and technical assistance. Ecology's Water Quality Program staff in Lacey is available to assist you with your project.

If you have any questions or need more information, please call Dave Dougherty, Ecology's project manager, at 360-407-6278; Greg Zentner, Ecology's project engineer, at 360-407-6368; or Melanie Tyler, Ecology's financial manager, at 360-407-7489.

Sincerely,

Kelly Susewind, P.E., P.G
Interim Water Quality Program Manager

KS:MT:mb

Enclosure

cc: Dave Dougherty, Ecology
Greg Zentner, Ecology
Melanie Tyler, Ecology

RECLAIMED WATER GRANTS PROGRAM
GRANT AGREEMENT
BETWEEN THE
STATE OF WASHINGTON DEPARTMENT OF ECOLOGY
AND
THE CITY OF SEQUIM

THIS is a binding agreement entered into, by, and between the state of Washington Department of Ecology [the DEPARTMENT] and the City of Sequim [the RECIPIENT]. The purpose of this agreement is to provide funds to the RECIPIENT to carry out the requirements described herein.

PART I. GENERAL INFORMATION

Project Title:	**City of Sequim Water Reclamation Facility and Distribution Expansion**
Grant Number:	**G0800564**
RECIPIENT Name:	**City of Sequim**
Mailing Address:	**152 W. Cedar Street Sequim, WA 98382**
Street Address:	**615 N. Fifth Avenue**
RECIPIENT Contact:	**William C. Bullock**
Telephone Number:	**(360) 683-4908**
Fax Number:	**(360) 681-0552**
E-Mail Address:	**wbullock@ci.sequim.wa.us**
RECIPIENT Federal ID Number:	**91-6001502**
DEPARTMENT Project Manager:	**Dave Dougherty, P.E.**
Mailing Address:	**Washington State Department of Ecology Southwest Regional Office P.O. Box 47775 Olympia, WA 98504-7775**
Telephone Number:	**(360) 407-6278**
Fax Number:	**(360) 407-6305**
E-Mail Address:	**ddou461@ecy.wa.gov**
DEPARTMENT Financial Manager:	**Melanie Tyler**
Mailing Address:	**Water Quality Program Washington State Department of Ecology P.O. Box 47600**

	Olympia, WA 98504-7600
Telephone Number:	**(360) 407-7489**
Fax Number:	**(360) 407-7151**
E-Mail Address:	**mety461@ecy.wa.gov**
DEPARTMENT Project Engineer:	**Greg Zentner, P.E.**
Mailing Address:	**Washington State Department of Ecology** **Southwest Regional Office** **P.O. Box 47775** **Olympia, WA 98504-7775**
Telephone Number:	**(360) 407-6368**
E-Mail Address:	**gzen461@ecy.wa.gov**
Fax Number:	**(360) 407-6305**
DEPARTMENT Funding Source:	**Reclaimed Water Grants Program** **2007-09 Biennial Capital Budget**
Total Cost:	**$1,103,270**
Total Eligible Cost:	**$1,103,270**
Total [Maximum or Grant Eligible Cost]:	**$1,103,270**
DEPARTMENT Share:	**$ 827,453**
RECIPIENT Share:	**$ 275,817**
DEPARTMENT Maximum Percentage:	**75 percent**

The effective date of this grant agreement will be the date this agreement is signed by the DEPARTMENT's Water Quality Program Manager. Any work performed prior to the effective date of this agreement, without written Prior Authorization of the DEPARTMENT, will be at the sole expense and risk of the RECIPIENT.

This agreement will expire no later than **June 30, 2011.**

PART II. GOALS, OUTCOMES AND POST PROJECT ASSESSMENT

A. Water Quality Goals:

1. To design for the provision of additional irrigation and stream flows to assist in the reduction of withdrawals from the Dungeness River.

2. To design for beneficial use of reuse water to address the water short Dungeness watershed by providing additional reclaimed water to replace other water sources.

B. Water Quality Project Outcomes:

1. Complete expansion of reclaimed water facility and distribution system.

2. Increase production capacity of Class A reclaimed water to achieve 100 percent beneficial use of Class A water with each expansion of the Reclaimed and Reuse Facility.

C. Post Project Assessment. The RECIPIENT agrees to submit a brief survey regarding the key project results or water quality project outcomes and status of eventual environmental results or goals from the application.

The DEPARTMENT's Performance Measures Lead will make an effort to e-mail the RECIPIENT the Post Project Assessment Survey approximately 60 days prior to the Post Project Assessment Date. This date will generally be three to five years after the agreement expires. This survey is to be completed by the RECIPIENT and sent as an e-mail attachment to the DEPARTMENT's Project Manager and the DEPARTMENT's Water Quality Program Performance Measures Lead.

The DEPARTMENT may conduct additional on-site interviews and inspections to gather information for this assessment. The DEPARTMENT will provide the performance measures data the Legislature, Environmental Protection Agency, and other natural resource agencies.

Post Project Assessment Date: June 30, 2014.

PART III. PROJECT DESCRIPTION

The City of Sequim Water Reclamation Facility (WRF) currently releases reuse water to an existing outfall in the Strait of Juan de Fuca near Sequim Bay, directly into Bell Creek and to areas within the city limits of Sequim for beneficial uses such as irrigation and recreational use. As Clallam County and the associated demand on fresh water resources grow, it is imperative to continue to provide a high level of reclaimed water production to protect the ecosystem health of the Dungeness River Watershed.

The portion of the project funded by this grant includes hydrogeological studies, pilot testing, and the design of the WRF and distribution system expansion. For this project, the RECIPIENT will design an expansion of reclaimed water service into the eastern Dungeness watershed (Sequim/Dungeness Valley) and diversify and increase use throughout the year. The Water Reclamation Facility (WRF) Expansion will more than double the volume and improve the reliability of the RECIPIENT's reclaimed water production for beneficial use in the water-short Dungeness watershed, including flow augmentation in small streams, substitution of Dungeness River irrigation diversions, recharge to the shallow aquifer system, and recreational uses.

PART IV. PROJECT BUDGET

City of Sequim Water Reclamation Facility and Distribution Expansion		
ELEMENTS (Tasks)	**TOTAL ELIGIBLE PROJECT COST**	**TOTAL ELIGIBLE COST (TEC)**
Task 1 – Project Administration/Management	$3,270	$3,270
Task 2 – Design of Reuse Site Improvements and Distribution System Extension	$1,100,000	$1,100,000
Total	$1,103,270	$1,103,270
The DEPARTMENT's Fiscal Office will track to the Total Eligible Cost.		
MATCHING REQUIREMENTS		
DEPARTMENT Share: 75% of TEC		$827,453
RECIPIENT Share: 25% of TEC		$275,817

PART V. SCOPE OF WORK

Task 1 - Project Administration/Management

A. The RECIPIENT will administer the project. Responsibilities will include, but not be limited to: maintenance of project records; submittal of payment vouchers, fiscal forms, and progress reports; compliance with applicable procurement, contracting, and interlocal agreement requirements; attainment of all required permits, licenses, easements, or property rights necessary for the project; and submittal of required performance items.

B. The RECIPIENT will manage the project. Efforts will include conducting, coordinating, and scheduling project activities and assuring quality control. Every effort will be made to maintain effective communication with the RECIPIENT's designees, the DEPARTMENT, all affected local, state, or federal jurisdictions, and any interested individuals or groups. The RECIPIENT will carry out this project in accordance with any completion dates outlined in this agreement.

C. The RECIPIENT will submit to the DEPARTMENT the following documents in the quantities identified:

- Design reports and 90 percent plans and specifications – one copy

- Final plans and specifications - two copies

The RECIPIENT will submit two copies of any document(s) which require DEPARTMENT approval. Once approval is given, one copy will be returned to the RECIPIENT. If the RECIPIENT needs more than one approved copy, the number of submittals should be adjusted accordingly.

D. Required Performance:

1. Effective administration and management of this grant project
3. Maintenance of all project records
4. Submittal of all required performance items, progress reports, financial vouchers, and maintenance of all project records

Task 2 – Design of Reuse Site Improvements and Distribution System Extension

A. Engineering and Design of Reuse Sites and Distribution System

The RECIPIENT will determine the specific demands for reclaimed water throughout the year for the Water Users Association (irrigation), and the potential infiltration sites selected by the Technical Advisory Group (TAG) (aquifer recharge) in the eastern Dungeness watershed (Sequim/Dungeness Valley). Additional sites will be investigated as they arise. The design will evaluate the impacts on habitat enhancement and mitigating irrigation withdrawals from the Dungeness River. Design will be prepared in accordance with the Criteria for Sewage Works Design, the Water Reclamation and Reuse Standards, and Chapter 173-240-060 Washington Administrative Code (Submission of Plans and Reports for Construction of Wastewater Facilities). The design will remain consistent with the approved Class A Reclaimed Water 100 Percent Upland Reuse Plan (Gray & Osborne, Inc., 1998).

B. Hydrogeological Studies and Pilot Test

An initial hydrogeologic screening has been conducted to select sites for a pilot infiltration test. The TAG has selected three potential sites in the Sequim/Dungeness Valley to pursue pilot testing as a result of the initial screening. The initial screening clearly outlines the additional tasks that will be necessary to perform a pilot infiltration test.

C. Permitting

1. Permits from the following agencies may be required:

- United States Army Corps of Engineers, if any wetlands are impacted
- Washington State Department of Transportation, for pipeline construction
- Department of Ecology, temporary construction stormwater permit
- City of Sequim/Clallam County, a conditional use permit

2. The pilot study may require additional permitting as indicated in the Technical Memorandum regarding the Hydrogeologic Screening (August 2007).
3. SEPA will be required.
4. NEPA will be required if there is a federal nexus.

Although work involved in acquiring permits is eligible for reimbursement under this grant, the actual permit fees are not eligible.

D. Easement Acquisition

The RECIPIENT will acquire the necessary agreements to extend the reuse pipeline. The RECIPIENT may need to acquire additional easements depending on the final project selection.

E. Groundwater Monitoring Program

The design will incorporate groundwater protection criteria. A monitoring program will be established for the infiltration sites in accordance with Section 3 Article 5 Section 9 of the Water Reclamation and Reuse Standards. Groundwater monitoring wells need to be installed and a sampling program is required.

F. Public Outreach Program

The RECIPIENT will continue to collaborate with Clallam County to provide public education and public outreach on the importance of reclaimed water in the water-short area. The RECIPIENT realizes that public support is directly related to the success of the project.

G. Plans and specifications must be reviewed and approved by the Department of Health and the DEPARTMENT's Water Quality Program and be consistent with:

1. Requirements stated in Chapter 173-240 WAC, Submission of Plans and Reports for Construction of Wastewater Facilities related to plans and specifications.
2. Requirements stated in Chapter 246-271 WAC, Public Sewage.
3. Water Reclamation and Reuse Standards, September 1997 (DEPARTMENT Publication #97-23).
4. Good engineering practices and generally recognized engineering standards, including, but not limited to, the Criteria for Sewage Works Design, December 1998 (DEPARTMENT Publication No. 98-37 WQ).
5. The approved engineering report or facilities plan.
6. Other reports approved by the DEPARTMENT which pertain to the facilities design.

H. A preliminary plan of operation will be prepared consistent with the DEPARTMENT's guidelines and submitted to the DEPARTMENT for review and approval with the plans and specifications.

I. The plans, specifications, construction contract documents, and addenda must be approved by the RECIPIENT prior to submittal for DEPARTMENT review.

J. An engineer's projected construction schedule will be prepared and submitted to the DEPARTMENT at 90 percent completion of plans and specifications.

K. A current, updated construction cost estimate will be submitted along with each plans/specifications submittal.

L. All construction plans submitted to the DEPARTMENT for review and approval will be reduced to no larger than 11-1/2" x 17" in size. They may, at the RECIPIENT's option, be bound with the specifications or related construction contract documents or bound as a separate document. All reduced drawings must be completely legible.

M. DEPARTMENT approval of the plans, specifications, and construction documents authorizes the RECIPIENT to solicit bids and award the construction contract (or reject bids) without further DEPARTMENT authorization or approval. However, any additional costs resulting from successful bid protests or other claims due to improper bid solicitation and award procedures will not be considered eligible for grant participation.

Required Performance:

1. Agreements for use of reclaimed water, anticipated by May 2009.
2. Completion of design, plans, and specifications for extension of purple pipe system, anticipated by May 2009.
3. The RECIPIENT and Clallam County (TAG) will facilitate a Public Outreach and Education Program, anticipated by July 2008.

PART VI. SPECIAL TERMS AND CONDITIONS

A. Cash Match Requirement. The RECIPIENT share for this project must be entirely in the form of cash expenditures or interlocal contributions. In-kind contributions cannot be used to satisfy RECIPIENT grant matching requirements.

B. Commencement of Work. In accordance with WAC 173-95A-080, the DEPARTMENT reserves the right to terminate this agreement if the RECIPIENT does not commence work on the project funded herein within 10 months of the date of the FY08 Final Offer and Applicant List (dated January 31, 2008). Based on this list date, work must begin by November 30, 2008.

C. DEPARTMENT Funding Recognition. The RECIPIENT will acknowledge and inform the public about DEPARTMENT funding participation in this project through the use of project signs and/or acknowledgement in published materials and reports, the news media, or other public announcements. Projects addressing site-specific locations must utilize appropriately sized and weather-resistant signs. Sign logos are available from the DEPARTMENT's Financial Manager upon request.

D. Education and Outreach. The RECIPIENT will provide the DEPARTMENT up to two copies and an electronic copy either on floppy disks or CD-ROM of any tangible educational products developed under this grant, such as brochures, manuals, pamphlets, videos, audio tapes, CDs, curriculum, posters, media announcements or gadgets, such as

a refrigerator magnet with a message. If this is not practical, the RECIPIENT will provide a complete description including photographs or printouts of the product.

The RECIPIENT will also supply the DEPARTMENT with the names and contact information of local project leads.

If there are a significant number of people in the community that speak languages other than English, the RECIPIENT will produce all pamphlets, fliers, meeting notices, reports, and other educational and public outreach materials in English and in the other prevalent language.

E. Increased Oversight. The RECIPIENT has been selected for increased oversight. The RECIPIENT will provide payment request backup documentation pertaining to this project unless otherwise specified by the DEPARTMENT. In addition, the DEPARTMENT may conduct additional site visits.

F. Indirect Rate. The RECIPIENT may charge an indirect rate of up to 25 percent based on RECIPIENT employees' direct salary and benefit costs incurred while conducting project-related work. The DEPARTMENT's Financial Manager may require a list of items included in the indirect rate at any time.

G. Interlocal Costs. The RECIPIENT certifies by signing this agreement that all negotiated interlocal agreements are consistent with all of the following:

- Terms of this grant agreement
- The edition of "Administrative Requirements for Ecology Grants and Loans" that is effective at the signing of this agreement
- Chapter 39.34 RCW Interlocal Cooperation Act

H. Meetings/Light Refreshments. The RECIPIENT may spend up to $50 per meeting for light refreshments associated with this project. The total amount spent for light refreshments under this agreement cannot exceed $300.

I. Minority and Women's Business Participation. The RECIPIENT agrees to solicit and recruit, to the extent possible, certified minority-owned (MBE) and women-owned (WBE) businesses in purchases and contracts initiated after the effective date of this agreement.

Contract awards or rejections cannot be made based on MBE or WBE participation. M/WBE participation is encouraged, however, and the RECIPIENT and all prospective bidders or persons submitting qualifications should take the following steps, when possible, in any procurement initiated after the effective date of this agreement:

1. Include qualified minority and women's businesses on solicitation lists.
2. Assure that qualified minority and women's businesses are solicited whenever they are potential sources of services or supplies.

3. Divide the total requirements, when economically feasible, into smaller tasks or quantities, to permit maximum participation by qualified minority and women's businesses.
4. Establish delivery schedules, where work requirements permit, which will encourage participation of qualified minority and women's businesses.
5. Use the services and assistance of the State Office of Minority and Women's Business Enterprises (OMWBE) and the Office of Minority Business Enterprises of the U.S. Department of Commerce, as appropriate.

The RECIPIENT will report to the DEPARTMENT at the time of submitting each invoice, on forms provided by the DEPARTMENT, payments made to qualified firms. Please include the following information:

1. Name and state OMWBE certification number (if available) of any qualified firm receiving funds under the invoice, including any sub-and/or sub-subcontractors.
2. The total dollar amount paid to qualified firms under this invoice.

J. Payment Request Submittals.

Frequency. The RECIPIENT must submit payment requests at least quarterly but no more often than monthly, unless allowed by the DEPARTMENT's Financial Manager. The DEPARTMENT's Financial Manager may require the RECIPIENT to submit regular payment requests to ensure efficient and timely use of funds.

Supporting Documentation. The RECIPIENT will submit all payment request vouchers and supportive documentation to the DEPARTMENT's Financial Manager. Payment request voucher submittals are based on match requirements found in the budget.

Required Forms:	**Where Applicable**:
Form A19-1A (original signature)	Form E (ECY 060-12)
Form B2 (ECY 060-3)	Form F (ECY 060-13)
Form C2 (ECY 060-8)	Form H (F-21)
Form D (ECY 060-11)	Form I (ECY 060-15)

Reporting eligible costs. The RECIPIENT will report all eligible costs incurred on the project, regardless of the source of funding for those costs. This includes costs used as match. All eligible and ineligible project costs must be separate and identifiable. Reimbursements. Payments will be made on a cost-reimbursable basis.

K. Procurement. The RECIPIENT may elect to use its own forces or may contract for professional services necessary to perform and complete project related work. The RECIPIENT will ensure that this project is completed according to the details of this agreement. By signing this agreement, the RECIPIENT certifies that all applicable requirements have been satisfied in the procurement of any professional services.

The RECIPIENT certifies by signing this agreement that all requirements of Chapter 39.80 RCW Contracts for Architectural and Engineering Services have been met in selecting qualified architectural/engineering services. The RECIPIENT will also identify and separate eligible and ineligible project costs in the final negotiated agreement and will submit a copy of this agreement to the DEPARTMENT's Financial Manager.

L. Progress Reports. The RECIPIENT will submit quarterly Progress Reports to the DEPARTMENT's Financial Manager. Progress reports will be submitted regardless of whether work is performed or not. Payment requests will not be processed without a Progress Report.

Reporting Periods.

- January 1 through March 31
- April 1 through June 30
- July 1 through September 30
- October 1 through December 31

Reporting Due Date. Quarterly Progress Reports are due 15 days following the end of the quarter.

Report Content. At a minimum, all Progress Reports must contain a comparison of actual accomplishments to the objectives established for the period, the reasons for delay if established objectives were not met, analysis and explanation of any cost overruns, and any additional pertinent information specified in this agreement.

PART VII. ALL WRITINGS CONTAINED HEREIN

This agreement, the appended GENERAL TERMS AND CONDITIONS (Attachment 1); the DEPARTMENT's current edition of Administrative Requirements for Ecology Grants and Loans), the Reclaimed Water Grants Program FY 2008 Funding Guidelines *(referenced in Attachment 2)* contain the entire understanding between the parties, and there are no other understandings or representations other than as set forth, or incorporated by reference, herein. No subsequent modification(s) or amendment(s) of this agreement will be of any force or effect unless signed by authorized representatives of the RECIPIENT and DEPARTMENT and made a part of this agreement, EXCEPT that in response to a request from the RECIPIENT, the DEPARTMENT may redistribute the grant budget. The DEPARTMENT or RECIPIENT may change their respective staff contacts without the concurrence of either party.

IN WITNESS WHEREOF, the parties hereby execute this Grant:

STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY

KELLY SUSEWIND, P.E., P.G. DATE
INTERIM WATER QUALITY PROGRAM MANAGER

CITY OF SEQUIM

9/3/08

WILLIAM C. BULLOCK, P.E. DATE
INTERIM PUBLIC WORKS DIRECTOR

APPROVED AS TO FORM ONLY
ASSISTANT ATTORNEY GENERAL

(Revised 5/23/08)

ATTACHMENT 1

GENERAL TERMS AND CONDITIONS
Pertaining to Grant and Loan Agreements of the Department of Ecology

A. RECIPIENT PERFORMANCE

All activities for which grant/loan funds are to be used shall be accomplished by the RECIPIENT and RECIPIENT's employees. The RECIPIENT shall only use contractor/consultant assistance if that has been included in the agreement's final scope of work and budget.

B. SUBGRANTEE/CONTRACTOR COMPLIANCE

The RECIPIENT must ensure that all subgrantees and contractors comply with the terms and conditions of this agreement.

C. THIRD PARTY BENEFICIARY

The RECIPIENT shall ensure that in all subcontracts entered into by the RECIPIENT pursuant to this agreement, the state of Washington is named as an express third-party beneficiary of such subcontracts with full rights as such.

D. CONTRACTING FOR SERVICES (BIDDING)

Contracts for construction, purchase of equipment and professional architectural and engineering services shall be awarded through a competitive process, if required by State law. RECIPIENT shall retain copies of all bids received and contracts awarded, for inspection and use by the DEPARTMENT.

E. ASSIGNMENTS

No right or claim of the RECIPIENT arising under this agreement shall be transferred or assigned by the RECIPIENT.

F. COMPLIANCE WITH ALL LAWS

1. The RECIPIENT shall comply fully with all applicable Federal, State and local laws, orders, regulations and permits.

Prior to commencement of any construction, the RECIPIENT shall secure the necessary approvals and permits required by authorities having jurisdiction over the project, provide assurance to the DEPARTMENT that all approvals and permits have been secured, and make copies available to the DEPARTMENT upon request.

2. Discrimination. The DEPARTMENT and the RECIPIENT agree to be bound by all Federal and State laws, regulations, and policies against discrimination. The RECIPIENT further agrees to affirmatively support the program of the Office of Minority and Women's Business Enterprises to the maximum extent possible. If the agreement is federally-funded, the RECIPIENT shall report to the DEPARTMENT the percent of grant/loan funds available to women or minority owned businesses.

3. Wages And Job Safety. The RECIPIENT agrees to comply with all applicable laws, regulations, and policies of the United States and the State of Washington which affect wages and job safety.

4. Industrial Insurance. The RECIPIENT certifies full compliance with all applicable state industrial insurance requirements. If the RECIPIENT fails to comply with such laws, the DEPARTMENT shall have the right to immediately terminate this agreement for cause as provided in Section K.1, herein.

G. KICKBACKS

The RECIPIENT is prohibited from inducing by any means any person employed or otherwise involved in this project to give up any part of the compensation to which he/she is otherwise entitled or, receive any fee, commission or gift in return for award of a subcontract hereunder.

H. AUDITS AND INSPECTIONS

1. The RECIPIENT shall maintain complete program and financial records relating to this agreement. Such records shall clearly indicate total receipts and expenditures by fund source and task or object.

All grant/loan records shall be kept in a manner which provides an audit trail for all expenditures. All records shall be kept in a common file to facilitate audits and inspections.

reasonable and approved according to this agreement and, as appropriate, upon completion of an audit as specified under section J.6. herein.

5. Unauthorized Expenditures. All payments to the RECIPIENT may be subject to final audit by the DEPARTMENT and any unauthorized expenditure(s) charged to this grant/loan shall be refunded to the DEPARTMENT by the RECIPIENT.

6. Mileage and Per Diem. If mileage and per diem are paid to the employees of the RECIPIENT or other public entities, it shall not exceed the amount allowed under state law for state employees.

7. Overhead Costs. No reimbursement for overhead costs shall be allowed unless provided for in the Scope of Work hereunder.

K. TERMINATION

1. For Cause. The obligation of the DEPARTMENT to the RECIPIENT is contingent upon satisfactory performance by the RECIPIENT of all of its obligations under this agreement. In the event the RECIPIENT unjustifiably fails, in the opinion of the DEPARTMENT, to perform any obligation required of it by this agreement, the DEPARTMENT may refuse to pay any further funds thereunder and/or terminate this agreement by giving written notice of termination.

A written notice of termination shall be given at least five working days prior to the effective date of termination. In that event, all finished or unfinished documents, data studies, surveys, drawings, maps, models, photographs, and reports or other materials prepared by the RECIPIENT under this agreement, at the option of the DEPARTMENT, shall become Department property and the RECIPIENT shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials.

Despite the above, the RECIPIENT shall not be relieved of any liability to the DEPARTMENT for damages sustained by the DEPARTMENT and/or the State of Washington because of any breach of agreement by the RECIPIENT. The DEPARTMENT may withhold payments for the purpose of setoff until such time as the exact amount of damages due the DEPARTMENT from the RECIPIENT is determined.

2. Insufficient Funds. The obligation of the DEPARTMENT to make payments is contingent on the availability of state and federal funds through legislative appropriation and state allotment. When this agreement crosses over state fiscal years the obligation of the DEPARTMENT is contingent upon the appropriation of funds during the next fiscal year. The failure to appropriate or allot such funds shall be good cause to terminate this agreement as provided in paragraph K.1 above.

When this agreement crosses the RECIPIENT's fiscal year, the obligation of the RECIPIENT to continue or complete the project described herein shall be contingent upon appropriation of funds by the RECIPIENT's governing body; Provided, however, that nothing contained herein shall preclude the DEPARTMENT from demanding repayment of ALL funds paid to the RECIPIENT in accordance with Section O herein.

3. Failure to Commence Work. In the event the RECIPIENT fails to commence work on the project funded herein within four months after the effective date of this agreement, or by any date mutually agreed upon in writing for commencement of work, the DEPARTMENT reserves the right to terminate this agreement.

L. WAIVER

Waiver of any RECIPIENT default is not a waiver of any subsequent default. Waiver of a breach of any provision of this agreement is not a waiver of any subsequent breach and will not be construed as a modification of the terms of this agreement unless stated as such in writing by the authorized representative of the DEPARTMENT.

Interest shall accrue at the rate of twelve percent (12%) per year from the time the DEPARTMENT demands repayment of funds. If payments have been discontinued by the DEPARTMENT due to insufficient funds as in Section K.2 above, the RECIPIENT shall not be obligated to repay monies which had been paid to the RECIPIENT prior to such termination. Any property acquired under this agreement, at the option of the DEPARTMENT, may become the DEPARTMENT'S property and the RECIPIENT'S liability to repay monies shall be reduced by an amount reflecting the fair value of such property.

P. PROJECT APPROVAL

The extent and character of all work and services to be performed under this agreement by the RECIPIENT shall be subject to the review and approval of the DEPARTMENT through the Project Officer or other designated official to whom the RECIPIENT shall report and be responsible. In the event there is a dispute with regard to the extent and character of the work to be done, the determination of the Project Officer or other designated official as to the extent and character of the work to be done shall govern. The RECIPIENT shall have the right to appeal decisions as provided for below.

Q. DISPUTES

Except as otherwise provided in this agreement, any dispute concerning a question of fact arising under this agreement which is not disposed of in writing shall be decided by the Project Officer or other designated official who shall provide a written statement of decision to the RECIPIENT. The decision of the Project Officer or other designated official shall be final and conclusive unless, within thirty days from the date of receipt of such statement, the RECIPIENT mails or otherwise furnishes to the Director of the DEPARTMENT a written appeal.

In connection with appeal of any proceeding under this clause, the RECIPIENT shall have the opportunity to be heard and to offer evidence in support of this appeal. The decision of the Director or duly authorized representative for the determination of such appeals shall be final and conclusive. Appeals from the Director's determination shall be brought in the Superior Court of Thurston County. Review of the decision of the Director will not be sought before either the Pollution Control Hearings Board or the Shoreline Hearings Board. Pending final decision of dispute hereunder, the RECIPIENT shall proceed diligently with the performance of this agreement and in accordance with the decision rendered.

R. CONFLICT OF INTEREST

No officer, member, agent, or employee of either party to this agreement who exercises any function or responsibility in the review, approval, or carrying out of this agreement, shall participate in any decision which affects his/her personal interest or the interest of any corporation, partnership or association in which he/she is, directly or indirectly interested; nor shall he/she have any personal or pecuniary interest, direct or indirect, in this agreement or the proceeds thereof.

S. INDEMNIFICATION

1. The DEPARTMENT shall in no way be held responsible for payment of salaries, consultant's fees, and other costs related to the project described herein, except as provided in the Scope of Work.

2. To the extent that the Constitution and laws of the State of Washington permit, each party shall indemnify and hold the other harmless from and against any liability for any or all injuries to persons or property arising from the negligent act or omission of that party or that party's agents or employees arising out of this agreement.

T. GOVERNING LAW

This agreement shall be governed by the laws of the State of Washington.

U. SEVERABILITY

If any provision of this agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this agreement which can be given effect without the invalid provision, and to this end the provisions of this agreement are declared to be severable.

ATTACHMENT 2

SUPPORTING DOCUMENT REFERENCES

1. Administrative Requirements for Ecology Grants and Loans, Publication No. 91-18 (September 2005).
2. Funding Guidelines, Reclaimed Water Grants Program FY 2008, Publication No. 07-10-060.
3. Guidelines for Preparing Quality Assurance Project Plans for Environmental Studies, Publication No. 04-03-030 (July 2004).
4. Water Reclamation and Reuse Standards, Publication 97-23 (September 1997).
5. Criteria for Sewage Works Design, Publication 98-37 (December 1998).

STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY
PO Box 47600 • Olympia, WA 98504-7600 • 360-407-6000
711 for Washington Relay Service • Persons with a speech disability can call 877-833-6341

September 21, 2012

Mr. Pete Tjemsland, Utilities Manager
City of Sequim
152 West Cedar Street
Sequim, WA 98382

Re: Reclaimed Water Grants Program
Amendment No. 1 to Ecology Grant Agreement No. G0800564

Dear Pete:

Enclosed is one signed original of amendment No. 1 to grant agreement G0800564 between the Department of Ecology and the City of Sequim for the City of Sequim Water Reclamation Facility and Distribution Expansion project. This amendment extends the project and modifies the scope of work.

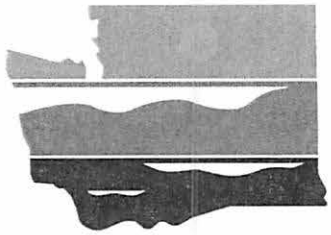
If you have any questions, please call me at (360) 407-7489.

Sincerely,

Melanie Tyler
Grant Financial Manager
Water Quality Program

Enclosures

cc: Greg Zentner, Ecology, SWRO/WQ



DEPARTMENT OF
ECOLOGY
State of Washington

AMENDMENT NO. 1
TO GRANT AGREEMENT NO. G0800564
BETWEEN THE
STATE OF WASHINGTON DEPARTMENT OF ECOLOGY
AND
THE CITY OF SEQUIM

PURPOSE: To amend the above-referenced grant agreement between the Department of Ecology [DEPARTMENT] and the City of Sequim [RECIPIENT] for the City of Sequim Water Reclamation Facility and Distribution Expansion Project. This amendment is needed to extend the expiration date of the agreement and to modify the Scope of Work to incorporate the remaining tasks.

IT IS MUTUALLY AGREED that the grant agreement is amended as follows:

1. The project agree,emt shall be modified as follows:

   a. The following shall be deleted:

   Part II (Goals); Part III (Project Description); Part IV (Project Budget); and Part V (Scope of Work)

   b. The following shall be added:

   Attachment A: Part II (Goals); Part III (Project Description); Part IV (Project Budget); and Part V (Scope of Work)

2. The grant expiration date is extended from June 30, 2011, to June 30, 2013.

FURTHER, this amendment shall be effective upon the effective date of the original agreement, September 8, 2008.

Except as expressly provided by this amendment, all other terms and conditions of the original grant agreement and all amendments thereto remain in full force and effect.

IN WITNESS WHEREOF: the parties have signed this amendment.

STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY

Donald X Susewind 09/19/2012
for KELLY SUSEWIND, P.E., P.G. DATE
WATER QUALITY PROGRAM MANAGER

CITY OF SEQUIM

9-10-12
PAUL HAINES, P.E. DATE
PUBLIC WORKS DIRECTOR

APPROVED AS TO FORM ONLY
ASSISTANT ATTORNEY GENERAL

approved as to form
Sequim City Atty
9/10/2012

ATTACHMENT A
TO
AMENDMENT NO. 1
TO GRANT AGREEMENT NO. G0800564
BETWEEN THE
STATE OF WASHINGTON DEPARTMENT OF ECOLOGY
AND
THE CITY OF SEQUIM

PART II: PROJECT GOALS, OUTCOMES, POST PROJECT ASSESSMENT, MISCELLANEUOS REQUIREMENTS

A. Water Quality Goals:

1. Provide water for existing water supplies in water short areas (application, page 8)

2. Augment stream flows in water short area (application, page 8). The city has also indicated its desire to use reclaimed water as mitigation for future water rights. Ecology has indicated that the city may divert reclaimed water to other uses in the future to meet Goal 1 (letter of June 8, 2009).

B. Water Quality Project Outcomes:

1. Complete hydrogeologic studies, including pilot testing for infiltration of reclaimed water.

2. Develop a *Reclaimed Water Engineering Plan for Aquifer Recharge & Distribution System Expansion.*

3. Complete design and implementation tasks identified in the city's Phase III Scope of Work:

    A. Design Rapid Infiltration Basin (RIB)s
    B. Design, implement, and monitor a Leaky Pipe Pilot Project
    C. Design and construct relocation of the existing reclaimed water pump station to the end of the "flow-through channel at the treatment plant to provide 500,000 gallons of storage.

C. Post Project Assessment. The RECIPIENT agrees to submit a brief survey regarding the key project results or water quality project outcomes and status of eventual environmental results or goals from the application.

The DEPARTMENT's Performance Measures Lead will make an effort to e-mail the RECIPIENT the Post Project Assessment Survey approximately 60 days prior to the Post Project Assessment Date. This date will generally be three to five years after the agreement expires. This survey is to be completed by the RECIPIENT and sent as an e-mail attachment to the DEPARTMENT's Project Manager and the DEPARTMENT's Water Quality Program Performance Measures Lead.

The DEPARTMENT may conduct additional on-site interviews and inspections to gather information for this assessment. The DEPARTMENT will provide the performance measures data the Legislature, Environmental Protection Agency, and other natural resource agencies.

Post Project Assessment Date: June 30, 2014.

PART III: PROJECT DESCRIPTION

The city of Sequim currently uses reclaimed water for dust control, street washing, and irrigation of some portions of the Reuse Demonstration Site next to Carrie Blake Park. The city also provides a small amount of flow to Bell Creek. Primarily the city discharges reclaimed water to an existing outfall in the Strait of Juan de Fuca near Sequim Bay, because Sequim has not developed a distribution system, users, or the ability to recharge groundwater.

The portion of the project funded by this grant includes:

1. Hydrogeologic studies and pilot testing for an infiltration basin. Reclaimed water that the city infiltrates to ground may ultimately augment stream flows. At a future date, the city may divert this water to other uses, or seek to use this water as mitigation for future water rights.

2. Development of a Reclaimed Water Engineering Report. The Report will provide a basis for design of reclaimed water improvements, utilizing information developed during hydrogeologic studies.

3. Design and implementation of various improvements described in Part V, including implementation of a leaky pipe pilot project, design of infiltration basins, and reconfiguration of an existing basin for reclaimed water storage ("flow-through channel") at the treatment plant.

PART IV: PROJECT BUDGET

City of Sequim Reclaimed Water Engineering Report and Project Development		
ELEMENTS (Tasks)	**TOTAL ELIGIBLE PROJECT COST**	**TOTAL ELIGIBLE COST (TEC)**
Task 1 – Project Administration/Management	$3,270	$3,270
Task 2 – Permitting, Plans and Specifications	$0	$0
Task 3 – Design of Reuse Site Improvements and Distribution System Extension		
Task 3A – Public Involvement	$13,100	$13,100
Task 3B – Hydrogeologic Studies, Engineering Report	$555,200	$555,200
Task 3C – Flow-Through Channel Design	$51,300	$51,300
Task 3D –Design of Rapid Infiltration Basin (RIB)	$89,300	$89,300
Task 3E – Leaky Pipe Pilot Project	$15,900	$15,900
Task 3F – Project Administration and Coordination Assistance	$42,400	$42,400
Task 3G – Flow-through Channel (FTC) Reconfiguration	$383,800	$332,800
Total	$1,154,270	$1,103,270
The DEPARTMENT's Fiscal Office will track to the Total Eligible Cost.		
MATCHING REQUIREMENTS		
DEPARTMENT Share: 75% of TEC		$827,453
RECIPIENT Share: 25% of TEC		$275,817

PART V: SCOPE OF WORK

Task 1 - Project Administration/Management

A. The RECIPIENT will administer the project. Responsibilities will include, but not be limited to: maintenance of project records; submittal of payment vouchers, fiscal forms, and progress reports; compliance with applicable procurement, contracting, and interlocal agreement requirements; attainment of all required permits, licenses, easements, or property rights necessary for the project; and submittal of required performance items.

B. The RECIPIENT will manage the project. Efforts will include conducting, coordinating, and scheduling project activities and assuring quality control. Every effort will be made to maintain effective communication with the RECIPIENT's designees, the DEPARTMENT, all affected local, state, or federal jurisdictions, and any interested individuals or groups. The RECIPIENT will carry out this project in accordance with any completion dates outlined in this agreement.

C. The RECIPIENT will submit to the DEPARTMENT the following documents in the quantities identified:

- Design reports and 90 percent plans and specifications – one copy
- Final plans and specifications - two copies

The RECIPIENT will submit two copies of any document(s) which require DEPARTMENT approval. Once approval is given, one copy will be returned to the RECIPIENT. If the RECIPIENT needs more than one approved copy, the number of submittals should be adjusted accordingly.

D. Required Performance:

1. Effective administration and management of this grant project
4. Maintenance of all project records
5. Submittal of all required performance items, progress reports, financial vouchers, and maintenance of all project records

Task 2 – Permitting, Plans and Specifications

A. Groundwater Monitoring Program

A monitoring program will be established for the infiltration sites in accordance with Section 3 Article 5 Section 9 of the Water Reclamation and Reuse Standards. Groundwater monitoring wells need to be installed and a sampling program is required.

B. Public Outreach Program

The RECIPIENT will continue to collaborate with Clallam County to provide public education and public outreach on the importance of reclaimed water in the water-short area. The RECIPIENT realizes that public support is directly related to the success of the project.

C. Plans and specifications must be reviewed and approved by the Department of Health and the DEPARTMENT's Water Quality Program and be consistent with:

1. Requirements stated in Chapter 173-240 WAC, Submission of Plans and Reports for Construction of Wastewater Facilities related to plans and specifications.
2. Requirements stated in Chapter 246-271 WAC, Public Sewage.
3. Water Reclamation and Reuse Standards, September 1997 (DEPARTMENT Publication #97-23).
4. Good engineering practices and generally recognized engineering standards, including, but not limited to, the Criteria for Sewage Works Design, December 1998 (DEPARTMENT Publication No. 98-37 WQ).
5. The approved engineering report or facilities plan.
6. Other reports approved by the DEPARTMENT which pertain to the facilities design.

D. Plans, specifications, construction contract documents, and addenda must be approved by the RECIPIENT prior to submittal for DEPARTMENT review.

E. An engineer's projected construction schedule will be prepared and submitted to the DEPARTMENT at 90 percent completion of plans and specifications.

F. A current, updated construction cost estimate will be submitted along with each plans/specifications submittal.

G. All construction plans submitted to the DEPARTMENT for review and approval will be reduced to no larger than 11" x 17" in size. They may, at the RECIPIENT's option, be bound with the specifications or related construction contract documents or bound as a separate document. All reduced drawings must be completely legible.

H. DEPARTMENT approval of the plans, specifications, and construction documents authorizes the RECIPIENT to solicit bids and award the construction contract (or reject bids) without further DEPARTMENT authorization or approval. However, any

additional costs resulting from successful bid protests or other claims due to improper bid solicitation and award procedures will not be considered eligible for grant participation.

Task 3 – Design of Reuse Site Improvements and Distribution System Extension

A. Public Involvement

The RECIPIENT will conduct public outreach efforts aimed at the general community, public interest groups, and involved stakeholders.

B. Hydrogeologic Studies and Engineering Report

The RECIPIENT will evaluate several sites for suitability for reclaimed water infiltration. Those sites include properties identified by the regional Technical Advisory Group and RECIPIENT owned properties. The RECIPIENT will conduct a detailed hydrogeologic evaluation on the most promising sites or site and identify a preferred site for reclaimed water infiltration.

The RECIPIENT will also develop a reclaimed water engineering report to form the basis of design for future reclaimed water infrastructure, including distribution and infiltration. The engineering report will comply with requirements for engineering reports (WAC 173-240-060).

If the report will be the basis for financial assistance applications for design or construction, the RECIPIENT will comply with SERP requirements prior to application for additional funds.

C. Design of Reconfigured Flow-through Channel (FTC) Storage and Pump Station Relocation

The RECIPIENT will design for the relocation of pumps from the existing reclaimed water pump station to the outlet of a 500,000 gallon basin at the Water Reclamation Facility. The completed work will provide a Flow-Through Channel/Reclaimed Water Storage, with a roof structure to keep the product clean.

Work elements will include:

- Survey,
- Geotechnical,
- Piping modifications
- Minor structural modifications
- Electrical and SCADA modifications
- Design of a roof covering the FTC storage structure
- Preparation of technical specifications

- Preparation of detailed estimate of probable cost to construct
- Submittal of plans and specifications to the DEPARTMENT and DOH for review and approval.
- Preparation of bid documents

D. Design of Rapid Infiltration Basin (RIB)

The RECIPIENT will prepare the plans, specifications, estimate, and bid documents for the construction of the rapid infiltration basins (RIB) as described in the Engineering Report. The RECIPIENT will design the RIBs to infiltrate up to 650,000 gallons per day of reclaimed water. The RECIPIENT proposes to locate the RIBs at the Reuse Demonstration Site.

Work elements will include:

- Survey
- Grading and drainage
- Piping modifications,
- Pump and valve controls
- SCADA and electrical controls
- Landscape and irrigation (reclaimed water application) design
- Informational signing design
- Preparation of technical specifications
- Preparation of detailed estimate of probable cost to construct
- The Consultant will submit plans and specifications to the DEPARTMENT and DOH for review and approval.
- Preparation of bid documents

E. Leaky Pipe Pilot Project

The RECIPIENT will construct a pilot project to evaluate the viability of using "Leaky Pipe" as identified in the Engineering Report. (The Engineering Report identifies Leaky Pipe as an option to consider for future reclaimed water infiltration utilizing the existing right of way.) The RECIPIENT will construct the pilot project at the Reuse Demonstration site where monitoring wells were installed during the initial Engineering Report phase of the project.

Work elements will include:

- Coordinate testing protocols with the DEPARTMENT
- Design pilot project layout
- Obtain and install data loggers, if used
- Monitor data collection

F. Project Administration and Coordination Assistance

The RECIPIENT's consultant will assist the city in project management and administrative services including meeting coordination, project status updates, quality assurance and control, billing reviews, and progress reports.

Work elements will include:

- Project management, administration and coordination
- Preparation and maintenance of Work Plan and Project Schedule
- Preparation and maintenance of Project Management Plan (PMP)
- Monthly invoices, progress reports and earned value reports
- Miscellaneous periodic reports

G. Flow-through Channel (FTC) Reconfiguration

The RECIPIENT will use a portion of the grant funding to complete construction activities associated with reconfiguration of an existing basin at the Water Reclamation Facility. The RECIPIENT will modify the existing basin to provide 500,000 gallons of storage and relocate pumps from and existing pump station to the basin ("flow-through channel"). The RECIPIENT will construct the design features described in Task 3C above.

H. Required Performance:

1. Engineering Report and SEPA Determination.
2. Complete set of plan drawings, specifications, cost estimate and bid documents for the relocation of the pump station and covering of the existing flow-through channel at the treatment plant.
3. Complete set of plan drawings, specifications, cost estimate, and bid documents for the construction of the new RIBs.
4. Design and final reports for the Leaky Pipe pilot project. Data collection and report on status of both aquifer reaction and groundwater quality.
5. Pre-construction documentation, weekly construction meeting documentation, IDRs, and As-built drawings for Flow-through Channel Reconfiguration.

DEPARTMENT OF
ECOLOGY
State of Washington

AMENDMENT NO. 2
TO GRANT AGREEMENT NO. G0800564
BETWEEN THE
STATE OF WASHINGTON DEPARTMENT OF ECOLOGY
AND
THE CITY OF SEQUIM

PURPOSE: To amend the above-referenced grant agreement between the Department of Ecology [DEPARTMENT] and the City of Sequim [RECIPIENT] for the City of Sequim Water Reclamation Facility and Distribution Expansion Project. This amendment is needed to modify the Scope of Work to remove Task 3G, add tasks for construction of the Rapid Infiltration Basin and Programming and Control work, and to adjust the budget accordingly.

IT IS MUTUALLY AGREED that the grant agreement is amended as follows:

1. The project scope of work (Attachment A to Amendment1) shall be modified as follows:

   a. The following shall be **deleted** from the Scope of Work:

   Task 3C. Design of Reconfigured Flow-through Channel (FTC) Storage and Pump Station Relocation

   The RECIPIENT will design for the relocation of pumps from the existing reclaimed water pump station to the outlet of a 500,000 gallon basin at the Water Reclamation Facility. The completed work will provide a Flow-Through Channel/Reclaimed Water Storage, with a roof structure to keep the product clean.

   Work elements will include:

   - Survey,
   - Geotechnical,
   - Piping modifications
   - Minor structural modifications
   - Electrical and SCADA modifications
   - Design of a roof covering the FTC storage structure
   - Preparation of technical specifications
   - Preparation of detailed estimate of probable cost to construct
   - Submittal of plans and specifications to the DEPARTMENT and DOH for review and approval.
   - Preparation of bid documents

Task 3G. Flow-through Channel (FTC) Reconfiguration.

The RECIPIENT will use a portion of the grant funding to complete construction activities associated with reconfiguration of an existing basin at the Water Reclamation Facility. The RECIPIENT will modify the existing basin to provide 500,000 gallons of storage and relocate pumps from and existing pump station to the basin ("flow-through channel"). The RECIPIENT will construct the design features described in Task 3C above.

b. Task 3E is **modified** to read as follows:

E. Leaky Pipe Pilot Project

The RECIPIENT will ~~construct~~ design a pilot project to evaluate the viability of using "Leaky Pipe" as identified in the Engineering Report. (The Engineering Report identifies Leaky Pipe as an option to consider for future reclaimed water infiltration utilizing the existing right of way.) The RECIPIENT will ~~construct~~ design the pilot project for location at the Reuse Demonstration site where monitoring wells were installed during the initial Engineering Report phase of the project.

Work elements will include:

- Coordinate testing protocols with the DEPARTMENT
- Design pilot project layout
- ~~Obtain and install data loggers, if used~~
- ~~Monitor data collection~~

c. Tasks 3G, 3H, and 3I are revised or added to read as follows:

G. Construction Management of the Rapid Infiltration Basins and Leaky Pipe Pilot Project

1. A detailed construction quality assurance plan will be submitted at least 10 days before the start of construction. This plan must describe the activities which will be undertaken to achieve adequate and competent performance of all construction work. Written approval of this plan must be received from the DEPARTMENT prior to the commencement of construction activities.

2. The RECIPIENT will hold a pre-construction conference attended by representative of the DEPARTMENT.

3. The RECIPIENT will submit a construction schedule to the DEPARTMENT within 30 days of the start of construction. The construction schedule will be revised and/or updated whenever major changes occur. All construction schedule revisions must be approved by the DEPARTMENT to ensure that they fall within contract dates.

4. Upon completion of construction, the RECIPIENT will provide the DEPARTMENT's Project Manager with a set of "as-built" plans (i.e., record construction drawings which reflect changes, modifications, or other significant revisions made to the PROJECT during construction) in reduced (11"x17") paper copy format, in addition to a certification statement signed by a professional engineer, indicating that the PROJECT was completed in accordance with the plans and specifications and major change orders approved by the DEPARTMENT's Project Engineer and shown on the "as-built" plans.

Required Performance:

1. Completion of construction quality assurance plan.
2. Pre-construction conference.
3. Submittal of a construction schedule and a copy of the construction management contract to the DEPARTMENT.
4. Submittal of as-built plans to the DEPARTMENT.

H. Construction of the Rapid Infiltration Basins and Leaky Pipe Pilot Project

1. The RECIPIENT will not proceed with any construction related activity until all necessary plans and specifications, and any addenda, are approved in writing by the DEPARTMENT. In addition, the RECIPIENT will submit to the DEPARTMENT's PROJECT Manager a copy of the executed construction contract within 30 days of execution.

2. Change orders that are a significant deviation from the approved plans/specifications must be submitted for DEPARTMENT review and approval, prior to execution. All other change orders must be approved by the DEPARTMENT for technical merit and should be submitted within 30 days after execution. Change orders are to be signed by the contractor, the engineer (if appropriate), and the RECIPIENT prior to submittal for DEPARTMENT approval.

3. The RECIPIENT will construct the Leaky Pipe Pilot project and the Rapid Infiltration Basins according to the designs approved by the DEPARTMENT under Tasks 3D and 3E.

Required Performance:

1. Submittal of executed construction contract to the DEPARTMENT.
2. Submittal of any change orders to the DEPARTMENT.
3. Construction of Leaky Pipe Pilot project and Rapid Infiltration Basins.

I. Programming and Control Work

1. The RECIPIENT will contract for completion of programming and control work needed to distribute reclaimed water to the Leaky Pipe Pilot project and Rapid Infiltration Basins.

Required Performance

1. Completion of control work consistent with design parameters for Leaky Pipe Pilot project and Rapid Infiltration Basins.

2. The Water Quality Project Outcomes identified in PART II: PROJECT GOALS, OUTCOMES, POST PROJECT ASSESSMENT, MISCELLANEOUS REQUIREMENTS are modified to read as follows:

1. Complete hydrogeologic studies, including pilot testing for infiltration of reclaimed water.

2. Develop a *Reclaimed Water Engineering Plan for Aquifer Recharge & Distribution System Expansion.*
3. Complete design and implementation tasks identified in the city's Phase III Scope of Work:
   A. Design and construct Rapid Infiltration Basin (RIB)s
   B. Design, implement, and monitor a Leaky Pipe Pilot Project
   ~~C. Design and construct relocation of the existing reclaimed water pump station to the end of the "flow-through channel at the treatment plant to provide 500,000 gallons of storage.~~

The remainder of this page is intentionally left blank.

3. The budget is modified as follows:

City of Sequim Reclaimed Water Engineering Report and Project Development			
ELEMENTS (Tasks)	**TOTAL ELIGIBLE PROJECT COST**	**CURRENT TOTAL ELIGIBLE COST (TEC)**	**AMENDED TOTAL ELIGIBLE COST (TEC)**
Task 1 – Project Administration/Management	$3,270	$3,270	$3,270
Task 2 – Permitting, Plans and Specifications	$0	$0	$0
Task 3 – Design of Reuse Site Improvements and Distribution System Extension			
Task 3A – Public Involvement	$13,100	$13,100	$11,950
Task 3B – Hydrogeologic Studies, Engineering Report	$555,200	$555,200	$555,200
~~Task 3C – Flow-Through Channel Design~~	~~$51,300~~	~~$51,300~~	NA
Task 3D –Design of Rapid Infiltration Basin (RIB)	$89,300	$89,300	$112,720
Task 3E – Leaky Pipe Pilot Project Design	$15,900	$15,900	$23,975
Task 3F – Project Administration and Coordination Assistance	$42,400	$42,400	$49,020
Task 3G –Construction Management of Phase 1 Rapid Infiltration Basins and Leaky Pipe Pilot Project			$45,696
Task 3H – Construction of Phase 1 Rapid Infiltration Basins and Leaky Pipe Pilot Project	$383,800	$332,800	$295,439
Task 3I – Programming and Control Work			$6,000
Total	$1,154,270	$1,103,270	$1,103,270
The DEPARTMENT's Fiscal Office will track to the Total Eligible Cost.			

MATCHING REQUIREMENTS	
DEPARTMENT Share: 75% of TEC	$827,453
RECIPIENT Share: 25% of TEC	$275,817

FURTHER, this amendment shall be effective upon the effective date of the original agreement, September 8, 2008.

Except as expressly provided by this amendment, all other terms and conditions of the original grant agreement and all amendments thereto remain in full force and effect.

IN WITNESS WHEREOF: the parties have signed this amendment.

STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY

2/14/13

KELLY SUSEWIND, P.E., P.G. DATE
WATER QUALITY PROGRAM MANAGER

CITY OF SEQUIM

2-14-13

PAUL HAINES, P.E. DATE
PUBLIC WORKS DIRECTOR

APPROVED AS TO FORM ONLY
ASSISTANT ATTORNEY GENERAL

Approved as to form by:
2/12/2013
Craig A. Ritchie, City Attorney

CITY OF SEQUIM
W·A·S·H·I·N·G·T·O·N

152 West Cedar Street • Sequim, Washington 98382-3317 • Area Code 360
City Hall: 683-4139 • FAX 681-3448 Public Works: 683-4908 • FAX 681-0552

FILE COPY

Craig A. Ritchie, City Attorney
critchie@ci.sequim.wa.us
Direct Fax: 360-681-2380

July 9, 2008

Dave Dougherty, PE
Washington State Dept. of Ecology
Southwest Regional Office
PO Box 47775
Olympia WA 98504-7775

Melanie Tyler
Water Quality Program
Washington State Dept. of Ecology
PO Box 47600
Olympia WA 98504-7600

Re: Clarification of Reclaimed Water Grants Program Grant Agreement (Sequim/DOE)

Dear Mr. Dougherty and Ms. Tyler:

Thank you for the grant offer to further the City's progress toward our ultimate goal of achieving 100% beneficial use of reuse water. I have been asked to review the grant award agreement which you have approved before it is signed on behalf of the City. In conjunction with this work, I reviewed our original application for the grant, and it appears that some clarification or modification of the agreement may be necessary.

The City's grant application set forth four distinct tasks. However, the only task funded under your grant award is Task 3, "*Design* of reuse site improvements and distribution system extension." As currently written, the proposed agreement appears to grant the City only a portion of the funds requested in the application, yet requires that we accomplish some of the goals from all four of the tasks which were included in the application. I believe the confusion has arisen because the proposed agreement has evidently lifted the entire four-task language from the application and inserted it into the one-task study proposal goals.

For instance, the goals stated in Part II A are "to provide additional irrigation and stream flows ...." Part II B states, "Complete expansion of reclaimed water facility and distribution system" and, "Increase production capacity of Class A reclaimed water to achieve 100% beneficial use ...." Clearly those are not the goals of Task 3. Those are the goals of Tasks I through IV of the application. The grant application stated that the activity proposed for Task 3 was, "permitting hydrological *studies, pilot testing*, monitoring, and the design of reuse site improvements ... for *eventual* 100% reuse of the City's reclaimed water." The City is fully committed to that task. But this task, in and of itself, will not directly "provide additional irrigation and stream flows." This task certainly has the *potential* to allow Sequim to provide additional stream flows and irrigation. A proper engineering report will evaluate all feasible alternatives, including the alternative to provide additional irrigation and stream flows.

Activity "A" in the City's application listed "*design* of reuse sites and distribution system." The third sentence stated, "The design will *evaluate* the impacts on habitat enhancement and mitigation irrigation withdrawals from the Dungeness River ...." Activity "B" talked about hydrological studies in a pilot test. Activity "D" discussed easement acquisition to "extend the reuse pipeline." Activity "E" provided that the design would incorporate groundwater protection criteria and have a monitoring program.

It is our intent to seek permittable, feasible reuse applications that will reduce future demands on water resources in the Dungeness watershed and ultimately lead to habitat enhancement and mitigation of irrigation withdrawals from the Dungeness River. However, as will be established in the upcoming Engineering Report evaluating water reuse opportunities (to be reviewed by the Departments of Ecology and Health), *such permittable, feasible uses may include*, in the water-short Dungeness watershed, flow augmentation in small streams, substitution of Dungeness River irrigation diversions, recharge to the shallow aquifer system, recreational uses, *and commercial, industrial and residential uses.*

A summary of "required performance" lists the following:

> 1. Agreements for use of reclaimed water anticipated by August 2008. *(Note that this date will need to be extended).*
>
> 2. Completion of design, plans, and specifications for *extension of purple pipe system.* ...

The third item tasks the County to do public outreach. Nowhere in the Task or required performance is there a statement that the City will "*provide* additional irrigation and stream flows" or "'address' the water-short Dungeness watershed *by providing additional reclaimed water to replace other water resources.*"

If you look at Task 4 of the City's application, which appears to be the outcome intended with Task 3, you will note that nothing in Task 4 agrees "to provide additional irrigation and stream flows to assist in the reduction of withdrawals from the Dungeness River," or "to address the water-short Dungeness watershed by providing additional reclaimed water to replace other water sources." Task 4 just describes "construction of reuse facilities at *selected* sites." The City does intend to design and evaluate all possible upland beneficial uses and those which have high ecological benefit are certainly at the top of the list. The study funded by this grant will be used to study those beneficial uses and the design issues involved with implementation.

We fully intend to comply with what we requested in Task 3 so that we would be ready for Task 4 should it be funded by grant or otherwise. As mentioned above, the City of Sequim is committed to 100% beneficial use of reuse water. However, as I'm sure you recognize, there are incredibly important studies that need to be done before the feasibility, site selection and even legality of putting reuse water into wetlands and streams can be done. Cf Stream Buffer Ordinances: Are Municipalities On the Brink of Protecting The Health of Streams or Opening the Floodgates of Takings Litigation, Vol. 40 No. 1 pp 73-94, Casey Schach. Therefore I suggest the following clarifications to the proposed agreement:

In Part II, A., Water Quality Goals:

1. To study and evaluate and design for the provision of ~~To provide~~ additional irrigation and stream flows to assist in the reduction of withdrawals from the Dungeness River.

2. To study, evaluate and design for beneficial use of reuse water by application of reuse water to ~~for To address~~ the water-short Dungeness watershed by providing additional reclaimed water to replace other water sources of the water-short Dungeness watershed and the effect of providing additional reclaimed water to replace other water sources.

It's feasible the City could impact Dungeness River streamflows through a number of different reuse alternatives. It should be noted that the Reuse Facilities Operation and Maintenance Manual states that the existing water reuse facilities improve Dungeness River streamflows by a combination of the following:

1. reducing surface diversions from the Dungeness River by placing a portion of the reclaimed water into Bell Creek

as well as a parallel irrigation channel that is fed by the creek,

2. reducing subsurface diversions from the Dungeness River by substituting reclaimed water for potable water for non-potable uses at the various reuse facilities.

The City welcomes the opportunity to examine and design those reuse options which may be feasible and acceptable.

We are also anxious to get funding to complete Part III of the grant application but the second paragraph, third sentence needs to be changed to read as follows:

The Water Reclamation Facility (WRF) Expansion will more than double the volume and improve the reliability of RECIPIENT's reclaimed water production for beneficial use. Such uses may include, in the water-short Dungeness watershed, flow augmentation in small streams, substitution of Dungeness River irrigation diversions, recharge to the shallow aquifer system, recreational uses, and commercial, industrial and residential uses including city irrigation uses.

On page 7, Part V, Task 2, under "Required Performance:" change item 1as follows:

The form of Easements and agreements to allow for use of reclaimed water, with executed agreements anticipated by October 2009, provided that the Department of Ecology and RECIPIENT have agreed either on payment for reuse water to supplement the Dungeness River or on increasing RECIPIENT'S water rights equal to the amount of reuse water produced, pursuant to RCW 90.46. and provided that all necessary DOE, DOH and Federal permits have been approved.

The study will give us information on whether or not there will be payment for the use of reuse water by commercial, agricultural, domestic or industrial users, and whether or not there is some *agreement* with the State to utilize reuse water and increase recipient's water rights equal to the amount of reuse water produced and used for State benefit. The study will also identify sites and issues applicable to use of such sites, such as allowable levels of contaminants, restrictions on chlorination and requirements of potential users as well as State and Federal permitting requirements for proposed uses.

I know this matter is being discussed at Ecology, and may even require legislative changes. But those contingencies can be written into the agreements.

At the present time, the City is unable to afford to do anything other than what Task 3 was intended to encompass: that is, "design of reuse site improvements and distribution system extension." When Task 4 is funded, we intend to explore and develop reuse sites in addition to the work that the grant funded.

When Task 4 of the grant application is funded, the City will have concerns about liability if we put reuse water into wetlands or streams which end up in navigable water and are governed by the Endangered Species Act — concerns that would exist even if all necessary permits were obtained. If the State approves a grant requiring the City to put reuse water into streams or wetlands that are contiguous to navigable water, the City would want something in the agreement to the effect of a hold harmless provision. We suggest the following language:

> The DEPARTMENT will hold the RECIPIENT harmless from any liability claims for a taking under the Endangered Species Act or for contamination of the Dungeness River or streams or wetlands based upon performance of the grant agreement.

The hold harmless language would be part of the agreement in the future with the State, not part of this grant, because this grant is only to study and evaluate and prepare for Task 4 which, of course, is the extension of the reuse line, pump station, and moving water to the south side of the Highway 101 bypass.

Conclusion

I believe the above changes more adequately reflect the actual grant application language. Again, I believe the confusion arose because the application consisted of four tasks, only one of which was funded. The funded task (Task 3) related to Task 4, and neither Task 3 nor Task 4 had any language indicating the first two water quality goals listed in the grant prepared by Ecology in part II A. The City reaffirms that we are committed to 100% reuse of the City's reclaimed water and we are committed to using it for feasible measures that are most beneficial to the watershed and the overall benefit of its inhabitants. The City fully agrees with all of the activities proposed in Task 3 as well as the "Required Performance" set forth in the grant application for Task 3, and that the purpose of Task 3 is to facilitate the eventual Task 4.

This letter is in no way intending to reject the grant at this time. We are simply trying to make the grant match the application for Task 3. We also want to cease *any* marine discharge except in upset conditions as soon as reasonably possible. We look

forward to working with WDFW, DOE, DOH and private users to find feasible, permittable, beneficial uses for reuse water. Sequim is far out in front of most cities in these efforts and we wish to stay out in front. We appreciate the offer of financial assistance in this regard.

We would like to have your response to this letter as soon as possible. Please feel free to call me to discuss it. I look forward to hearing from you.

Yours truly,

Craig A. Ritchie
City Attorney

CAR:elh
Cc: Karen Goschen

CITY OF SEQUIM
W·A·S·H·I·N·G·T·O·N

152 West Cedar Street • Sequim, Washington 98382-3317 • Area Code 360
City Hall: 683-4139 • FAX 681-3448 Public Works: 683-4908 • FAX 681-0552

FILE COPY

Craig A. Ritchie, City Attorney
critchie@ci.sequim.wa.us
Direct Fax: 360-681-2380

June 20, 2008

Bill Bullock, Acting Director
Sequim Public Works Department
615 N. Fifth Avenue
Sequim WA 98382

Bob Spinks, Acting City Manager
City of Sequim
152 West Cedar Street
Sequim WA 98382

CONFIDENTIAL --- ATTORNEY/CLIENT PRIVILEGE

Re: Reclaimed Water Grants Program Agreement (Sequim/DOE)

Dear Bill and Bob:

I have looked at the Reclaimed Water Grants Program agreement. The portions I wish to change are reflected in the enclosed proposed letter to the Department of Ecology. My concern is that we will be obligating the City of Sequim to provide substitute water for the Dungeness River forever, all without compensation.

Also, there is no provision for liability protection anywhere in the agreement in the event our compliance with the agreement increased the temperature of water in the Dungeness River to the detriment of flora and fauna or changed the "aroma" of the river such that returning fish would not be able to identify their home river. I do not want the City to have any liability for such situations since it is not our idea to increase the flow in the Dungeness with reuse water.

If these issues can be worked out, then the grant is a good idea. Otherwise, it probably is not, even though it's approximately $800-900,000. However, this is a decision for the City Council, not the City Attorney.

Because we are negotiating a contract and looking at the risks and benefits, including liability, this matter can be discussed in executive session or in a public session at the determination of the City Council.

L:\public works\bullock and spinks lr re reclaimed water grants agreement.doc

It would be helpful to have Bill check to see if Ecology has any difficulty with my proposed amendments, including a liability provision which their attorney general should come up with, such as "The State will hold the City harmless from any liability claims for a taking under the Endangered Species Act or contamination of the Dungeness River or streams based upon performance of the grant requirements."

My proposed letter is attached. Please let me have your comments. It will not be sent until I have your approval to do so.

Yours truly,

Craig A. Ritchie
City Attorney

CAR:elh
Enc: Proposed letter to Dougherty and Tyler

CITY OF SEQUIM
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Craig A. Ritchie, City Attorney
critchie@ci.sequim.wa.us
Direct Fax: 360-681-2380

June 20, 2008

Dave Dougherty, PE
Washington State Dept. of Ecology
Southwest Regional Office
PO Box 47775
Olympia WA 98504-7775

Melanie Tyler
Water Quality Program
Washington State Dept. of Ecology
PO Box 47600
Olympia WA 98504-7600

PROPOSED

Re: Reclaimed Water Grants Program Grant Agreement (Sequim/DOE)

Dear Mr. Dougherty and Ms. Tyler:

I have the following changes to suggest to the proposed Agreement.

In Part II, A., Water Quality Goals, item 1. — "To study and evaluate the provision of additional irrigation and stream flows to assist in the reduction of withdrawals from the Dungeness River."

Item 2. — "To study and evaluate the water-short Dungeness watershed and the effect of providing additional reclaimed water to replace other water sources."

On page 3, Part III, second paragraph, third sentence: "The Water Reclamation Facility (WRF) Expansion will more than double the volume and improve the reliability of RECIPIENT's reclaimed water production for beneficial use. Such uses may include flow augmentation in small streams in the water-short Dungeness watershed, substitution of Dungeness River irrigation diversions, recharge to the shallow aquifer system, recreational uses, and commercial, industrial and residential uses."

On page 7, Part V, Task 2, "Required Performance" item 1. — "Agreements for use of reclaimed water, anticipated by August 2008, provided that the Department of Ecology and RECIPIENT have agreed either on payment for reuse water to supplement the Dungeness River or have agreed on increasing RECIPIENT'S water rights equal to the amount of reuse water produced."

In addition to the above proposed amendments, the City has concerns about liability if they were to put reuse water into wetlands or streams which end up in navigable water and are governed by the Endangered Species Act. I would suggest that the following language be added if the State actually does want the City to put reuse water into streams or wetlands that are contiguous with streams which end up in navigable water:

> The DEPARTMENT will hold the RECIPIENT harmless from any liability claims for a taking under the Endangered Species Act or for contamination of the Dungeness River or streams or wetlands based upon performance of the grant requirements.

The hold harmless language would not appear to be necessary if the agreement is amended to require only that Sequim study and evaluate provision of reuse water into streams . Our proposed language is to study and evaluate such things. The grant would then not result in or commit us to putting reuse water in wetlands, streams or rivers which could subject us to Endangered Species Act claims.

Yours truly,

PROPOSED

Craig A. Ritchie
City Attorney

CAR:elh

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Craig A. Ritchie, City Attorney
critchie@ci.sequim.wa.us

DATE: June 27, 2008

TO: City Council

FROM: Craig A. Ritchie, City Attorney CR

RE: $1,100,000 (25% Match) Reuse Grant

CONFIDENTIAL --- ATTORNEY/CLIENT PRIVILEGE

The City applied for a reuse grant. The first 12 pages of the 160-page application are attached. The total proposed grant amount was $14,800,000. Included in that amount was a proposed $1,100,000 for design and study (Task 3).

When the approved grant came back to the City (see attached), it incorporated most of the goals which we said would be accomplished for the entire $14.8 million, but was funded at only $1.1 million, the amount the City had requested for Task 3 alone. In other words, for $1.1 million we would be expected to do $14.8 million worth of work. It's not really that dramatic, but a number of the goals to be accomplished — like supplying additional water to streams and wetlands — obviously were not intended to be performed under Task 3, which states as follows: "Design of reuse site improvements and distribution system extension." Remember that Task 4 was construction of reuse site improvements and distribution system extension. Thus, Task 3 was only to design.

The grant language that Ecology suggests we sign off on says that the goals are to *provide* water to various sources, such as to *replace* lost irrigation water, recharging the aquifer as well as putting water into streams for habitat improvement — all without any compensation to the City for any use. This is *not* a goal of Task 3, or even Task 4.

The position of Ecology is that they simply used the language in our grant application. While this is probably close to the truth, it is a misleading truth, because our grant application was for four tasks for $14.8 million, and Ecology provided money for only one task, which was only to be a study.

Staff needs Council direction on how to proceed with this grant. The Council may, of course, decide to sign the grant as it is presently written. It is certainly not the intent of staff to change the City's intent or in any way interfere with the $1.1 million grant if the City wishes to accept it as written by Ecology. However, the difficulty is that the City is then obligated to accomplish the goal of "provid[ing] water."

I have drafted a proposed letter to the Department of Ecology requesting clarification and possible modification of the language, and it is attached for the Council's review.

Suggested action: Authorize the attached proposed letter, with or without revisions, to be sent to Ecology.

July 2, 2008

CITY OF SEQUIM
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Craig A. Ritchie, City Attorney
critchie@ci.sequim.wa.us
Direct Fax: 360-681-2380

July 2, 2008

Dave Dougherty, PE
Washington State Dept. of Ecology
Southwest Regional Office
PO Box 47775
Olympia WA 98504-7775

Melanie Tyler
Water Quality Program
Washington State Dept. of Ecology
PO Box 47600
Olympia WA 98504-7600

PROPOSED

Re: Reclaimed Water Grants Program Grant Agreement (Sequim/DOE)

Dear Mr. Dougherty and Ms. Tyler:

I have been asked to review the grant which you have approved before it is signed on behalf of the City. In conjunction with this work, I reviewed the grant application. I note that it sets forth four distinct tasks. The task that was funded is Task 3, "Design of reuse site improvements and distribution system extension." This is the only portion of the grant application that was funded. Thus the goals of the entire four task grant application should not be stated as the goals of Task 3.

For instance, the goals stated in the grant award in Part II A state that they are "to provide additional irrigation and stream flows …." Part II B states, "Complete expansion of reclaimed water facility and distribution system" and, "Increase production capacity of Class A reclaimed water to achieve 100% beneficial use…" Clearly those are not the goals of Task 3 of the grant application. Those are the goals of Tasks I through IV. The grant application states that the activity proposed for Task 3 is, "The task includes permitting hydrological *studies, pilot testing*, monitoring, and the design of reuse site improvements … for eventual 100% reuse of the City's reclaimed water." We are deeply and irretrievably committed to that task. But nothing in this task will "provide additional irrigation and stream flows." Activity "A" in the grant application lists "*design* of reuse

sites and distribution system." The third sentence states, "The design will *evaluate* the impacts on habitat enhancement and mitigation irrigation withdrawals from the Dungeness River ...." Activities "B" talks about hydrological studies in a pilot test. Activity "D" discusses easement acquisition to "extend the reuse pipeline." Activity "E" provides that the design will incorporate groundwater protection criteria and have a monitoring program.

A summary of "required performance" lists the following:

> 1. Agreements for use of reclaimed water anticipated by August 2008. *(Note that this date will need to be extended).*
>
> 2. Completion of design, plans, and specifications for *extension of purple pipe system. ...*

The third item tasks the County to do public outreach. Thus, nowhere in the Task or required performance is there a statement that the City will "provide additional irrigation and stream flows" or "'address' the water-short Dungeness watershed *by providing additional reclaimed water to replace other water resources.*"

What those provisions as goals set forth is that by awarding us a small portion of what was requested in the four task grant application, we need to accomplish the entire four task grant application goals.

What the grant does is lift the entire four-task grant proposal language and insert it into the one task study proposal goals. While we agree that, had we been awarded the entire grant, these goals might be achievable, obviously we are not going to be able to do anything other than what Task 3 was intended to encompass: that is, "design of reuse site improvements and distribution system extension."

If you look at Task 4 of the application, which appears to be the outcome intended with Task 3 of the application, this bolsters the City's position. Nothing in Task 4 agrees "to provide additional irrigation and stream flows to assist in the reduction of withdrawals from the Dungeness River," or "to address the water-short Dungeness watershed by providing additional reclaimed water to replace other water sources." Task 4 just describes "construction of reuse facilities at selected sites." In other words, we are committed to 100% beneficial use of reuse water, but we are not committed to a particular site – that's why the study in Task 3 is being done – to help identify beneficial, economically sound and legal sites to use.

We fully intend to comply with what we requested in Task 3 so that we would be ready for Task 4 should it be funded. As you recognize, there are incredibly important studies that need to be done before the feasibility, site selection and even legality of

putting reuse water into wetlands and streams can be done. That is why I'm suggesting the following changes to the proposed agreement:

In Part II, A., Water Quality Goals:

1. To study and evaluate the provision of ~~To provide~~ additional irrigation and stream flows to assist in the reduction of withdrawals from the Dungeness River."

2. To study and evaluate ~~To address~~ the water short Dungeness watershed by providing additional reclaimed water to replace other water sources the water-short Dungeness watershed and the effect of providing additional reclaimed water to replace other water sources."

We are also anxious to get funding to complete Part III of the grant, if the second paragraph, third sentence are changed to read as follows: "The Water Reclamation Facility (WRF) Expansion will more than double the volume and improve the reliability of RECIPIENT's reclaimed water production for beneficial use. Such uses may include, in the water-short Dungeness watershed, flow augmentation in small streams, substitution of Dungeness River irrigation diversions, recharge to the shallow aquifer system, recreational uses, and commercial, industrial and residential uses."

On page 7, Part V, Task 2, under "Required Performance:" change as follows: "Required Performance" item 1. — "The form of Easements and agreements to allow ~~for~~ use of reclaimed water, with executed agreements anticipated by October 2009, provided that the Department of Ecology and RECIPIENT have agreed either on payment for reuse water to supplement the Dungeness River or have agreed on increasing RECIPIENT'S water rights equal to the amount of reuse water produced., pursuant to RCW 90.46. and provided that all DOE and DOH permits and Federal permits necessary have been approved"

The study will give us information on whether or not there will be payment for the use of reuse water by commercial, agricultural, domestic or industrial users, and whether or not there is some *agreement* with the State to utilize reuse water and increase RECIPIENT'S water rights equal to the amount of reuse water produced and used for State benefit. The study will also identify sites and issues applicable to use of such sites such as allowable levels of contaminants, restrictions on chlorination and requirements of potential users as well as State and Federal permitting requirements for proposed uses.

I know this matter is being discussed at Ecology, and may even require legislative changes. But those contingencies can be written into the agreements.

When Task 4 of the grant application is funded, the City will have concerns about liability if we were to put reuse water into wetlands or streams which end up in navigable water and are governed by the Endangered Species Act even if we have all necessary permits. I would suggest that language be added to any such agreements if the State actually does approve a grant requiring the City to put reuse water into streams or

wetlands that are contiguous to navigable water. One thought is that if such agreements are entered into, we would want something in them to the effect of a hold harmless if we are required by the grant to put reuse water into creeks, streams and wetlands. We suggest the following language:

> The DEPARTMENT will hold the RECIPIENT harmless from any liability claims for a taking under the Endangered Species Act or for contamination of the Dungeness River or streams or wetlands based upon performance of the grant agreement...

The hold harmless language would be part of the agreement in the future with the State, not part of this grant, because this grant is only to study and evaluate and prepare for Task 4 which, of course, is the extension of the reuse line, pump station, and move water to the south side of the Highway 101 bypass.

It is suggested that the above changes more adequately reflect the actual grant application language. I believe that the confusion is that the grant application consisted of four tasks, only one of which was funded. The funded task (Task 3) related to Task 4, and neither Task 3 nor Task 4 had any language indicating the first two water quality goals listed in the grant prepared by Ecology in part II A. The City fully agrees that we are committed to 100% reuse of the City's reclaimed water, and the City fully agrees with all of the activities proposed in Task 3 as well as the "Required Performance" set forth in the grant application for Task 3, and that the purpose of Task 3 is to facilitate the eventual Task 4.

We would like to have your response on this as soon as possible. Please feel free to call me to discuss these issues.

This letter is in no way intending to reject the grant at this time. We are simply trying to make the grant match the application for Task 3. In fact, the city is fully committed to 100% beneficial use of our reuse water. We want to avoid any marine discharge except in extreme upset conditions as soon as reasonably possible. We look forward to working with WDFW, DOE, DOH and private users to find beneficial uses for reuse water. Sequim realizes that we are far out in front of most cities in these efforts and we wish to stay out in front. I look forward to hearing from you.

Yours truly,

PROPOSED

Craig A. Ritchie
City Attorney

CAR:elh
Cc: Karen Goschen

Fiscal Year 2008 Reclaimed Water Grants Program Application Form

This FY 2008 Application Form can be found at:

http://www.ecy.wa.gov/programs/wq/funding/funding.html

Related "RESOURCE INFORMATION" immediately follows the application.

If you need this document in an alternate format, please contact us at 360-407-6502. Persons with hearing loss can call 711 for Washington Relay Service. Persons with a speech disability can call 877-833-6341.

Part 1

FY 2008 Reclaimed Water Grants Program Application

WASHINGTON STATE DEPARTMENT OF ECOLOGY

ECOLOGY USE
Application No. _____

1. PROJECT TITLE: City of Sequim Water Reclamation Facility and Distribution Expansion

2. APPLICANT NAME: (Local Government) City of Sequim	**3. FEDERAL ID NO:** 91-6001502

4. APPLICANT SIGNATORY: (The person whose name is listed here must sign Box 11 of this application)

Name: James Bay	
Title: Director of Public Works	Telephone Number: 360-683-4908
Address: 615 N. Fifth Avenue Sequim, WA 98382	

5. APPLICANT STAFF CONTACT:

Name: James Bay		
Title: Director of Public Works	Telephone Number: 360-683-4908	E-Mail Address: jbay@ci.sequim.wa.us
Address: 615 N. Fifth Avenue Sequim, WA 98382		

6. PROJECT INFORMATION:

What is the population in the PROJECT area? 6,627 in year 2007 within city limits; plus an est. 8,000 outside (UGA + County)

Is the PROJECT located in a basin with salmonid stocks listed as threatened or endangered in accordance with the Endangered Species Act? ☒ Yes ☐ No

Is the PROJECT statewide? ☐ Yes ☒ No

If NO, list below the county(ies), Water Resource Inventory Area designation(s), Legislative district(s), and Congressional district(s) where at least five percent of the PROJECT will be accomplished.

Please Note: You must select a primary location and then provide additional location information as applicable. All separate designations (County, Legislative District, Congressional District, and WRIA) must equal 100 percent (list from greatest to least percentage, and break any ties by at least one percentage point).

County(ies) for the Project:

Name	Percent
Primary	
Clallam	100

WRIA(s) for the project:

Water Resource Inventory Area	Percent
Primary	
18 - Elwha/Dungeness	51
17 - Quilcene/Snow	49

HUC Code for the Project: http://water.usgs.gov/nawqa/sparrow/wrr97/geograp/geograp.html

Hydrologic Unit Code	Percent
Primary	
17110020 - Dung./Elwha	100

Part 1
FY 2008 Reclaimed Water Grants Program Application

Congressional District(s) for the Project:		Legislative District(s) for the Project:		Water Body for the Project: http://nhd.usgs.gov/index.html	
Number	Percent	Name	Percent	Segment and Reach (NHD)	Percent
Primary		Primary		Primary	
6th	100	24th	100	17110020	100

Provide GPS coordinates representative of your project location and the water body affected. The project location is the approximate center of where you will be working. The water body location should be located in the water body affected by the project, or the project location for ground water projects. Facilities projects should report the outfall location or center of the land application site.

Location	Latitude/Longitude	Primary Site	Secondary Site	Tertiary Site
Project Location	Latitude: (e.g., 45.3530)	48.0737N	48.8167N	48.54833N
Dungeness River (Primary Site) Bell Creek (Secondary Site) Strait of Juan de Fuca (Tertiary Site)	Longitude: (e.g., 120.4510)	123.1478W	123.5050W	123.1833W

7. PROJECT DURATION:

Anticipated Start Date: March 2008 Costs may not be incurred until a grant or loan agreement is signed unless prior authorization is allowed. See Program Guidelines for details.

Project Length: 24 months

Anticipated Project Completion Date: March 2010

Part 1
FY 2008 Reclaimed Water Grants Program Application

For all projects:

Is the affected water body listed on the Clean Water Act Section 303(d) List as impaired? Yes ☒ No ☐

If yes, what is the 303(d)-Listing identification? Category 5: Dissolved Oxygen (Bell Creek, Cassalery Creek)
Category 5: Fecal Coliform (Bell Creek, Cassalery Creek, Dungeness Bay, Strait of Juan de Fuca East)
Category 4C: Instream flow (Dungeness River)
Category 4A: Fecal Coliform (Dungeness River)
Category 2: Temperature (Bell Creek), Bioassessment (Dungeness River, Bell Creek, Cassalery Creek), Mercury and Thallium (Dungeness River)

Type(s) of water bodies that the proposal targets: *(check all that apply)*

- ☒ Freshwater rivers
- ☐ Freshwater lakes
- ☐ Freshwater wetlands
- ☒ Ground water
- ☒ Direct marine water
- ☒ Saltwater estuary
- ☐ Other (specify) _____

Needs that this project will address: *(check all that apply)*

- ☒ Endangered salmonids
- ☒ Threatened salmonids
- ☐ Other Endangered Species Act protected species (identify) _____
- ☒ Protection of shellfish habitat
- ☒ Protection of domestic water supply
- ☒ TMDL requirements
- ☒ NPDES requirements
- ☐ Other (specify) _____

8. PROJECT ELEMENT(S):

Check which project elements are included in the scope of work, and attach the required Ecology approval documents. All projects must comply with the review requirements of Chapter 173-240 WAC.

Proposal to obtain financial assistance for:	Prerequisite Ecology Approvals:
☐ Site specific engineering report or facilities planning	No Prerequisite for application
☒ Design	No Prerequisite for application
☒ Construction	Provide the date of the approved engineering report or facilities plan and any amendments. Date of Ecology Approval: March 10, 1999; Class A Reclaimed Water 100 Percent Upland Reuse Plan Pending; Water Reclamation Facility Expansion Engineering Report (attach a copy of approval letter)
☐ Design/Build	Provide the date of the approved engineering report or facilities plan and any amendments. Date of Ecology Approval: _____ (attach a copy of approval letter)

Part 1

FY 2008 Reclaimed Water Grants Program Application

9. FUNDING REQUEST: *(Identify the amount of funding requested to complete your project.)*

Check for consistency with costs provided in Part 2, Question 2.	**Project Amount & Terms:**
Total Project Cost This amount represents the full cost of the project.	$ 14,800,000
Eligible Project Cost This amount represents that portion of the project cost that is eligible for Ecology grant or loan assistance.	$ 14,800,000
Ecology Grant Request *(Choose One)* ☐ **Feasibility assessment projects** up to $250,000 ☒ **Other eligible projects**	 $ _____ $ 5,000,000
Even if you believe your project has a VERY HIGH ecological benefit, BUT your project is rated lower, would you still accept a 60 percent grant?	☒ Yes ☐ No
Matching Funds in Project Identify any sources of other funds anticipated to complete the project. Source City of Sequim Committed to Date Source Clallam County Source Other Sources to be identified when ready to proceed with Task 4 (Construction of Reuse Sites and Distribution System Expansion)	Amount requested (or to be requested) from these agencies: $ 6,500,000 $ 2,500 $ To Be Determined

10. BRIEF PROJECT DESCRIPTION **(to appear in the funding list):** *(50 words or less)*

The Water Reclamation Facility Expansion more than doubles the volume and improves the reliability of the City's reclaimed water production for beneficial use in the water-short Dungeness watershed including flow augmentation in small streams, substitution of Dungeness River irrigation diversions, recharge to the shallow aquifer system, and recreational uses.

Part 1

FY 2008 Reclaimed Water Grants Program Application

11. APPLICATION CERTIFICATION:	
I CERTIFY TO THE BEST OF MY KNOWLEDGE THAT THE INFORMATION IN THIS APPLICATION IS TRUE AND CORRECT AND THAT I AM THE **LEGALLY AUTHORIZED SIGNATORY** OR DESIGNEE FOR THE SUBMITTAL OF THIS INFORMATION ON BEHALF OF THE APPLICANT.	
James E. Bay	
Printed Name	Signature
Public Works Director, City of Sequim	
Title	Date

12. APPLICATION SUBMITTAL INFORMATION:	
Send one original (containing an original signature) and four copies of the entire application package to:	
U.S. Postal Mailing Address:	***Overnight Mail or Hand Delivery Address:***
Department of Ecology Water Quality Program Financial Management Section P.O. Box 47600 Olympia, WA 98504-7600	Department of Ecology Water Quality Program Financial Management Section 300 Desmond Drive Lacey, WA 98503

YOU MUST SUBMIT THE FOLLOWING:

1. One signed original application
2. E-mail the entire application to: FY2008ReclaimedApps@ecy.wa.gov (return receipt should be requested)
3. Note: All application information (e-mail and hard copy) must be **received** by Ecology at or before 5:00 p.m. on **September 28, 2007**
4. Faxed submittals will **NOT** be accepted

THIS CONCLUDES PART 1

Part 2 - FY 2008 Reclaimed Water Grants Program Application Evaluation Portion

This is the rated portion of the application with a total of 1,000 possible points. Each question identifies the available points. Applicants should provide clear and concise information and answers.

Pre submittal checklist:

- ☒ Maps, diagrams, pictures
- ☒ Letters
- ☒ Citations
- ☒ Verify the budget matches Part 1, Question 9

EXECUTIVE SUMMARY (0 points)

Summarize the overall water quality problem and how it will be solved or addressed by the project. (Limit your answer to 250 words or less.)

The City of Sequim Water Reclamation Facility (WRF) currently releases reuse water to an existing outfall in the Strait of Juan de Fuca near Sequim Bay, directly into Bell Creek and to areas within the City Limits of Sequim for beneficial uses such as irrigation and recreational use. As Clallam County and the associated demand on fresh water resources grow, it is imperative to continue to provide a high level of reclaimed water production to protect the ecosystem health of the Dungeness River Watershed.

The City plans to expand reclaimed water service into the eastern Dungeness watershed and diversify and increase use throughout the year. The City, Clallam County, and multiple stakeholders are currently using reclaimed water for a pilot aquifer recharge project as part of an Ecology-funded feasibility study for long-term artificial recharge. Reclaimed water use is consistent with Ecology's present rule-making discussions in the Dungeness watershed. High priority needs identified for reclaimed water include recharge of the Dungeness River and small streams and wetlands, replacement of irrigation withdrawals from the Dungeness mainstem and mitigation for effects of water consumption. Shallow aquifer levels have been dropping, partially due to changes in irrigation infrastructure and land development.

The WRF currently serves a population of over 6,000 people primarily in the City of Sequim; the facility expansion will double production of Class A reclaimed water for uses and ecosystem improvements listed above.

A figure is included with the proposed distribution extension and the potential reuse sites selected by an initial screening.

A. OVERALL QUALITY OF PROJECT PROPOSED AND LIKELIHOOD OF SUCCESS (up to 200 points)

Part 2 - FY 2008 Reclaimed Water Grants Program Application Evaluation Portion

1. SCOPE OF WORK (up to 150 points)

Points are awarded for a clear, complete, and well thought-out scope that directly addresses a water quality problem. The scope demonstrates an understanding of the work required to implement and complete the project.

- Provide a detailed scope of work to achieve the water quality benefits of the project that includes clearly defined tasks, deliverables, and costs per task.
- Describe the project area and provide a supporting map(s) and any relevant diagrams and pictures.

Use the format provided below for your scope of work by task:

Task 1- Measures of Success and Project Administration/Management:

Activities

A. **Financial Assistance Water Quality Objectives**
To ensure that grant investments lead to the greatest possible public health and environmental benefit, Ecology staff measure program effectiveness based on the objectives listed below. Choose one or more of the following objectives which pertain to this project:

☒ Restore important ecosystem functions in Puget Sound (e.g., restoration of impaired or protection of shellfish habitat)

☒ Augment in-stream flows in water short areas (especially addressing endangered/threatened salmonid habitats)

☒ Provide water for existing water supplies in water short areas

B. The RECIPIENT will administer and manage the project. Responsibilities will include, but not be limited to: maintenance of project records; submittal of payment vouchers, fiscal forms, and progress reports; compliance with applicable procurement and interlocal agreement requirements; attainment of all required permits, licenses, easements, or property rights necessary for the project; conducting, coordinating, and scheduling of all project activities; quality control; and submittal of required performance items.

C. The RECIPIENT will ensure that every effort is made to maintain effective communication with the RECIPIENT's designees; the DEPARTMENT; all affected local, state, or federal jurisdictions; and any interested individuals or groups. The RECIPIENT will carry out this project in accordance with completion dates outlined in this Agreement.

D. The RECIPIENT shall submit all invoice requests and supportive documentation to the Financial Manager of the DEPARTMENT.

Required Performance:

1. Effective administration and management of this grant project
2. Maintenance of all project records
3. Submittal of all required performance items, including the Post Project Assessment Plan, progress reports, financial vouchers, and maintenance of all project records

Total Task Cost (In addition to total project cost): $ 44,000

Task 2 – Construction of the Water Reclamation Facility Expansion

Activities:

The Expansion project is designed to provide capacity through the year 2020 with a maximum month design flow of 1.67 mgd. The project incorporates process changes and equipment upgrades that will ultimately increase the reliability of Class A reclaimed water production. Construction is anticipated to begin in March 2008.

A. Construction

The Scope of the Expansion project includes:

- Convert the existing Oxidation Ditch into an Equalization Basin (EQB) with new Lift Pumps
- Convert the existing EQB into a Staged Activated Sludge Aeration Basin and raise the walls to increase the capacity
- Install Aeration Blowers
- Convert the existing flow diversion structure into a Secondary Clarifier Splitter Box
- Construct a new (third) 50-foot-diameter Secondary Clarifier and raise the existing (10-foot side water depth) Secondary Clarifier walls to increase the depth and capacity
- Construct a new Filtration System to increase filtration capacity
- Expand Filter Lift Station
- Convert the existing Ultraviolet Disinfection System to a Low Pressure/High Output Ultraviolet Disinfection System

The construction project will modify the existing facility and infrastructure to provide a process to reliably remove nitrogen. The effluent filters and UV disinfection system equipment will be expanded and upgraded with state of the art technology.

B. Construction Management

Construction will be supervised and inspected throughout the duration of the project.

C. Operation and Maintenance Manual

Upon completion of construction an O&M Manual will be produced and submitted to the Department of Ecology for review.

Required Performance:

1. Completion of the WRF Expansion, anticipated by March 2009
2. Operation and Maintenance Manual – submittal to the Department of Ecology anticipated for March 2009

Total Task 2 Cost: $8,764,518

Task 3 – Design of Reuse Site Improvements and Distribution System Extension

Activities:

The task includes permitting, hydrogeological studies, pilot testing, monitoring, and the design of reuse site improvements and distribution system expansion for eventual 100 percent reuse of the City's reclaimed water. The City has recognized that early coordinated planning is crucial to the success of the project. The City is simultaneously proactively coordinating efforts between the wastewater and water utilities, and is cultivating new and existing partnerships with the surrounding community to use the water produced. A Technical Advisory Group (TAG) has been formed and consists of the City, the County, and other stakeholders. The TAG has committed to continued involvement throughout the duration of the project.

A. Design of Reuse Sites and Distribution System

The specific demands for reclaimed water throughout the year will be defined for the Water Users Association (irrigation), the School District (irrigation), and the potential infiltration sites selected by the TAG (aquifer recharge). Additional sites will be investigated as they arise. The design will evaluate the impacts on habitat enhancement and mitigating irrigation withdrawals from the Dungeness River Watershed. Design will be prepared in accordance with the Criteria for Sewage Works Design, the Water Reclamation and Reuse Standards, and Chapter 173-240-060 Washington Administrative Code (Submission of Plans and Reports for Construction of Wastewater Facilities). The design will remain consistent with the approved Class A Reclaimed Water 100 Percent Upland Reuse Plan (Gray & Osborne, Inc., 1998).

B. Hydrogeological Studies and Pilot Test

An initial hydrogeologic screening has been conducted to select sites for a pilot infiltration test (see attached excerpt from a Technical Memorandum regarding the Hydrogeologic Screening (August 2007)). The TAG has selected three potential sites to pursue pilot testing as a result of the initial screening. The initial screening clearly outlines the additional tasks that will be necessary to perform a pilot infiltration test.

C. Permitting

The following agencies and permits may be required:

United States Army Corps of Engineers may require a permit if any wetlands are impacted
Washington State Department of Transportation will require permits for pipeline construction
SEPA will be required
NEPA will be required if there is a federal nexus
A temporary stormwater permit will be required by the Department of Ecology for construction

A conditional use permit will be required by the City and or the County

The pilot study may require additional permitting as indicated in the Technical Memorandum regarding the Hydrogeologic Screening (August 2007).

D. Easement Acquisition

The City will acquire the necessary agreements to extend the reuse pipeline. Furthermore, it may be necessary to acquire additional easements depending on the final selection of the reuse site.

E. Groundwater Monitoring Program

The design will incorporate groundwater protection criteria. A monitoring program will be established for the infiltration sites in accordance with Section 3 Article 5 Section 9 of the Water Reclamation and Reuse Standards. Groundwater monitoring wells will need to be installed and a sampling program will be required.

F. Public Outreach Program

The City will continue to collaborate with the County to provide public education and public outreach on the importance of reclaimed water in the water-short area. The City realizes that public support is directly related to the success of the project.

Total Task 3 Cost: $1,100,000

Required Performance:

1. Agreements for use of reclaimed water, anticipated by August 2008
2. Completion of Design, Plans, and Specifications for extension of purple pipe system, anticipated by May 2009
3. The County will facilitate a Public Outreach and Education Program, anticipated by January 2008.

Task 4 – Construction of Reuse Site Improvements and Distribution System Extension

Activities:

The Reuse Pump Station will be modified to accommodate distribution of the 2025 peak flow 3.2 MGD. The existing reuse pipeline conveyance system will be extended and is shown in the attached figure.

A. Modify Existing Reuse Pump Station

The existing reuse pump station will require modifications to accommodate the 2025 peak flow.

B. Extend reuse pipeline conveyance system

The proposed pipeline is presented on the attached figure. The proposed pipeline includes approximately 21,000 feet of additional 18-inch diameter HDPE pipe.

Part 2 - FY 2008 Reclaimed Water Grants Program Application
Evaluation Portion

C. Construct reuse facilities at selected sites

An additional reuse pump station may be required to convey flows to the south side of the Highway 101 bypass. The details will be worked out in the design.

Total Task 4 Cost: $ 4,948,000

Required Performance:

1. Construction is anticipated to be complete by March 2010.
2. A monitoring program will be established prior to March 2010 in compliance with the Water Reclamation and Reuse Standards.

2. PROPOSED BUDGET (up to 50 points)

Budget: Points are awarded for a complete, reasonable budget that is consistent with the tasks described in the scope of work.

- Provide a clearly defined Task and Object Budget.

TOTAL Eligible Costs by Task Elements

Proposed Project Budget and Time Frame			
Task elements	**Total Project Cost**	**Total Eligible Cost**	**Months needed to complete**
1. Project administration/management	$ 44,000	$ 44,000	24
2. Construction of Water Reclamation Facility Expansion	$ 8,764,518	$ 8,764,518	12
3. Design of Reuse Site Improvements and Distribution System Extension	$ $1,100,000	$ $1,100,000	15
4. Construction of Reuse Site Improvements and Distribution System Extension	$ 4,948,000	$ 4,948,000	9
Total costs and months needed to complete:	$ 14,800,000	$ 14,800,000	24

TOTAL Eligible Cost by Budget Object

Salaries:	$ 44,000	
Benefits:	$ 0	
Indirect costs:	$ 0	(May include up to 25% of employee salaries and benefits)
Contracts:	$ 0	
Materials, goods, and services (list major item):	$ 8,000,000 (Construction, Design, Hydrogeo Studies, and Permitting Estimate)	
Equipment (list major items):	$ 4,084,000 (Equipment for WRF Expansion, 60% of Total Project Estimate)	
	$ 2,577,000 (Equipment for Distribution System Extension, 60% of Total Project Estimates)	
	$ 0	

RECLAIMED WATER GRANTS PROGRAM
GRANT AGREEMENT
BETWEEN THE
STATE OF WASHINGTON DEPARTMENT OF ECOLOGY
AND
THE CITY OF SEQUIM

THIS is a binding agreement entered into, by, and between the state of Washington Department of Ecology [the DEPARTMENT] and the City of Sequim [the RECIPIENT]. The purpose of this agreement is to provide funds to the RECIPIENT to carry out the requirements described herein.

PART I. GENERAL INFORMATION

Project Title:	**City of Sequim Water Reclamation Facility and Distribution Expansion**
Grant Number:	**G0800564**
RECIPIENT Name:	**City of Sequim**
Mailing Address:	**152 W. Cedar Street Sequim, WA 98382**
Street Address:	**615 N. Fifth Avenue**
RECIPIENT Contact:	**William C. Bullock**
Telephone Number:	**(360) 683-4908**
Fax Number:	**(360) 681-0552**
E-Mail Address:	**wbullock@ci.sequim.wa.us**
RECIPIENT Federal ID Number:	**91-6001502**
DEPARTMENT Project Manager:	**Dave Dougherty, P.E.**
Mailing Address:	**Washington State Department of Ecology Southwest Regional Office P.O. Box 47775 Olympia, WA 98504-7775**
Telephone Number:	**(360) 407-6278**
Fax Number:	**(360) 407-6305**
E-Mail Address:	**ddou461@ecy.wa.gov**
DEPARTMENT Financial Manager:	**Melanie Tyler**
Mailing Address:	**Water Quality Program Washington State Department of Ecology P.O. Box 47600**

	Olympia, WA 98504-7600
Telephone Number:	**(360) 407-7489**
Fax Number:	**(360) 407-7151**
E-Mail Address:	**mety461@ecy.wa.gov**
DEPARTMENT Project Engineer:	**Greg Zentner, P.E.**
Mailing Address:	**Washington State Department of Ecology** **Southwest Regional Office** **P.O. Box 47775** **Olympia, WA 98504-7775**
Telephone Number:	**(360) 407-6368**
E-Mail Address:	**gzen461@ecy.wa.gov**
Fax Number:	**(360) 407-6305**
DEPARTMENT Funding Source:	**Reclaimed Water Grants Program** **2007-09 Biennial Capital Budget**
Total Cost:	**$1,103,270**
Total Eligible Cost:	**$1,103,270**
Total [Maximum or Grant Eligible Cost]:	**$1,103,270**
DEPARTMENT Share:	**$ 827,453**
RECIPIENT Share:	**$ 275,817**
DEPARTMENT Maximum Percentage:	**75 percent**

The effective date of this grant agreement will be the date this agreement is signed by the DEPARTMENT's Water Quality Program Manager. Any work performed prior to the effective date of this agreement, without written Prior Authorization of the DEPARTMENT, will be at the sole expense and risk of the RECIPIENT.

This agreement will expire no later than **June 30, 2011.**

PART II. GOALS, OUTCOMES AND POST PROJECT ASSESSMENT

A. Water Quality Goals:

1. To provide additional irrigation and stream flows to assist in the reduction of withdrawals from the Dungeness River.

2. To address the water short Dungeness watershed by providing additional reclaimed water to replace other water sources.

B. Water Quality Project Outcomes:

1. Complete expansion of reclaimed water facility and distribution system.

2. Increase production capacity of Class A reclaimed water to achieve 100 percent beneficial use of Class A water with each expansion of the Reclaimed and Reuse Facility.

C. Post Project Assessment. The RECIPIENT agrees to submit a brief survey regarding the key project results or water quality project outcomes and status of eventual environmental results or goals from the application.

The DEPARTMENT's Performance Measures Lead will make an effort to e-mail the RECIPIENT the Post Project Assessment Survey approximately 60 days prior to the Post Project Assessment Date. This date will generally be three to five years after the agreement expires. This survey is to be completed by the RECIPIENT and sent as an e-mail attachment to the DEPARTMENT's Project Manager and the DEPARTMENT's Water Quality Program Performance Measures Lead.

The DEPARTMENT may conduct additional on-site interviews and inspections to gather information for this assessment. The DEPARTMENT will provide the performance measures data the Legislature, Environmental Protection Agency, and other natural resource agencies.

Post Project Assessment Date: June 30, 2014.

PART III. PROJECT DESCRIPTION

The City of Sequim Water Reclamation Facility (WRF) currently releases reuse water to an existing outfall in the Strait of Juan de Fuca near Sequim Bay, directly into Bell Creek and to areas within the city limits of Sequim for beneficial uses such as irrigation and recreational use. As Clallam County and the associated demand on fresh water resources grow, it is imperative to continue to provide a high level of reclaimed water production to protect the ecosystem health of the Dungeness River Watershed.

The portion of the project funded by this grant includes hydrogeological studies, pilot testing, and the design of the WRF and distribution system expansion. For this project, the RECIPIENT will design an expansion of reclaimed water service into the eastern Dungeness watershed (Sequim/Dungeness Valley) and diversify and increase use throughout the year. The Water Reclamation Facility (WRF) Expansion will more than double the volume and improve the reliability of the RECIPIENT's reclaimed water production for beneficial use in the water-short Dungeness watershed, including flow augmentation in small streams, substitution of Dungeness River irrigation diversions, recharge to the shallow aquifer system, and recreational uses.

PART IV. PROJECT BUDGET

City of Sequim Water Reclamation Facility and Distribution Expansion		
ELEMENTS (Tasks)	**TOTAL ELIGIBLE PROJECT COST**	**TOTAL ELIGIBLE COST (TEC)**
Task 1 – Project Administration/Management	$3,270	$3,270
Task 2 – Design of Reuse Site Improvements and Distribution System Extension	$1,100,000	$1,100,000
Total	$1,103,270	$1,103,270
The DEPARTMENT's Fiscal Office will track to the Total Eligible Cost.		
MATCHING REQUIREMENTS		
DEPARTMENT Share: 75% of TEC		$827,453
RECIPIENT Share: 25% of TEC		$275,817

PART V. SCOPE OF WORK

Task 1 - Project Administration/Management

A. The RECIPIENT will administer the project. Responsibilities will include, but not be limited to: maintenance of project records; submittal of payment vouchers, fiscal forms, and progress reports; compliance with applicable procurement, contracting, and interlocal agreement requirements; attainment of all required permits, licenses, easements, or property rights necessary for the project; and submittal of required performance items.

B. The RECIPIENT will manage the project. Efforts will include conducting, coordinating, and scheduling project activities and assuring quality control. Every effort will be made to maintain effective communication with the RECIPIENT's designees, the DEPARTMENT, all affected local, state, or federal jurisdictions, and any interested individuals or groups. The RECIPIENT will carry out this project in accordance with any completion dates outlined in this agreement.

C. The RECIPIENT will submit to the DEPARTMENT the following documents in the quantities identified:

- Design reports and 90 percent plans and specifications – one copy
- Final plans and specifications - two copies

The RECIPIENT will submit two copies of any document(s) which require DEPARTMENT approval. Once approval is given, one copy will be returned to the RECIPIENT. If the RECIPIENT needs more than one approved copy, the number of submittals should be adjusted accordingly.

D. Required Performance:

1. Effective administration and management of this grant project
2. Maintenance of all project records
3. Submittal of all required performance items, progress reports, financial vouchers, and maintenance of all project records

Task 2 – Design of Reuse Site Improvements and Distribution System Extension

A. Engineering and Design of Reuse Sites and Distribution System

The RECIPIENT will determine the specific demands for reclaimed water throughout the year for the Water Users Association (irrigation), and the potential infiltration sites selected by the Technical Advisory Group (TAG) (aquifer recharge) in the eastern Dungeness watershed (Sequim/Dungeness Valley). Additional sites will be investigated as they arise. The design will evaluate the impacts on habitat enhancement and mitigating irrigation withdrawals from the Dungeness River. Design will be prepared in accordance with the Criteria for Sewage Works Design, the Water Reclamation and Reuse Standards, and Chapter 173-240-060 Washington Administrative Code (Submission of Plans and Reports for Construction of Wastewater Facilities). The design will remain consistent with the approved Class A Reclaimed Water 100 Percent Upland Reuse Plan (Gray & Osborne, Inc., 1998).

B. Hydrogeological Studies and Pilot Test

An initial hydrogeologic screening has been conducted to select sites for a pilot infiltration test. The TAG has selected three potential sites in the Sequim/Dungeness Valley to pursue pilot testing as a result of the initial screening. The initial screening clearly outlines the additional tasks that will be necessary to perform a pilot infiltration test.

C. Permitting

1. Permits from the following agencies may be required:

- United States Army Corps of Engineers, if any wetlands are impacted
- Washington State Department of Transportation, for pipeline construction
- Department of Ecology, temporary construction stormwater permit

- City of Sequim/Clallam County, a conditional use permit

2. The pilot study may require additional permitting as indicated in the Technical Memorandum regarding the Hydrogeologic Screening (August 2007).
3. SEPA will be required.
4. NEPA will be required if there is a federal nexus.

Although work involved in acquiring permits is eligible for reimbursement under this grant, the actual permit fees are not eligible.

D. Easement Acquisition

The RECIPIENT will acquire the necessary agreements to extend the reuse pipeline. The RECIPIENT may need to acquire additional easements depending on the final project selection.

E. Groundwater Monitoring Program

The design will incorporate groundwater protection criteria. A monitoring program will be established for the infiltration sites in accordance with Section 3 Article 5 Section 9 of the Water Reclamation and Reuse Standards. Groundwater monitoring wells need to be installed and a sampling program is required.

F. Public Outreach Program

The RECIPIENT will continue to collaborate with Clallam County to provide public education and public outreach on the importance of reclaimed water in the water-short area. The RECIPIENT realizes that public support is directly related to the success of the project.

G. Plans and specifications must be reviewed and approved by the Department of Health and the DEPARTMENT's Water Quality Program and be consistent with:

1. Requirements stated in Chapter 173-240 WAC, Submission of Plans and Reports for Construction of Wastewater Facilities related to plans and specifications.
2. Requirements stated in Chapter 246-271 WAC, Public Sewage.
3. Water Reclamation and Reuse Standards, September 1997 (DEPARTMENT Publication #97-23).
4. Good engineering practices and generally recognized engineering standards, including, but not limited to, the Criteria for Sewage Works Design, December 1998 (DEPARTMENT Publication No. 98-37 WQ).
5. The approved engineering report or facilities plan.
6. Other reports approved by the DEPARTMENT which pertain to the facilities design.

H. A preliminary plan of operation will be prepared consistent with the DEPARTMENT's guidelines and submitted to the DEPARTMENT for review and approval with the plans and specifications.

I. The plans, specifications, construction contract documents, and addenda must be approved by the RECIPIENT prior to submittal for DEPARTMENT review.

J. An engineer's projected construction schedule will be prepared and submitted to the DEPARTMENT at 90 percent completion of plans and specifications.

K. A current, updated construction cost estimate will be submitted along with each plans/specifications submittal.

L. All construction plans submitted to the DEPARTMENT for review and approval will be reduced to no larger than 11-1/2" x 17" in size. They may, at the RECIPIENT's option, be bound with the specifications or related construction contract documents or bound as a separate document. All reduced drawings must be completely legible.

M. DEPARTMENT approval of the plans, specifications, and construction documents authorizes the RECIPIENT to solicit bids and award the construction contract (or reject bids) without further DEPARTMENT authorization or approval. However, any additional costs resulting from successful bid protests or other claims due to improper bid solicitation and award procedures will not be considered eligible for grant participation.

Required Performance:

1. Agreements for use of reclaimed water, anticipated by August 2008
2. Completion of design, plans, and specifications for extension of purple pipe system, anticipated by May 2009
3. The RECIPIENT and Clallam County (TAG) will facilitate a Public Outreach and Education Program, anticipated by July 2008

PART VI. SPECIAL TERMS AND CONDITIONS

A. Cash Match Requirement. The RECIPIENT share for this project must be entirely in the form of cash expenditures or interlocal contributions. In-kind contributions cannot be used to satisfy RECIPIENT grant matching requirements.

B. Commencement of Work. In accordance with WAC 173-95A-080, the DEPARTMENT reserves the right to terminate this agreement if the RECIPIENT does not commence work on the project funded herein within 10 months of the date of the FY08 Final Offer and Applicant List (dated January 31, 2008). Based on this list date, work must begin by November 30, 2008.

C. DEPARTMENT Funding Recognition. The RECIPIENT will acknowledge and inform the public about DEPARTMENT funding participation in this project through the use of project signs and/or acknowledgement in published materials and reports, the news media, or other public announcements. Projects addressing site-specific locations must

utilize appropriately sized and weather-resistant signs. Sign logos are available from the DEPARTMENT's Financial Manager upon request.

D. Education and Outreach. The RECIPIENT will provide the DEPARTMENT up to two copies and an electronic copy either on floppy disks or CD-ROM of any tangible educational products developed under this grant, such as brochures, manuals, pamphlets, videos, audio tapes, CDs, curriculum, posters, media announcements or gadgets, such as a refrigerator magnet with a message. If this is not practical, the RECIPIENT will provide a complete description including photographs or printouts of the product.

The RECIPIENT will also supply the DEPARTMENT with the names and contact information of local project leads.

If there are a significant number of people in the community that speak languages other than English, the RECIPIENT will produce all pamphlets, fliers, meeting notices, reports, and other educational and public outreach materials in English and in the other prevalent language.

E. Increased Oversight. The RECIPIENT has been selected for increased oversight. The RECIPIENT will provide payment request backup documentation pertaining to this project unless otherwise specified by the DEPARTMENT. In addition, the DEPARTMENT may conduct additional site visits.

F. Indirect Rate. The RECIPIENT may charge an indirect rate of up to 25 percent based on RECIPIENT employees' direct salary and benefit costs incurred while conducting project-related work. The DEPARTMENT's Financial Manager may require a list of items included in the indirect rate at any time.

G. Interlocal Costs. The RECIPIENT certifies by signing this agreement that all negotiated interlocal agreements are consistent with all of the following:

- Terms of this grant agreement
- The edition of "Administrative Requirements for Ecology Grants and Loans" that is effective at the signing of this agreement
- Chapter 39.34 RCW Interlocal Cooperation Act

H. Meetings/Light Refreshments. The RECIPIENT may spend up to $50 per meeting for light refreshments associated with this project. The total amount spent for light refreshments under this agreement cannot exceed $300.

I. Minority and Women's Business Participation. The RECIPIENT agrees to solicit and recruit, to the extent possible, certified minority-owned (MBE) and women-owned (WBE) businesses in purchases and contracts initiated after the effective date of this agreement.

ATTACHMENT 1

GENERAL TERMS AND CONDITIONS
Pertaining to Grant and Loan Agreements of the Department of Ecology

A. RECIPIENT PERFORMANCE

All activities for which grant/loan funds are to be used shall be accomplished by the RECIPIENT and RECIPIENT's employees. The RECIPIENT shall only use contractor/consultant assistance if that has been included in the agreement's final scope of work and budget.

B. SUBGRANTEE/CONTRACTOR COMPLIANCE

The RECIPIENT must ensure that all subgrantees and contractors comply with the terms and conditions of this agreement.

C. THIRD PARTY BENEFICIARY

The RECIPIENT shall ensure that in all subcontracts entered into by the RECIPIENT pursuant to this agreement, the state of Washington is named as an express third-party beneficiary of such subcontracts with full rights as such.

D. CONTRACTING FOR SERVICES (BIDDING)

Contracts for construction, purchase of equipment and professional architectural and engineering services shall be awarded through a competitive process, if required by State law. RECIPIENT shall retain copies of all bids received and contracts awarded, for inspection and use by the DEPARTMENT.

E. ASSIGNMENTS

No right or claim of the RECIPIENT arising under this agreement shall be transferred or assigned by the RECIPIENT.

F. COMPLIANCE WITH ALL LAWS

1. The RECIPIENT shall comply fully with all applicable Federal, State and local laws, orders, regulations and permits.

Prior to commencement of any construction, the RECIPIENT shall secure the necessary approvals and permits required by authorities having jurisdiction over the project, provide assurance to the DEPARTMENT that all approvals and permits have been secured, and make copies available to the DEPARTMENT upon request.

2. Discrimination. The DEPARTMENT and the RECIPIENT agree to be bound by all Federal and State laws, regulations, and policies against discrimination. The RECIPIENT further agrees to affirmatively support the program of the Office of Minority and Women's Business Enterprises to the maximum extent possible. If the agreement is federally-funded, the RECIPIENT shall report to the DEPARTMENT the percent of grant/loan funds available to women or minority owned businesses.

3. Wages And Job Safety. The RECIPIENT agrees to comply with all applicable laws, regulations, and policies of the United States and the State of Washington which affect wages and job safety.

4. Industrial Insurance. The RECIPIENT certifies full compliance with all applicable state industrial insurance requirements. If the RECIPIENT fails to comply with such laws, the DEPARTMENT shall have the right to immediately terminate this agreement for cause as provided in Section K.1, herein.

G. KICKBACKS

The RECIPIENT is prohibited from inducing by any means any person employed or otherwise involved in this project to give up any part of the compensation to which he/she is otherwise entitled or, receive any fee, commission or gift in return for award of a subcontract hereunder.

H. AUDITS AND INSPECTIONS

1. The RECIPIENT shall maintain complete program and financial records relating to this agreement. Such records shall clearly indicate total receipts and expenditures by fund source and task or object.

All grant/loan records shall be kept in a manner which provides an audit trail for all expenditures. All records shall be kept in a common file to facilitate audits and inspections.

Engineering documentation and field inspection reports of all construction work accomplished under this agreement shall be maintained by the RECIPIENT.

2. All grant/loan records shall be open for audit or inspection by the DEPARTMENT or by any duly authorized audit representative of the State of Washington for a period of at least three years after the final grant payment/loan repayment or any dispute resolution hereunder. If any such audits identify discrepancies in the financial records, the RECIPIENT shall provide clarification and/or make adjustments accordingly.

3. All work performed under this agreement and any equipment purchased, shall be made available to the DEPARTMENT and to any authorized state, federal or local representative for inspection at any time during the course of this agreement and for at least three years following grant/loan termination or dispute resolution hereunder.

4. RECIPIENT shall meet the provisions in OMB Circular A-133 (Audits of States, Local Governments & Non Profit Organizations), including the compliance Supplement to OMB Circular A-133, if the RECIPIENT expends $500,000 or more in a year in Federal funds. The $500,000 threshold for each year is a cumulative total of all federal funding from all sources. The RECIPIENT must forward a copy of the audit along with the RECIPIENT'S response and the final corrective action plan to the DEPARTMENT within ninety (90) days of the date of the audit report.

I. PERFORMANCE REPORTING

The RECIPIENT shall submit progress reports to the DEPARTMENT with each payment request or such other schedule as set forth in the Special Conditions. The RECIPIENT shall also report in writing to the DEPARTMENT any problems, delays or adverse conditions which will materially affect their ability to meet project objectives or time schedules. This disclosure shall be accompanied by a statement of the action taken or proposed and any assistance needed from the DEPARTMENT to resolve the situation. Payments may be withheld if required progress reports are not submitted.

Quarterly reports shall cover the periods January 1 through March 31, April 1 through June 30, July 1 through September 30, and October 1 through December 31. Reports shall be due within thirty (30) days following the end of the quarter being reported.

J. COMPENSATION

1. Method of compensation. Payment shall normally be made on a reimbursable basis as specified in the grant agreement and no more often than once per month. Each request for payment will be submitted by the RECIPIENT on State voucher request forms provided by the DEPARTMENT along with documentation of the expenses. Payments shall be made for each task/phase of the project, or portion thereof, as set out in the Scope of Work when completed by the RECIPIENT and approved as satisfactory by the Project Officer.

The payment request form and supportive documents must itemize all allowable costs by major elements as described in the Scope of Work. Instructions for submitting the payment requests are found in "Administrative Requirements for Ecology Grants and Loans", part IV, published by the DEPARTMENT. A copy of this document shall be furnished to the RECIPIENT. When payment requests are approved by the DEPARTMENT, payments will be made to the mutually agreed upon designee.

Payment requests shall be submitted to the DEPARTMENT and directed to the Project Officer assigned to administer this agreement.

2. Period of Compensation. Payments shall only be made for actions of the RECIPIENT pursuant to the grant/loan agreement and performed after the effective date and prior to the expiration date of this agreement, unless those dates are specifically modified in writing as provided herein.

3. Final Request(s) for Payment. The RECIPIENT should submit final requests for compensation within forty-five(45) days after the expiration date of this agreement and within fifteen (15) days after the end of a fiscal biennium. Failure to comply may result in delayed reimbursement.

4. Performance Guarantee. The DEPARTMENT may withhold an amount not to exceed ten percent (10%) of each reimbursement payment as security for the RECIPIENT's performance. Monies withheld by the DEPARTMENT may be paid to the RECIPIENT when the project(s) described herein, or a portion thereof, have been completed if, in the DEPARTMENT's sole discretion, such payment is

reasonable and approved according to this agreement and, as appropriate, upon completion of an audit as specified under section J.6. herein.

5. Unauthorized Expenditures. All payments to the RECIPIENT may be subject to final audit by the DEPARTMENT and any unauthorized expenditure(s) charged to this grant/loan shall be refunded to the DEPARTMENT by the RECIPIENT.

6. Mileage and Per Diem. If mileage and per diem are paid to the employees of the RECIPIENT or other public entities, it shall not exceed the amount allowed under state law for state employees.

7. Overhead Costs. No reimbursement for overhead costs shall be allowed unless provided for in the Scope of Work hereunder.

K. TERMINATION

1. For Cause. The obligation of the DEPARTMENT to the RECIPIENT is contingent upon satisfactory performance by the RECIPIENT of all of its obligations under this agreement. In the event the RECIPIENT unjustifiably fails, in the opinion of the DEPARTMENT, to perform any obligation required of it by this agreement, the DEPARTMENT may refuse to pay any further funds thereunder and/or terminate this agreement by giving written notice of termination.

A written notice of termination shall be given at least five working days prior to the effective date of termination. In that event, all finished or unfinished documents, data studies, surveys, drawings, maps, models, photographs, and reports or other materials prepared by the RECIPIENT under this agreement, at the option of the DEPARTMENT, shall become Department property and the RECIPIENT shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials.

Despite the above, the RECIPIENT shall not be relieved of any liability to the DEPARTMENT for damages sustained by the DEPARTMENT and/or the State of Washington because of any breach of agreement by the RECIPIENT. The DEPARTMENT may withhold payments for the purpose of setoff until such time as the exact amount of damages due the DEPARTMENT from the RECIPIENT is determined.

2. Insufficient Funds. The obligation of the DEPARTMENT to make payments is contingent on the availability of state and federal funds through legislative appropriation and state allotment. When this agreement crosses over state fiscal years the obligation of the DEPARTMENT is contingent upon the appropriation of funds during the next fiscal year. The failure to appropriate or allot such funds shall be good cause to terminate this agreement as provided in paragraph K.1 above.

When this agreement crosses the RECIPIENT's fiscal year, the obligation of the RECIPIENT to continue or complete the project described herein shall be contingent upon appropriation of funds by the RECIPIENT's governing body; Provided, however, that nothing contained herein shall preclude the DEPARTMENT from demanding repayment of ALL funds paid to the RECIPIENT in accordance with Section O herein.

3. Failure to Commence Work. In the event the RECIPIENT fails to commence work on the project funded herein within four months after the effective date of this agreement, or by any date mutually agreed upon in writing for commencement of work, the DEPARTMENT reserves the right to terminate this agreement.

L. WAIVER

Waiver of any RECIPIENT default is not a waiver of any subsequent default. Waiver of a breach of any provision of this agreement is not a waiver of any subsequent breach and will not be construed as a modification of the terms of this agreement unless stated as such in writing by the authorized representative of the DEPARTMENT.

M. PROPERTY RIGHTS

1. Copyrights and Patents. When the RECIPIENT creates any copyrightable materials or invents any patentable property, the RECIPIENT may copyright or patent the same but the DEPARTMENT retains a royalty-free, nonexclusive and irrevocable license to reproduce, publish, recover or otherwise use the material(s) or property and to authorize others to use the same for federal, state or local government purposes.

Where federal funding is involved, the federal government may have a proprietary interest in patent rights to any inventions that are developed by the RECIPIENT as provided in 35 U.S.C. 200-212.

2. Publications. When the RECIPIENT or persons employed by the RECIPIENT use or publish information of the DEPARTMENT; present papers, lectures, or seminars involving information supplied by the DEPARTMENT; use logos, reports, maps or other data, in printed reports, signs, brochures, pamphlets, etc., appropriate credit shall be given to the DEPARTMENT.

3. Tangible Property Rights. The DEPARTMENT's current edition of "Administrative Requirements for Ecology Grants and Loans", Part V, shall control the use and disposition of all real and personal property purchased wholly or in part with funds furnished by the DEPARTMENT in the absence of state, federal statute(s), regulation(s), or policy(s) to the contrary or upon specific instructions with respect thereto in the Scope of Work.

4. Personal Property Furnished by the DEPARTMENT. When the DEPARTMENT provides personal property directly to the RECIPIENT for use in performance of the project, it shall be returned to the DEPARTMENT prior to final payment by the DEPARTMENT. If said property is lost, stolen or damaged while in the RECIPIENT's possession, the DEPARTMENT shall be reimbursed in cash or by setoff by the RECIPIENT for the fair market value of such property.

5. Acquisition Projects. The following provisions shall apply if the project covered by this agreement includes funds for the acquisition of land or facilities:

a. Prior to disbursement of funds provided for in this agreement, the RECIPIENT shall establish that the cost of land/or facilities is fair and reasonable.

b. The RECIPIENT shall provide satisfactory evidence of title or ability to acquire title for each parcel prior to disbursement of funds provided by this agreement. Such evidence may include title insurance policies, Torrens certificates, or abstracts, and attorney's opinions establishing that the land is free from any impediment, lien, or claim which would impair the uses contemplated by this agreement.

6. Conversions. Regardless of the contract termination date shown on the cover sheet, the RECIPIENT shall not at any time convert any equipment, property or facility acquired or developed pursuant to this agreement to uses other than those for which assistance was originally approved without prior written approval of the DEPARTMENT. Such approval may be conditioned upon payment to the DEPARTMENT of that portion of the proceeds of the sale, lease or other conversion or encumbrance which monies granted pursuant to this agreement bear to the total acquisition, purchase or construction costs of such property.

N. SUSTAINABLE PRODUCTS

In order to sustain Washington's natural resources and ecosystems, the RECIPIENT is encouraged to implement sustainable practices where and when possible. These practices include use of clean energy, and purchase and use of sustainably produced products (e.g. recycled paper). For more information, see www.ecy.wa.gov/sustainability..

O. RECOVERY OF PAYMENTS TO RECIPIENT

The right of the RECIPIENT to retain monies paid to it as reimbursement payments is contingent upon satisfactory performance of this agreement including the satisfactory completion of the project described in the Scope of Work. In the event the RECIPIENT fails, for any reason, to perform obligations required of it by this agreement, the RECIPIENT may, at the DEPARTMENT's sole discretion, be required to repay to the DEPARTMENT all grant/loan funds disbursed to the RECIPIENT for those parts of the project that are rendered worthless in the opinion of the DEPARTMENT by such failure to perform.

Interest shall accrue at the rate of twelve percent (12%) per year from the time the DEPARTMENT demands repayment of funds. If payments have been discontinued by the DEPARTMENT due to insufficient funds as in Section K.2 above, the RECIPIENT shall not be obligated to repay monies which had been paid to the RECIPIENT prior to such termination. Any property acquired under this agreement, at the option of the DEPARTMENT, may become the DEPARTMENT'S property and the RECIPIENT'S liability to repay monies shall be reduced by an amount reflecting the fair value of such property.

P. PROJECT APPROVAL

The extent and character of all work and services to be performed under this agreement by the RECIPIENT shall be subject to the review and approval of the DEPARTMENT through the Project Officer or other designated official to whom the RECIPIENT shall report and be responsible. In the event there is a dispute with regard to the extent and character of the work to be done, the determination of the Project Officer or other designated official as to the extent and character of the work to be done shall govern. The RECIPIENT shall have the right to appeal decisions as provided for below.

Q. DISPUTES

Except as otherwise provided in this agreement, any dispute concerning a question of fact arising under this agreement which is not disposed of in writing shall be decided by the Project Officer or other designated official who shall provide a written statement of decision to the RECIPIENT. The decision of the Project Officer or other designated official shall be final and conclusive unless, within thirty days from the date of receipt of such statement, the RECIPIENT mails or otherwise furnishes to the Director of the DEPARTMENT a written appeal.

In connection with appeal of any proceeding under this clause, the RECIPIENT shall have the opportunity to be heard and to offer evidence in support of this appeal. The decision of the Director or duly authorized representative for the determination of such appeals shall be final and conclusive. Appeals from the Director's determination shall be brought in the Superior Court of Thurston County. Review of the decision of the Director will not be sought before either the Pollution Control Hearings Board or the Shoreline Hearings Board. Pending final decision of dispute hereunder, the RECIPIENT shall proceed diligently with the performance of this agreement and in accordance with the decision rendered.

R. CONFLICT OF INTEREST

No officer, member, agent, or employee of either party to this agreement who exercises any function or responsibility in the review, approval, or carrying out of this agreement, shall participate in any decision which affects his/her personal interest or the interest of any corporation, partnership or association in which he/she is, directly or indirectly interested; nor shall he/she have any personal or pecuniary interest, direct or indirect, in this agreement or the proceeds thereof.

S. INDEMNIFICATION

1. The DEPARTMENT shall in no way be held responsible for payment of salaries, consultant's fees, and other costs related to the project described herein, except as provided in the Scope of Work.

2. To the extent that the Constitution and laws of the State of Washington permit, each party shall indemnify and hold the other harmless from and against any liability for any or all injuries to persons or property arising from the negligent act or omission of that party or that party's agents or employees arising out of this agreement.

T. GOVERNING LAW

This agreement shall be governed by the laws of the State of Washington.

U. SEVERABILITY

If any provision of this agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this agreement which can be given effect without the invalid provision, and to this end the provisions of this agreement are declared to be severable.

V. PRECEDENCE

In the event of inconsistency in this agreement, unless otherwise provided herein, the inconsistency shall be resolved by giving precedence in the following order: (a) applicable Federal and State statutes and regulations; (b) Scope of Work; (c) Special Terms and Conditions; (d) Any terms incorporated herein by reference including the "Administrative Requirements for Ecology Grants and Loans"; and (e) the General Terms and Conditions.

SS-010 Rev. 04/04

ATTACHMENT 2

SUPPORTING DOCUMENT REFERENCES

1. Administrative Requirements for Ecology Grants and Loans, Publication No. 91-18 (September 2005).
2. Funding Guidelines, Reclaimed Water Grants Program FY 2008, Publication No. 07-10-060.
3. Guidelines for Preparing Quality Assurance Project Plans for Environmental Studies, Publication No. 04-03-030 (July 2004).
4. Water Reclamation and Reuse Standards, Publication 97-23 (September 1997).
5. Criteria for Sewage Works Design, Publication 98-37 (December 1998).

CITY OF SEQUIM
W·A·S·H·I·N·G·T·O·N

152 West Cedar Street • Sequim, Washington 98382-3317 • Area Code 360
City Hall: 683-4139 • FAX 681-3448 Public Works: 683-4908 • FAX 681-0552

FILE COPY

January 29, 2010

Steve Carley, Manager
Water Quality Program
Financial Assistance Section
PO Box 47600
Olympia WA 98504-7600

Greg Zentner, Supervisor
Municipal Operations Unit
Water Quality Program
Department of Ecology
Southwest Regional Office
PO Box 47775
Olympia WA 98504-7775

Re: Scope of Work on Reclaimed Water Project
- **2008 Grant conditions (Grant # G0800564)**

Gentlemen:

The City of Sequim is trying to move forward with current and future uses of its reclaimed water, design of an extended reclaimed water distribution system comply with our 2005 NPDES Permit Number WA0022349 and the Grant #G0800564.

We appreciate your meetings with our former Public Works Director, Ben Rankin, and with Pete Tjemsland regarding the scope of work for the Grant. The City wants to get a scope of work approved as soon as possible so we want to make sure we have consensus on what was agreed to at the meeting with Ben.

The attached issue summaries are the City's understanding of the scope of work agreed to. The City would greatly appreciate your review of the attachments and seeks your concurrence at your earliest convenience.

Yours truly,

Craig A. Ritchie
City Attorney

Attached: Issue Summary: Reclaimed Water Grant Expectations
Issue Summary: Future Potential Issues
Cc: Tom Skillings; Steve Burkett; Jim Pemberton; Pete Tjemsland

L:\Public Works\Reuse Water\DOE letter re SC Scope of Work.docx

Issue Summary: Reclaimed Water Grant Expectations

As the City understands the history of the reclaimed water grant, the initial proposal involved funding a very large amount (some $14 million) which included an upgrade of Sequim's sewage treatment plant and planning for upland use of Class A reuse water. This included testing for potential stream flow augmentation and aquifer recharge. The $14 million grant was not approved. A less than $1 million portion of the grant was approved. It is undisputed that this funding was for distribution planning and engineering for the beneficial use of Class A reuse water. Our 2005 NPDES permit (pp 24-25) and the 1997 PPF Settlement Agreement both contemplate upland use of reclaimed water. Our Water Reuse Plan, required by our NPDES permit and approved by DOE provides for more beneficial uses than aquifer recharge and stream augmentation. Sequim is anxious to be involved in examining all of the beneficial uses including aquifer recharge and stream augmentation issues with a pilot project that will allow the associated issues to be studied.

As you are aware, after receiving notice of the grant award for hydrogeological studies, pilot testing and the design of the reuse facilities and the design of the distribution system expansion, the City sought engineering services for the proposed scope of work identified in Part V. Scope of Work of said grant. Skillings Connolly (of Lacey) is contracted to perform that work. Skillings Connolly developed a phasing plan and a narrative outlining how they believed the project should proceed. This scope of work was presented to DOE staff in December, 2008.

DOE staff indicated the need to adjust that proposed Scope of Work since it included the City's interest in finding new beneficial uses of reclaimed water as well as groundwater recharge site and indirect stream-flow augmentation site screening. In continuing dialogues since then, the City has held a position that other beneficial use applications, in addition to recharge and indirect stream-flow augmentation are not prohibited by the acceptance of this grant and implementation of the work is described accurately by Skillings Connolly in their original proposed Scope of Work. However, a rephrasing of some portions of that Scope of Work will add clarity.

DOE staff indicated they were not in agreement due to the grant award language found in Part II. Goals, Outcomes and Post Project Assessment, which reads as follows:

1. "To design for the provision of additional irrigation and stream flows to assist in the reduction of withdrawals from the Dungeness River."

2. "To design for [the] beneficial use of reuse water to address the water short Dungeness watershed by providing additional reclaimed water to replace other water sources." (page 2-11)

The City of Sequim argued that the language in statement 2 above indicated the City should, in fact, develop additional beneficial uses of our reclaimed water by expansion of irrigation applications for its reclaimed waters, since that would "replace other water sources" instead of drawing on potable waters from the water-short Dungeness watershed.

Although the design of the reclaimed water extension will focus on additional irrigation, stream flow augmentation and aquifer recharge, Sequim felt it would be shortsighted to design an extension of this distribution system in a vacuum, without consideration of the full spectrum of beneficial applications. The Department of Ecology's proposed definition of beneficial use:

"**Beneficial purpose or beneficial use** [of reclaimed water]: *means uses of water for domestic, stock watering, industrial, commercial, agricultural, irrigation, hydroelectric power production, mining, fish*

and wildlife maintenance and enhancement, recreational and thermal power production purposes, and preservation of environmental and aesthetic values and all other uses compatible with the enjoyment of the public waters of the state, are declared to be beneficial. (taken from Water Resources Act of 1971, RCW 90.54.020)"

The City's Scope of Work Phasing Plan, prepared by Skillings Connolly, indicates that we will be meeting with the local Water Users Group (representing irrigators) and other potential users of our reclaimed water for irrigation and other purposes. These other organizations may include the Sequim School District #323; several of the newer lodging facilities; Pacific Northwest National Laboratories (Battelle); and some large-parcel property owners who will have future irrigation needs.

As we are successful in negotiating contracts with these users, we will be substituting their potential use of our potable water for our reclaimed water to meet their landscaping needs. This will have a positive affect on not only the Dungeness River, but also the recharge of the underlying aquifer. This holds equally true for the use of reclaimed water for dust control on building projects, another intended beneficial applications that replaces potable water withdrawn from the Dungeness River watershed with the City of Sequim's reclaimed water.

The City is also contemplating further diversification by replacing potable water that commercial users (such as hotels / motels / convention / community facilities) use for their grey water needs. This diversification is consistent with "PART III PROJECT DESCRIPTION" Through this diversified approach, the City intends to greatly reduce consumption of potable water through agreements with such commercial users.

At the same time it is pursuing these methods of introducing reuse water where large volumes of potable water are now used, the City will, pursuant to the goals and objectives of the grant, be seeking other methods of using its reclaimed water for upland beneficial use that will benefit the Dungeness River watershed. The phasing plan described by Skillings Connolly proposed that the City consider surface ponds for infiltration in several locations within the city and its unincorporated urban growth area that will best meet this objective. During recent discussions with Sequim Public Works Director, Ben Rankin, a specific area on the "Burrowes" property was identified as a likely location for aquifer recharge.

Sequim will be not only designing a city-wide reclaimed water distribution system, which this grant will help to support; but will also be constructing that system over time as proper funding is available. To be able to pay for that construction and ongoing operation and maintenance, the City is expecting to form a reclaimed water utility and a program to market some of its reclaimed water to generate revenue.

It appears that the current DOE position as expressed to Ben Rankin, will accommodate the aquifer recharge demonstration design, easement acquisition and construction of a portion of at least of one aquifer recharge demonstration site. This will allow the City to use its reclaimed water to add water to the critical aquifer through recharge, potentially replace a portion of the water the irrigators' take from the river with reclaimed water, utilize reclaimed water in lieu of potable water and, in these ways, to augment the stream flows of the Dungeness River. This position will also allow the City to design, build and later pay for a multipurpose reclaimed water system to benefit the City of Sequim, its customers, rate payers and the environment by the reduction of withdrawals from the Dungeness River.

Our understanding of the specifics of Ben Rankin's conversation with you is as follows:

Sequim suggested a change in scope to reduce the amount of additional hydrological study; to go directly to the selection of two or three available sites for demonstration of aquifer recharge in lieu of spending

$200,000 in Phase II for looking for and studying where potential sites may exist. Sequim suggested a change to allow the City to use a portion of the Grant funding for development of a future reclaimed water distribution system. Compliance with, "Criteria for Sewage Works Design (**Orange Book**)", would still occur. C.f. pp 13-14 of most recent Skillings "Scope of Work."

DOE representatives considered three prospective sites identified by Pete Tjemsland of the City; Burrowes site, Gerhardt site, and a site near the City Shop. These sites would meet the requirements of aquifer recharge.

The City would communicate with the property owners and obtain verbal or written approval to go ahead with the site acquisition process.

The State (DOE) would begin the process to obtain concurrence from Fish and Wildlife, DRMT and any other State agencies.

The Phasing in the grant project would be revised accordingly and the deadlines extended.

We need to be certain that the above is also the understanding of DOE. Then we need to direct our consultants, Skillings and Connolly to proceed accordingly.

If the above is generally in accord with your understanding of what may be accomplished, Sequim would like to request a meeting with all parties including our consultants after which Sequim, through its consultants would submit a revised scope of work to reflect the meeting consensus.

Issue Summary: Future Potential Issues

Future tasks and issues include examining the results of literature studies concerning the environmental disposition of the potential contents of reuse water (see "Results of a Screening Analysis for Pharmaceuticals in Wastewater Treatment Plant Effluents, Wells, and Creeks in the Sequim-Dungeness Area," Publication No. 04-03-051, November 2004).

There needs to be an examination of the literature worldwide concerning the benefits and risks or reclaimed water discharges into aquifers and into streams.

Sequim will have the advantage of an actual demonstration site for some of its own limited testing with the help of the Department of Ecology. Clallam County received some of the grant funding to perform the public involvement portion of this proposal. These issues will need to be presented in a public forum in order to obtain public understanding of the quality of reclaimed water and the extent of beneficial uses possible and acceptable to the public.

STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY
PO Box 47600 • Olympia, WA 98504-7600 • 360-407-6000
711 for Washington Relay Service • Persons with a speech disability can call 877-833-6341

February 28, 2011

Ms. Karen Goschen
City of Sequim
615 N. Fifth Avenue
Sequim, WA 98382

Re: City of Sequim Water Reclamation Facility Upgrade and Expansion
Washington State Water Pollution Control Revolving Fund
Ecology Loan Agreement No. L1000004

Dear Ms. Goschen:

Enclosed is one signed original of Amendment No. 3 [Revised Final] to the above-referenced loan agreement between the Department of Ecology and the City of Sequim for the Water Reclamation Facility Upgrade and Expansion project.

The purpose of this amendment is to correct an error in the final loan repayment schedule contained in Amendment No. 2.

As before, repayment shall begin no later than June 17, 2011. Please mail payments to:

Department Of Ecology
Cashiering Unit
PO Box 47611
Olympia WA 98504-7611

If you have any questions, please contact me at 360-407-7489 or at Melanie.Tyler@ecy.wa.gov.

Sincerely,

Melanie Tyler
Financial Manager
Water Quality Program

Enclosures

Cc: Dave Dougherty, Ecology WQ/SWRO

DEPARTMENT OF
ECOLOGY
State of Washington

AMENDMENT NO. 3 [REVISED FINAL]
TO LOAN AGREEMENT NO. L1000004
BETWEEN
THE STATE OF WASHINGTON DEPARTMENT OF ECOLOGY
AND
THE CITY OF SEQUIM

PURPOSE: To amend the above-referenced loan agreement (AGREEMENT) between the state of Washington Department of Ecology (DEPARTMENT) and the City of Sequim (RECIPIENT) for the Water Reclamation Facility Upgrade and Expansion Project (PROJECT). This amendment is needed to correct an error in the final loan repayment schedule.

IT IS MUTUALLY AGREED that the AGREEMENT is amended as follows:

- The attached FINAL LOAN REPAYMENT SCHEDULE Number 1591 created on February 3, 2011, replaces the previous FINAL LOAN REPAYMENT SCHEDULE.

FURTHER, this amendment is effective upon the date of signature by the Water Quality Program Manager of the DEPARTMENT.

Except as expressly provided by this amendment, all other terms and conditions of the original AGREEMENT and all prior amendments thereto remain in full force and effect.

IN WITNESS WHEREOF, the parties have signed this amendment.

STATE OF WASHINGTON

2/28/11
KELLY SUSEWIND, P.E., P.G. DATE
WATER QUALITY PROGRAM MANAGER

CITY OF SEQUIM

2-22-11
STEVEN C. BURKETT DATE
CITY MANAGER

APPROVED AS TO FORM ONLY:
ASSISTANT ATTORNEY GENERAL

(Revised 05/05/09)

Dept. of Ecology

FINAL REFINANCING LOAN REPAYMENT SCHEDULE

(REVISED) ATTACHMENT 8

Loan Number	L1000004	**Loan Amount**	$5,676,033.91
Recipient Name	City of Sequim	**Term of Loan**	39 Payments
Amortization Method	Compound-365 D/Y	**Annual Int. Rate**	2.100 %
Project Completion Date	09/30/2010	**Interest Compounded**	Monthly
Initiation of Operations	06/17/2010	**Loan Date**	11/30/2010

Loan Number	L1000004		**Department of Ecology**
Recipient Name	City of Sequim	**Date Created**	02/03/2011

Payment #	Due Date	Payment Amount	Interest	Principal	Balance
1	06/17/2011	$178,434.57	$65,137.69	$113,296.88	$5,562,737.03
2	12/17/2011	$178,434.57	$58,664.87	$119,769.70	$5,442,967.33
SubTotal	**2011**	**$356,869.14**	**$123,802.56**	**$233,066.58**	
3	06/17/2012	$178,434.57	$57,401.78	$121,032.79	$5,321,934.54
4	12/17/2012	$178,434.57	$56,125.36	$122,309.21	$5,199,625.33
SubTotal	**2012**	**$356,869.14**	**$113,527.14**	**$243,342.00**	
5	06/17/2013	$178,434.57	$54,835.48	$123,599.09	$5,076,026.24
6	12/17/2013	$178,434.57	$53,532.00	$124,902.57	$4,951,123.67
SubTotal	**2013**	**$356,869.14**	**$108,367.48**	**$248,501.66**	
7	06/17/2014	$178,434.57	$52,214.77	$126,219.80	$4,824,903.87
8	12/17/2014	$178,434.57	$50,883.65	$127,550.92	$4,697,352.95
SubTotal	**2014**	**$356,869.14**	**$103,098.42**	**$253,770.72**	
9	06/17/2015	$178,434.57	$49,538.49	$128,896.08	$4,568,456.87
10	12/17/2015	$178,434.57	$48,179.15	$130,255.42	$4,438,201.45
SubTotal	**2015**	**$356,869.14**	**$97,717.64**	**$259,151.50**	
11	06/17/2016	$178,434.57	$46,805.47	$131,629.10	$4,306,572.35
12	12/17/2016	$178,434.57	$45,417.31	$133,017.26	$4,173,555.09
SubTotal	**2016**	**$356,869.14**	**$92,222.78**	**$264,646.36**	
13	06/17/2017	$178,434.57	$44,014.50	$134,420.07	$4,039,135.02
14	12/17/2017	$178,434.57	$42,596.90	$135,837.67	$3,903,297.35
SubTotal	**2017**	**$356,869.14**	**$86,611.40**	**$270,257.74**	
15	06/17/2018	$178,434.57	$41,164.35	$137,270.22	$3,766,027.13

Loan Number	L1000004	**Department of Ecology**	
Recipient Name	City of Sequim	**Date Created**	02/03/2011

Payment #	Due Date	Payment Amount	Interest	Principal	Balance
16	12/17/2018	$178,434.57	$39,716.69	$138,717.88	$3,627,309.25
SubTotal	**2018**	**$356,869.14**	**$80,881.04**	**$275,988.10**	
17	06/17/2019	$178,434.57	$38,253.77	$140,180.80	$3,487,128.45
18	12/17/2019	$178,434.57	$36,775.41	$141,659.16	$3,345,469.29
SubTotal	**2019**	**$356,869.14**	**$75,029.18**	**$281,839.96**	
19	06/17/2020	$178,434.57	$35,281.47	$143,153.10	$3,202,316.19
20	12/17/2020	$178,434.57	$33,771.77	$144,662.80	$3,057,653.39
SubTotal	**2020**	**$356,869.14**	**$69,053.24**	**$287,815.90**	
21	06/17/2021	$178,434.57	$32,246.15	$146,188.42	$2,911,464.97
22	12/17/2021	$178,434.57	$30,704.44	$147,730.13	$2,763,734.84
SubTotal	**2021**	**$356,869.14**	**$62,950.59**	**$293,918.55**	
23	06/17/2022	$178,434.57	$29,146.47	$149,288.10	$2,614,446.74
24	12/17/2022	$178,434.57	$27,572.07	$150,862.50	$2,463,584.24
SubTotal	**2022**	**$356,869.14**	**$56,718.54**	**$300,150.60**	
25	06/17/2023	$178,434.57	$25,981.07	$152,453.50	$2,311,130.74
26	12/17/2023	$178,434.57	$24,373.29	$154,061.28	$2,157,069.46
SubTotal	**2023**	**$356,869.14**	**$50,354.36**	**$306,514.78**	
27	06/17/2024	$178,434.57	$22,748.55	$155,686.02	$2,001,383.44
28	12/17/2024	$178,434.57	$21,106.68	$157,327.89	$1,844,055.55
SubTotal	**2024**	**$356,869.14**	**$43,855.23**	**$313,013.91**	
29	06/17/2025	$178,434.57	$19,447.49	$158,987.08	$1,685,068.47
30	12/17/2025	$178,434.57	$17,770.81	$160,663.76	$1,524,404.71
SubTotal	**2025**	**$356,869.14**	**$37,218.30**	**$319,650.84**	
31	06/17/2026	$178,434.57	$16,076.44	$162,358.13	$1,362,046.58
32	12/17/2026	$178,434.57	$14,364.20	$164,070.37	$1,197,976.21
SubTotal	**2026**	**$356,869.14**	**$30,440.64**	**$326,428.50**	
33	06/17/2027	$178,434.57	$12,633.91	$165,800.66	$1,032,175.55
34	12/17/2027	$178,434.57	$10,885.37	$167,549.20	$864,626.35
SubTotal	**2027**	**$356,869.14**	**$23,519.28**	**$333,349.86**	
35	06/17/2028	$178,434.57	$9,118.39	$169,316.18	$695,310.17

Loan Number	L1000004	**Department of Ecology**	
Recipient Name	City of Sequim	**Date Created**	02/03/2011

Payment #	Due Date	Payment Amount	Interest	Principal	Balance
36	12/17/2028	$178,434.57	$7,332.77	$171,101.80	$524,208.37
SubTotal	**2028**	**$356,869.14**	**$16,451.16**	**$340,417.98**	
37	06/17/2029	$178,434.57	$5,528.33	$172,906.24	$351,302.13
38	12/17/2029	$178,434.57	$3,704.85	$174,729.72	$176,572.41
SubTotal	**2029**	**$356,869.14**	**$9,233.18**	**$347,635.96**	
39	06/17/2030	$178,434.55	$1,862.14	$176,572.41	$0.00
SubTotal	**2030**	**$178,434.55**	**$1,862.14**	**$176,572.41**	
Grand Total		**$6,958,948.21**	**$1,282,914.30**	**$5,676,033.91**	

Single Authorization Outgoing Wire Transfer Form

Bank Use Only
Date: _____ **Wire Ref/ Sequence #** _____ **Value Date:** _____ **Call Tracking #** _____

Wire instructions received by (if not CCS): _____

CUSTOMER INFORMATION

Customer Name: City of Sequim
Street Address: 152 W Cedar Street
City, State, ZIP: Sequim, WA 98382
Phone (optional): 360-683-4139
Taxpayer Identification #: 91-6001502
Account # to be Debited: 153502145763

For Bank Use Only: Exchange Rate: _____

WIRE INFORMATION

☒ **Domestic Wire**
Amount of Wire US$ 3,633,361.14

☐ **International Wire** - Should US Bank send funds to beneficiary's account in foreign currency?
Yes ☐ Currency: _____ No ☒
Amount of Wire in US$ Terms: _____
Amount in Foreign Terms: _____

BENFICIARY INFORMATION

Repeat Code: _____
Bank Name: US Bank
Branch/Street: 60 Livingston Ave
City: St. Paul State: MN
Foreign City & Country: _____
ABA #/Swift/Sort Code: 123000848
Beneficiary's Name: 4610 Department of Ecology
Account Number: 153910882387
Specific Identifiers: City of Sequim Loan Payoff - L1000004

Further Credit/Reference: _____

Beneficiary's Address (if available):
PO Box 47600, Olympia WA 98504-7600
360-407-6000

General Terms: Customer acknowledges that a wire transfer relies only on information provided by Customer. A payment might be made by the beneficiary's bank on the basis of a bank account number even if it identifies a person different from the named beneficiary. If there is a loss resulting from an incorrect account number or other information provided by Customer, the banks involved in processing the wire transfer, including U.S. Bank, shall not be liable for any damages. Customer acknowledges that the applicable funds transfer and electronic banking terms of U.S. Bank's deposit account agreement apply to this wire transfer even if Customer does not maintain an account at U.S. Bank. Additional fees may be deducted from the transfer amount by other financial institutions involved in the payment process. U.S. Bank may rely on any instructions that it reasonably believes to have been initiated by an authorized individual. Customer agrees that U.S. Bank shall have no liability for honoring any instructions or requests made by Customer in accordance with this Authorization. All transactions are subject to possible limitations under federal law and regulation, including possible restrictions under the rules issued by the U.S. Treasury's Office of Foreign Assets Control.

Additional Terms for Business Customers: U.S. Bank offers Wire Transfer Services to its customers through U.S. Bank's Wire Transfer Department. U.S. Bank believes that the security procedures offered to customers initiating wires through the Wire Transfer Department are a commercially reasonable method of providing security against unauthorized wire transfers. Customer has analyzed its own internal security procedures and business needs and has chosen not to utilize U.S. Bank's Wire Transfer Services for this request. Customer acknowledges that its decision to request a wire transfer absent direct initiation through the Wire Transfer Department offers less protection against unauthorized transactions than direct initiation through the Wire Transfer Department. Customer accepts these reduced security procedures as commercially reasonable and agrees to be bound by any payment order, whether or not authorized, issued in Customer's name and accepted by U.S. Bank in accordance with this Authorization.

By signing below, I agree to the terms of the Authorization, and I represent that I am authorized to initiate this wire transfer.

Authorized Signature: _____ **Date:** 1/14/2019
Printed Name: Sue Hagener **Title (if applicable):** Admin Services Director