King County

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Meeting Agenda

Transportation, Economy and Environment Committee

Councilmembers: Rod Dembowski, Chair; Claudia Balducci, Vice Chair; Jeanne Kohl-Welles, Kathy Lambert, Joe McDermott, Dave Upthegrove, Pete von Reichbauer

Staff: Mary Bourguignon, Lead Staff (206-477-0873)
Angelica Calderon, Committee Assistant (206-477-0874)

1:30 PM | **Wednesday, September 14, 2016** | **Room 1001**

SPECIAL MEETING

Pursuant to K.C.C. 1.24.035 A. and F., this meeting is also noticed as a meeting of the Metropolitan King County Council, whose agenda is limited to the committee business. In this meeting only the rules and procedures applicable to committees apply and not those applicable to full council meetings.

To show a PDF of the written materials agenda item, click on the agenda

1. Call to Order

2. Roll Call

3. Approval of Minutes pp. 5-6

Minutes of September 6, 2016 meeting.

4. Public Comment

Consent Items

5. Proposed Ordinance No. 2016-0406 pp. 7-78

AN ORDINANCE approving and adopting two memoranda of agreement regarding Ferry Coalition Reopener on Cost-of-Living Adjustment for 2017 and Deckhand Bump-up to Captain, negotiated by and between King County and the Ferry Coalition (Passenger only Vessels, Marine Division, Department of Transportation) representing employees in the department of transportation; and establishing the effective dates of said agreements.

Sponsors: Mr. McDermott

Contingent on introduction and referral to the committee.

Nick Wagner, Council Staff

Sign language and communication material in alternate formats can be arranged given sufficient no
TDD Number 296-1024.
ASSISTIVE LISTENING DEVICES AVAILABLE IN THE COUNCIL CHAMBERS.

6. Proposed Ordinance No. 2016-0416 pp. 79-104

AN ORDINANCE authorizing the county executive to execute a contract agreement between King County and the city of Redmond relating to the administration of the fire code operational permit program in unincorporated King County Fire District 34.

Sponsors: Mr. Dembowski

Contingent on introduction and referral to the committee.

Mary Bourguignon, Council Staff

7. Proposed Ordinance No. 2016-0438 pp. 105-112

AN ORDINANCE changing the name of the Lakehaven Utility District to the Lakehaven Water and Sewer District.

Sponsors: Mr. von Reichbauer

Mary Bourguignon, Council Staff

8. Proposed Motion No. 2016-0434 pp. 113-118

A MOTION confirming the executive's appointment of Bobbi Wallace, who resides in council district six, to the King County waterworks grant ranking committee, as the district six representative.

Sponsors: Ms. Balducci

Mike Reed, Council Staff

9. Proposed Motion No. 2016-0440 pp. 119-134

A MOTION appointing Gregory J. Beardsley, who resides in council district eight, to a term of four years on the Vashon Island ferry advisory committee.

Sponsors: Mr. McDermott

Mary Bourguignon, Council Staff

10. Proposed Motion No. 2016-0441 pp. 119-134

A MOTION appointing Kari Ulatoski, who resides in council district eight, to a term of two years on the Vashon Island ferry advisory committee.

Sponsors: Mr. McDermott

Mary Bourguignon, Council Staff

11. Proposed Motion No. 2016-0442 pp. 119-134

A MOTION appointing Jan Stephens, who resides in council district eight, to a term of three years on the Vashon Island ferry advisory committee.

Sponsors: Mr. McDermott

Mary Bourguignon, Council Staff

Discussion and Possible Action

12. Proposed Ordinance No. 2016-0339 pp. 135-230

AN ORDINANCE relating to the sale of biomethane and related environmental attributes held by the county; authorizing the wastewater treatment division to enter into an agreement for the sale of biomethane and environmental attributes associated with purified biomethane produced at the South wastewater treatment plant to IGI Resources, Inc.

Sponsors: Mr. Dembowski

Mike Reed, Council Staff

13. Proposed Motion No. 2016-0453 pp. 231-276

A MOTION accepting a transit passenger and operator security action plan to enhance the safety and security of transit customers and employees, in response to Motion 14595.

Sponsors: Mr. Dembowski

Contingent on introduction and referral to the committee.

Greg Doss, Council Staff

Briefing

14. Briefing No. 2016-B0175 pp. 277-296

2016-RPT0115 - Paid parental leave pilot report

Nick Wagner, Council Staff

15. Grant Alerts pp. 297-304

16-046 WDOE THA Grant - Boise Creek Restoration - Vanwierengen
16-047 WRIA 9 Marine Shoreline Monitoring and Compliance Phase II
16-048 Tolt River - Lower Frew Floodplain Reconnection

Adjournment

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King County

1200 King County
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Meeting Minutes

Transportation, Economy and Environment Committee

Councilmembers: Rod Dembowski, Chair; Claudia Balducci, Vice Chair;
Jeanne Kohl-Welles, Kathy Lambert, Joe McDermott, Dave Upthegrove, Pete von Reichbauer

Staff: Mary Bourguignon, Lead Staff (206-477-0873)
Angelica Calderon, Committee Assistant (206-477-0874)

9:30 AM | **Tuesday, September 6, 2016** | **Room 1001**

Pursuant to K.C.C. 1.24.035 A. and F., this meeting is also noticed as a meeting of the Metropolitan King County Council, whose agenda is limited to the committee business. In this meeting only the rules and procedures applicable to committees apply and not those applicable to full council meetings.

1. Call to Order

Chair Dembowski called the meeting to order at 9:40 a.m.

2. Roll Call

Present: 7 - Mr. Dembowski, Ms. Lambert, Mr. McDermott, Mr. Upthegrove, Mr. von Reichbauer, Ms. Kohl-Welles and Ms. Balducci

3. Approval of Minutes

Councilmember Balducci moved the approval of the minutes of the August 30, 2016 meeting. Seeing no objections, the minutes were approved as presented.

4. Public Comment

The following people were present to offer public comment:

1. Tom Carpenter
2. Michael Brathorde

Discussion and Possible Action

5. Proposed Ordinance No. 2016-0155

AN ORDINANCE relating to comprehensive planning and permitting; amending Ordinance 8421, Section 3, as amended, and K.C.C. 14.56.020, Ordinance 8421, Section 4, as amended, and K.C.C. 14.56.030, and Ordinance 13147, Section 19, amended, and K.C.C. 20.18.030, Ordinance 10870, Section 330, as amended, and K.C.C. 21A.08.030, Ordinance 10870, Section 332, as amended, and K.C.C. 21A.08.050, Ordinance 10870, Section 333, as amended, and K.C.C. 21A.08.060, Ordinance

10870, Section 334, as amended, and K.C.C. 21A.08.070, Ordinance 10870, Section 335, as amended, and K.C.C. 21A.08.080, Ordinance 10870, Section 336, as amended, and K.C.C. 21A.08.090, Ordinance 10870, Section 337, as amended, and K.C.C. 21A.08.100, Ordinance 13274, Section 4, as amended, and K.C.C. 21A.37.020, Ordinance 13733, Section 10, as amended, and K.C.C. 21A.37.110, adding new sections to K.C.C. chapter 21A.06, adding new sections to K.C.C. chapter 21A.42, decodifying K.C.C. 20.54.010 and repealing Ordinance 8421, Section 2, and K.C.C. 14.56.010, Ordinance 3064, Section 2, and K.C.C. 20.54.020, Ordinance 3064, Section 3, as amended, and K.C.C. 20.54.030, Ordinance 3064, Section 4, as amended, and K.C.C. 20.54.040, Ordinance 3064, Section 5, and K.C.C. 20.54.050, Ordinance 3064, Section 6, as amended, and K.C.C. 20.54.060, Ordinance 3064, Section 7, as amended, and K.C.C. 20.54.070, Ordinance 3064, Section 8, as amended, and K.C.C. 20.54.080, Ordinance 3064, Section 9, as amended, and K.C.C. 20.54.090, Ordinance 3064, Section 10, as amended, and K.C.C. 20.54.100, Ordinance 3064, Section 11, as amended, and K.C.C. 20.54.110, Ordinance 3064, Section 12, and K.C.C. 20.54.120, Ordinance 3064, Section 13, and K.C.C. 20.54.130 and Ordinance 7889, Section 4, as amended, and K.C.C. 26.08.010

Sponsors: Mr. Dembowski

Christine Jensen, Council Staff, briefed the legislation and answered questions from the members. Julia Patterson, Former Councilmember was present to comment before the committee. Ivan Miller, KCCP Manager, Strategy and Budget was present to comment and answer questions from the members.

This matter was Deferred

6. Proposed Ordinance No. 2016-0159

AN ORDINANCE relating to comprehensive planning; adopting the 2016 King County real property asset management plan in response to the 2015/2016 Biennial Budget Ordinance, Ordinance 17941, Section 121, as amended by Ordinance 18110, Section 55, Proviso P1 and to K.C.C. 20.12.100; and amending Ordinance 10810, Section 1, as amended, and K.C.C. 20.12.100.

Sponsors: Mr. Upthegrove

Katherine Cortes, Council Staff, briefed the legislation and answered questions of the members.

This matter was Deferred

Other Business

There was no other business to come before the committee.

Adjournment

The meeting was adjourned at 11:53 a.m.

Approved this _____ day of _____.

Clerk's Signature

King County

Metropolitan King County Council
Transportation, Economy, and Environment Committee

STAFF REPORT

Agenda Item:	5	Date:	Sept. 14, 2016
Proposed No.:	2016-0406	Name:	Nick Wagner

SUBJECT

Approval of two memoranda of agreement with the King County Ferry Coalition covering employees in the Department of Transportation.

SUMMARY

Proposed Ordinance 2016-0406 (Att. 1) would approve two memoranda of agreement (MOAs) (Atts. 1-A and 1-B) with the King County Ferry Coalition[1] covering about 45 employees in the Department of Transportation who operate and maintain the Water Taxi service provided by King County. As described in the Executive's transmittal letter (Att. 4), they include Marine Captains, Deckhands, Information Agents, and Engineers, and Oilers:

- The Marine Captains operate the Water Taxi vessels and supervise the loading, unloading, and transit of passengers.
- The Deckhands collect tickets, load and unload passengers, and perform routine maintenance of the vessels to ensure passenger safety.
- The Engineers maintain the overall mechanical readiness, safety, and performance of the vessel.
- The Oilers assist the Engineers in maintaining the vessels.
- The Information Agents are dockside employees who provide customer service.

The two MOAs would modify the Master Agreement between the parties by:

- Providing for each covered employee to receive a wage increase, effective January 1, 2017, in the amount of the greater of (1) 1.64 percent or (2) the wage increase negotiated for 2017 between King County and the King County Coalition of Unions (Att. 1-A: Wage increase MOA); and

[1] The King County Ferry Coalition consists of the International Organization of Masters, Mates & Pilots (MM&P), the Marine Engineers' Beneficial Association (MEBA), and the Inlandboatmen's Union of the Pacific (IBU).

- Revising the process whereby qualified Deckhands "bump-up" to Captain when the scheduled Captain is unavailable due to sickness or injury (Att. 1-B: Deckhand Bump-up to Captain Agreement).

BACKGROUND

The parties' current Master Agreement runs through December 2017, but does not provide for a wage increase for 2017. Instead the agreement includes a wage reopener for 2017 (§ 9.2.D; Att. 2, p. 17). The proposed wage increase MOA (Att. 1-A) reflects the result of the parties' reopened wage negotiations.

The MOA on Deckhands bumping-up to Captain arises from county residents' increasing reliance on the Water Taxi as their primary means of getting to work. According to the Executive's transmittal letter (Att. 4), this reliance is due to the Water Taxi having become "one of the most consistent and reliable forms of public transportation with very few schedule run delays or cancellations." To maintain that consistency and reliability, the Deckhand Bump-up to Captain MOA is intended to provide for efficient and reliable coverage by qualified Deckhands when Captains are unexpectedly unavailable due to sickness or injury. In the absence of such coverage, service would need to be canceled or delayed.

ANALYSIS

Wage Increase MOA

The wage increase MOA (Att. 1-A) would provide the covered employees with a wage increase, effective January 1, 2017, of the greater of (1) 1.64 percent or (2) the wage increase negotiated with the King County Coalition of Unions in total compensation bargaining.

Deckhand Bump-up to Captain MOA

The Deckhand Bump-up to Captain MOA (Att. 1-B) would clarify and improve the process by which qualified Deckhands cover for Captains who have unexpectedly become sick or been injured. The MOA would, among other things:

- Make clear that to be eligible to bump-up to Captain a Deckhand must not only be trained, qualified, and licensed, but also approved by the King County Marine Division (KCMD) and needed to meet the KCMD's business needs;

- Clarify the process and grounds for adding Deckhands to the Captain's Eligibility List or removing them from the list;

- Clarify the order in which Deckhands on the Captain's Eligibility List are to be called to cover for Captains;

- Provide for a monthly stipend of $50 for Deckhands who are on the Captain's Eligibility List.

FISCAL IMPACT

The fiscal impact described in the Fiscal Note (Att. 5) is attributable to the wage increase ($27,000 for 2017, assuming the increase is 1.64%) and the $50 monthly stipend for being on the Captain's Eligibility List ($4,000 per year).

INVITED

- Andre Chevalier, Labor Negotiator, King County Office of Labor Relations
- Captain Tim Saffle, Branch Agent, International Organization of Master, Mates, and Pilots
- Jeff Duncan, Branch Agent, Marine Engineers' Beneficial Association
- Peter Hart, Regional Director, Inlandboatmen's Union of the Pacific

ATTACHMENTS

1. Proposed Ordinance 2016-0406
   Att. A (Wage increase MOA)
   Att. B (Deckhand Bump-up to Captain MOA)
2. Master Agreement with Ferry Coalition
3. Checklist and Summary of Changes (prepared by executive staff)
4. Transmittal Letter
5. Fiscal Note

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ATTACHMENT 1

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

King County

KING COUNTY

Signature Report

August 22, 2016

Ordinance

Proposed No. 2016-0406.1 **Sponsors**

AN ORDINANCE approving and adopting two memoranda of agreement regarding Ferry Coalition Reopener on Cost-of-Living Adjustment for 2017 and Deckhand Bump-up to Captain, negotiated by and between King County and the Ferry Coalition (Passenger only Vessels, Marine Division, Department of Transportation) representing employees in the department of transportation; and establishing the effective dates of said agreements.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. The memorandum of agreement regarding Ferry Coalition Reopener on Cost-of-Living Adjustment for 2017, negotiated by and between King County and the Ferry Coalition (Passenger only Vessels, Marine Division, Department of Transportation) representing employees in the department of transportation, which is Attachment A to this ordinance, is hereby approved and adopted by this reference made a part hereof. The memorandum of agreement regarding Deckhand Bump-up to Captain, negotiated by and between King County and the Ferry Coalition (Passenger only Vessels, Marine Division, Department of Transportation) representing employees in the department of transportation, which is Attachment B to this ordinance, is hereby approved and adopted by this reference made a part hereof.

SECTION 2. Terms and conditions of the memorandum of agreement regarding Ferry Coalition Reopener on Cost-of-Living Adjustment for 2017, which is Attachment A to this ordinance, shall be effective from January 1, 2017, through and including December 31, 2017. Terms and conditions of the memorandum of agreement regarding Deckhand Bump-up to Captain, Attachment B to this ordinance, shall be effective

prospectively after the agreement is approved by King County council and implemented in the payroll system, through and including December 31, 2017.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

_____

J. Joseph McDermott, Chair

ATTEST:

_____

Anne Noris, Clerk of the Council

APPROVED this _____ day of _____, _____.

_____

Dow Constantine, County Executive

Attachments: A. Memorandum of Agreement By and Between King County and Ferry Coalition, B. Memorandum of Agreement By and Between King County and Internation Organization of Masters, Mates and Pilots and Marine Engineers' Beneficial Association and Inlandboatmen's Union of the Pacific

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ATTACHMENT A

Memorandum of Agreement
By and Between
King County
and
Ferry Coalition
(Passenger only Vessels, Marine Division, Department of Transportation)
International Organization of Masters, Mates & Pilots (MM&P)
and
Marine Engineers' Beneficial Association (MEBA)
and
Inlandboatmen's Union of the Pacific (IBU)

SUBJECT: Ferry Coalition Reopener on Cost-of-Living Adjustment for 2017

Effective January 1, 2017, the salary in effect on December 31, 2016, for each employee in the Ferry Coalition bargaining units shall receive a General Wage Increase for 2017 (i.e., Cost-of-Living Adjustment). The General Wage Increase in 2017 shall be 1.64% for each employee, unless the Coalition of Unions currently engaged in Total Compensation bargaining negotiate a higher 2017 General Wage Increase. If the Coalition of Unions negotiates a higher General Wage Increase for 2017, the employees in the Ferry Coalition shall receive the higher General Wage Increase rate in 2017, but will not be eligible to receive any other economic and non-economic benefits of the Total Compensation Agreement.

APPROVED this 11 day of AUGUST, 2016.

By: _____
King County Executive

For International Organization of Masters, Mates and Pilots:

_____
Captain Tim Saffle, Branch Agent

For Marine Engineers' Beneficial Association:

_____
Jeff Duncan, Branch Agent

For Inlandboatmen's Union of the Pacific:

_____
Peter Hart, Regional Director, Puget Sound Region

Ferry Coalition - Passenger only Vessels, Marine Division, Department of Transportation
446U0216

cba Code: 446

ADDENDUM A
Ferry Coalition
Passenger only Vessels, Marine Division, Department of Transportation
2017 Rates at 1.64%

Union Codes: AB1
AB2
AB3

Job Class Code	PeopleSoft Job Code	Classification Title	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10
9620100	962102	Marine Captain	42.6446	44.7130	45.7860	46.8848	48.0100	49.1623	50.3422	51.5503	52.7876	54.0544
9450100	945201	Marine Deckhand	29.8790	31.3281	32.0800	32.8499	33.6383	34.4456	35.2723	36.1187	36.9857	37.8733
9450300	945301	Marine Deckhand - Purser	30.5962	32.0801	32.8500	33.6384	34.4457	35.2724	36.1189	36.9858	37.8734	38.7825
9450400	945401	Marine Deckhand - Senior	31.3305	32.8499	33.6383	34.4456	35.2723	36.1187	36.9857	37.8733	38.7823	39.7131
8440100	848102	Marine Engineer	40.6692	42.6416	43.6650	44.7130	45.7860	46.8848	48.0100	49.1623	50.3422	51.5503
4330100	433102	Marine Information Agent					25.3067	25.9141	26.5361	27.1727	27.8251	28.4927
8441100	849101	Marine Oiler	29.8790	31.3281	32.0800	32.8499	33.6383	34.4456	35.2723	36.1187	36.9857	37.8733

Memorandum of Agreement

By and Between

King County

and

International Organization of Masters, Mates and Pilots (MM&P)

and

Marine Engineers' Beneficial Association (MEBA)

and

Inlandboatmen's Union of the Pacific (IBU)

Subject: Deckhand Bump-up to Captain Agreement

Background:

The purpose of this Agreement is to improve the process whereby Deckhands bump-up to Captain and ensure service reliability for the King County Water Taxi.

Currently, six King County Marine Division (KCMD) employees in the Deckhand classification possess a Master 100 ton license (Masters License), which is necessary to operate a King County Water Taxi. In the event a regular Water Taxi Captain calls in sick or a Captain shift becomes unexpectedly vacant, this Agreement improves the process whereby a Deckhand may serve as Captain. Additionally, this Agreement aims to streamline several related administrative processes that support Water Taxi operations.

Agreement:

The parties agree to the terms outlined below that modify and replace provisions in the International Organizations of Masters, Mates and Pilots, Marine Engineers' Beneficial Association and Inlandboatmen's Union of the Pacific Collective Bargaining Agreement for January 1, 2014 through December 31, 2017 as follows:

> **Section 12.8 Deckhands Serving as Captains.** The King County Marine Division (KCMD) shall maintain a Captain's Eligibility List of County employees in the Deckhand classification that are trained, qualified, licensed, and approved by KCMD to perform Captain duties and are available for special duty assignment purposes. For purposes of this section, eligible Deckhands shall include all career service Deckhands and special duty assignment Deckhands that are; a) assigned to a special duty Deckhand position for a duration greater than six months; and b) have completed the first six months of the special duty Deckhand assignment. In the event that an employee accepts

a subsequent special duty Deckhand assignment with a duration of 30 days or more and has previously been an "eligible Deckhand" the parties may mutually agree to alternative requirements for said employee to be designated as an eligible Deckhand. In the absence of mutually agreed alternative requirements, the requirements of a) and b) above shall apply.

A. Captain's Eligibility List: KCMD may place eligible deckhands on the Captain's Eligibility List when they successfully complete the County's required Captain training for all vessels ("Captain Checkoff") and are needed to meet business needs. KCMD may add or remove Deckhands on the Captain's Eligibility List as follows:

i. Operational reasons: KCMD may reduce the number of Deckhands on the Captain's Eligibility List by selecting Deckhands to be removed from the list in inverse seniority order of the date they received their final Captain Checkoff. Similarly, KCMD may add Deckhands to the Captain's Eligibility List based on operational needs in seniority order of the date a Deckhand receives his or her final Captain Checkoff.

ii. Personnel reasons: KCMD may remove or exclude Deckhands from the Captain's Eligibility List based on disciplinary action or refusal to bump-up to Captain while on watch. KCMD may temporarily remove Deckhands from the Captain's Eligibility List during an investigation or other significant personnel issue.

B. Deckhand Bump-up to Captain Process: When KCMD determines the need for a Deckhand to act as Captain, the Division Manager or designee will contact eligible Deckhands currently assigned to the watch in need. If more than one Deckhand regularly assigned to a watch is on the Captain's Eligibility List, they shall rotate available Captain shifts and track this rotation on the vessel. Deckhands that are regularly assigned to a watch shall have priority bump-up on their assigned watch over other eligible Deckhands temporarily dispatched to their watch. Any Deckhands that are asked to bump-up on a watch must serve as Captain.

If no Deckhands serving on a watch (i.e., shift) are on the Captain's Eligibility List, then the dispatch will be made to the most senior eligible Deckhand to serve as the Captain and proceed down the list based on availability.

KCMD may vary the order in which a special assignment is dispatched due to an emergent situation and/or the length of the assignment in order to avoid overtime costs or sailing cancellations. Nothing in this section is intended to limit or replace the existing process whereby other employees in the Captain classification are asked to cover Captain shifts.

C. Eligible Deckhand Stipend

Eligible Deckhands shall receive a monthly stipend of $50.00 per month if all the following criteria are met:

1) Career Service status;
2) Benefit Eligible;
3) Captain's Checkoff complete; and,
4) Active status on the Captain's Eligibility List on first of the month.

The stipend pay will be paid prospectively after the Agreement is signed by the parties, approved by Council and implemented in PeopleSoft.

D. Seniority and Dues

i. A Deckhand serving as a Captain on a seasonal or daily basis will continue to accrue seniority from his or her present bargaining unit and retain reversion rights to his or her previously held position, as long as he/she maintains membership in the IBU.

ii. A Deckhand acting as a Captain for more than 240 hours will be required to submit an application to join the MM&P.

iii. A Deckhand who holds the proper qualifications and United States Coast Guard License to work as Captain for King County and who has worked more than 240 hours as a Captain for King County shall be known as a "Permit Employee."

iv. If a Permit Employee accepts a Career Service Captain's position, the provisions of the current collective bargaining agreement will apply.

v. Permit Employees will be allowed to continue work on an intermittent basis beyond 240 hours. Dues for these employees will be one-half (1/2) of the regular dues rate.

Article 13: On Call Employees

Section 13.1 The vacation accrual rate for an on call employee hired into a regular career service position shall be based on the length of service as an on call employee.

Section 13.2 If there has been one request for work and the on call employee has not worked for the County in the previous 12 months, the County will provide notice to the Union about removing employees from the on call list. After receipt of notice, the Union may request to discuss the reasons an on call employee was removed from the on call list.

Section 13.3 The parties may request to reopen negotiations for the purpose of discussing the creation of a float pool staffed by regular employees.

For International Organization of Masters, Mates and Pilots:

Captain Tim Saffle, Branch Agent — 6/30/16 Date

For Marine Engineers' Beneficial Association:

Jeff Duncan, MEBA Branch Agent — 6/30/16 Date

For Inlandboatmen's Union of the Pacific:

Peter Hart, Regional Director — 6/30/16 Date

For King County:

Paul Brodeur, Division Director
King County Marine Division — 6/30/16 Date

For King County:

Andre Chevalier, Labor Negotiator
Office of Labor Relations
King County Executive Office — 6/30/16 Date

MASTER AGREEMENT
By and Between
King County
And
INTERNATIONAL ORGANIZATION OF MASTERS, MATES AND PILOTS, MARINE ENGINEERS' BENEFICIAL ASSOCIATION
AND
INLANDBOATMEN'S UNION OF THE PACIFIC

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MASTER AGREEMENT

By and Between

King County

And

INTERNATIONAL ORGANIZATION OF MASTERS, MATES AND PILOTS,

MARINE ENGINEERS' BENEFICIAL ASSOCIATION

AND

INLANDBOATMEN'S UNION OF THE PACIFIC

These Articles constitute an agreement, terms of which have been negotiated in good faith, between KING COUNTY ("the County") and Inlandboatmen's Union of the Pacific, International Organization of Masters, Mates and Pilots and Marine Engineers' Beneficial Association ("the Unions"). This Agreement shall be subject to approval by Ordinance by the Metropolitan King County Council.

ARTICLE 1: PURPOSE

The purpose of this Agreement is to promote the continued improvement of the relationship between King County and its employees whose job classifications are listed in Appendix D represented by the Unions. The articles of this Agreement and appendices set forth the wages, hours and working conditions for each individual bargaining unit's employees.

ARTICLE 2: SCOPE

This Agreement shall apply to all licensed and unlicensed employees assigned to the Deck, Engine, Terminal, and Shoreside maintenance who are employed by King County and shall apply to all vessels and facilities of the County engaged in the marine transportation of passengers and freight.

ARTICLE 3: UNION RECOGNITION AND MEMBERSHIP

Section 3.1 The County recognizes the Unions as the representative of all employees classified herein and the sole collective bargaining agency for the purpose of acting for the employees in negotiating and interpreting the Agreement and adjusting disputes.

Section 3.2 It shall be a condition of employment that all employees covered by this agreement who are members of the Unions in good standing on the effective date of this agreement

shall remain members in good standing and those who are not members on the effective date of this agreement shall, on the thirtieth day following the effective date of this agreement, become and remain members in good standing in the Unions, or pay fees to the Unions to the extent permitted by law. It shall also be a condition of employment that all employees covered by this agreement and hired or assigned into the bargaining unit on or after its effective date shall, on the thirtieth day following the beginning of such employment, become and remain members in good standing in the Unions, or pay fees to the Unions to the extent permitted by law.

Provided however, that nothing contained in this section shall require an employee to join said Unions who can substantiate in accordance with case law bona fide religious tenets or teachings that prohibit the payment of dues or initiation fees to Unions' organizations. Such employee shall pay an amount of money equivalent to regular unions' dues and initiation fee; said amounts shall be paid to a non-religious charity mutually agreed upon by the employee affected and the Unions to which such public employee would otherwise pay the dues and initiation fee. The public employee shall furnish proof to the Unions each month that such payment has been made.

Section 3.3 The County shall not contract out work which the members of the Unions have historically performed unless it is required by law or is a business necessity due to an emergency situation or to augment the workforce on a short-term, temporary basis. Except for emergency situations, the County shall provide notice to the Unions of its intent to contract out and, upon request, bargain the decision and/or effects of that decision. Except as provided herein, under no circumstance shall the County agree to any long-term or permanent contracting out of bargaining unit work. Nothing in this provision shall limit what the County has historically contracted out, and no jobs will be eliminated due to contracting out.

Section 3.4 Dues Deduction: Upon receipt of written authorization individually signed by a bargaining unit employee, the County shall have deducted from the pay of such employee the amount of dues and initiation fee or the appropriate fair share payment for temporary employees, as certified by the Unions, and shall transmit the same to the Unions.

The Unions will indemnify, defend and hold the County harmless against any claims made and against any suit instituted against the County on account of any check-off of dues for the Unions.

The Unions agree to refund to the County any amounts paid to it in error on account of the check-off provision upon presentation of proper evidence thereof.

Section 3.5 The County will require all new employees hired, transferred, or promoted into a position included in the bargaining unit to complete a form to inform the Unions of their hire. One copy of the form will be retained by County payroll, one copy of the form will be given to the employee and the original will be sent to the Unions. The County will notify the Unions of any employee leaving the bargaining unit.

Section 3.6 The County will transmit to the Unions a current listing of all employees in the bargaining unit within thirty (30) days of the Unions' request for such a list, not to exceed twice per calendar year. For all employees performing bargaining unit work, the list shall include the name of the employee, classification, department and salary.

Section 3.7 Failure by an employee to satisfy the requirements of Section 3.2 shall constitute cause for dismissal; provided that King County has no duty to act until the Unions make a written request for discharge and verifies that the employee received written notification of the delinquency including the amount owing, the method of calculation, and notification that non-payment after a period of no less than seven (7) days will result in discharge by the County. A copy of each written notification shall be mailed to the County concurrent with its mailing to the employee.

ARTICLE 4: RIGHTS OF MANAGEMENT

Section 4.1 Except as limited by the express written terms and conditions of this Agreement or by any practice mutually established by the County and the Unions, the management and direction of the workforce are vested exclusively in the County. In areas where this Agreement is silent, the management and direction of Employees will be in accordance with King County Personnel Guidelines and other directives, policies and ordinances, as appropriate.

Section 4.2 The County shall have the right to discipline and discharge for just cause, the right to layoff employees for lack of work or funds; or for the occurrence of conditions beyond the control of the County; or when such continuation of work would be wasteful and unproductive. The County shall further have the right to hire, appoint, promote, train, assign and direct the workforce; develop and modify classification specifications, allocate positions to those classifications, determine

reasonable schedules of work, schedule overtime work, and to establish the methods and processes by which work is performed, the right to establish reasonable rules; and the right to take whatever actions are necessary in emergencies in order to assure the proper functioning of the Department.

ARTICLE 5: HOLIDAYS

Section 5.1 Employees covered by this Labor Agreement shall be eligible for holidays with pay as provided by King County Code 3.12.230, as amended.

A. Regular, probationary, provisional and term-limited temporary employees shall be granted the following holidays with pay:

New Year's Day	January 1st
Martin Luther King Jr.'s Birthday	Third Monday in January
President's Day	Third Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4th
Labor Day	First Monday in September
Veteran's Day	November 11th
Thanksgiving Day	Fourth Thursday in November
Day after Thanksgiving	Fourth Friday in November
Christmas Day	December 25th
Two (2) Personal Holidays	

B. Employees eligible for leave benefits shall be granted two personal holidays to be administered through the vacation plan; provided, that the hours granted to employees working less than a full-time schedule shall be prorated to reflect their normally scheduled work day up to a maximum of 8 hours. One personal holiday shall be added to the vacation leave bank in the pay period that includes the first day of October and one personal holiday will be added in the pay period that includes the first day of November of each year.

C. Holidays shall be paid on the day of observance as identified in Section 5.1.

D. An employee must be eligible for leave benefits and in a pay status on the day prior to and the day following a holiday to be eligible for holiday pay; provided, however, that an employee who has successfully completed at least five years of county service and who retires at the end of a month in which the last regularly scheduled working day is observed as a holiday, shall be eligible for holiday pay if the employee is in a pay status the day before the day observed as a holiday.

Section 5.2 In addition to the aforementioned holiday benefits provided in King County Code 3.12.230, this Labor Agreement shall provide for the following:

A. An employee will receive holiday pay pro-rated to their schedule, but not to exceed 8.0 hours in a 40-hour work unit or 7.0 hours in a 35-hour work unit. For instance, if an employee's standard workweek is 30 hours per week, the employee will receive 6 hours holiday pay for a single holiday. For purposes of this sub-section, the employee schedule used to pro-rate holiday pay shall be the employee's schedule in place during the pay period that the holiday occurs in.

B. If a holiday falls on a day on which an employee who is eligible for holiday pay is scheduled to work but is otherwise unable to work due to an illness or injury, then the employee will receive holiday pay in lieu of all sick pay or time loss for that day. (The holiday pay should not exceed 8.0 hours in a 40-hour work unit or 7.0 hours in a 35-hour work unit.)

C. An employee who works an alternative work schedule will receive holiday paid time off that is equal to that provided for in the standard workweek in the employee's work unit. If the employee is required to take the day off on the holiday, or on a mutually agreeable alternative day, and the employee's alternative work day is longer than the standard work day (i.e., 7 or 8 hours) in his or her work unit, he or she may elect to make up the hours exceeding the standard work day by employing either option (1) or (2) below:

(1) Work additional time on other shifts during the pay period the holiday is taken for the hours missed, as agreed to by the supervisor and the employee. However, the employee will not be assigned to work more than 40 hours per work week or 12 hours in any 24-hour period.

(2) Use accrued vacation leave, compensatory time off, or leave without pay.

D. An employee whose normal schedule requires him or her to work on a holiday, or

whose normal schedule does not fall on the day of the observed holiday, may take holiday leave on an hour-for-hour basis at another time that is agreed to by the supervisor and the employee. However, holiday leave must be used in the same calendar year it is earned.

E. An employee whose normal schedule does not require work on a holiday but because of workload he or she is required or authorized to work, the employee will be paid for the hours worked in addition to the holiday pay; such pay will be at the employee's regular rate unless overtime provisions apply. Alternatively, the employee may elect to receive compensatory time off for the hours worked on the holiday.

ARTICLE 6: VACATIONS

Section 6.1 Employees covered by this Labor Agreement shall be eligible for vacations with pay as provided below.

A. Employees eligible for leave benefits shall accrue vacation leave benefits as described in and further qualified by this section.

Beginning with Year	Ending With Year	Months of Service	Vacation Accrual Rate	Approximate Days Accrued Per Year (based on 2080 hours)
0	1	000 thru 012	0.046154 X Basis Hours	12
2	3	013 thru 024	0.050000 X Basis Hours	13
3	4	025 thru 036	0.057693 X Basis Hours	15
4	5	037 thru 038	0.065385 X Basis Hours	17
5	9	049 thru 096	0.076924 X Basis Hours	20
9	11	097 thru 120	0.080770 X Basis Hours	21
11	17	121 thru 192	0.084616 X Basis Hours	22
17	18	193 thru 204	0.088462 X Basis Hours	23
18	19	205 thru 216	0.092308 X Basis Hours	24
19	20	217 thru 228	0.096154 X Basis Hours	25
20	21	229 thru 240	0.100000 X Basis Hours	26
21	22	241 thru 252	0.103847 X Basis Hours	27
22	25	253 thru 288	0.107693 X Basis Hours	28
25	n/a	289 and beyond	0.115385 X Basis Hours	30

B. Vacation accrual rates for an employee who works other than the full time schedule standard to his or her work unit shall be prorated to reflect his or her normally scheduled work week.

C. Employees eligible for vacation leave shall accrue vacation leave from their date of hire into a benefit eligible position.

D. Employees eligible for vacation leave may accrue up to 480 hours of vacation leave,

prorated to reflect their normally scheduled work day. Employees must use vacation leave in excess of the maximum accrual amount on or before the last day of the pay period that includes December 31 of each year. Failure to use vacation leave beyond the maximum accrual amount will result in forfeiture of the vacation leave beyond the maximum amount unless the appointing authority has approved a carryover of such vacation leave because of cyclical workloads, work assignments or other reasons as may be in the best interests of the county. The Human Resources Director may authorize procedures for authorizing carryover above the maximum.

E. Career service employees, provisional, probationary and term-limited temporary employees, shall not be eligible to take or be paid for vacation leave until they have successfully completed their first six months of county service, and if they leave county employment prior to successfully completing their first six months of county service, shall forfeit and not be paid for accrued vacation leave.

F. Employees eligible for leave benefits shall be paid for accrued vacation leave to their date of separation up to the maximum accrual amount if they have successfully completed their first six months of county service and are in good standing.

G. Employees shall not use or be paid for vacation leave until it has accrued and such use or payment is consistent with the provisions of this section. Employees shall not use paid vacation leave without prior approval by the appointing authority or designee.

H. No employee shall work for compensation for the county in any capacity during the time that the employee is on vacation leave.

I. Employees may use vacation leave in whole hours and fractions of an hour up to two decimal places.

J. In cases of separation from county employment by death of an employee with accrued vacation leave and who has successfully completed his or her first six months of county service, payment of unused vacation leave up to the maximum accrual amount shall be made to the employee's estate, or, in applicable cases, as provided for by state law, RCW Title 11.

K. If an employee resigns from a full-time regular or part-time regular position with the county in good standing or is laid off and subsequently returns to county employment within two

years from such resignation or lay off, as applicable, the employee's prior county service shall be counted in determining the vacation leave accrual rate under paragraph A of this section. (KCC 3.12.190)

L. Vacation time will not accrue to an employee during any period that the employee is in a leave without pay status.

ARTICLE 7: SICK LEAVE

Section 7.1 Employees covered by this Labor Agreement shall be eligible for sick leave benefits as provided by King County Code 3.12.220. Should King County Code be revised, the Unions shall be advised of such revision and if after bargaining regarding the revision, the Unions wishes to adopt such revision, it shall become part of the Labor Agreement.

Section 7.2 Regular, provisional, probationary and term-limited temporary employees shall accrue sick leave benefits at the rate of 0.04616 hours for each hour worked in regular pay status excluding overtime up to a maximum of eight (8) hours per month. Employees shall accrue sick leave from their date of hire in a leave eligible position. The employee is not entitled to sick leave if not previously earned.

Section 7.3 During the first six (6) months of service in a leave eligible position, employees eligible to accrue vacation leave may, at the Supervisor's discretion, use any accrued days of vacation leave as an extension of sick leave. If an employee does not work a full six (6) months in a leave eligible position, any vacation leave used for sick leave must be reimbursed to the County upon termination.

Section 7.4 There shall be no limit to the hours of sick leave benefits accrued by an eligible employee.

Section 7.5 Separation from or termination of County employment except by reason of retirement or layoff due to lack of work, funds, efficiency reasons or separation for non disciplinary medical reasons, shall cancel all sick leave accrued to the employee as of the date of separation or termination. Should the employee resign, be separated for non-disciplinary medical reasons or be laid off and return to County employment within two years, accrued sick leave shall be restored; provided, that such restoration shall not apply where the former employment was in a term-limited position.

Section 7.6 Employees eligible to accrue leave and who have successfully completed at least five years of County service and who retire as a result of length of service or who terminate by reason of death shall be paid, or their estates paid for as provided for by RCW Title 11, as applicable, an amount equal to thirty-five percent (35%) of their unused, accumulated sick leave multiplied by the employee's rate of pay in effect upon the date of leaving County employment, less mandatory withholdings.

Section 7.7 An employee must use all of his or her sick leave before taking unpaid leave for his or her own health reasons. For a leave for family reasons, the employee shall choose at the start of the leave whether the particular leave would be paid or unpaid; but when an employee chooses to take paid leave for family reasons, he or she may set aside a reserve of up to eighty (80) hours of accrued sick leave. An employee who has exhausted all of his or her sick leave may use accrued vacation leave before going on leave of absence without pay, if approved by his or her appointing authority.

Section 7.8 Accrued sick leave shall be used for the following reasons:

A. The employee's bona fide illness; provided, that an employee who suffers an occupational illness may not simultaneously collect sick leave and worker's compensation payments or sick leave, daily maintenance and wage supplement in a total amount greater than the regular pay of the employee;

B. The employee's incapacitating injury, provided that: An employee injured on the job may not simultaneously collect sick leave and worker's compensation payments or sick leave, daily maintenance and wage supplement in a total amount greater than the regular pay of the employee; though an employee who chooses not to augment his or her worker's compensation time loss pay through the use of sick leave shall be deemed on unpaid leave status;

C. An employee who chooses to augment worker's compensation payments with the use of accrued sick leave shall notify the worker's compensation office in writing at the beginning of the leave;

D. Exposure to contagious diseases and resulting quarantine.

E. An employee's temporary disability caused by or contributed to by pregnancy and/or childbirth.

F. The employee's medical, ocular or dental appointments, provided that the employee's supervisor has approved the scheduling of sick leave for such appointments.

G. To care for the employee's child if the child has an illness or health condition which requires treatment or supervision from the employee;

H. An employee may not collect sick leave for physical incapacity due to any injury or occupational illness which is directly traceable to employment other than with the County.

I. To care for other family members, if:

1. the employee has been employed by the County for twelve months or more and has worked a minimum of one thousand forty hours in the preceding twelve months;

2. the family member is the employee's spouse or domestic partner, the employee's child, a child of the employee's spouse or domestic partner, the parent of the employee, employee's spouse or domestic partner or an individual who stands or stood in loco parentis to the employee, the employee's spouse or domestic partner; and

3. the reason for the leave is one of the following:

a. the birth of a son or daughter and care of the newborn child, or placement with the employee of a son or daughter for adoption or foster care, if the leave is taken within twelve months of the birth, adoption or placement;

b. the care of the employee's child or child of the employee's spouse or domestic partner whose illness or health condition requires treatment or supervision by the employee; or

c. care of a family member who suffers from a serious health condition.

4. To the extent that Washington State law provides more extensive benefits for use of paid leave for family care, the Unions and County agree that state law shall prevail.

Section 7.9 An employee may take a total of up to eighteen weeks unpaid leave for his or her own serious health condition, and for family reasons as provided in Sections 7.8(G) and (I) combined, within a twelve-month period. The leave may be continuous, which is consecutive days or weeks, or intermittent, which is taken in whole or partial days as needed. Intermittent leave is subject to the

following conditions:

A. When leave is taken after the birth or placement of a child for adoption or foster care, an employee may take leave intermittently or on a reduced leave schedule only if authorized by the employee's appointing authority.

B. An employee make take leave intermittently or on a reduced schedule when medically necessary due to a serious health condition of the employee or family member of the employee; and

C. If an employee requests intermittent leave or leave on a reduced leave schedule under Section B. above, that is foreseeable based on planned medical treatment, the appointing authority may require the employee to transfer temporarily to an available alternative position for which the employee is qualified and that has equivalent pay and benefits and that better accommodates recurring periods of leave than the regular position of the employee.

Section 7.10 Use of donated leave shall run concurrently with the eighteen work week family medical leave entitlement.

Section 7.11 The County shall continue its contribution toward health care during any unpaid leave taken under Section 9.

Section 7.12 An employee who returns from unpaid family or medical leave within the time provided in this Article is entitled, subject to bona fide layoff provisions, to:

A. the same position he or she held when the leave commenced; or

B. a position with equivalent status, benefits, pay and other terms and conditions of employment; and

C. the same seniority accrued before the date on which the leave commenced.

Section 7.13 Failure to return to work by the expiration date of the leave of absence may be cause for removal and result in termination of the employee from County service.

Section 7.14 In addition to the aforementioned sick leave benefits provided in King County Code 3.12.220, this Labor Agreement shall provide for the following:

A. Division management and employees are responsible for the proper administration of the sick leave benefit.

B. Overtime eligible employees may use sick leave in whole hours and fractions of an hour up to two decimal places, at the discretion of the Supervisor/designee.

Section 7.15 The parties agree to meet to discuss timelines and conditions of an employee's return to work for an employee covered by this agreement who has become incapacitated due to injury, medical condition or who is prevented from working while waiting to obtain a United States Coast Guard (USCG) medical return to work (fit for duty) approval.

ARTICLE 8: PAID LEAVES

Section 8.1 Employees covered by this Labor Agreement shall be eligible for the following paid leave benefits as provided for in King County Code 3.12.210, 3.12.215, 3.12.223, 3.12.225, 3.12.240, and 3.12.260. Should King County Code be revised, the Unions shall be advised of such revision and if after bargaining regarding the revision, the Unions wish to adopt such revision, it shall become part of this Labor Agreement.

Section 8.2 Bereavement Leave:

A. Employees eligible for paid leaves shall be entitled to three (3) working days of bereavement leave per occurrence, due to death of members of their immediate family.

B. Employees eligible for leaves who have exhausted their bereavement leave shall be entitled to use sick leave in the amount of three (3) days for each instance of death when death occurs to a member of the employee's immediate family.

C. In cases of family death where no sick leave benefit exists, the employee may be granted leave without pay.

D. In the application of any of the foregoing provisions, when a holiday or regular day off falls within the prescribed period of absence, it shall not be charged against the employee's sick leave account nor bereavement leave credit.

E. Immediate family means any of the following relatives of the employee, employee's spouse or employee's domestic partner: spouse, domestic partner, grandparent, parent, child, sibling, child-in-law, parent-in-law, grandchild. Also included is any person for whose financial or physical care the employee is principally responsible.

Section 8.3 Organ Donor Leave (KCC 3.12.215):

A. The appointing authority shall allow employees eligible for family leave, sick leave, vacation leave or leave of absence without pay who are voluntarily participating as donors in life-giving or life-saving procedures such as, but not limited to, bone marrow transplants, kidney transplants, or blood transfusions to take five days paid leave without having such leave charged to family leave, sick leave, vacation leave or leave of absence without pay; provided that the employee shall:

1) Give the appointing authority reasonable advance notice of the need to take time off from work for the donation of bone marrow, a kidney, or other organs or tissue where there is a reasonable expectation that the employee's failure to donate may result in serious illness, injury, pain or the eventual death of the identified recipient.

2) Provide written proof from an accredited medical institution, organization or individual as to the need for the employee to donate bone marrow, a kidney, or other organs or tissue or to participate in any other medical procedure where the participation of the donor is unique or critical to a successful outcome.

B. Time off from work for the purposes set out above in excess of five (5) working days shall be subject to existing leave policies contracted in this Agreement.

Section 8.4 Donation of Leaves (KCC 3.12.223):

A. Vacation leave hours.

1) Any employee eligible for leave benefits may donate a portion of his or her accrued vacation leave to another employee eligible for leave benefits. Such donation will occur upon written request to and approval of the donating and receiving employees' department director(s), except that requests for vacation donation made for the purposes of supplementing the sick leave benefits of the receiving employee shall not be denied unless approval would result in a departmental hardship for the receiving department.

2) The number of hours donated shall not exceed the donor's accrued vacation credit as of the date of the request. No donation of vacation hours shall be permitted where it would cause the employee receiving the transfer to exceed his or her maximum vacation accrual.

3) Donated vacation leave hours must be used within ninety calendar days

following the date of donation. Donated hours not used within ninety days or due to the death of the receiving employee shall revert to the donor. Donated vacation leave hours shall be excluded from vacation leave payoff provisions contained in Article 6. For purposes of this section, the first hours used by an employee shall be accrued vacation leave hours.

B. Sick leave hours.

1) Any employee eligible for leave benefits may donate a portion of his or her accrued sick leave to another employee eligible for leave benefits upon written notice to the donating and receiving employees' department director(s).

2) No donation shall be permitted unless the donating employee's sick leave accrual balance immediately subsequent to the donation is one hundred hours or more. No employee may donate more than twenty-five hours of his or her accrued sick leave in a calendar year.

3) Donated sick leave hours must be used within ninety calendar days. Donated hours not used within ninety days or due to the death of the receiving employee shall revert to the donor. Donated sick leave hours shall be excluded from the sick leave payoff provisions contained in Article 7, and sick leave restoration provisions contained in Article 7. For purposes of this section, the first hours used by an employee shall be accrued sick leave hours.

C. All donations of vacation and sick leave made under this section are strictly voluntary. Employees are prohibited from soliciting, offering or receiving monetary or any other compensation or benefits in exchange for donating vacation or sick leave hours.

D. All vacation and sick leave hours donated shall be converted to a dollar value based on the donor's straight time hourly rate at the time of donation. Such dollar value will then be divided by the receiving employee's hourly rate to determine the actual number of hours received. Unused donated vacation and sick leave shall be reconverted based on the donor's straight time hourly rate at the time of reconversion.

Section 8.5 Leave for School Volunteer Service (KCC 3.12.225):

The Supervisor shall allow the use of up to three days (24 hours for hourly paid employees) of sick leave each year to allow employees to perform volunteer services at the school attended by the employee's child, the employee's grandchild, the child of the employee's domestic partner, or a child

that resides in the employee's home. Employees requesting to use sick leave for this purpose shall submit such request in writing specifying the name of the school and the nature of the volunteer services to be performed.

Section 8.6 Jury Duty (KCC 3.12.240):

Any employee eligible for leave benefits who is ordered on a jury shall be entitled to his or her regular County pay; provided, that fees for such jury duty are deposited, exclusive of mileage, with the Finance and Business Operations Division of the Department of Executive Services. Employees shall report back to their work supervisor when dismissed from jury service.

Section 8.7 Military Leave (KCC 3.12.260):

A leave of absence for active military duty or active military training duty shall be granted to eligible employees in accordance with applicable provisions of state and/or federal law; provided, that a request for such leave shall be submitted to the appointing authority in writing by the employee and accompanied by a validated copy of military orders ordering such active duty or active training duty.

Section 8.8 Unpaid Leaves of Absence:

A. Short-Term Leaves of Absence. A leave of absence without pay for a period not exceeding sixty (60) consecutive days may be granted by the applicable Supervisor.

B. Long-Term Leaves of Absence. The Director of the Human Resources Division (HRD) of the Department of Executive Services may grant a request for a leave of absence for a period longer than sixty (60) days with the favorable recommendation of the applicable Department Director. Long-Term leaves may be conditional or unconditional, with any conditions set forth in writing at the time that the leave is approved.

C. Leaves specified in A. and B. above shall not be unduly denied, unless no qualified replacements are available.

ARTICLE 9. WAGE RATES

Section 9.1 Pay Ranges: The parties agree that the classification titles shall be compensated at the pay ranges and steps as shown in Appendix D.

Section 9.2 Cost of Living Adjustment:

A. Effective January 1, 2014, the salary in effect on December 31, 2013, for each

employee in the bargaining unit shall be increased by 95% of the annual average growth rate of the bi-monthly Seattle-Tacoma-Bremerton Area Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W, July of the previous year to June of the current year). Zero floor and no ceiling, which amounts to 1.67%.

This adjustment was based on the following formula:

$$(Aug_{Y-1} + Oct_{Y-1} + Dec_{Y-1} + Feb_{Y} + Apr_{Y} + June_{Y}) /$$
$$(Aug_{Y-2} + Oct_{Y-2} + Dec_{Y-2} + Feb_{Y-1} + Apr_{Y-1} + June_{Y-1}) - 1$$

Y = Current Year
Y-1 = 1 Year Ago
Y-3 = 2 Years Ago

B. Effective January 1, 2015, the salary in effect on December 31, 2014, for each employee in the bargaining unit shall be increased by 2%.

C. Effective January 1, 2016, the salary in effect on December 31, 2015, for each employee in the bargaining unit shall be increased by 2%.

D. The parties agree to reopen negotiations for the limited purpose of negotiating a cost of living adjustment for 2017.

Section 9.3 Work Out of Class/Acting Assignment: In the event an employee is assigned, in writing, to perform duties of a higher classification, he/she shall be paid for all time so assigned in excess of one (1) day at the first pay step of the higher classification or at the step which is the equivalent of two steps (approximately five per cent) more than the employee's previous salary step, whichever is greater, but not to exceed the top step of the new range.

If an employee works out of class for 12 consecutive months, the employee and/or the Unions may submit a Position Description Questionnaire (PDQ), with a request for consideration of reallocating the employee's position to the higher class. The PDQ shall be submitted to the employee's departmental human resources manager for transmittal to the Human Resources Division

of the Department of Executive Services (DES). The departmental human resources manager shall transmit the PDQ as soon as practical, but no more than 60 calendar days after submission of the PDQ. Exception: employees who work out of class as an acting appointment to temporarily replace another employee on a leave of absence are not eligible to be considered for reallocation.

ARTICLE 10: OVERTIME

Section 10.1 The overtime rate of pay for employees shall be at the rate of one and one-half (1-1/2) times the straight-time rate in each classification, except for the holiday overtime rate. In addition to the holiday pay, work performed on the day of a holiday shall be at one and one-half (1-1/2) times the straight-time rate of pay (midnight to midnight).

Section 10.2 All full-time work performed in excess of an overtime eligible employee's scheduled work shift shall be considered as overtime. All part time employees that perform work in excess of the employees regularly scheduled work shift will receive overtime pay for all work in excess of six hours per day. However, an exception to the aforementioned is made should an employee choose to work on his/her scheduled day off which is not in excess of forty (40) hours or he/she chooses to accept additional four (4) hours of shift work

Section 10.2.1 If an employee is required to work on a scheduled day off, the employee will be paid at the overtime rate for time.

Section 10.2.2 If the employee requests and the supervisor approves, employees may be granted compensatory time at the rate of one and one-half times overtime hours worked, in lieu of overtime pay. Employees may carry a maximum balance of 80 hours compensatory time. Compensatory time may be taken as paid time off, to be requested and approved as for vacation leave.

Section 10.3 A minimum of 3 hours at overtime rate shall be allowed for each call out. Where such overtime exceeds 3, the actual hours worked shall be allowed at overtime rates. Shift extensions do not constitute "call outs."

Section 10.4 All overtime shall be authorized in advance by the Supervisor or the employee's supervisor, except in emergencies. With respect to emergency situations, the employee shall make every reasonable effort to contact a supervisor prior to engaging in the work. Saturday and Sunday work is not overtime when it is a regularly scheduled work day for the individual.

Section 10.5 If any provision of this article conflicts with minimum standards established by Federal or State law, then that provision shall be automatically amended to provide the minimum standards.

Section 10.6 Standby Pay: An overtime eligible employee assigned in writing standby status shall receive 10% of the employee's base hourly rate of pay for each hour on standby.

Section 10.7 Overtime Assignment: When overtime work is necessary, supervisors and managers will request volunteers from the qualified employees in the work unit. If more employees volunteer than are needed for overtime work, the overtime work will be assigned to the most senior among the volunteers. If there are no volunteers, overtime work will be assigned to the least senior among the group of qualified employees.

Section 10.8 When work is extended fifteen (15) minutes or less beyond the regular assigned work day, such time shall be paid at the overtime rate for one quarter (1/4) of an hour. Should work be extended by more than fifteen (15) minutes, the time worked beyond the regular assigned work day shall be paid at the overtime rate in increments of thirty (30) minutes.

Section 10.9 Early Start Time: Employees called to work prior to commencing their regular scheduled shift shall receive the overtime rate of pay in increments of one (1) hour for early call out. The county agrees in principle not to schedule in a way that avoids overtime.

ARTICLE 11: MEDICAL, DENTAL & LIFE INSURANCE

The County will provide a medical, dental and life insurance plan for all benefit eligible employees; such plans, including any changes thereto, to be as negotiated by the County and the Unions through the Joint Labor Management Insurance Committee.

ARTICLE 12: MISCELLANEOUS

Section 12.1 Any employee who has established seniority and is elected or appointed to any full-time office in a Union or who is transferred to a position in management shall retain seniority status throughout either term or terms in office for duration of employment with management, and may thereafter exercise their seniority by classification in selecting a new assignment of their choice. Any new displaced employee will also have the right to exercise their seniority by classification in selecting a new assignment of their choice.

Section 12.2 All employees who have been authorized to use their own transportation on County business shall be reimbursed at the rate established through Ordinance by the County Council.

Section 12.3 The employer agrees to permit the Unions' shop stewards and business representatives to post on County bulletin boards the announcement of meetings, election of officers, and any other Unions' material, providing there is sufficient space, beyond what is required by the County for "normal" business operations.

Unions' shop stewards and business representatives shall be allowed to post electronic mail notices on the County system if the notices meet the same requirements listed above. In addition, such representatives may use the County electronic mail system for communications related to contract administration. In no circumstances shall use of the County equipment interfere with County operations.

Section 12.4 Authorized representatives of the Unions may have reasonable access to its members in County facilities for transmittal of information or representation purposes before work, after work, during lunch breaks, or other regular breaks, or at any reasonable time as long as the work of the County employees and services to the public are unimpaired.

Section 12.5 The County agrees to comply with all applicable Federal, State and local laws and regulations regarding health and safety. In the event an employee discovers or identifies an unsafe condition, the employee will immediately notify the supervisor. Employees will not be disciplined for reporting unsafe conditions. If the Employer determines that there is an unsafe condition, it will be remedied immediately. No employee shall be required to use equipment which is not in a safe condition, or to work in an unsafe environment.

Section 12.6 The County will pay for any required training.

Section 12.7 Transportation Worker Identification Credential (TWIC) Card renewals will be paid for Regular employees and reimbursed for probationary employees that successfully complete probation.

Section 12.8 Deckhands Serving as Captains. The King County Marine Division (KCMD) shall maintain a list of eligible deckhands that are trained, qualified, and licensed to perform Captain duties and are available for special duty assignment purposes. For purposes of this section, eligible

deckhands shall include all career service deckhands and special duty assignment deckhands that are a) assigned to a special duty deckhand position for a duration greater than six months and b) have completed the first six months of the special duty deckhand assignment. In the event that an employee accepts a subsequent special duty deckhand assignment with a duration of 30 days or more and has previously been an "eligible deckhand" the parties may mutually agree to alternative requirements for said employee to be designated as an eligible deckhand. In the absence of mutually agreed alternative requirements, the requirements of a) and b) above shall apply.

A. Eligible Deckhands will be placed on the list based upon the date they successfully complete the County's required Captain training. This list shall be presented to the Unions on an annual basis, or upon request.

B. When KCMD determines the need for a Deckhand to act as a Captain, the Division Manager or designee will contact a qualified Deckhand on the list and offer him or her the opportunity to serve as the Captain, except in the case of an emergent situation.

C. All non-emergent offers will be made on the basis of the Deckhand's position on the list, with the Deckhand currently first on the list offered the next opportunity. Once a Deckhand is offered the special duty assignment, the Deckhand's name will move to the bottom of the list, whether or not the Deckhand accepts the assignment. Deckhands who are unable to be contacted by phone will move to the bottom of the list. All others on the list will move up accordingly.

D. In an emergent situation, a qualified Deckhand on the list and serving on the shift may be offered the Captain's position, and the Deckhand position backfilled as necessary. If both Deckhands serving on the shift are on the list, then the Deckhand higher on the list will be offered the opportunity to serve as the Captain.

E. KCMD may vary the order in which an opportunity for special assignment is offered and/or the length of the assignment offered in order to avoid overtime costs.

F. A Deckhand serving as a Captain on a seasonal or daily basis will continue to accrue seniority from his or her present bargaining unit and retain reversion rights to his or her previously held position, as long as he/she maintains membership in the IBU.

G. A Deckhand acting as a Captain for more than 240 hours will be required to

submit an application to join the MM&P.

H. A Deckhand who holds the proper qualifications and United States Coast Guard License to work as Captain for King County and who has worked more than 240 hours as a Captain for King County shall be known as a "Permit Employee."

I. Permit Employees will be allowed to continue work on an intermittent basis beyond 240 hours. Dues for these employees will be one-half (1/2) of the regular dues rate.

J. If a Permit Employee accepts a Career Service Captain's position, the provisions of the current collective bargaining agreement will apply.

ARTICLE 13: ON CALL EMPLOYEES

Section 13.1 The vacation accrual rate for an on call employee hired into a regular career service position shall be based on the length of service as an on call employee.

Section 13.2 If there has been one request for work and the on call employee has not worked for the County in the previous 12 months, the parties will discuss the removal of the employee from the on call list.

Section 13.3 The parties may request to reopen negotiations for the purpose of discussing the creation of a float pool staffed by regular employees.

ARTICLE 14: GRIEVANCE PROCEDURE

King County recognizes the importance and desirability of settling grievances promptly and fairly in the interest of continued good employee relations and morale and to this end the following procedure is outlined. To accomplish this, every effort will be made to settle grievances at the lowest possible level of supervision.

Employees shall be unimpeded and free from restraint, interference, coercion, discrimination or reprisal in seeking adjudication of their grievance.

Section 14.1 Definition:

Grievance - A grievance shall be defined as an alleged violation of any of the express terms of this Agreement, except that verbal or written reprimands and grievances under Article 15 (EEO) are not subject to Step 5 of the grievance procedure.

Other matters may arise in the course of employment that do not meet the above definition of

a grievance. Employees are encouraged to discuss their concerns or potential problems informally with supervisors and/or managers. A Unions' representative may participate in such discussions if requested by the employee.

Probationary, part-time and temporary employees shall not have the right to pursue grievances over terminations of employment but shall be able to pursue grievances as otherwise provided in this Section. Term limited temporaries may pursue grievances over termination through Step 2 of the grievance procedure.

Section 14.2 Procedure:

Step 1. A grievance shall be presented in writing by the aggrieved employee (and representative, if the employee wishes) within twenty (20) working days of the occurrence or knowledge of such grievance, to the employee's immediate supervisor. The grievance statement shall include the date(s) of the alleged violation, the Article and Section of this Agreement believed to be violated, and the requested remedy. The supervisor shall gain all relevant facts and shall attempt to adjust the matter and respond in writing to the employee within twenty (20) working days. If a grievance is not pursued to the next higher level within ten (10) working days after the supervisor's response, it shall be presumed resolved.

Step 2. If, after thorough discussion with the immediate supervisor, the grievance has not been satisfactorily resolved, the written grievance shall then be presented to the division manager for investigation, discussion and written reply. The division manager or designee shall make a written decision available to the aggrieved employee within ten (10) working days after receipt of the written grievance statement. If the grievance is not pursued to the next higher level within ten (10) working days following the division manager's or designee's response, it shall be presumed resolved.

Step 3. If, after thorough evaluation, the decision of the division manager has not resolved the grievance to the satisfaction of the parties the grievance may be presented in writing to the department director or his/her designee. All letters, memoranda, and other written materials shall be made available for the review and consideration of the department director or his/her designee. The director or designee may interview the employee and/or representative and receive any additional related evidence which may be deemed pertinent to the grievance. The director or designee shall

make a written decision available within ten (10) working days after submission to Step 3. If the grievance is not pursued to the next higher level within ten (10) working days after the department director or designee's response, it shall be presumed resolved.

Step 4. If, after thorough evaluation, the decision of the department director or designee has not resolved the grievance to the satisfaction of the employee, the grievance may be presented to the Director of the King County Office of Labor Relations (OLR), King County Executive Office or his/her designee for review. The OLR Director may request information in addition to that in the grievance file, and shall determine the scope and method of review. The OLR Director or his/her designee shall render a decision within ten (10) working days of his/her receipt of the grievance file. If the OLR Director fails to so issue, the Unions may proceed to Step 5 of this grievance procedure.

Step 5. Either signatory party may request arbitration within thirty (30) calendar days of the conclusion of Step 4. A request for arbitration must be submitted in writing to the King County OLR Director or designee, or to the Unions' representative if the County requests arbitration. The arbitration request must specify:

a) Identification of section(s) of Agreement allegedly violated;

b) Details or nature of the violation;

c) Position of party who is referring the grievance to arbitration;

d) Questions which the arbitrator is being asked to decide; and

e) Remedy sought.

The parties shall then select a third disinterested party to serve as an arbitrator. In the event that the parties are unable to agree upon an arbitrator, then the arbitrator shall be selected from a panel of seven arbitrators furnished by the Federal Mediation and Conciliation Services or another agency if the parties agree. The arbitrator will be selected from the list by both the County representative and the Unions, each alternately striking a name from the list until only one name remains. The arbitrator shall be asked to render a decision promptly and the decision of the arbitrator shall be final and binding on both parties.

The arbitrator shall have no power to change, alter, detract from or add to the provisions of

this Agreement, but shall have the power only to apply and interpret the provisions of this Agreement in reaching a decision.

The arbitrator's fee and expenses and any court reporter's fee and expenses shall be borne equally by both parties. Each party shall bear the cost of any witnesses appearing on that party's behalf. Regardless of the outcome of the arbitration, each party shall bear the cost of its own legal representation.

No matter may be arbitrated which the County by law has no authority over, has no authority to change, or has been delegated to any civil services commission or personnel board as defined in Chapter 108, Extraordinary Session, 1967, Laws of the State of Washington.

There shall be no strikes, cessation of work or lockout during such conferences or arbitration.

Section 14.3 The Employer shall not discharge, suspend, nor otherwise discipline a career service employee for other than just cause. Copies of all warning notices, suspensions and discharges shall be forwarded to the Unions when issued to the employee.

Section 14.4 In the event the Employer requires an employee to attend a meeting for purposes of questioning an employee with respect to an incident which may lead to termination of that employee, the employee shall be advised of his/her right to be accompanied by a representative of the Unions and if the employee desires Unions' representation in said matter, he/she shall notify the Employer at that time and shall be provided a reasonable time to arrange for Unions' representation.

Section 14.5 The parties may extend the above described deadlines in writing by mutual agreement of the parties.

Section 14.6 Election of Remedies: An employee who is covered by this Agreement has access either to the grievance procedure herein, or the grievance procedure contained in the King County Personnel Guidelines. Selection of one procedure will preclude access to the other to resolve the grievance. Selection must be made at the conclusion of Step 1 of the procedure set forth in the Personnel Guidelines or at the conclusion of Step 2 of the grievance procedure in Section 14.2 of this Article. The employee's selection is final.

Section 14.7 If both parties agree, the arbitration may be expedited. If one party desires expedited arbitration, the other party will not unreasonably withhold its consent. In conducting an

expedited arbitration, the parties shall select an arbitrator and schedule the arbitration for a date no later than thirty (30) days after the issue is submitted to arbitration. The parties will not submit post-hearing briefs, and the arbitrator will be asked to issue a bench decision, but in any event will be required to issue a decision within seven (7) days of the close of the hearing.

Section 14.8 At any step after Step 2 of this procedure, the parties may agree to request the assistance of a mutually acceptable neutral third party to serve as a mediator. This shall not preclude either party from submitting the matter to arbitration as specified in Step 5. If no arbitration request has been submitted prior to mediation, either party may request arbitration within thirty (30) days after the mediator or one of the parties declares impasse.

Section 14.9 With respect to the processing, disposition and/or settlement of any grievance, including hearings and final decision of any arbitrator, the Unions shall be the exclusive representative of the employee.

ARTICLE 15: EQUAL EMPLOYMENT OPPORTUNITY

The County and the Unions shall not unlawfully discriminate against any individual employees with respect to compensation, terms, conditions or privileges of employment by reason of race, color, sex, religion, national origin, religious belief, marital status, age, sexual orientation, political ideology, ancestry or disability. Allegations of unlawful discrimination shall not be a proper subject for adjudication under the grievance arbitration procedure of Article 14 of this Agreement. Grievances involving allegations of discrimination that are not resolved through the grievance procedure of Article 14 may be referred by the grievant to the appropriate government agency.

ARTICLE 16: SAVINGS CLAUSE

Should any part hereof or any provision herein contained be rendered or declared invalid by reason of any existing or subsequently enacted legislation or by any decree of a court of competent jurisdiction, such invalidation of such part or portion of this Agreement shall not invalidate the remaining portions hereof; provided, however, upon such invalidation the parties agree to meet and negotiate such parts or provisions affected. The remaining parts or provisions shall remain in full force and effect.

ARTICLE 17: WORK STOPPAGES AND EMPLOYER PROTECTION

Section 17.1 The Employer and the Unions agree that the public interest requires efficient and uninterrupted performance of all County services and to this end pledge their best efforts to avoid or eliminate any conduct contrary to this objective. Specifically, the Unions shall not cause or condone any work stoppage, including any strike, slowdown, or refusal to perform any customarily assigned duties, sick leave absence which is not bona fide, or other interference with County functions by employees under this Agreement and should same occur, the Unions agree to take appropriate steps to end such interference. Any concerted action by any employees in any bargaining unit shall be deemed a work stoppage if any of the above activities have occurred.

Section 17.2 Upon notification in writing by the County to the Unions that any of its members are engaged in a work stoppage, the Unions shall immediately, in writing, order such members to immediately cease engaging in such work stoppage and provide the County with a copy of such order. In addition, if requested by the County, a responsible official of the Unions shall publicly order such Unions' employees to cease engaging in such a work stoppage.

Section 17.3 Any employee participating in such work stoppage or in other ways committing an act prohibited in this article shall be considered absent without leave. The County may consider such absence a resignation. Such employees are also subject to discharge, suspension, or other disciplinary action.

ARTICLE 18: REDUCTION-IN-FORCE/LAYOFF REHIRES

Section 18.1 Seniority is defined as total length of service with King County. For purposes of layoff, bumping, and recall, the identification of affected employees shall be made on the basis of seniority.

Section 18.2 A new employee shall be entitled to seniority when such employee has completed a probationary period of six (6) months with the County. Probation may be extended to twelve (12) months provided that the reason for extension is forwarded to the employee and the Unions. Upon completion of the probationary period, the employee's seniority date shall be the initial date of hire. Temporary employees and term-limited temporary employees as defined in the King County Code (KCC 3.12.010) do not obtain seniority until such time as they are hired on a

regular full-time or regular part-time basis.

Section 18.3 Seniority rights shall be forfeited if the employee is discharged for just cause or if the employee resigns employment with the County, or if the employee is on a leave of absence in excess of two (2) years in accordance with Article 7, Section 8.

Section 18.4 The County agrees to notify the Unions in writing at least six (6) weeks in advance of any position anticipated to be eliminated. Seniority shall apply at layoffs pursuant to Section 1 of this Article. Such notice of layoff shall include the name, classification and hire-in date of all such employees whose positions are scheduled to be eliminated. Prior to laying off any employees, management shall consider the following options for the impacted employee(s):

A. Voluntary layoff.

B. Voluntary retirement - pursuant to the rules of the Public Employment Retirement System.

Section 18.5 The County will endeavor to place in other positions throughout the County those employees who are laid off.

Section 18.6 Bumping: Employees who are identified for layoff by actual layoff notice must within fourteen (14) calendar days after such notice notify the County of their intention to bump into another position within the bargaining unit. The layoff notice will identify the position into which the employee is entitled to bump. After receiving the layoff notice, employees may displace (bump) another employee within the employee's layoff group as defined in Section 7 below, if they meet all of the following criteria:

A. The employee to be bumped is the least senior employee in the layoff group of those employees in the job classification into which the employee elects to bump, and has less seniority than the employee who elects to bump; and

B. The job classification of the employee to be bumped is at a pay range equal to or lower than the employee who elects to bump; and

Section 18.7 A regular employee may bump a term-limited temporary employee in a bargaining unit position within the layoff group, or may accept appointment into a vacant term-limited position in the bargaining unit, provided the regular employee meets the qualifications of the

position. The placement of a regular employee into a term-limited position shall not convert such position to a regular, career service position; however, at the conclusion of the term-limited appointment, such regular employee shall be entitled to all benefits of any other regular employee subject to layoff, as provided in this Article. The employee will continue to accrue seniority while in the term-limited position.

Section 18.8 Recall: All bargaining unit employees who are laid off, whose hours of work are reduced involuntarily, or who accept a position with a lower salary range, or a term-limited temporary position in lieu of layoff, shall be placed on a bargaining unit recall list. Recall to the job classification held at the time of layoff shall be by seniority pursuant to Section 1 of this Article. A laid off employee may be involuntarily removed from the recall list after the expiration of two (2) years from the date of layoff, or if the employee does not accept re-employment within the bargaining unit in a similar position/job classification, except for bona fide reasons. Refusal to accept re-employment in a position with a lower salary range or with fewer working hours than the employee held at the time of layoff shall not be cause for removal from the recall list. Employees who are eligible for recall may accept a temporary or term-limited position without jeopardy to their recall rights.

ARTICLE 19: CREW REQUIREMENTS

Section 19.1 The Employer and the Union agree they shall staff the vessels of the Employer, while in service, with the standard complement of crew personnel in accordance with the Certificate of Inspection (C.O.I.), with a minimum of one (1) licensed deck officer, two (2) deckhands, one of which shall be classified as a senior deckhand.

Section 19.2 Except in cases of emergency and for movements within the vicinity of the tie-up slips, or shipyards, when any vessel is not manned in accordance with the minimum manning schedules of unlicensed personnel in the Deck Work Unit, the wages of the position(s) shall be divided equally among the employees performing the work of the unfilled position(s). If a crew shortage occurs on a holiday, the holiday rate of pay shall apply.

ARTICLE 20: GALLEY SERVICE

If the County opens Galley service on any of their vessels, the County agrees to bargain with

the unions on meal discounts for qualified employees. Furthermore, should the County be authorized to provide Galley Service, the parties agree to negotiate where appropriate.

ARTICLE 21: SENIORITY AND ASSIGNMENTS

Section 21.1 The Employer recognizes the principle of total county service seniority in the administration of promotions, transfers, layoffs and recalls. Lateral transfers of bargaining unit personnel to all open positions throughout the fleet shall be conducted by seniority. In the application of seniority under this Rule, if an employee has the necessary qualifications and ability to perform in accordance with the job requirements, seniority by classification shall prevail.

Section 21.2 Establishing Seniority:

1. An employee's hire date shall become the employee's seniority date. Provided that, for job bidding purposes, in the deck work unit all employees must possess a Merchant Marine Document (MMD).

2. Seniority shall be established by classification(s) within the following work units:

Licensed Deck:	1. Master
Licensed Engine room:	1. Engineer
Unlicensed Engine room:	1. Oiler
Deck Work Unit:	1. Deckhand
Terminal Work Unit:	1. Marine Information Agent

Section 21.3 Watch Bidding:

1. Summer Season Watch Bidding. All regular year-round and regular intermittent employees may only bid for summer season watch positions that are within their work unit. Positions within those watches shall be awarded by seniority.

2. Winter Season Watch Bidding. All regular year-round and regular intermittent employees may only bid for winter season watch positions that are within their work unit. Positions within those watches shall be awarded by seniority. The County will assign any unbid watch position(s) to the least senior regular year-round employee(s) of the appropriate work unit.

ARTICLE 22: MAINTENANCE AND CURE

Section 22.1

A. When any member of the crew of a vessel is entitled to daily maintenance, it shall be paid at the rate of seventy-five ($75.00) dollars per day. In addition to and separate from the seventy-five ($75.00) dollar daily maintenance rate, the Employer shall pay a wage supplement of fifty ($50.00) dollars per day. In the event of a Jones Act judgment, the supplemental amount paid by King County shall be applied to offset any Jones Act judgment against the County.

B. Transportation to or from a medical facility shall be furnished by the Employer if the employee becomes ill or is injured on duty.

C. The Employer agrees to notify the Union of all injuries to employees when such injuries occurred while on duty.

D. The Employer recognizes the right of the Union to intercede on questions which may arise under the application of this rule.

E. The Employer will maintain an employee's health and welfare benefits for a period of six (6) months after an employee is injured on duty.

F. The Employer may at its discretion elect to provide an injured employee with his or her wages. In no event will the employee also be paid maintenance.

Section 22.2 Wages and maintenance and cure shall not be withheld merely because an employee claimant has also filed a claim for damages or has filed suit therefore, or has taken steps toward that end, regardless of the Employer's arrangements with any insurance company.

ARTICLE 23: WORKING CONDITIONS (GENERAL)

Section 23.1 All confined spaces shall be properly ventilated prior to and during painting.

Section 23.2 There shall be no painting, chipping, scraping, soogying, or any maintenance or sanitary work performed from ladders, scaffolds, staging or boxes while vessels are under way. No maintenance shall be performed over the side of vessels while propellers are turning.

Section 23.3 Employees shall not be required to soogy any areas of the vessel when the temperature is below forty (40) degrees in the area to be soogied. This provision will not apply when the vessel is in lay-up status.

Section 23.4 Before the Employer changes any vessel running schedules, the Employer will meet with the Unions, if requested to do so, to advise and discuss the changes with the Unions.

Section 23.5 Employees will not be required to open, enter, or work in sewage holding tanks.

ARTICLE 24: PENALTY PAY (GENERAL)

Section 24.1 Cleaning up any leakage or spillage of sewage from tanks, piping or pumps, or if employee comes in physical contact with sewage while exercising due care in the performance of their duties. One-half (1/2) hour minimum.

Section 24.2 When required to clean-up excrement, and/or vomit as well as blood: One-half (1/2) hour minimum.

Section 24.3 When Oilers are required to work as deckhands for more than one (1) round trip on the Vashon Island route or two (2) consecutive round trips on the West Seattle route, the penalty time rate shall be paid for all time worked as a deckhand.

ARTICLE 25: TRAINING

Section 25.1 King County has the option to provide training at the work site of the employee or an alternate location. The procedures below are adopted for governing pay practices relative to County sponsored training.

A. King County shall attempt to provide a minimum of ten (10) days written or verbal notice to employees when employees are requested to attend county sponsored training classes. When training notification is less than ten (10) days, the County shall give consideration to employees' special scheduling considerations (e.g., prior made medical appointments, child care responsibilities, transportation) and shall make attempts to reschedule the employee to remaining classes in the current training season.

B. All employees shall be paid mileage for attending training classes. Travel time to and from the training classes shall also be paid unless the class concludes within the scheduled shift hours.

C. Employees shall be paid a minimum of their scheduled straight time shift hours for that day for attending training classes, less lunch period. The overtime provision shall apply to training classes exceeding the above noted scheduled shift hours.

ARTICLE 26: UNION NEGOTIATION COMMITTEE

Section 26.1 The Employer recognizes the establishment of the Union's Negotiating Committee. When requested by the Union, the Employer will provide relief to allow a maximum of two members of the Negotiating Committee to perform the duties of the Committee. The Employer will be required to pay any wages to any member of the Committee during those times that the members are performing their duties of the Negotiating Committee at the bargaining table.

ARTICLE 27: DURATION

This Agreement and each of its provisions shall be in full force and effect when ratified by the parties, unless a different effective date is specified, and covers the period of January 1, 2014 through December 31, 2017. Written notice to begin negotiations for a successor to this Agreement shall be served by either party upon the other at least sixty (60) days prior to the expiration date.

APPROVED this 27 day of JUNE, 2014.

By: Dow Constantine

King County Executive

The International Organization of Masters, Mates and Pilots approves the agreement and relevant appendixes.

Captain Don Marcus, President
International Organization of Masters, Mates and Pilots

6-16-14
Date

C. Michael Murray, Vice President
International Organization of Masters, Mates and Pilots

6-16-14
Date

Captain Tim Saffle, Regional Representative
International Organization of Masters, Mates and Pilots

6/16/14
Date

The Marine Engineers' Beneficial Association approves the agreement and relevant appendixes.

A. V.

Adam Vokac, Executive Vice President
Marine Engineers' Beneficial Association

6-18-14
Date

Jeff Duncan, Seattle Branch Agent
Marine Engineers' Beneficial Association

June 14, 2014
Date

The Inlandboatmen's Union of the Pacific approves the agreement and relevant appendixes.

Alan Coté, National President
Inlandboatmen's Union of the Pacific

6-16-2014
Date

Dennis Conklin, Regional Director, Puget Sound
Inlandboatmen's Union of the Pacific

6-17-2014
Date

Jay Ubelhart for Dennis Conklin

APPENDIX A - IBU WORK UNIT PERSONNEL

SECTION 1 - HOURS OF EMPLOYMENT, OVERTIME AND ASSIGNMENT

1.1 Vessel Shift Changes. When any vessel watch schedule is changed by three (3) hours or more and/or the employees' day off assigned to said vessel are changed by at least one (1) day, or the vessel's home terminal is changed, the employees' whose watch has changed by three (3) hours or more, whose days off has changed by (1) or more days, whose home terminal has changed, shall have the right to exercise their seniority by classification in selecting a new assignment of their choice. Any displaced employee will also have the right to exercise his/her seniority by classification in selecting a new assignment of his/her choice.

1.2 Filling of vacancies

A. All deck employees will be allowed to bid for all IBU deck positions in which they have the appropriate endorsement. However, no employee will be moved from his/her permanent position unless he/she bids for and is actually awarded another position. All positions will be awarded by seniority with the appropriate classification. A Marine Deckhand who bids for and obtains a Marine Deckhand position different than the one he/she most recently held is not subject to an additional or new probationary period, provided that said employee has successfully completed his/her initial probationary period, and any lawful extensions thereof, as described in section 18.2 of the Agreement.

B. Filling Temporary Vacancies

1. Temporary assignments will be filled by seniority.

2. Any employee who fails a drug/alcohol test will relinquish his/her permanent assignment. When the employee is certified to return to work, the employee will be placed on the on-call list by seniority until the next bid period.

3. Any employee who is medically unfit for duty will be eligible to return to his/her permanent assignment, subject to fit-for-duty requirements. In the event that the employee is unfit for duty for more than six (6) months, the Employer retains the right to evaluate the status of the employee and to determine to bid the position as a permanent assignment. In the event the employee is certified to return to duty, the employee will be returned to his/her previous assignment as soon as

practicable.

1.3 Extension Of Wages

Whenever a Deckhand is injured or contracts a contagious or infectious disease in the line of duty, the Deckhand's wages may be extended by the Employer in lieu of daily maintenance.

SECTION 2 - WORKING CONDITIONS

2.1 There will be no chipping, scaling, painting or preparation for painting performed by Deck Work Unit employees on holidays provided for in the Agreement.

2.2 Chipping, painting and preparation for painting by vessels' crews shall not be performed outside when the temperature is below 40 degrees, except when in layup status.

2.3 All confined spaces shall be properly ventilated prior to and during painting.

2.4 Employees will not be required to open, enter, or work in sewage holding tanks.

2.5 Hazardous materials will be transferred in approved, secure, and clearly labeled containers. For the purposes of this section, hazardous materials shall mean those materials so designated by the Material Safety Data Sheet (MSDS).

SECTION 3 - WAGES

3.1 The Parties agree to a base rate associated with Marine Deckhands. Marine Deckhands working a shift as Marine Deckhand - Purser will be paid one pay range above the regular rate of a Marine Deckhand. Deckhands working a shift as a Marine Deckhand – Senior will be paid two pay ranges above the regular rate of a Marine Deckhand. Leave pay and training pay will be based on shifts scheduled.

3.2 All employees hired as Marine Information Agents shall start at pay range five (5), with progression to steps six (6), seven (7), eight (8), nine (9), and ten (10) of the applicable pay range to be treated as if the employee was progressing between steps one (1) – five (5).

SECTION 4 – ALLOWANCE FOR SCHOOLING AND UPGRADING

4.1 King County will participate in a process which will enable qualified career service Deckhands and Marine Information Agents who have one (1) year seniority with the County to secure a 100/200 Gross Ton Master's License.

4.2 The County, subject to the employee receiving prior approval, shall reimburse an

employee who qualified under the provisions of this Agreement for the employee's tuition at an approved school upon proper presentation of receipt, and payment for wages lost while attending school for a total of 10 days.

4.3 An employee to be qualified under this Agreement must have not less than one (1) year of continuous service in the employ of King County and must be in the employ of King County at the time of applying for the License.

SECTION 5 - PURSER DECKHAND REQUIRED FOR REVENUE SERVICE

5.1 While any vessel is in revenue service, one (1) deckhand shall be designated as the purser deckhand.

APPENDIX B - MM&P LICENSED DECK OFFICERS AGREEMENT

The following rules are in addition to the Main Agreement and apply to Deck Officers.

I. HEALTH AND SAFETY

1.1 General Provision

The Employer shall take all reasonable and necessary precaution for the protection of the health and safety of the Deck Officer.

1.2 Defense Of Claims

In every case where an action or proceeding for damages is instituted against any Deck Officer performing, or in good faith purporting to perform the Deck Officer's official duties, such Deck Officer may request the Prosecutors Office to authorize the defense of the action or proceeding at County expense.

1.3 Extension Of Wages

Whenever a Deck Officer is injured or contracts a contagious or infectious disease in the line of duty, the Deck Officer's wages may be extended by the Employer in lieu of daily maintenance.

II. SCHEDULES AND BIDDING

2.1 Vessel Shift Changes. When any vessel watch schedule is changed by three (3) hours or more and/or the employees' day off assigned to said vessel are changed by at least one (1) day, or the vessel's home terminal is changed, shall have the right to exercise their seniority in selecting a new assignment of their choice. Any displaced employee will also have the right to exercise his/her seniority in selecting a new assignment of his/her choice.

2.2 Filling of vacancies

A. All deck officers will be allowed to bid for all MM&P deck positions in which they have the appropriate endorsement. However, no employee will be moved from his/her permanent position unless he/she bids for and is actually awarded another position. All positions will be awarded by seniority.

B. Filling Temporary Vacancies

1. Temporary assignments, will be filled by seniority.

2. Any employee who fails a drug/alcohol test will relinquish his/her

permanent assignment. When the employee is certified to return to work, the employee will be placed on the on call list by seniority until the next bid period. Any employee who fails a drug/alcohol test will have their seniority adjusted for the total time the employee has been unavailable to work for the County.

3. Any employee who is medically unfit for duty will be eligible to return to his/her permanent assignment, subject to fit-for-duty requirements. In the event that the employee is unfit for duty for more than six (6) months, the Employer retains the right to evaluate the status of the employee and to determine to bid the position as a permanent assignment. In the event the employee is certified to return to duty, the employee will be returned to his/her previous assignment as soon as practicable.

APPENDIX C - ENGINE WORK UNIT PERSONNEL

LICENSED ENGINEER OFFICERS AND OILERS

The following Sections pertain to the Marine Engineers' Beneficial Association and are in addition to this agreement.

SECTION 1 - REPRESENTATION

(a) The Employer shall deduct from the wages of Engineer Officers and Oilers all voluntary contributions to the Union's political action fund and remit the same to the fund. Employees wishing that such deductions be made shall submit a written request therefore in a form agreed on by the Employer and the Union.

(b) The Employer will not discriminate against any employee because of participation or lack of participation in Union activities. The Union shall not discriminate against an individual who exercises his/her non-membership rights in the Union as stated in this Agreement per applicable State statute.

(c) When the Employer is presented with circumstances that may require the reasonable accommodations of a disability, which accommodation might result in a deviation from the terms of this Agreement, the Employer and the Union will meet to discuss this requested accommodation and its deviation from the terms of this Agreement. However, by agreeing to discuss these issues, the Union is not waiving any position or argument regarding them, including, but not limited to, the following: that accommodations that do not violate this Agreement are available and appropriate; that the law neither requires nor permits accommodations that violate this Agreement.

(d) Any contemplated changes of hours, wages and/or working conditions shall be negotiated with the Union prior to implementation; provided that this sentence shall not preclude the Union from grieving any such changes under Article 14. A copy of any correspondence concerning wages, hours and/or working conditions of employees in the bargaining unit shall be sent to the Union at the same time such notification is sent to the employee(s).

SECTION 2 - VACANCIES

All Licensed Engineers and Oilers will be allowed to bid for any position that becomes open for bid. However, no employee will be moved from his/her permanent position unless he/she bids for

and actually is awarded another position. All positions will be awarded by seniority. For purposes of this section, seniority will be based on the hire date or date of qualifying License held; whichever is later.

SECTION 3 - SENIORITY AND ASSIGNMENTS

The Employer recognizes the principle of seniority in the administration of promotions, transfers, layoffs and recalls. The Employer shall dispatch bargaining unit personnel to all open positions throughout the fleet by seniority. In the application of seniority under this section, if an employee has the necessary qualifications and ability to perform in accordance with the job requirements, seniority by classification shall prevail.

Establishing Seniority:

An employee's hire date shall become the employee's seniority date.

SECTION 4 - PENALTY PAY

(a) Penalty pay shall be at the straight time rate of pay and shall be paid in addition to whatever the rate of pay (straight time or overtime) is being paid when penalty work is performed.

(b) Licensed Engineers performing the following work shall receive a minimum of one-half (1/2) hour pay at the penalty time rate while performing such work:

(1) When ordered into water or fuel tanks, air bottles or inside boilers or voids. Tanks and voids shall receive a gas free certificate, if required, prior to the commencement of the work. Protective clothing, safety devices, etc. necessary to the work at hand shall be furnished by the Employer.

(2) Work performed on the drainage side of sanitary systems when coming into physical contact with sewage.

(3) Working with hazardous or dangerous labeled compounds. Engineer Officers shall not be discriminated against for refusing to work with said hazardous or dangerous labeled compounds. For purposes of this Section, hazardous or dangerous labeled containers shall mean ones having an HMIS Health Hazard Rating of 3 or 4.

(c) Licensed Engineer Officers shall receive the Oiler penalty time pay only if there is no Oiler on duty or available to do the work.

(d) Oilers shall receive penalty pay at the straight time rate of pay and shall be paid in addition to whatever the rate of pay (straight time or overtime) is being paid when penalty work is performed. Except for the items specified below, penalty time shall be paid for time actually worked with a minimum payment of one-half (1/2) hour and in one-half (1/2) hour increments.

(1) Opening, entering, and working in sewage holding tanks. Cleaning up any leakage or spillage of sewage from tanks, piping or pumps, or if employee comes in physical contact with sewage while exercising due care in the performance of their duties. One-half (1/2) hour minimum.

(2) Entering and working in voids, tanks, fuel tanks, air bottles, boilers, engine manifolds, cylinders and heat exchangers. One-half (1/2) hour minimum. Tanks and voids shall receive a gas-free certificate if required, prior to the commencement of the work. Protective clothing, safety devices, etc., necessary to do the work at hand shall be furnished by the employer.

SECTION 5 - ENGINEER OFFICER DUTIES

(a) Engineer Officers shall not be required to perform duties other than those necessary for the proper operation and maintenance of vessels auxiliary and main propulsion units.

(b) All pumps, winches, steering units, piping lines, sanitary and heating systems, refrigeration units, and other mechanical or electrical equipment normally falling under the cognizance of the Engineer Officer shall be classed as vessel auxiliaries.

(c) Except in emergencies, Engineer Officers shall not be required to perform duties normally performed by unlicensed personnel.

(d) The Engineer shall be the primary employee responsible for all routine maintenance, operations, repairs and, when so designated by the Employer, for all major repairs such as when in the dry-dock for major overhaul. As such, the Engineer shall maintain all required historical records, maintenance records and operating records for his/hers assigned vessel(s).

(e) Engineer Officers shall not be required to perform duties other than those necessary for the proper operation, repair, and maintenance of Passenger Only Vessels' auxiliaries, main propulsion units, and Passenger Only Vessels' Maintenance Facilities.

SECTION 6 - STAFFING

(a) At the maintenance facility, the Employer agrees to maintain the following minimum

staffing requirements:

One (1) Licensed Engineer for each day of passenger operations

If the scheduled Licensed Engineer is not able to work as scheduled, the County will utilize existing qualified engineering staff to comply with this staffing level provided that this does not require the County to incur additional costs, excluding the costs of upgrades. If existing staff is not available under the conditions stated above, the County shall utilize an eligible Temporary Relief Engineer dispatched from the Union Hall provided that the County has sufficient advanced notice of the Licensed Engineers inability to work as scheduled.

(b) In the event that an oiler does not work his or her scheduled shift, the County shall offer the shift, or a portion thereof, to another oiler that is not scheduled to work forty (40) hours during that workweek, this shall be offered by seniority. In no event shall offering this shift require the County to incur overtime costs.

SECTION 7 - EDUCATION

(a) Upon written request and the approval of the Employer, whenever an Engineer Officer or Oiler attends any class, seminar, course, school, or otherwise increases his/her qualifications as an Engineer Officer or Oiler in any manner which pertains to the operations of the Employer, the Employer shall pay all of such Engineer Officer's or Oiler's tuition costs and shall extend and pay his/her wages for up to one hundred sixty (160) hours in each instance upon successful completion.

(b) It is agreed that the Employer will participate in the educational program of the Marine Engineers Beneficial Association. For this purpose, the employer will agree to pay to the MEBA Training Plan $3.00 per man day. Such training shall be subject to the provisions of this section excepting tuition costs.

(c) King County will participate in a process which will enable career service Oilers to secure an Assistant Engineer limited license.

SECTION 8 - WELFARE

(a) For Temporary Relief Engineers, the Employer agrees to participate in and shall continue in full force and effect to and including one (1) year beyond the expiration date of this Agreement, the MEBA Medical and Benefits Plan and its respective trust indentures heretofore established,

conditioned on the continued approval by the Internal Revenue Service on the subject of tax deductions only. In the event this Agreement is extended pursuant to the terms of this Agreement as set forth above, it is agreed that the MEBA Medical and Benefits Plan and its respective trust indentures shall continue in full force in effect for twelve (12) months past the expiration date of the extended Agreement. Effective July 1, 2009, the Employer will pay medical contributions in the amount of forty-eight dollars and fifty-five cents ($48.55) per day per person for each day the Temporary Relief Engineer works under the Agreement.

(b) Effective July 1, 2010, and every July 1 thereafter, during the term of this agreement, the rate of contribution to the MEBA Medical and Benefits Plan shall be increased by the percentage increase in the medical care component of the Consumer Price Index (United States Average for Urban Wage Earners and Clerical Workers (CPI-W or its agreed upon successor) during the most recent previous twelve (12) month period for which such index has been calculated by the Bureau of Labor Statistics of the United States Department of Labor.

APPENDIX D - WAGE RATES TABLE

INLANDBOATMEN'S UNION OF THE PACIFIC,
INTERNATIONAL ORGANIZATION OF MASTERS, MATES AND PILOTS
AND
MARINE ENGINEERS' BENEFICIAL ASSOCIATION

Transit Division - Marine Unions

January 1, 2014 - December 31, 2017

Job Class Code	PeopleSoft Job Code	Classification Title	Range*	Steps*
9620100	962102	Marine Captain	67	1-10
9450100	945201	Marine Deckhand	52	1-10
8440100	848102	Marine Engineer	65	1-10
4330100	433102	Marine Information Agent	40	5-10
8441100	849101	Marine Oiler	52	1-10

* These Ranges and Steps are based on the King County Marine Division "Squared" Pay Schedule

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King County

Checklist and Summary of Changes for the attached Collective Bargaining Agreement

Name of Agreement
Ferry Coalition - Passenger only Vessels, Marine Division, Department of Transportation: Two memoranda of agreement regarding "Reopener on Cost-of-Living Adjustment" and "Deckhand Bump-up to Captain"
Labor Negotiator
Andre Chevalier

Prosecuting Attorney's Review	***Yes***
Legislative Review Form; Motion or Ordinance	***Yes***
Executive Letter	***Yes***
Fiscal Note	***Yes***
Six Point Summary	***Yes***
King County Council Adopted Labor Policies Consistency	***Yes***
Ordinance	***Yes***
Original Signed Agreement(s)	***Yes***
Does transmittal include MOU/MOA?	***N/A***

Six Point Summary of changes to the attached agreement:
1. Reopener on cost-of-living adjustment satisfies the 2017 cost-of-living adjustment for the Marine Division in an efficient and financially appropriate way.
2. "Deckhand Bump-up to Captain" agreement creates a mandatory backfill mechanism for qualified Deckhands to be directed to backfill the Captain position on the Water Taxi in the event the scheduled Captain is unavailable. This new mandatory backfill mechanism will reduce the likelihood that a scheduled Water Taxi run would be cancelled due to unavailability of a scheduled Captain.
3. The "Deckhand Bump-up to Captain" agreement eliminates administrative problems with managing the current Deckhand on call list by allowing management to remove Deckhands from the list that are not available to work when needed in a 12 month period.
4.
5.
6.

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August 9, 2016

The Honorable Joe McDermott
Chair, King County Council
Room 1200
C O U R T H O U S E

Dear Councilmember McDermott:

The enclosed ordinance, if approved, will ratify two memoranda of agreement with the Ferry Coalition (Passenger only Vessels, Marine Division, Department of Transportation) that will modify the collective bargaining agreement regarding a 2017 cost-of-living adjustment agreement and a "Deckhand Bump-up to Captain" agreement. These memoranda will enable King County to provide efficient and reliable King County Water Taxi ferry services to the public. The collective bargaining agreement covers approximately 45 employees in the Department of Transportation. Collectively, these employees are responsible for the safe operation and maintenance of the Water Taxi service provided by King County.

These agreements cover Marine Captains, Deckhands, Information Agents, Engineers and Oilers. The Captains operate Water Taxi vessels and supervise all loading, unloading and transit of passengers. The Deckhands are responsible for collecting tickets, loading and unloading of passengers and routine maintenance of the vessels to ensure passenger safety. The Engineers provide the overall mechanical readiness, safety and performance of the vessel. The Engineers are assisted by the Marine Oilers who perform the maintenance work required to operate the vessels. The Information Agents are dockside employees who provide customer service and assistance.

The 2017 cost-of-living adjustment provides a fair and efficient resolution for the 2017 general wage increase reopener for all employees under this collective bargaining agreement.

The "Deckhand Bump-up to Captain" agreement provides for efficient and reliable coverage of unanticipated Captain shift coverage gaps due to sickness or injury. The purpose of this agreement is to help reduce scheduled run cancellations and service delays that could occur due to the unavailability of the scheduled Captain.

Water Taxi provides highly valued and reliable public transportation for thousands of commuters each year. In recent years, more people have decided to rely on the Water Taxi as their primary commute method to get to work on time, particularly in West Seattle where increased population has created significant traffic congestion.

The Water Taxi allows people to avoid driving personal vehicles to work or to events, reduces vehicle ferry lines, reduces traffic congestion along the West Seattle bridge and the downtown corridor and reduces the environmental impact that would result if commuters drove personal vehicles instead of taking the Water Taxi. The only reason so many people choose to use the Water Taxi is that it has become one of the most consistent and reliable forms of public transportation with very few schedule run delays or cancellations.

The "Deckhand Bump-up to Captain" agreement improves the Water Taxi system's reliability by creating a mandatory backfill mechanism for Captains. Under the agreement, qualified Deckhands must bump-up upon request by management and provide emergent backfill of the Captain position to ensure the Water Taxi can operate on schedule in exchange for a monthly stipend to selected Deckhands that can provide this coverage. Additionally, the agreement allows the Marine Division to manage the Deckhand on-call list more efficiently.

The settlements reached are products of good faith collective bargaining between King County and the Union. The agreements compare favorably with other settlements and are within our capacity to finance. The agreements also advance the King County Strategic Plan in terms of helping to meet growing transportation needs, environmental sustainability and service excellence. The agreements have been reviewed by the Office of the Prosecuting Attorney, Civil Division.

Thank you for your consideration of this ordinance. This important legislation will help King County residents receive reliable Water Taxi services.

If you have questions, please contact Megan Pedersen, Interim Director, Office of Labor Relations, at 206-263-2898.

Sincerely,

Dow Constantine
King County Executive

Enclosures

cc: King County Councilmembers
ATTN: Carolyn Busch, Chief of Staff
Anne Noris, Clerk of the Council
Carrie S. Cihak, Chief of Policy Development, King County Executive Office
Dwight Dively, Director, Office of Performance, Strategy and Budget
Megan Pedersen, Interim Director, Office of Labor Relations

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FISCAL NOTE

Ordinance/Motion No.	Collective Bargaining Agreement	
Title:	Ferry Coalition (Passenger only Vessels, Marine Division, Department of Transportation)	
Effective Date:	1/1/2017	
Affected Agency and/or Agencies:	Department of Transportation, Marine	
Note Prepared by:	Matthew McCoy, Labor Negotiator II, Office of Labor Relations	**Phone:** 263-1966
Department Sign Off:	Evelyn Wise, Finance & Administration Manager	**Phone:** 477-3971
Note Reviewed by: Supplemental Required? NO [X] YES [ ]	John Walsh, Budget Analyst (Marine)	**Phone:** 263-9695

EXPENDITURES FROM:

Fund Title	Fund Code	Department		2017		
Marine Oper	4591	DOT		$ $27,000		
TOTAL: Increase FM previous year				***$ $27,000***		
TOTAL: Cumulative				***$ $27,000***		

EXPENDITURE BY CATEGORIES:

Expense Type	Fund Code	Department	2015 Base	2017			
Salaries			$ 1,276,141	$ 21,000			
OT			$ 82,957	$ 1,500			
PERS & FICA			$ 256,326	$ 4,500			
TOTAL			***$ 1,615,424***				
TOTAL: Increase FM previous year				***$ 27,000***			
TOTAL: Cumulative				***$ 27,000***			

ASSUMPTIONS:

Assumptions used in estimating expenditure include:

1. **Contract Period(s):** 1/1/2017 – 12/31/2017
2. **Wage Adjustments & Effective Dates:**
   - **COLA:** 1.64% for 2017
   - **Other:** $50 per month Captain Bump up pay. $4,000 per year cost (not included in totals above) effective prospectively upon implementation.
   - **Retro/Lump Sum Payment:**
3. **Other Wage-Related Factors:**
   - **Step Increase Movement:**
   - **PERS/FICA:** 18.86%
   - **Overtime:** Based on 2015 actuals
4. **Other Cost Factors:**
   - Assume Staffing remains constant through 2017

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King County

Metropolitan King County Council
Transportation, Economy and Environment Committee

6

STAFF REPORT

Agenda Item:	6	**Name:**	Mary Bourguignon
Proposed No.:	2016-0416	**Date:**	September 14, 2016

SUBJECT

Proposed Ordinance 2016-0416 would authorize the execution of an interlocal agreement with the City of Redmond relating to fire code operational permits.

SUMMARY

The proposed ordinance would authorize the King County Executive to sign an interlocal agreement (ILA) with the City of Redmond. The ILA would allow the City of Redmond Fire Department to administer the fire code operational permit program on behalf of King County within the unincorporated areas of Fire Protection District No. 34.

The ILAs build on a successful pilot program for fire prevention inspections, which was initiated in 2011 through Ordinance 17187. Based on the success of that pilot, the Council approved five other fire prevention ILAs in 2012 through Ordinances 17334 and 17380. This proposed ordinance would continue that work by authorizing an ILA for the City of Redmond for unincorporated areas within Fire District 34.

BACKGROUND

Fire Prevention Inspection Requirement. Title 17 of the King County Code (Fire Code) requires an annual fire prevention inspection for certain types of commercial occupancies. For commercial occupancies in unincorporated areas, these inspections have typically been conducted by the Fire Marshal's Office (FMO), which is housed within the Department of Permitting and Environmental Review (DPER).

Transfer of Fire Prevention Inspections. The number of FMO staff was reduced during the first decade of the 2000s as part of the ongoing downsizing of DPER. This downsizing required FMO to make changes to its business model. The FMO identified annual fire prevention inspections as one task to review, as costs to both the County and the commercial occupancies required to obtain the inspections were rising.

A number of local fire departments around the County have become better staffed and more highly certified over time and indicated their willingness to perform the FMO's fire prevention inspections in addition to their own duties. To test this possibility, the County

initiated a pilot program with Bellevue Fire Department and Woodinville Fire and Rescue via ILAs authorized by Ordinance 17187.

Those initial ILAs were for a one-year pilot that began in December 2011. The service results were evaluated in early May 2012 and proved positive:

- Both fire departments were able to complete all required annual inspections (14 for Bellevue and 38 for Woodinville) in less than four months' time.

- Both fire departments were able to complete the inspections at a lower fee cost to the regulated occupancies than the FMO would have been able to charge ($100 fixed fee for Bellevue and $140/hour for Woodinville, compared to $178.50 per hour for FMO). Over the course of the pilot, the two agencies charged an average fee of $121.75, 32% less than the fee the County would have charged. Fees can be kept lower in part because there is less travel time involved for the local fire departments.

Following the successful review of the pilot program, the FMO proposed and the Council authorized longer term, ten-year ILAs with Bellevue Fire Department and Woodinville Fire and Rescue (Ordinance 17334); and with South King Fire and Rescue, Maple Valley Fire and Life Safety, and Mountain View Fire and Rescue (King County Fire District 44) (Ordinance 17380).

Continued transfer of fire prevention inspections. Based on the success of the program to date, the FMO has been working with a number of local fire departments to continue to expand the program. Proposed ordinance 2016-0416 would authorize the execution of a new ILA with the City of Redmond for fire prevention inspections in Fire District 34.

These proposed new ILA is based on the ILAs adopted in 2012 through Ordinances 17334 and 17380.

- **Authority:** The County would maintain overall code authority, while authorizing the City of Redmond to perform building and property inspections, handle permit applications, and conduct enforcement on its behalf.

- **Fees:** The City of Redmond would be allowed to establish its own fee schedules for these inspections, and may keep all fees collected; provided, however, its fees cannot exceed the County's fee schedule.

- **Implementation:** To start the program, the FMO will provide the City of Redmond a master list of properties and permits in its service area. The City of Redmond will then provide the County an updated list each year of permit applications, inspection records, and permits issued.

- **County Assistance:** The City of Redmond will consult with the County when it needs help interpreting codes, when an occupancy owner appeals enforcement of a code, or when it believes a code change is needed.

- **Review and/or Termination:** The FMO and City of Redmond will review the agreement each year and amend it as needed. The agreement can be terminated by either party with 30 days advance written notice.

ANALYSIS

The proposed ILA for the City of Redmond would continue what has been a successful and cost-effective outsourcing of fire prevention inspections from the FMO to local fire departments. The initial pilot program in 2011, as well as the longer-term ILAs executed in 2012 demonstrated that local fire departments can complete this work more quickly and cost effectively than the County, while providing the skills and certifications needed to ensure public safety. It is expected that these results will be duplicated by the other fire departments, maintaining service levels while lowering the cost of inspections to occupancy owners. The program is also expected to lower costs to the County, as the FMO's costs to conduct inspections are not fully recouped by the fees it charges.

Fire Chief Support. Members of the King County Fire Chiefs' Association were involved in and supportive of the development and evaluation of the pilot program, as well as the development of the initial ILAs that were approved in 2012.

Labor Support. Members of the Public Safety Employees Union Local 519 worked with the FMO to design and review the pilot and to design the first round of ILAs that were approved in 2012.

Measuring Success. The ILA will be reviewed each year to ensure that the fire prevention inspections are being carried out successfully. The ILA will be evaluated along three measures: (1) the timeliness and thoroughness of the inspections, (2) the successful resolution of fire code violations, and (3) the cost savings to both occupancy owners and the County by having a local fire department conduct annual inspections near its base of operations.

ATTACHMENTS

1. Proposed Ordinance 2016-0416 with Attachment A
2. SEPA Determination of Non-Significance
3. Transmittal Letter

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KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

September 12, 2016

Ordinance

Proposed No. 2016-0416.1 **Sponsors** Dembowski

AN ORDINANCE authorizing the county executive to execute a contract agreement between King County and the city of Redmond relating to the administration of the fire code operational permit program in unincorporated King County Fire District 34.

STATEMENT OF FACTS

1. The county adopted K.C.C. Title 17, also known as the Fire Code of King County, to set fire safety standards within it unincorporated areas.

2. K.C.C. 17.04.230.3 authorizes the county fire marshal to delegate fire prevention inspections authority to the chiefs of the King County fire districts and city fire departments within the county through interlocal agreement.

3. The county and the city of Redmond agree that the city of Redmond is in the best position to administer and perform inspections of the fire code operational permit program on behalf of the county.

4. An interlocal agreement between the county and the city of Redmond for the city of Redmond to administer the fire code operational permit program on behalf of the county is authorized by chapter 19.27 RCW, the

State Building Code Act, and chapter 39.34 RCW, the Interlocal Cooperation Act.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. The county executive is hereby authorized to execute a contract agreement with the city of Redmond relating to the administration of the fire code

operational permit program in unincorporated King County in substantially the form of Attachment A to this ordinance.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

_____

J. Joseph McDermott, Chair

ATTEST:

_____

Anne Noris, Clerk of the Council

APPROVED this _____ day of _____, _____.

_____

Dow Constantine, County Executive

Attachments: A. Interlocal Agreement between King County and the City of Redmond Washington relating to the administration of the fire code operation permit program in unincorporated King County

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INTERLOCAL AGREEMENT BETWEEN KING COUNTY AND CITY OF REDMOND WASHINGTON RELATING TO THE ADMINISTRATION OF THE FIRE CODE OPERATIONAL PERMIT PROGRAM IN UNINCORPORATED KING COUNTY

THIS INTERLOCAL AGREEMENT RELATING TO THE ADMINISTRATION OF THE FIRE CODE OPERATIONAL PERMIT PROGRAM ("AGREEMENT") is made and entered into this date by and between King County, a home rule charter county in the State of Washington, (the "County") and the CITY OF REDMOND, a municipal corporation/political subdivision in the State of Washington ("Service Provider").

WHEREAS, the County maintains all local governmental authority and jurisdiction to adopt, interpret and amend the International Fire Code ("IFC") within its unincorporated areas; and

WHEREAS, the County adopted King County Code Title 17, also known as the Fire Code of King County ("KCC Title 17"), to set fire safety standards within its unincorporated areas; and

WHEREAS, KCC 17.04.230.3 authorizes the County Fire Marshal to delegate fire prevention inspections authority to the Chiefs of the King County Fire Districts and City Fire Departments within the County ("Chiefs") through inter-local agreement; and

WHEREAS, the County and the Service Provider agree that the Service Provider is in the best position to administer and perform inspections of the Fire Code Operational Permit Program on behalf of the County; and

WHEREAS the Service Provider possesses authority to provide the services identified in this Agreement pursuant to RCW 19.27.050; RCW 52.12.031(6), and RCW 52.26.090(2); and

WHEREAS, it is the parties' intent that any and all discretionary decision-making authority delegated to the County by RCW Title 19 including but not limited to code enforcement action shall remain with the County; and

WHEREAS, this Agreement is authorized by the State Building Code, Chapter 19.27 RCW, and the Inter-local Cooperation Act, Chapter 39.34 RCW.

NOW THEREFORE, in consideration of the terms and provisions herein, the County and the Service Provider agree to the following:

1. Authorization to Administer Sections of International Fire Code.

1.1 Authorization. The Fire Marshal hereby authorizes and delegates to the Chief of the Service Provider the administrative authority to conduct KCC Title 17 inspections in accordance with IFC Sections 105 and 106, and KCC Title 17 as it may be subsequently amended, on behalf of the County within the unincorporated areas as described in this Agreement (the "Program"). The Program will be conducted for those operational permits required by IFC 105.1.1, identified in IFC 105.6, and as required by the County.

1.1.1 General Inspection Authority. The Service Provider shall have the authority to perform building and property inspections that it deems necessary to provide fire prevention services and pre-fire planning inspection for properties that do not require an operational permit as identified in the Program. No inspection fee or permit shall be required for any building and property inspected beyond the requirements of the Program. The scope of the Program may be periodically amended by written mutual agreement between the County and Service Provider, as allowed by State and County codes.

1.1.2 Designation. For the purposes of this Agreement, the County designates the Service Provider's Fire Chief as the County's Fire Chief and the Service Provider's Fire Chief or designee as the fire code official within the area described in Section 1.1.3.

1.1.3 Service Area. The Service Provider shall be responsible for administering the Program

in the unincorporated area of King County identified in Exhibit A ("Service Area").

1.2 Collection of Fees. In consultation with the County Fire Marshal or Director of the Department of Permitting and Environmental Review ("DPER"), the Service Provider shall establish an annual fee schedule that does not exceed the County's fee schedule. The Service Provider shall be responsible for assessing and collecting any and all fees charged under the Program, and shall have the authority to retain and expend all fees collected under this Agreement.

1.2.1 Annual Fee Adjustment. The Service Provider may adjust its fee schedule each year, on an August 1st to July 31st cycle, by the amount equal to the percentage increase in the Consumer Price Index (All Wage Earners) for Seattle-Tacoma-Bremerton, provided that the adjustment does not cause the Service Provider's fee schedule to exceed the County's fee schedule.

1.3 Applicable Codes and Standards. The County delegates to the Service Provider all authority under the KCC Title 17 and the Washington Administrative Code (WAC) Chapter 51-54 necessary to implement and fulfill the provisions of this Agreement.

2. Administration and Implementation of the Program.

2.1 Scope. The County shall maintain a master list of fire operational permits identified in the Program in the Service Area. The County shall provide a list of fire operational permits within 45 days of execution or renewal of this Agreement. The master list of fire operational permits and any new operational permit applications received by the Service Provider shall constitute the Service Provider's scope of work under the Agreement. The Service Provider shall maintain a list of all permit applications, inspection records and permits issued under the Agreement, and provide the same to the County by December 31 annually.

2.2 Permit File. At the Service Provider's request, the County shall provide the Service Provider with a copy of its fire inspection permit file or any related permit file for any property identified on the master list. The County will provide this information at no cost to the Service

Provider.

2.3 Application Submittal. The County shall direct all requests for operational fire permits within the Service Area directly to the Service Provider. The Service Provider shall establish the permit application requirements, and utilize its permit application form. The Service Provider shall receive and process all fire operational permit applications for properties within the Service Area.

2.4 Inspections. The Service Provider shall conduct permit inspections within the scope of this Agreement at least once annually, but has the discretion to inspect more frequently. The Service Provider shall establish and utilize its inspection form.

2.4.1 Inspection Procedures. The County and the Service Provider shall adhere to the following conditions to ensure coordination of the Service Provider's inspections identified as part of the Program.

a) The Service Provider will determine if a valid permit is held by the owner of the occupancy requiring a permit. If a valid permit is not held, the Service Provider shall inform the owner of the occupancy that a Permit Application Form must be completed and filed with the Service Provider.

b) If the owner of the occupancy denies the Service Provider the right of entry, the Service Provider will forward the occupancy name, address, date of the denied entry and a brief written narrative of the circumstances to the County Fire Marshal for code enforcement.

c) If, after three attempts within ninety (90) days, the Service Provider is unable to make contact with the owner of the occupancy, the Service Provider will forward the occupancy name, address and a brief written narrative of the circumstances including dates of attempts made to the County Fire Marshal for code enforcement.

d) The County shall promptly provide a written status report on all code enforcement matters within the Service Area upon request. The Service Provider is not obligated to perform additional inspections to any occupancy that has been forwarded to the County for code enforcement, until such time as County enforcement actions have been completed.

2.4.2 Violations of the Fire Code. The County and the Service Provider shall adhere to the following conditions to ensure coordination with the County's fire code enforcement efforts.

a) If the Service Provider identifies a code violation(s) during an inspection, the Service Provider shall document the violation(s) with any and all specific code citation(s) on the inspection form and will issue a written inspection notice to the responsible party. The Service Provider will schedule a re-inspection of the occupancy.

b) If the Service Provider determines that a violation constitutes an immediate danger to life or property, the Service Provider shall immediately contact the County Fire Marshal and post a do not occupy placard, stop work notice or other emergency order at the Service Provider's discretion.

c) The Service Provider shall work with the responsible party until the corrections are made, until no further progress is made in correcting the violations, or until 90 days has elapsed from the initial inspection, whichever comes first. If the responsible party is unable to achieve required corrections as described above, the Service Provider shall forward the responsible party name, list of violations, and a brief written narrative of the circumstances to the Fire Marshal for code enforcement actions.

d) The County shall promptly provide a written status report on all code enforcement matters within the Service Provider's Service Area upon request.

2.5 Permit Issuance. The Service Provider shall issue operational permits to applicants once all applicable fire codes and standards have been met and any fees have been paid. Permits will not be issued until all code violations are corrected and fees are received.

2.6 Form Review and Approval. The Fire Marshal shall review and approve the application and inspection forms developed by the Service Provider.

2.7 County Assistance.

2.7.1 Interpretation of Code. The Service Provider shall consult with the County Fire Marshal if any questions regarding the interpretation or application of the KCC Title 17 necessary to carry out the provisions of this Agreement arise. The County retains authority to make all discretionary decisions required by the KCC Title 17.

2.7.2 Requests for Assistance. During the inspection process, there may be occasions that the

Service Provider will request assistance from the County to ensure consistency in code application. The County will provide an initial response to all such requests for assistance within five (5) business days of receipt.

2.7.3 Code Appeals. In the event the owner of the occupancy at issue or other responsible party should wish to appeal any decision made by the Service Provider under this Agreement, the Service Provider shall direct the owner to file its appeal with the County. Service Provider inspection staff shall assist in the code enforcement appeal process as requested by the County.

2.7.4 Access to Historical Information. The County shall allow the Service Provider full access to County's held records required to carry out any provision of this Agreement.

3. Agreement Administration. The Director of DPER, or authorized designee, and the Fire Chief of the Service Provider, or authorized designee, shall administer this Agreement. The County and the Service Provider agree to review the provision of this Agreement annually, starting on or about January 31, 2017.

4. **Modifications to Agreement**. Pursuant to Section 8.7 this Agreement may be amended in writing as mutually agreed by the parties. All terms and conditions of the Agreement shall otherwise remain in full force and effect.

5. **Duration**. This Agreement shall be effective from the date signed by both the King County Executive, or authorized designee, and the Mayor of Redmond, or authorized designee, and shall remain effective for a period of 10 years, unless terminated earlier as provided in Section 6.

6. Termination. Either party may terminate this Agreement with thirty (30) days advance written notice of the intent to terminate to the other party at the address listed below. The Service Provider agrees to provide the County with a status of all inspection activities for properties listed on the master list; in an electronic format, upon termination.

7. Indemnification. The County is transferring certain fire prevention administrative duties

as stated in this Agreement to the Service Provider to obtain the localized expertise that the Service Provider acknowledges and warrants its personnel possess. The Service Provider acknowledges and warrants that it and its personnel can perform the fire prevention administrative duties transferred in this Agreement in an efficient and cost-effective manner. Service Provider personnel performing services under this Agreement are not King County employees, and shall not be considered to be King County employees for any purpose related to this Agreement. The County and Service Provider agree to indemnify, defend, and hold the other party harmless from any and all claims for personal injury, property damage, costs and reasonable attorney's fees, or other claims of any nature whatsoever arising out of the negligent acts, omissions or performance of its personnel in carrying out services contracted to be provided under this Agreement. Indemnification under this Agreement includes the Service Provider's commitment to indemnify the County for any claims for injuries made by the Service Provider's agents or employees against the County, notwithstanding any immunity that might otherwise have been available to the Service Provider by virtue of the Worker's Compensations Act, Title 51 RCW. The parties have specifically negotiated this waiver of Title 51 protection.

8. Miscellaneous.

8.1 No Separate Entity Created. This Agreement does not establish a separate legal entity, joint board, joint venture, or administrative section for the purpose of acquiring managing, or disposing of property, or incurring any other financial obligation.

8.2 Property Ownership. This Agreement does not provide for jointly owned property. All property presently owned or hereafter acquired by either party to enable it to perform the services required under this Agreement shall remain the property of the acquiring party in the event of the termination of this Agreement.

8.3 No Third Party Beneficiaries. This Agreement is entered into for the benefit of the parties hereto. No third-party beneficiaries are intended by this Agreement, and no other person or entity shall have any right of action or interest in this Agreement based on any provision set forth herein.

8.4 Filing/Website. A completed copy of this Agreement shall be filed with the Service Provider's City Clerk, and recorded with the King County Recorder's Office. It shall be listed by subject on the County's web site or other electronically retrievable public source.

8.5 Non-Waiver of Breach. The failure of either party to insist upon strict performance of any of the covenants and agreements contained in this Agreement, or to exercise any option conferred by this Agreement in one or more instances shall not be construed to be a waiver or relinquishment of those covenants, agreements, or options, and the same shall be and remain in full force and effect.

8.6 Dispute Resolution. If agreement cannot be reached regarding interpretation or implementation of any provision of this Agreement, the Parties should attempt to use an informal dispute resolution process such as mediation, through an agreed-upon mediator and process, to resolve the disagreement. If the parties engage in mediation all costs for mediation services will be divided equally between the Parties and each Party will be responsible for the costs of its own legal representation.

8.7 Amendments. No provision of this Agreement may be amended or modified except by written agreement signed by the Parties.

8.8 Entire Agreement. The written terms and provision of this Agreement, together with any Exhibits attached hereto, shall supersede all prior communications, negotiations, representations or agreements, either verbal or written of any officer or other representative of each party, and such statements shall not be effective or be construed as entering into or forming a part of or altering in any manner this Agreement. All of the Exhibits are hereby made part of this Agreement.

8.9 Severability. If any section of this Agreement is adjudicated to be invalid, such action shall not affect the validity of any section not so adjudicated.

8.10 Interpretation. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this Agreement. The language in this

Agreement shall be interpreted as to it fair meaning and not strictly for or against any party.

8.11 Notice. All communications regarding this Agreement shall be sent to the parties at the addresses listed on the signature page of this Agreement, unless notified to the contrary. Any written notice hereunder shall become effective upon personal service or three (3) business days after the date of mailing by registered or certified mail, and shall be deemed sufficiently given if sent to the addressee at the address stated in this Agreement or such other address as my be hereafter specified in writing.

8.12 Non-Exclusive Agreement. The parties to this Agreement shall not be precluded from entering into similar agreements with other municipal corporations and/or other service providers.

8.13 Service Limitation. The services provided under this Agreement represent an extension and expansion of services the Service Provider owes to the general public. Neither party intends to create a special relationship or special duty to any individual or group of individuals.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed and executed this ____ day of _____, 2016.

_____	_____
Dow Constantine	John Marchione
King County Executive	Mayor, City of Redmond

NOTICES TO BE SENT TO:

401 5th Ave. Suite 800
Seattle, WA 98104
Main phone: 206-263-9600 (telephone)
Fax: 206-296-0194(facsimile)

NOTICES TO BE SENT TO:

8450 161ST Avenue NE
Redmond, WA 98052
425-556-2200 (telephone)
426-556-2227 (facsimile)

ATTEST:

_____
CITY CLERK

Approved as to Form:

_____
Prosecuting Attorney's Office

Approved as to Form:

_____
Jim Haney, City of Redmond Attorney

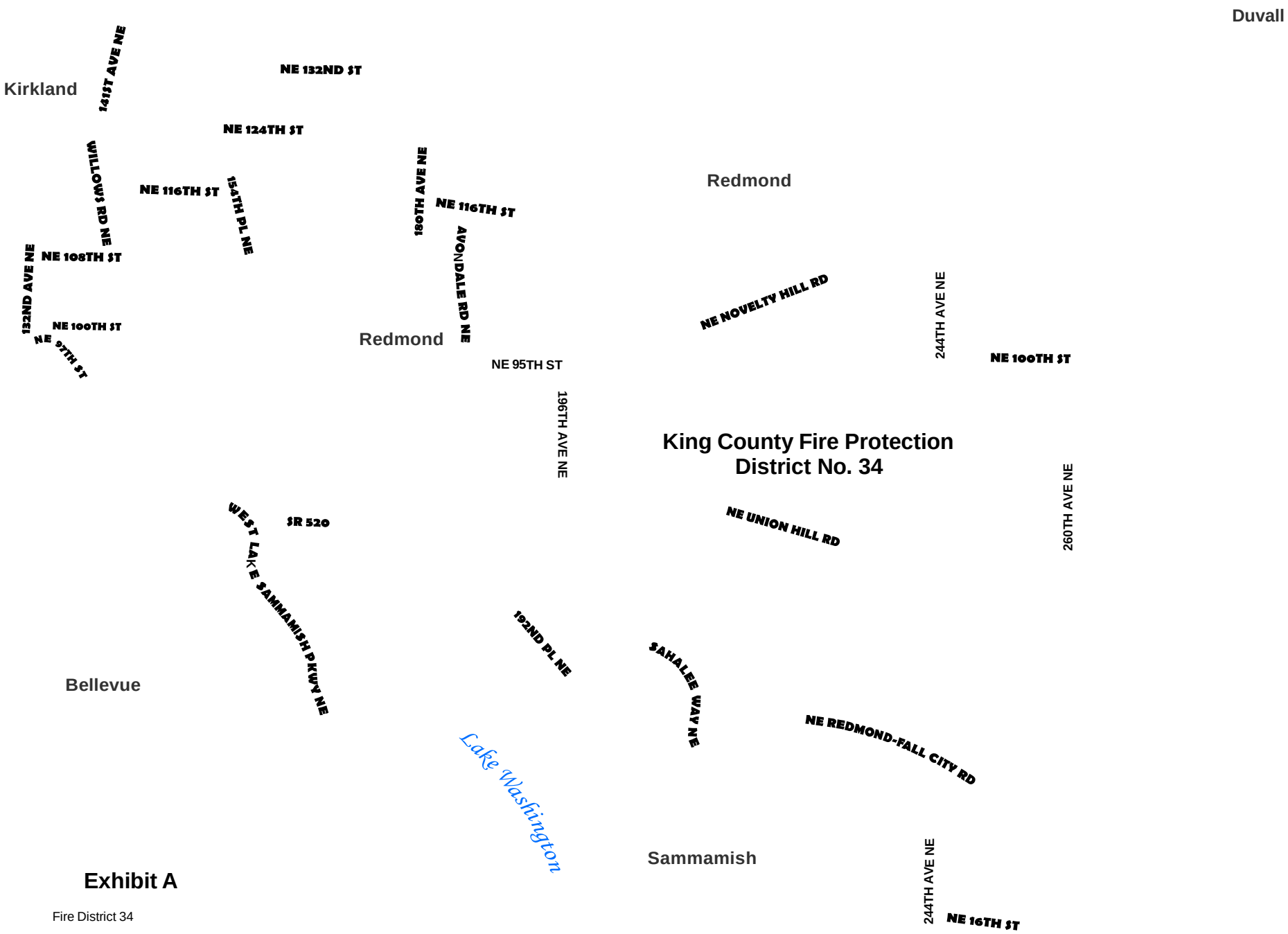


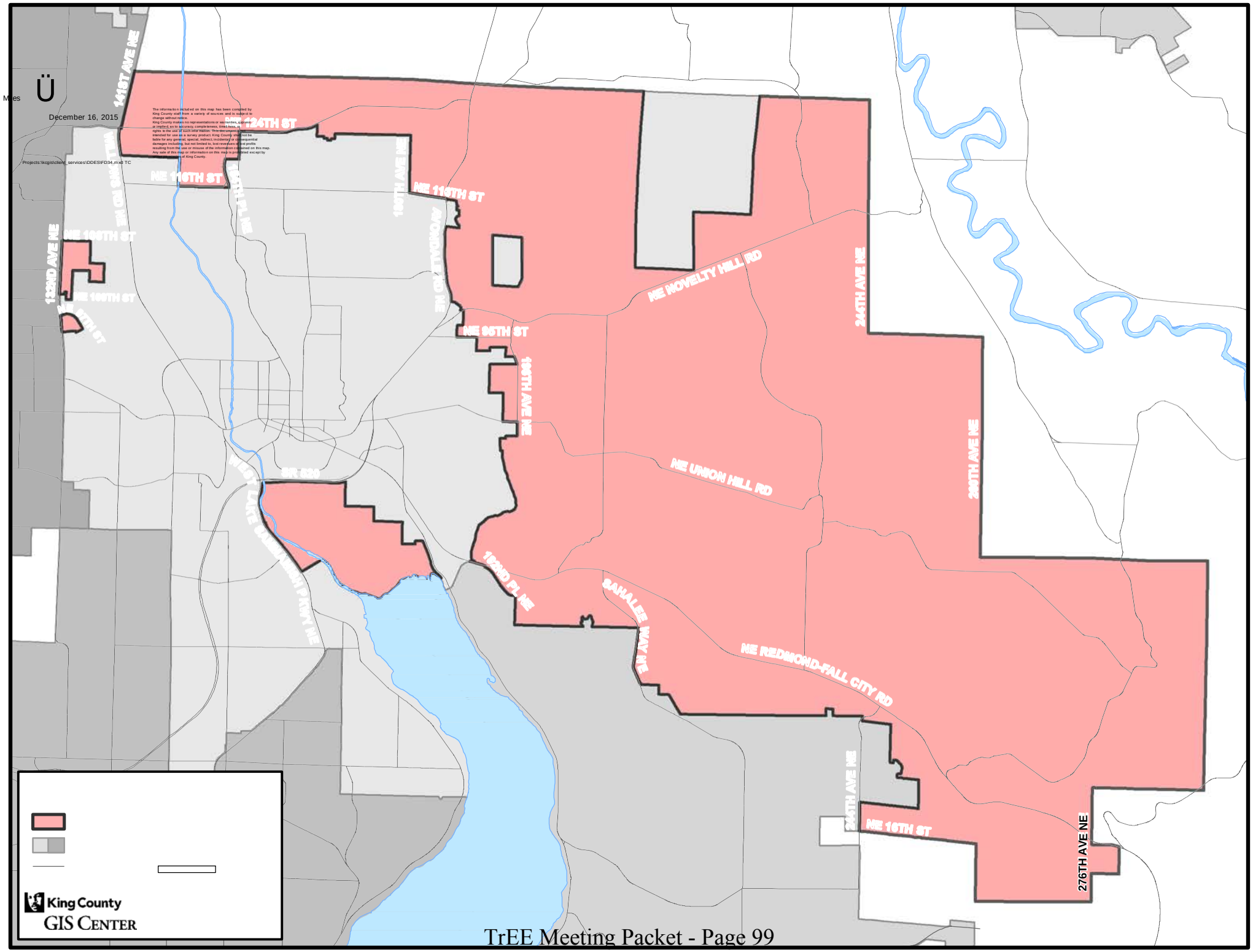
Exhibit A

Fire District 34

Incorporated Areas

Arterials

0.5


Miles
December 16, 2015
Projects:\kcgis\client_services\DDES\FD34.mxd TC
141ST AVE NE
NE 124TH ST
NE 116TH ST
NE 118TH ST
NE 108TH ST
NE 100TH ST
132ND AVE NE
NE 95TH ST
NE NOVELTY HILL RD
244TH AVE NE
NE UNION HILL RD
290TH AVE NE
SR 520
BEAVER LAKE DRIVEWAY PARK NE
102ND PL NE
SAHALEE WAY NE
NE REDMOND-FALL CITY RD
244TH AVE NE
NE 16TH ST
276TH AVE NE
King County
GIS Center

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Department of Permitting and Environmental Review

King County

State Environmental Policy Act (SEPA)

Determination Of Non-Significance

Name of Proposal: Ordinance 2016-XXXX authorizing the County Executive to sign an interlocal agreement with the City of Redmond allowing the City to issue fire code operational permits within unincorporated Fire District 34.

Description of Proposal: This proposed ordinance delegates issuing fire code operational permits to the City of Redmond in Fire District 34. The interlocal agreement provides authority to perform building and property inspections deemed necessary to provide fire prevention services by the City on behalf of King County

Proponent/Contact: King County Department of Permitting and Environmental Review
Chris Ricketts, Building Official/Fire Marshall
35030 SE Douglas Street, Suite 210
Snoqualmie, WA 98065-9266
206-477-0357

Location of Proposal: Unincorporated King County
Lead Agency: King County Department of Permitting and Environmental Review

Responsible Official: Randy Sandin

Position/Title: Resource Product Line Manager, DPER

Address/Phone 35030 SE Douglas Street, Suite 210
Snoqualmie, WA 98065-9266
206-477-0378

DATE: July 14, 2016 SIGNATURE: _____

Threshold Determination

The responsible official finds that the above-described proposal does not pose a probable significant adverse impact to the environment. This finding is made pursuant to RCW 43.21C, KCC 20.44 and WAC 197-11, after reviewing the environmental checklist and other information on file with the lead agency, considering the extent to which the proposed action will cause adverse environmental effects in excess of those created by existing regulations, and considering mitigation measures which the agency or the proponent will implement as part of the proposal. The responsible official finds this information reasonably sufficient to evaluate the environmental impact of this proposal and conclude that the proposed action will not have a significant impact on current or continued use

of the environment. THIS INFORMATION IS AVAILABLE TO THE PUBLIC ON REQUEST (for a nominal photocopying fee or by email).

THIS DETERMINATION OF NON-SIGNIFICANCE (DNS) is issued under Washington Administrative Code (WAC) 197-11-340(2). The lead agency will not act on this proposal until after **July 29, 2016**. Comments must be received by King County Department of Permitting and Environmental Review prior **to 4:00 PM** on that date.

Address for comments:

King County Department of Permitting &
Environmental Review
35030 SE Douglas Street
Snoqualmie, WA 98065-9266
ATTN: Planning and Customer Services Section

For additional information, please contact the proponent's contact or the responsible official listed above.

ATTACHMENT 3

August 9, 2016

The Honorable Joe McDermott
Chair, King County Council
Room 1200
C O U R T H O U S E

Dear Councilmember McDermott:

This letter transmits an ordinance that will authorize the King County Executive to sign an interlocal agreement with the City of Redmond relating to fire code permits in unincorporated King County. This interlocal agreement delegates issuing of fire code operational permits to the City of Redmond, thereby allowing more efficient issuing of permits to citizens within Fire District 34.

A ten year agreement, the interlocal agreement provides authority to perform building and property inspections deemed necessary to provide fire prevention services. It promotes efficiency and improves customer service by delegating permit issuance to a service provider located closer to the customers.

It meets the King County Strategic Plan by establishing a culture of customer service and delivery of services that are responsive to community needs.

Thank you for your consideration of this ordinance. This important legislation will help King County residents who need fire inspections and permits within the Redmond/Sammamish area.

If you have any questions, please feel free to contact John Starbard, Director of the Department of Permitting and Environmental Review, at 206-477-0384.

Sincerely,

Dow Constantine
King County Executive

Enclosures

cc: King County Councilmembers
ATTN: Carolyn Busch, Chief of Staff
Anne Noris, Clerk of the Council
Carrie S. Cihak, Chief of Policy Development, King County Executive Office
Dwight Dively, Director, Office of Performance, Strategy and Budget
John Starbard, Director, Department of Permitting and Environmental Review

King County

Metropolitan King County Council
Transportation, Economy and Environment Committee

STAFF REPORT

Agenda Item:	7	**Name:**	Mary Bourguignon
Proposed No.:	2016-0438	**Date:**	September 14, 2016

SUBJECT

Proposed Ordinance 2016-0438 would change the name of the Lakehaven Utility District to the Lakehaven Water and Sewer District based on a name change made by the District's Board of Commissioners by resolution.

BACKGROUND

Lakehaven Utility District. The Lakehaven Utility District provides drinking water and wastewater services to approximately 112,000 customers within a 35-square mile service area between Seattle and Tacoma. The District includes an unincorporated area of King County of approximately 18 square miles north of Federal Way and west of Auburn. In addition, the District serves most of the City of Federal Way, as well as portions of Auburn, Pacific, Tacoma, Des Moines and Milton.

The District was officially incorporated in 1956 as Lakehaven Sewer District. It consolidated with King County Water District No. 124 in 1985 and King County Water District No. 56 in 1987, and became Federal Way Water and Sewer District. The District changed its name to Lakehaven Utility District in 1994 to clarify its independence from the City of Federal Way as well as its broader service area.

According to the District's web site, its water system includes 400 miles of mainline, 22 wells and 12 storage tanks with an approximate storage capacity of 31 million gallons and an average daily pumping rate of about 10.6 million gallons per day. Its sewer system includes 350 miles of mainline, 27 pump stations and two secondary wastewater treatment plants: Redondo, which is designed for an average flow of 4.32 million gallons per day, and Lakota, which is designed for an average flow of 10 million gallons per day.[1]

Name Change Request. RCW 57.04.065 allows local utility districts to apply to change their names, "by filing with the county legislative authority in which was filed the original petition for organization of the district, a certified copy of a resolution of its board of commissioners adopted by majority vote of all of the members of that board at a regular meeting thereof providing for such change of name."

[1] http://www.lakehaven.org/27/District

The Lakehaven Utility District Board of Commissioners has followed this procedure, filing Resolution No. 2016-1273 (see Attachment 2 to this staff report) with the King County Council on August 29, 2016. The District's resolution notes that the name change is sought because, "The Board believes that the name 'Lakehaven Utility District' may not fully inform the public about the District's role as the provider of water and wastewater services within its designated service areas."

Proposed Ordinance 2016-0438 would provide the County Council's approval of the name change.

ANALYSIS

The proposed name change complies with the terms of RCW 57.04.065. The ordinance before the committee today would approve the name change as resolved by the District's Board of Commissioners through Resolution 2016-1273.

ATTACHMENTS

1. Proposed Ordinance 2016-0438
2. Lakehaven Utility District Resolution 2016-1273

ATTACHMENT 1

KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

September 12, 2016

Ordinance

Proposed No. 2016-0438.1 **Sponsors** von Reichbauer

AN ORDINANCE changing the name of the Lakehaven Utility District to the Lakehaven Water and Sewer District.

STATEMENT OF FACTS:

1. The board of commissioners of the Lakehaven Utility District has determined that it would be in the best interests of the district to change its name to the "Lakehaven Water and Sewer District."

2. The district filed Resolution 2016-1273 with the metropolitan King County council on August 29, 2016, resolving to change the name of the district from Lakehaven Utility District to Lakehaven Water and Sewer District.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. The metropolitan King County council approves the change in

name of the district from Lakehaven Utility District to Lakehaven Water and Sewer District as set forth in RCW 57.04.065.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

_____

J. Joseph McDermott, Chair

ATTEST:

_____

Anne Noris, Clerk of the Council

APPROVED this _____ day of _____, _____.

_____

Dow Constantine, County Executive

Attachments: None

ATTACHMENT 2

LAKEHAVEN UTILITY DISTRICT

31627 1st Ave South • P.O. Box 4249 • Federal Way, Washington 98063-4249
Federal Way: 253-941-1516 • Tacoma: 253-927-2922
www.lakehaven.org

August 26, 2016

Anne Noris
Clerk of King County Council
516 Third Avenue, Room 1200
Seattle WA 98104

RECEIVED
2016 AUG 29 AM 10: 53
CLERK
KING COUNTY COUNCIL

Re: Name Change of Lakehaven Utility District

Dear Ms. Noris:

Enclosed please find a certified copy of Lakehaven Utility District Resolution No. 2016-1273, adopted at the August 25, 2016 regular meeting of the Board of Commissioners, changing the District's official name from the "Lakehaven Utility District" to the "Lakehaven Water and Sewer District".

Pursuant to RCW 57.04.065, the resolution of a board of a water/sewer district proposing to change the district's name must be submitted to the county legislative authority of the county in which the petition organizing the district was originally filed. Accordingly, the District submits Resolution No. 2016- 1273 to the King County Council for approval.

We would greatly appreciate any efforts that could be made to expedite the Council's consideration of this matter and thank you in advance for your assistance. Please don't hesitate to contact me at (253) 946-5428 or spritchett@lakehaven.org if you have any questions.

Very truly yours,

Steven H. Pritchett
General Counsel
Lakehaven Utility District

SHP:lna
Encl.
cc: Board of Commissioners
John Bowman, General Manager

Leonard D. Englund Commissioner | **Timothy A. McClain** Commissioner | **Donald L.P. Miller** Commissioner | **Ronald E. Nowicki** Commissioner | **Peter Sanchez** Commissioner

I, Timothy A. McClain, Secretary of the Board of Commissioners of the Lakehaven Utility District, King County, Washington, certify that the attached copy of Resolution No. 2016-1273 is a true and correct copy of the original resolution adopted on the 25th day of August, 2016 as such resolution appears in the Minute Book of the District.

DATED this 25th day of August, 2016.

Timothy A. McClain, Secretary
Board of Commissioners
LAKEHAVEN UTILITY DISTRICT
King County, Washington

LAKEHAVEN UTILITY DISTRICT
King County, Washington

Resolution No. 2016-1273

A RESOLUTION of the Board of Commissioners of the Lakehaven Utility District, King County, Washington, changing, subject to approval by King County, the official name of the District from the "Lakehaven Utility District to the "Lakehaven Water and Sewer District" and cancelling and superseding Resolution No. 94-749 (Federal Way Water and Sewer District).

WHEREAS, in order to avoid confusion in regards to the District's status as a municipal entity independent from the City of Federal Way and to recognize that the District provided service in areas other than Federal Way, the Board of Commissioners changed the name of the District from the "Federal Way Water and Sewer District" to the "Lakehaven Utility District", and

WHEREAS, the Board believes that the name "Lakehaven Utility District" may not fully inform the public about the District's role as the provider of water and wastewater services within its designated service areas, and

WHEREAS, the Board desiring to provide more clarity about the District's area of governance through the official name;

NOW THEREFORE BE IT RESOLVED as follows:

1. Subject to, and effective upon, approval by the King County Council, and pursuant to the authority found in RCW 57.04.065, the official name of the municipal corporation presently known as the "Lakehaven Utility District" shall be changed to the "Lakehaven Water and Sewer District" and shall thereafter be known and referred to as the Lakehaven Water and Sewer District.

2. The Board hereby directs that a certified copy of this resolution be sent to the King County Council along with a request for a timely approval of the name change authorized herein.

3. Upon approval, the District shall take such steps as are deemed appropriate and expedient to alter or replace items designating the District as the "Lakehaven Utility District" and to notify customers and other members of the public of the name change.

ADOPTED by the Board of Commissioners of Lakehaven Utility District, King County, Washington, at an open public meeting this 25th day of August, 2016.

ATTEST:

President and Commissioner	✓ Yea	Nay	Abstain
Vice President and Commissioner	✓ Yea	Nay	Abstain
Secretary and Commissioner	✓ Yea	Nay	Abstain
Commissioner	✓ Yea	Nay	Abstain
Commissioner	✓ Yea	Nay	Abstain

Approved as to form:

General Counsel

King County

Metropolitan King County Council
Transportation, Economy and Environment Committee

STAFF REPORT

Agenda Item:	8	**Name:**	Mike Reed
Proposed No.:	2016-0434	**Date:**	September 14, 2016

SUBJECT

Proposed Motion 2016-0434 would confirm the appointment of Bobbi Wallace, who resides in District 6, to the Waterworks Grant Review Committee, for a partial term to expire on September 30, 2018.

BACKGROUND

In 2015, the Council established criteria for awarding funds for water quality improvement projects proposed by entities applying for WaterWorks grants, through Ordinance 18031. The legislation also outlined the process for administration of the grant program by the Wastewater Treatment Division (WTD) utilizing a grant ranking committee to develop recommendations for selection of grant recipients. After the committee makes its recommendations to the Executive, they are transmitted by motion to the Council for consideration.

In 2016, the Council amended this process through Ordinance 18261. Ordinance 18261, as adopted, provides for appointment of 13 people to the WaterWorks Grant Ranking Committee (WGRC) including one technical specialist, three positions representing the Metropolitan Water Pollution Abatement Advisory Committee ("MWPAAC"), and nine positions representing Council districts, recommended to the Executive by Councilmembers. Members serve three-year terms, except that the initial terms for the members are two years.

ANALYSIS

2016-0434 – Bobbi Wallace (District 6) Proposed Motion 2016-0434 provides for the appointment of Bobbi Wallace, who resides in District 6, to the WaterWorks Grant Ranking Committee. Ms. Wallace is employed by the City of Kirkland as the Streets and Grounds Division Manager; her previous positions include Conveyance Systems Manager for Kirkland; Maintenance and Facilities Division Manager for King County Parks; and Parks Systems Resource Manager for Seattle Parks. Ms. Wallace is a member of the American Public Works Association, where she is past chair of the Wastewater Committee. She is also a member of the Wastewater Conveyance Personnel Association. Ms. Wallace is a graduate of Edmonds Community College with an

Associates degree in Horticulture/Landscape Construction. Ms. Wallace is being appointed as the District 6 representative for a partial term to expire on September 30, 2018.

ATTACHMENTS:

1. Proposed Motion 2016-0434 (attachments available upon request)
2. Transmittal Letter

ATTACHMENT 1

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

KING COUNTY

Signature Report

September 12, 2016

Motion

Proposed No. 2016-0434.1 **Sponsors** Balducci

A MOTION confirming the executive's appointment of Bobbi Wallace, who resides in council district six, to the King County waterworks grant ranking committee, as the district six representative.

BE IT MOVED by the Council of King County:

The county executive's appointment of Bobbi Wallace, who resides in council district six, to the King County waterworks grant ranking committee, as the district six

representative, for the remainder of a three-year term to expire on September 30, 2018, is hereby confirmed.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

_____

J. Joseph McDermott, Chair

ATTEST:

_____

Anne Noris, Clerk of the Council

APPROVED this _____ day of _____, _____.

_____

Dow Constantine, County Executive

Attachments: A. Application, B. Financial Disclosure Statement, C. Board Profile, D. Appointment Letter

King County

Dow Constantine
King County Executive
401 Fifth Avenue, Suite 800
Seattle, WA 98104-1818
206-263-9600 Fax 206-296-0194
TTY Relay: 711
www.kingcounty.gov

June 24, 2016

The Honorable Joe McDermott
Chair, King County Council
Room 1200
C O U R T H O U S E

Dear Councilmember McDermott:

Enclosed for consideration and approval by the King County Council is a motion confirming the appointment of Bobbi Wallace, who resides in council district six, to the King County WaterWorks Grant Ranking Committee, representing district six.

The appointment of Ms. Wallace is for the remainder of a three-year term September 30, 2018. Her application, Code of Ethics Financial Disclosure Statement, current board profile and appointment letter are enclosed for your information. This appointment request supports the King County Strategic Plan goal of public engagement by expanding opportunities to seek input, listen and respond to residents.

If you have any questions about this appointment, please have your staff call Rick Ybarra, liaison for boards & commissions, at 206-263-9651.

Sincerely,

Dow Constantine
King County Executive

Enclosures

King County Councilmembers
ATTN: Carolyn Busch, Chief of Staff
Anne Noris, Clerk of the Council
Carrie S. Cihak, Chief of Policy Development, King County Executive Office
Rick Ybarra, Liaison for Boards & Commissions
Elizabeth Loudon, Staff Liaison
Bobbi Wallace

King County is an Equal Opportunity/Affirmative Action Employer and complies with the Americans with Disabilities Act

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King County

Metropolitan King County Council
Transportation, Economy and Environment Committee

STAFF REPORT

Agenda Item:	9, 10, 11	**Name:**	Mary Bourguignon
Proposed No.:	2016-0440 2016-0441 2016-0442	**Date:**	September 14, 2016

SUBJECT

Proposed Motion 2016-0440 would appoint Gregory J. Beardsley (District 8) to a term on the Vashon Island Ferry Advisory Committee that will expire on June 30, 2020.

Proposed Motion 2016-0441 would appoint Kari Ulatoski (District 8) to a term on the Vashon Island Ferry Advisory Committee that will expire on June 30, 2018.

Proposed Motion 2016-0442 would appoint Jan Stephens (District 8) to a term on the Vashon Island Ferry Advisory Committee that will expire on June 30, 2019.

SUMMARY

Ferry Advisory Committees were established by the State legislature[1] in order to provide local guidance for the Washington Station Department of Transportation on each area served by the Washington state ferries.

In most cases, the relevant county legislative authorities are responsible for appointing members to their local Ferry Advisory Committees. However, in the case of Vashon Island, the Vashon/Maury Island Community Council is designated as the appointing body for the Vashon Island Ferry Advisory Committee, with the King County Council authorized to make appointments only if the Vashon/Maury Island Community Council has failed to fill a vacancy within 90 days.[2]

The Vashon/Maury Island Community Council has been inactive since 2013 and, as a result, there are now unfilled vacancies on the Vashon Island Ferry Advisory Committee. In response, the three proposed motions before the committee today would fill these vacancies by appointing three people who were previously appointed to the Ferry Advisory Committee by the Vashon/Maury Island Community Council. Their terms would be staggered, with one each running for two, three, and four years.

[1] RCW 47.60.310
[2] RCW 47.60.310 (2)

BACKGROUND

Ferry Advisory Committees. Ferry Advisory Committees were established by RCW 47.60.310 in order to provide local representation for the Washington Station Department of Transportation in, "soliciting and obtaining expressions from local community groups in order to be properly informed as to problems being experienced within the area served by the Washington state ferries."

For Vashon Island, the Ferry Advisory Committee is to consist of three members. At least one of these members must represent an established ferry user group or frequent users of the ferry system. Each member is required to live in the vicinity of the ferry terminal.[3] Not more than two members of the committee may be from the same political party at the time of their appointment.[4]

Appointing Bodies. In most cases, the relevant county legislative authorities are responsible for appointing members to their local Ferry Advisory Committees. However, in the case of Vashon Island, RCW 47.60.310 provides that Vashon Island shall have one committee "and its members shall be appointed by the Vashon/Maury Island community council."[5]

The State law goes on to note that, "[i]f the Vashon/Maury Island community council fails to appoint a qualified person to fill a vacancy within ninety days of the occurrence of the vacancy, the legislative authority of King county shall appoint a qualified person to fill the vacancy."[6]

According to the records of Washington State non-profit corporations, the Vashon/Maury Island Community Council has been inactive since 2013. It is no longer meeting or operating and, thus, is unable to fill vacancies on the Vashon Island Ferry Advisory Committee. As a result, the responsibility for filling vacancies on the Vashon Island Ferry Advisory Committee now rests with the King County Council.

Proposed Motion 2016-0440: Gregory J. Beardsley. Mr. Beardsley has lived on Vashon Island about a 12-minute drive from the ferry terminal for more than 30 years and has been a frequent ferry commuter for more than 40 years. He was appointed and then reappointed to the Vashon Island Ferry Advisory Committee by the Vashon/Maury Island Community Council. Based on his records and recollections, his latest term expired more than 90 days ago. Mr. Beardsley considers himself to be an Independent.

Proposed Motion 2016-0440 would appoint Mr. Beardsley to the Vashon Island Ferry Advisory Committee for a four-year term that would expire on June 30, 2020.

Proposed Motion 2016-0441: Kari Ulatoski. Ms. Ulatoski has lived on Vashon Island about a three-minute drive from the ferry terminal for 20 years and has been a frequent ferry commuter throughout that time. Her elderly parents, who also live on Vashon

[3] RCW 47.60.310 (2)
[4] RCW 47.60.310 (4)
[5] RCW 47.60.310 (2)
[6] RCW 47.60.310 (2)

Island, rely on the ferry for frequent medical appointments, giving Ms. Ulatoski familiarity with the needs of those who are elderly or disabled. She was appointed to the Vashon Island Ferry Advisory Committee by the Vashon/Maury Island Community Council. Based on her records and recollections, her latest term expired more than 90 days ago. Ms. Ulatoski considers herself to be a Democrat.

Proposed Motion 2016-0441 would appoint Ms. Ulatoski to the Vashon Island Ferry Advisory Committee for a two-year term that would expire on June 30, 2018.

Proposed Motion 2016-0442: Jan Stephens. Mr. Stephens has lived on Vashon Island about a nine-minute drive from the ferry terminal for 37 years and has fought to maintain ferry service for more than five years. He was appointed to the Vashon Island Ferry Advisory Committee by the Vashon/Maury Island Community Council. Based on his records and recollections, his latest term expired more than 90 days ago. Mr. Stephens considers himself to be a Republican.

Proposed Motion 2016-0442 would appoint Mr. Stephens to the Vashon Island Ferry Advisory Committee for a three-year term that would expire on June 30, 2019.

ANALYSIS

The proposed motions meet the requirements of State law for appointments to a Ferry Advisory Committee:

- The Vashon/Maury Island Community Council has been inactive since 2013 and has left unfilled vacancies on the Ferry Advisory Committee. Responsibility for filling these vacancies now rests with the King County Council.

- The three appointees all reside in the vicinity of the ferry terminal, as required by State law,[7] and are frequent users of the ferry system.

- One of the proposed appointees represents the needs of the elderly and disabled based on her experience with the medical commuting needs of her elderly parents, meeting the requirement that "[a]t least one person appointed to each ferry advisory committee shall be representative of an established ferry user group or of frequent users of the ferry system."[8]

- The three appointees represent a range of political affiliations: Republican, Democrat, and Independent, thus meeting the requirement that "[n]ot more than two members of any terminal-area committee may be from the same political party at the time of their appointment."[9]

ATTACHMENTS

[7] RCW 47.60.310 (2)
[8] RCW 47.60.310 (2)
[9] RCW 47.60.310 (4)

1. Proposed Motion 2016-0440
2. Proposed Motion 2016-0441
3. Proposed Motion 2016-0442

KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

September 12, 2016

Motion

Proposed No. 2016-0440.1 **Sponsors** McDermott

A MOTION appointing Gregory J. Beardsley, who resides in council district eight, to a term of four years on the Vashon Island ferry advisory committee.

WHEREAS, RCW 47.60.310 provides for the appointment of ferry advisory committees to express to the management of Washington state ferries the views of local community groups regarding the service provided by the state ferry system and any problems being experienced within the area served by the ferry system, and

WHEREAS, RCW 47.60.310 provides for Vashon Island to have a ferry advisory committee consisting of three members appointed by the Vashon/Maury Island community council to serve staggered four-year terms, and

WHEREAS, RCW 47.60.310 provides that if the Vashon/Maury Island community council fails to appoint a qualified person to fill a vacancy on the Vashon ferry advisory committee within ninety days after the vacancy occurs, the legislative authority of King County, which is the King County council, shall appoint a qualified person to fill the vacancy, and

WHEREAS, the Vashon/Maury Island community council is no longer operating and is listed in the Washington state records of nonprofit corporations as having been inactive since September 2013, and its records, if they still exist, cannot be located, and

WHEREAS, Gregory J. Beardsley has lived for more than thirty years in a home on Vashon Island that is about a twelve-minute drive from the ferry terminal and for more than forty years has been a frequent user of the ferries serving Vashon Island, and

WHEREAS, Gregory J. Beardsley was appointed and subsequently reappointed to the Vashon ferry advisory committee by the Vashon/Maury Island community council and believes, though he is not certain, that his most recent appointment was more than four years ago, that his term expired more than ninety days ago, and that no one has been appointed to replace him on the committee, and

WHEREAS, in reference to the statutory requirement in RCW 47.60.310 that "not more than two members of any terminal-area committee may be from the same political party at the time of their appointment," Gregory J. Beardsley does not consider himself to be from any political party, and

WHEREAS, Gregory J. Beardsley would like to be reappointed to the Vashon ferry advisory committee so that the Vashon Island community will have a means of expressing its views to the management of Washington state ferries about the ferry service that is being provided to the community;

NOW, THEREFORE, BE IT MOVED by the Council of King County:

Gregory J. Beardsley, who resides on Vashon Island, which is in council district

eight, is hereby reappointed to the Vashon ferry advisory committee to a four-year term to expire on June 30, 2020.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

_____

J. Joseph McDermott, Chair

ATTEST:

_____

Anne Noris, Clerk of the Council

APPROVED this _____ day of _____, _____.

_____

Dow Constantine, County Executive

Attachments: None

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ATTACHMENT 2

KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

September 12, 2016

Motion

Proposed No. 2016-0441.1 **Sponsors** McDermott

A MOTION appointing Kari Ulatoski, who resides in council district eight, to a term of two years on the Vashon Island ferry advisory committee.

WHEREAS, RCW 47.60.310 provides for the appointment of ferry advisory committees to express to the management of Washington state ferries the views of local community groups regarding the service provided by the state ferry system and any problems being experienced within the area served by the ferry system, and

WHEREAS, RCW 47.60.310 provides for Vashon Island to have a ferry advisory committee consisting of three members appointed by the Vashon/Maury Island community council to serve staggered four-year terms, and

WHEREAS, RCW 47.60.310 provides that if the Vashon/Maury Island community council fails to appoint a qualified person to fill a vacancy on the Vashon ferry advisory committee within ninety days after the vacancy occurs, the legislative authority of King County, which is the King County council, shall appoint a qualified person to fill the vacancy, and

WHEREAS, the Vashon/Maury Island community council is no longer operating and is listed in the Washington state records of nonprofit corporations as having been inactive since September 2013, and its records, if they still exist, cannot be located, and

WHEREAS, Kari Ulatoski has lived for twenty years on Vashon Island, for the past ten years in a home that is about a three-minute drive from the ferry terminal, and for twenty years has been a frequent user of the ferries serving Vashon Island, and

WHEREAS, in addition to living on Vashon Island herself, Kari Ulatoski has two elderly parents who live on the island and commute by ferry to medical appointments several times a month, so she is aware of the needs of the elderly and disabled on the island, and

WHEREAS, Kari Ulatoski was appointed to the Vashon ferry advisory committee by the Vashon/Maury Island community council and believes that her appointment was more than four years ago, that her term has expired more than ninety days ago, and that no one has been appointed to replace her, and

WHEREAS, in reference to the statutory requirement in RCW 47.60.310 that "not more than two members of any terminal-area committee may be from the same political party at the time of their appointment," Kari Ulatoski associates more with the Democratic party, but considers transportation and building a fully integrated transportation network, using ferries, buses, light rail, autos and cars, to be non-partisan issues that will affect the entire state, and

WHEREAS, Kari Ulatoski would like to be reappointed to the Vashon ferry advisory committee so that the Vashon Island community will continue to have a means of expressing its views to the management of Washington state ferries about the ferry service that is being provided to the community;

NOW, THEREFORE, BE IT MOVED by the Council of King County:

Kari Ulatoski, who resides on Vashon Island, which is in council district eight, is hereby reappointed to the Vashon ferry advisory committee to a two-year term to expire on June 30, 2018.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

_____

J. Joseph McDermott, Chair

ATTEST:

_____

Anne Noris, Clerk of the Council

APPROVED this _____ day of _____, _____.

_____

Dow Constantine, County Executive

Attachments: None

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ATTACHMENT 3

KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

September 12, 2016

Motion

Proposed No. 2016-0442.1 **Sponsors** McDermott

A MOTION appointing Jan Stephens, who resides in council district eight, to a term of three years on the Vashon Island ferry advisory committee.

WHEREAS, RCW 47.60.310 provides for the appointment of ferry advisory committees to express to the management of Washington state ferries the views of local community groups regarding the service provided by the state ferry system and any problems being experienced within the area served by the ferry system, and

WHEREAS, RCW 47.60.310 provides for Vashon Island to have a ferry advisory committee consisting of three members appointed by the Vashon/Maury Island community council to serve staggered four-year terms, and

WHEREAS, RCW 47.60.310 provides that if the Vashon/Maury Island community council fails to appoint a qualified person to fill a vacancy on the Vashon ferry advisory committee within ninety days after the vacancy occurs, the legislative authority of King County, which is the King County council, shall appoint a qualified person to fill the vacancy, and

WHEREAS, the Vashon/Maury Island community council is no longer operating and is listed in the Washington state records of nonprofit corporations as having been inactive since September 2013, and its records, if they still exist, cannot be located, and

WHEREAS, Jan Stephens lives in a home on Vashon Island that is about a nine-minute drive from the ferry terminal, has commuted from Vashon Island for thirty-seven years, and for more than five years has fought to maintain ferry service to Vashon Island, and

WHEREAS, Jan Stephens was appointed to the Vashon ferry advisory committee by the Vashon/Maury Island community council and believes that his appointment was more than four years ago, that his term expired more than ninety days ago, and that no one has been appointed to replace him, and

WHEREAS, in reference to the statutory requirement in RCW 47.60.310 that "not more than two members of any terminal-area committee may be from the same political party at the time of their appointment," Jan Stephens generally votes Republican, but in any case votes for the candidate he considers most qualified, and

WHEREAS, Jan Stephens would like to be reappointed to the Vashon ferry advisory committee so that the Vashon Island community will continue to have a means of expressing its views to the management of Washington state ferries about the ferry service that is being provided to the community;

NOW, THEREFORE, BE IT MOVED by the Council of King County:

Jan Stephens, who resides on Vashon Island, which is in council district eight, is

hereby reappointed to the Vashon ferry advisory committee to a three-year term to expire on June 30, 2019.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

_____

J. Joseph McDermott, Chair

ATTEST:

_____

Anne Noris, Clerk of the Council

APPROVED this _____ day of _____, _____.

_____

Dow Constantine, County Executive

Attachments: None

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King County

Metropolitan King County Council
Transportation, Economy and Environment Committee

STAFF REPORT

Agenda Item:	12	**Name:**	Mike Reed
Proposed No.:	2016-0339	**Date:**	September 14, 2016

SUBJECT

Agreement for the sale of biofuels, and associated environmental attributes, generated at the South Wastewater Treatment Plant in Renton.

SUMMARY

The Federal Clean Air Act encourages the incorporation of renewable "biofuels" into the nation's transportation fuel supply, by the establishment of requirements for processors of petroleum and other transportation fuels to incorporate defined volumes of certain renewable fuels into the transportation fuels that they produce and market. The Act also establishes a market for environmental credits for the generation and utilization of such biofuels, as a means of encouraging and accounting for the required biofuels.

The County's Wastewater Treatment Division (WTD) has been generating biofuels through its wastewater treatment process. Proposed Ordinance 2016-0339 would authorize the execution of contract with a natural gas processor to sell biofuels generated at the South Treatment Plant in Renton, together with associated environmental attributes, for use as a renewable transportation fuel.

BACKGROUND

Federal Energy Independence and Security Act

The Federal Clean Air Act was amended in 2005 and 2007[1] to, among other things, support the use of renewable fuels in fuels intended for transportation use. In particular, the 2007 amendments, known as the "Energy Independence and Security Act", required the EPA Administrator, through regulatory activity, to

> "ensure that transportation fuel…contains at least the applicable volume of renewable fuel, advanced biofuel, cellulosic biofuel, and biomass-based diesel";

[1] 42 USC Chapter 85 II A Sect. 7545 (o) Renewable Fuel Program https://www.gpo.gov/fdsys/pkg/USCODE-2013-title42/html/USCODE-2013-title42-chap85-subchapII-partA-sec7545.htm

> such fuel blend is to " achieve at least a 20 percent reduction in lifecycle greenhouse gas emissions".

In sum, the legislation created an obligation on the part of gas importers, producers and others to incorporate renewable fuels ("biofuels") into their marketed stream of fuels, such as petroleum, natural gas and other fuels used in transportation. The use of these biofuels is intended to reduce the volume of greenhouse gas emissions from the transportation sector. Cellulosic biofuels, derived from cellulose, hemicellulous or lignin, were required to have at least 60 percent less lifecycle greenhouse gas emissions than an established baseline. Specific identified volumes to be incorporated into the nation's transportation fuel supply each year were specified in the law. For cellulosic biofuel, the target for 2010 was established at 100 million gallons, growing to 16 billion gallons by 2022.

As a means of accounting for, as well as incentivizing the generation and use of renewable fuels, the measure included provision for a system of tradeable environmental credits—units of value that would be associated with gallons of renewable fuel produced, in order to provide incentive to renewable fuel generators to produce and market the fuel.

> "The Administrator may issue regulations providing: (i) for the generation of an appropriate amount of credits by any person that refines, blends, or imports additional renewable fuels specified by the Administrator; and (ii) for the use of such credits by the generator, or the transfer of all or a portion of the credits to another person."[2]

Based on this act, the Environmental Protection Agency (EPA) developed a Renewable Fuels Standard ("RFS") program that, among other things, features "fuel pathways" associated with each of the four categories of biofuels addressed in the Energy Independence and Security Act: biomass-based diesel, advanced biofuel, cellulosic biofuel and renewable (or conventional) fuel. For each fuel source and fuel use seeking to qualify under the Act, EPA must approve a pathway that addresses feedstock, production process and fuel type. EPA has established approximately 20 pathways. In a table addressing approved fuel pathways for the program,[3] EPA identifies "biogas from municipal wastewater treatment facility digesters" as a feedstock for an approved Renewable Compressed Natural Gas/Liquified Natural Gas/Electricity pathway for cellulosic biofuel.

<u>Cellulosic Biofuels</u>

Of particular interest to managers of wastewater facilities is the evolution of the cellulosic biofuel pathway. Gas derived from wastewater management processes were initially classed by EPA as advanced biofuels for the purposes of the Act. However, in a 2014 rulemaking, the EPA reclassed such gas as being derived from biomass that includes proportions of cellulose, hemicellulous and lignin amounting to more than 75 percent, resulting in a determination that the activated sludge meets the criteria for being classified as cellulosic, and the redesignation of wastewater process gases as

[2] 42 USC Chapter 85 II A Sect. 7545 (o) 5 (A) Credit Program

[3] https://www.epa.gov/renewable-fuel-standard-program/approved-pathways-renewable-fuel

"cellulosic."[4] This change provided an opportunity for wastewater facility operators to pursue registration in the program through a "cellulosic" pathway, for which there is a more limited supply. Also, given the established volume targets that the transportation fuel industry is required to meet, there is a strong demand for cellulosic biofuels—driving a potentially stronger revenue stream.

Biofuels from the WTD South Plant in Renton

King County's Wastewater Treatment Division (WTD) processes an average dry-weather flow of 90 million gallons of wastewater daily, including 201,000 pounds/day of suspended solids,[5] through its South Treatment Plant in Renton. The process includes operation of an anaerobic digester that produces about 60,000 wet tons of biosolids annually that are destined for land application; additionally, the process generates about 1.8 million therms of methane gas annually.[6] This methane is sold directly to Puget Sound Energy (PSE), and injected into PSE pipelines. The sale of South Plant biogas to PSE has not included any valuation for environmental credits, as addressed in the Energy Independence Security Act described above.

In 2014, WTD issued a Request for Proposals ("RFP") to partner in generation of renewable fuel for the transportation industry and the generation and monetizing of environmental credits authorized by the Energy Independence Security Act. These credits, known as "Renewable Information Numbers" ("RINs"), are generated through the production of renewable fuel such as wastewater processing biofuel. Responses to the RFP were received from a number of parties, including IGI Resources, a natural gas subsidiary of BP. IGI was selected as the successful responder, based on the criteria of the RFP.

The County and IGI have worked to develop and refine an agreement for the sale of biofuel, and the management of associated RINs, from the South Plant. Operationally, such an agreement would take advantage of the existing delivery of South Plant biofuel to PSE. The biofuel would continue to be delivered to PSE pipelines in the same way it is currently; an equivalent amount of natural gas would be received by IGI at an identified point in the PSE pipeline. This is facilitated through the Transportation Tariff approved through the state's Utilities and Transportation Commission, providing for pipeline access by third parties.[7] As a result, the proposed transaction does not contemplate any capital or operational changes to accomplish the biofuel/RINs delivery. WTD will need to develop an agreement with PSE to define the terms by which the biofuel is to access the PSE distribution network.

Proposed Contract

On July 11, 2016, the Executive transmitted a proposed agreement, as an attachment to Proposed Ordinance 2016-0339. The agreement consists of three contract documents: Attachment A-- Base Contract for the Sale and Purchase of Natural Gas

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[4] Federal Register Vol. 79 No. 138 July 18 2014 p42137

[5] http://www.kingcounty.gov/environment/wtd/About/System/Facts.aspx

[6] http://www.kingcounty.gov/~/media/environment/wtd/About/System/SP/docs/1402_SouthPlantTreatmentProcess.ashx?la=en

[7] https://pse.com/aboutpse/Rates/Documents/gas_sch_031t.pdf This rule addresses "Distribution System Transportation Service Availability" as follows: "This distribution system transportation service is available throughout the territory served by the Company to non-residential customers who have executed the service agreement for transportation service under this schedule."

Key, and Exhibit A--Transaction Confirmation form; Exhibit B--Special Provisions Attached To the Base Contract, including a Biogas Special Provisions Addendum; and Exhibit C--Transaction Confirmation.

Key elements of the agreement include the following:

- If the parties come to an agreement regarding a gas purchase and sale transaction, that agreement will be recorded on a Transaction Confirmation. King County will sell, and IGI will purchase, the contract quantity of gas for the transaction meeting the pressure, quality and heat contents of PSE, to be transported to an identified delivery point. IGI will remit the amount due by the Payment Date, or within 10 days after receipt of the invoice.
- The contract may be terminated on 30 day's written notice, but will remain in effect until the expiration of the latest delivery period of any transaction.

Special Provisions

- IGI will maintain a guaranty in the amount of $1,000,000 from a guarantor reasonably acceptable to WTD.

Biogas Special Provisions:

- WTD warrants that it has the rights to all Green Attributes for such biogas, and will convey them to the Buyer. The biogas is from a project that produces pipeline quality biogas.
- If IGI cannot use the biogas for the production of vehicle fuel, IGI will be entitled to a refund of any Green Premium payment made for the volume of biogas not processed into a vehicle fuel, for which no Green Premium may be claimed under relevant regulation.
- Before delivery of the biogas, WTD or its designee is to submit documentation to certify that the biogas is an Advanced or Cellulosic Biofuel that can generate RINs.

Transaction Confirmation

- The price for RIN qualified Biogas will be the posted price (the Gas Daily Midpoint Index for NW Pipeline Canadian Border published by Platts) plus the RIN Premium Allocation, which is 70 percent of the RIN Price Basis.
- RIN valuations are based on Cellulosic Biofuel RIN prices determined by 1) the Argus D3 index; 2) revenue realized by the buyer's RIN marketing affiliate, or 3) the greater of 90 percent of the Argus D3 index or the average of daily posted prices for the Argus D-5 Index.
- Instead of receiving the RIN Premium Allocation, WTD may choose to receive its allocation as RINs in-kind.
- IGI is to pursue biogas contracts with vehicle fuel producers located in King County, and will sell all biogas purchased under this contract to such King County Vehicle Fuel Producers. If conditions necessary to fulfill this provision are not in place, IGI will pursue biogas contracts with vehicle fuel producers located in Washington State, if necessary conditions are in place.

- Provision is made for the process required for the generation and allocation of RINs, pursuant to EPA requirements.

This summary of contract documents is intended to address highlights only. A provision-by-provision description of the contract documents is provided in Attachment 2 to the staff report.

The transmitted legislation is accompanied by a Fiscal Note (Attachment x), which anticipates revenue of $4,053,663 per biennium, above the amount currently received through current sales to PSE, for the sale of biofuel and RINs as authorized by this measure.

ANALYSIS

WTD has, over a 50-year period, constructed a system for the collection and processing of wastewater, and the production biosolids and biofuels, including biofuels generated at the system's South Plant in Renton. Congressional action to encourage the use of biofuels in the nation's transportation fuel supply, and subsequent action by EPA to designate wastewater biofuel as "cellulosic" biofuel, appears to have created an opportunity to monetize the biofuel element of the South Plant's wastewater digestion process. A number of major benefits appear to accrue from this opportunity. These include:

- Additional revenue generation in the amount of approx. $4 million/biennium;
- Access to the RINs market of environmental credits, contributing to the national effort to incorporate renewable fuels into the nation's fuel supply, and thus supporting efforts to control greenhouse gas emissions nationally, and climate change targets of the Wastewater Treatment Division and King County; and
- Creating or expanding opportunities for natural gas-powered vehicles to utilize locally-produced biofuels.

There are a number of potential developments in the RFS marketplace that suggest continuing attention to the regulatory and market environment associated with this undertaking. First, EPA has, in the recent past, indicated a preference that the owner of the RINs should be the entity that processes biofuel into transportation fuel. If vehicle fuel is consumed as Liquid Natural Gas or Compressed Natural Gas, this suggests that, while WTD may produce pipeline-quality gas for delivery to IGI, there may be further processing steps to prepare it for use as vehicle fuel. To the extent that this is the case, were EPA to hold to its earlier position that the producer of transportation fuel is to be the generator of RINs, the WTD's ownership status, and right to sell, the RINs associated with biofuel production, would be open to question. However, following a public input process, EPA has apparently taken a step back from its original position, and indicated that it would address the ownership of RINs on a case-by-case basis.

While the "case by case" approach of EPA to RINs ownership does not provide a definitive federal answer to this question, it does suggest that County assertion of ownership in the form of a registration application to EPA supported by necessary contract documents, and the EPA's acceptance/approval of the parties participation in the RINs process, should represent a case-specific determination of County ownership,

and right to sell, the RINs generated through the treatment processes of the South Plant.

Staff has sought the input of counsel on this question; counsel has indicated that the contract is written with sufficient breadth that this question should not be a concern.

Additionally, the parties have chosen to pursue registration through the "cellulosic" pathway. This feedstock category, of the four categories managed by EPA, is the one that has proven least successful in meeting fuel generation targets. For a number of years consecutively, EPA has needed to revise downwards the annual volume target for transportation fuel through the cellulosic pathway, in the absence of a robust market response to the cellulosic fuel requirements of obligated parties. This has made for some lack of predictability/instability in this sector of the RINs market.

While these conditions encourage continuing monitoring of market and regulatory developments associated with this project, the potential climate change benefits, together with revenue benefits, indicate that approval of this measure appears to be a reasonable business decision.

AMENDMENT

Following review by Council's Legal Counsel and consultation with outside legal counsel retained by WTD, a number of potential changes have been made as part of Amendment S3. These changes insert code references to the Procurement code section addressing real and personal property that authorizes exemption from standard procurement processes under unique circumstances, allowing a negotiated direct sale, as well as to the Procurement code section addressing emissions credits and similar instruments that authorizes exemption from standard procurement processes under unique circumstances, allowing negotiated direct sale emissions credits and similar instruments. The language is further revised to specify a Council finding of unique circumstances supporting a negotiated direct sale, and to identify pertinent elements of the Strategic Climate Action Plan that address carbon emissions offsets, for which revenue realized through this contract may be expended.

Amendment S3 would also replace the Attachment A Base Contract, Special Provisions, Biogas Special Provisions and Transaction Confirmation with modified versions. Those modifications are summarized below.

The Base Contract cover sheet is modified to allow for conditions both where early termination damages apply, and separately, where early termination damages don't apply.

The Biogas Transaction Confirmation is modified to:

- Clarify that the transaction confirmation is specifically for Biogas only
- Confirm that, for the biogas transaction confirmation, early termination damages don't apply
- Provide that, for the seller, a default occurs if the delivery start date doesn't occur within 6 months of the transaction confirmation

- Allow seller and BP to develop a separate agreement in writing to begin early sale, with biogas to be placed in storage pending EPA registration completion
- Provide separate delivery periods 1) for gas and 2) for biogas
- Provide that, If EPA approval doesn't occur by June 1 2017, unless the parties agree to extend the contract, it expires as of June 30 2017. Extension of more than 1 year requires Council approval
- Require that any amendment or new agreement requires approval of Council
- Make provisions for start and end dates for two separate delivery periods
- Require seller to provide buyer with written confirmation of the effective date. Seller is to provide buyer with a fully executed copy of the transaction confirmation by a specified date and time

The Special Provisions section is modified to:

- Confirm that early termination damages apply to gas transaction confirmations, but not to biogas transaction confirmations
- Require that each party pays attorney's fees except as expressly provided
- Provide that Biogas Special Provisions addendum only applies to sale/purchase of biogas and associated green attributes
- Make technical changes to indemnification language, green attributes language, failure to produce fuel language, and definitions

ATTACHMENTS

1. Proposed Ordinance 2016-0339 and Attachment A
2. Striking Amendment S3 and Attachment A, dated September 1, 2016
3. Summary
4. Transmittal Letter
5. Fiscal Note
6. Executive Presentation Materials

INVITED

- David Broustis, Energy Manager, Department of Natural Resources and Parks
- Matt Kuharic, Climate Change Program Coordinator, Department of Natural Resources and Parks
- Grover Cleveland, Business Development Manager, Department of Natural Resources and Parks

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KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

September 12, 2016

Ordinance

Proposed No. 2016-0339.1 **Sponsors** Dembowski

AN ORDINANCE relating to the sale of biomethane and related environmental attributes held by the county; authorizing the wastewater treatment division to enter into an agreement for the sale of biomethane and environmental attributes associated with purified biomethane produced at the South wastewater treatment plant to IGI Resources, Inc.

STATEMENT OF FACTS:

1. The wastewater treatment division of the department of natural resources and parks operates three regional wastewater treatment facilities, including the South wastewater treatment plant in Renton, Washington, which treats approximately thirty billion gallons of wastewater each year.

2. Anaerobic digesters at the treatment plant generate methane digester biogas as part of the water and associated solid material treatment and purification processes.

3. Since 1988, the wastewater treatment division has been scrubbing impurities from the digester biogas to create biomethane, using some of the resulting pipeline quality gas for internal heating purposes, and

injecting the surplus pipeline quality gas into the regional natural gas pipeline.

4. Since 1988, the pipeline quality gas commodity not consumed at the treatment plant has been sold to Puget Sound Energy, per a pipeline quality gas purchase and sales agreement between King County and Puget Sound Energy, most recently amended in 2005.

5. In addition to the energy content of the pipeline quality gas, the origin of the pipeline quality gas as a byproduct of the wastewater treatment process provides significant greenhouse-gas reduction benefits when compared to the consumption of fossil fuel-derived natural gas.

6. These environmental benefits, as an extension of the energy content, are recognized as environmental attributes. Environmental attributes refer to renewable energy or other characteristics of a resource that are distinguished from a commodity, and can have financial value related to both voluntary and mandatory environmental requirements.

7. Renewable Identification Numbers are environmental attributes that can be produced when a renewable energy source is consumed for an on-road transportation purpose, and have an economic value beyond the commodity value of the renewable fuel. Renewable Identification Numbers are defined under the Federal Renewable Fuel Standard, authorized by Congress under the Energy Policy Act of 2005 and expanded under the Energy Independence and Security Act of 2007, which was created in an effort to reduce greenhouse gas emissions and

expand the nation's renewable fuels sector while reducing reliance on imported oil.

8. Under the Federal Renewable Fuel Standard legislation, obligated parties such as oil producers and importers must meet specific annual renewable fuel obligations for on-road transportation fuels, through Renewable Identification Number credits. The legislation has created demand for transportation fuels sourced from renewable sources, including biomethane sourced from wastewater treatment plants.

9. In 2014, in an attempt to determine if the Federal Renewable Fuel Standard would result in greater economic value for wastewater biomethane, the wastewater treatment division issued a request for proposals for the future sale of the combined pipeline quality gas commodity and any related environmental attributes of the biomethane.

10. Through a selection process, the wastewater treatment division selected IGI Resources, Inc., for the sale of the biomethane, specifying that the environmental attributes be monetized as Renewable Identification Numbers.

11. After certification under the Federal Renewable Fuel Standard, Renewable Identification Numbers will be generated when the biomethane generated at the South wastewater treatment plant is sold to IGI Resources, Inc., and consumed by local natural gas powered vehicles, resulting in renewable fuels being utilized for transportation purposes.

12. Under K.C.C. 4.56.250, sales of rights, title or interests in emissions credits, offsets or allowances or renewable energy certificates, credits, benefits, environmental air quality credits and any similar rights, title or interests held by the county are exempt from the real and personal property requirements of K.C.C chapter 4.56 when unique circumstances are present. Such sales may be made in the best interests of the public to a person or entity through a direct agreement negotiated by the King County executive and approved by the King County council.

13. The council finds that unique circumstances are present for this agreement because the market for the sale of biomethane and the environmental attributes from biomethane is highly specialized and is subject to market variability that requires prompt action. The nature of these rights is unique in that they do not lend themselves to a sale to the highest responsible bidder at public auction or by sealed bid. Although K.C.C. 4.56.250 authorizes the county to negotiate directly with a person or entity in such circumstances, nevertheless, the county conducted a competitive process to locate a qualified buyer to ensure that this agreement is in the best interests of the public.

14. The sale of the biomethane and related environmental attributes provide public benefit by increasing the revenue generated through the sale of the biomethane resource. The revenue from the sale of the biomethane and related environmental attributes will be used to reduce or offset greenhouse gas emissions greater than the reduction benefit that

would come through direct wastewater treatment division ownership of the environmental attributes, but only if the use of wastewater revenues is consistent with: chapter 35.58 RCW; Section 230.10.10 of the King County Charter; agreements for sewage disposal entered into between King County and component agencies; and other applicable county ordinance and state law restrictions. Revenue from the sale will also be used to expand energy efficiency and renewable energy generation efforts within the wastewater treatment division.

15. The investment of revenue from the sale of the biomethane and related environmental attributes to expand energy efficiency and renewable energy production and use within the wastewater treatment division and the resulting financial savings from these efficiencies has the effect of stabilizing rates.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. **Findings:** The King County council hereby finds that a direct agreement for the sale of biomethane and the related environmental attributes at the South Wastewater Treatment Plant is in the best interests of the public.

SECTION 2. The King County executive is hereby authorized to execute a base contract for sale and purchase of natural gas and all related documents with IGI Resources, Inc., substantially in the form of Attachment A to this ordinance.

SECTION 3. Moneys from the sale of biomethane and environmental attributes under section 2 of this ordinance shall be allocated to the originating division. The revenue from the biomethane and environmental attributes shall be used to further the

goals outlined in the 2015 Strategic Climate Action Plan. Each year, the division shall use the revenue to offset carbon emissions in excess of the reduction benefit that would come through direct wastewater treatment division ownership of the environmental attributes. Revenue beyond that needed for the annual carbon emissions offsets may be spent on rate stabilization.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

_____

J. Joseph McDermott, Chair

ATTEST:

_____

Anne Noris, Clerk of the Council

APPROVED this _____ day of _____, _____.

_____

Dow Constantine, County Executive

Attachments: A. Base Contract for Sale and Purchase of Natural Gas

Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date Month ___, 2016. The parties to this Base Contract are the following:

PARTY A IGI Resources, Inc.	*PARTY NAME*	PARTY B King County, through its Department of Natural Resources and Parks -- Wastewater Treatment Division
PO Box 6488 Boise, ID 83707-6488	*ADDRESS*	Wastewater Treatment Division 201 S. Jackson St., Suite 500 Seattle, WA 98104
www.igires.com	*BUSINESS WEBSITE*	www.kingcounty.gov/environment/wtd.aspx
	CONTRACT NUMBER	
19-429-0953	*D-U-N-S® NUMBER*	135108934
☒ US FEDERAL: **82-0401137** ☐ OTHER:	*TAX ID NUMBERS*	☒ US FEDERAL: **91-6001327** ☐ OTHER:
Idaho	*JURISDICTION OF ORGANIZATION*	Washington
☒ Corporation ☐ LLC ☐ Limited Partnership ☐ Partnership ☐ LLP ☐ Other: _____	*COMPANY TYPE*	☐ Corporation ☐ LLC ☐ Limited Partnership ☐ Partnership ☐ LLP ☒ Other: a home rule charter county and political subdivision of the State of Washington
BP Corporation North America, Inc.	*GUARANTOR* (IF APPLICABLE)	

CONTACT INFORMATION

ATTN: _____ *TEL#:* _____ *FAX#:* _____ *EMAIL:* _____	▪ *COMMERCIAL*	*ATTN:* *David Broustis* *TEL#:* 206-477-4544 *FAX#:* ___ *EMAIL:* *david.broustis@kingcounty.com*
ATTN: *Customer Service Department* *TEL#:* 208-395-0520 *FAX#:* 208-395-0531 *EMAIL:* *igioperations@bp.com*	▪ *SCHEDULING*	*ATTN:* Please Provide _____ *TEL#:* _____ *FAX#:* _____ *EMAIL:* _____
ATTN: *Natural Gas Marketing - Contract Services* *TEL#:* 713-323-2000 *FAX#:* 713-323-0203 *EMAIL:* _____	▪ *CONTRACT AND LEGAL NOTICES*	*ATTN:* *David Broustis* *TEL#:* 206-477-4544 *FAX#:* ___ *EMAIL:* *david.broustis@kingcounty.com*
ATTN: *Natural Gas Marketing - Credit* *TEL#:* 208-395-0500 *FAX#:* 208-395-0530 *EMAIL:* *karl.wagner@bp.com*	▪ *CREDIT*	*ATTN:* *Max Foster* *TEL#:* 206-477-5362 *FAX#:* 206-681-1741 *EMAIL:* *max.foster@kingcounty.gov*
ATTN: *Natural Gas Marketing - Confirmations* *TEL#:* 208-395-0500 *FAX#:* 281-227-8470 *EMAIL:* _____	▪ *TRANSACTION CONFIRMATIONS*	*ATTN:* *David Broustis* *TEL#:* 206-477-4544 *FAX#:* _____ *EMAIL:* *david.broustis@kingcounty.gov*

ACCOUNTING INFORMATION

ATTN: *Natural Gas Marketing - Accounting* *TEL#:* 208-395-0500 *FAX#:* 208-395-0536 *EMAIL:* _____	▪ *INVOICES* ▪ *PAYMENTS* ▪ *SETTLEMENTS*	*ATTN:* *Francesca Ho- Revenue & Accounts Receivable Section* *TEL#:* 206-477-5521 *FAX#:* 206-684-1741 *EMAIL:* *francesca.ho@kingcounty.gov*
BANK: *JP Morgan Chase Bank, New York, NY* *ABA:* 021000021 *ACCT:* 323363075 *OTHER DETAILS:* *For the Account of IGI Resources, Inc.*	*WIRE TRANSFER NUMBERS* *(IF APPLICABLE)*	*BANK:* *U.S. Bank 1420 Fifth Avenue, 10th FL Seattle, WA 98101* *ABA:* *123000848 ACCT: 153910685327* *OTHER DETAILS:* Include details regarding purpose of wire or ACH
BANK: *JP Morgan Chase Bank, New York, NY* *ABA:* 021000021 *ACCT:* 323363075 *OTHER DETAILS:* *For the Account of IGI Resources, Inc.*	*ACH NUMBERS* *(IF APPLICABLE)*	*BANK:* *U.S. Bank 1420 Fifth Avenue, 10th FL Seattle, WA 98101* *ABA:* *123000848 ACCT: 153910685327* *OTHER DETAILS :* Include details regarding purpose of wire or ACH
ATTN: *Bank of America-c/o Remittance Services Lockbox 12124* *ADDRESS:* *12124 Collections Center Drive Chicago, IL 60693*	*CHECKS* *(IF APPLICABLE)*	*ATTN:* **King County Treasury Operations/CCP** *ADDRESS:* **Finance and Business Operations Division** **King County Administration Building 500 4th AVE #600** **Seattle, WA 98104-2387**

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Base Contract for Sale and Purchase of Natural Gas

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply.

Section 1.2 Transaction Procedure
☐ Oral (default)
OR
☒ Written

Section 2.7 Confirm Deadline
☒ 2 Business Days after receipt (default)
OR
☐ 5 Business Days after receipt

Section 2.8 Confirming Party
☐ Seller (default)
OR
☐ Buyer
☒ IGI Resources, Inc.

Section 3.2 Performance Obligation
☒ Cover Standard (default)
OR
☐ Spot Price Standard

Note: The following Spot Price Publication applies to both of the immediately preceding.

Section 2.31 Spot Price Publication
☒ Gas Daily Midpoint (default)
OR
☐ _____

Section 6 Taxes
☒ Buyer Pays At and After Delivery Point (default)
OR
☐ Seller Pays Before and At Delivery Point

Section 7.2 Payment Date
☐ 25th Day of Month following Month of delivery (default)
OR
☒ 20th Day of Month following Month of delivery

Section 7.2 Method of Payment
☐ Wire transfer (default)
☒ Automated Clearinghouse Credit (ACH)
☐ Check

Section 7.7 Netting
☒ Netting applies (default)
OR
☐ Netting does not apply

Section 10.2 Additional Events of Default
☒ No Additional Events of Default (default)
☐ Indebtedness Cross Default
☐ Party A: _____
☐ Party B: _____
☐ Transactional Cross Default
Specified Transactions:

Section 10.3.1 Early Termination Damages
☐ Early Termination Damages Apply (default)
OR
☒ Early Termination Damages Do Not Apply

Section 10.3.2 Other Agreement Setoffs
☒ Other Agreement Setoffs Apply (default)
☒ Bilateral (default)
☐ Triangular
OR
☐ Other Agreement Setoffs Do Not Apply

Section 15.5 Choice Of Law
New York; provided that matters relating to the legal power and authority of Party B under this Contract will be governed by the laws of Washington

Section 15.10 Confidentiality
☒ Confidentiality applies (default)
OR
☐ Confidentiality does not apply

☒ **Special Provisions** Number of sheets attached: 11

Addendum(s): Biogas Supply Addendum – Vehicle Fuel Segment – Supply side

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

IGI RESOURCES, INC.	***PARTY NAME***	**KING COUNTY, THROUGH ITS DEPARTMENT OF NATURAL RESOURCES AND PARKS -- WASTEWATER TREATMENT DIVISION**
By:_____	***SIGNATURE***	By:_____
Randy Schultz	***PRINTED NAME***	**Gunars Sreibers**
President	***TITLE***	**Interim Division Director**

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General Terms and Conditions
Base Contract for Sale and Purchase of Natural Gas

SECTION 1. PURPOSE AND PROCEDURES

1.1. These General Terms and Conditions are intended to facilitate purchase and sale transactions of Gas on a Firm or Interruptible basis. "Buyer" refers to the party receiving Gas and "Seller" refers to the party delivering Gas. The entire agreement between the parties shall be the Contract as defined in Section 2.9.

The parties have selected either the "Oral Transaction Procedure" or the "Written Transaction Procedure" as indicated on the Base Contract.

Oral Transaction Procedure:

1.2. The parties will use the following Transaction Confirmation procedure. Any Gas purchase and sale transaction may be effectuated in an EDI transmission or telephone conversation with the offer and acceptance constituting the agreement of the parties. The parties shall be legally bound from the time they so agree to transaction terms and may each rely thereon. Any such transaction shall be considered a "writing" and to have been "signed". Notwithstanding the foregoing sentence, the parties agree that Confirming Party shall, and the other party may, confirm a telephonic transaction by sending the other party a Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means within three Business Days of a transaction covered by this Section 1.2 (Oral Transaction Procedure) provided that the failure to send a Transaction Confirmation shall not invalidate the oral agreement of the parties. Confirming Party adopts its confirming letterhead, or the like, as its signature on any Transaction Confirmation as the identification and authentication of Confirming Party. If the Transaction Confirmation contains any provisions other than those relating to the commercial terms of the transaction (i.e., price, quantity, performance obligation, delivery point, period of delivery and/or transportation conditions), which modify or supplement the Base Contract or General Terms and Conditions of this Contract (e.g., arbitration or additional representations and warranties), such provisions shall not be deemed to be accepted pursuant to Section 1.3 but must be expressly agreed to by both parties; provided that the foregoing shall not invalidate any transaction agreed to by the parties.

Written Transaction Procedure:

1.2. The parties will use the following Transaction Confirmation procedure. Should the parties come to an agreement regarding a Gas purchase and sale transaction for a particular Delivery Period, the Confirming Party shall, and the other party may, record that agreement on a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means, to the other party by the close of the Business Day following the date of agreement. The parties acknowledge that their agreement will not be binding until the exchange of nonconflicting Transaction Confirmations or the passage of the Confirm Deadline without objection from the receiving party, as provided in Section 1.3.

1.3. If a sending party's Transaction Confirmation is materially different from the receiving party's understanding of the agreement referred to in Section 1.2, such receiving party shall notify the sending party via facsimile, EDI or mutually agreeable electronic means by the Confirm Deadline, unless such receiving party has previously sent a Transaction Confirmation to the sending party. The failure of the receiving party to so notify the sending party in writing by the Confirm Deadline constitutes the receiving party's agreement to the terms of the transaction described in the sending party's Transaction Confirmation. If there are any material differences between timely sent Transaction Confirmations governing the same transaction, then neither Transaction Confirmation shall be binding until or unless such differences are resolved including the use of any evidence that clearly resolves the differences in the Transaction Confirmations. In the event of a conflict among the terms of (i) a binding Transaction Confirmation pursuant to Section 1.2, (ii) the oral agreement of the parties which may be evidenced by a recorded conversation, where the parties have selected the Oral Transaction Procedure of the Base Contract, (iii) the Base Contract, and (iv) these General Terms and Conditions, the terms of the documents shall govern in the priority listed in this sentence.

1.4. The parties agree that each party may electronically record all telephone conversations with respect to this Contract between their respective employees, without any special or further notice to the other party. Each party shall obtain any necessary consent of its agents and employees to such recording. Where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, the parties agree not to contest the validity or enforceability of telephonic recordings entered into in accordance with the requirements of this Base Contract.

SECTION 2. DEFINITIONS

The terms set forth below shall have the meaning ascribed to them below. Other terms are also defined elsewhere in the Contract and shall have the meanings ascribed to them herein.

2.1. "Additional Event of Default" shall mean Transactional Cross Default or Indebtedness Cross Default, each as and if selected by the parties pursuant to the Base Contract.

2.2. "Affiliate" shall mean, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of at least 50 percent of the voting power of the entity or person.

2.3. "Alternative Damages" shall mean such damages, expressed in dollars or dollars per MMBtu, as the parties shall agree upon in the Transaction Confirmation, in the event either Seller or Buyer fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer.

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2.4. "Base Contract" shall mean a contract executed by the parties that incorporates these General Terms and Conditions by reference; that specifies the agreed selections of provisions contained herein; and that sets forth other information required herein and any Special Provisions and addendum(s) as identified on page one.

2.5. "British thermal unit" or "Btu" shall mean the International BTU, which is also called the Btu (IT).

2.6. "Business Day(s)" shall mean Monday through Friday, excluding Federal Banking Holidays for transactions in the U.S.

2.7. "Confirm Deadline" shall mean 5:00 p.m. in the receiving party's time zone on the second Business Day following the Day a Transaction Confirmation is received or, if applicable, on the Business Day agreed to by the parties in the Base Contract; provided, if the Transaction Confirmation is time stamped after 5:00 p.m. in the receiving party's time zone, it shall be deemed received at the opening of the next Business Day.

2.8. "Confirming Party" shall mean the party designated in the Base Contract to prepare and forward Transaction Confirmations to the other party.

2.9. "Contract" shall mean the legally-binding relationship established by (i) the Base Contract, (ii) any and all binding Transaction Confirmations and (iii) where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, any and all transactions that the parties have entered into through an EDI transmission or by telephone, but that have not been confirmed in a binding Transaction Confirmation, all of which shall form a single integrated agreement between the parties.

2.10. "Contract Price" shall mean the amount expressed in U.S. Dollars per MMBtu to be paid by Buyer to Seller for the purchase of Gas as agreed to by the parties in a transaction.

2.11. "Contract Quantity" shall mean the quantity of Gas to be delivered and taken as agreed to by the parties in a transaction.

2.12. "Cover Standard", as referred to in Section 3.2, shall mean that if there is an unexcused failure to take or deliver any quantity of Gas pursuant to this Contract, then the performing party shall use commercially reasonable efforts to (i) if Buyer is the performing party, obtain Gas, (or an alternate fuel if elected by Buyer and replacement Gas is not available), or (ii) if Seller is the performing party, sell Gas, in either case, at a price reasonable for the delivery or production area, as applicable, consistent with: the amount of notice provided by the nonperforming party; the immediacy of the Buyer's Gas consumption needs or Seller's Gas sales requirements, as applicable; the quantities involved; and the anticipated length of failure by the nonperforming party.

2.13. "Credit Support Obligation(s)" shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as cash, an irrevocable standby letter of credit, a margin agreement, a prepayment, a security interest in an asset, guaranty, or other good and sufficient security of a continuing nature.

2.14. "Day" shall mean a period of 24 consecutive hours, coextensive with a "day" as defined by the Receiving Transporter in a particular transaction.

2.15. "Delivery Period" shall be the period during which deliveries are to be made as agreed to by the parties in a transaction.

2.16. "Delivery Point(s)" shall mean such point(s) as are agreed to by the parties in a transaction.

2.17. "EDI" shall mean an electronic data interchange pursuant to an agreement entered into by the parties, specifically relating to the communication of Transaction Confirmations under this Contract.

2.18. "EFP" shall mean the purchase, sale or exchange of natural Gas as the "physical" side of an exchange for physical transaction involving gas futures contracts. EFP shall incorporate the meaning and remedies of "Firm", provided that a party's excuse for nonperformance of its obligations to deliver or receive Gas will be governed by the rules of the relevant futures exchange regulated under the Commodity Exchange Act.

2.19. "Firm" shall mean that either party may interrupt its performance without liability only to the extent that such performance is prevented for reasons of Force Majeure; provided, however, that during Force Majeure interruptions, the party invoking Force Majeure may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by the Transporter.

2.20. "Gas" shall mean any mixture of hydrocarbons and noncombustible gases in a gaseous state consisting primarily of methane.

2.21. "Guarantor" shall mean any entity that has provided a guaranty of the obligations of a party hereunder.

2.22. "Imbalance Charges" shall mean any fees, penalties, costs or charges (in cash or in kind) assessed by a Transporter for failure to satisfy the Transporter's balance and/or nomination requirements.

2.23. "Indebtedness Cross Default" shall mean if selected on the Base Contract by the parties with respect to a party, that it or its Guarantor, if any, experiences a default, or similar condition or event however therein defined, under one or more agreements or instruments, individually or collectively, relating to indebtedness (such indebtedness to include any obligation whether present or future, contingent or otherwise, as principal or surety or otherwise) for the payment or repayment of borrowed money in an aggregate amount greater than the threshold specified in the Base Contract with respect to such party or its Guarantor, if any, which results in such indebtedness becoming immediately due and payable.

2.24. "Interruptible" shall mean that either party may interrupt its performance at any time for any reason, whether or not caused by an event of Force Majeure, with no liability, except such interrupting party may be responsible for any Imbalance

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Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by Transporter.

2.25. "MMBtu" shall mean one million British thermal units, which is equivalent to one dekatherm.

2.26. "Month" shall mean the period beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.

2.27. "Payment Date" shall mean a date, as indicated on the Base Contract, on or before which payment is due Seller for Gas received by Buyer in the previous Month.

2.28. "Receiving Transporter" shall mean the Transporter receiving Gas at a Delivery Point, or absent such receiving Transporter, the Transporter delivering Gas at a Delivery Point.

2.29. "Scheduled Gas" shall mean the quantity of Gas confirmed by Transporter(s) for movement, transportation or management.

2.30. "Specified Transaction(s)" shall mean any other transaction or agreement between the parties for the purchase, sale or exchange of physical Gas, and any other transaction or agreement identified as a Specified Transaction under the Base Contract.

2.31. "Spot Price " as referred to in Section 3.2 shall mean the price listed in the publication indicated on the Base Contract, under the listing applicable to the geographic location closest in proximity to the Delivery Point(s) for the relevant Day; provided, if there is no single price published for such location for such Day, but there is published a range of prices, then the Spot Price shall be the average of such high and low prices. If no price or range of prices is published for such Day, then the Spot Price shall be the average of the following: (i) the price (determined as stated above) for the first Day for which a price or range of prices is published that next precedes the relevant Day; and (ii) the price (determined as stated above) for the first Day for which a price or range of prices is published that next follows the relevant Day.

2.32. "Transaction Confirmation" shall mean a document, similar to the form of Exhibit A, setting forth the terms of a transaction formed pursuant to Section 1 for a particular Delivery Period.

2.33. "Transactional Cross Default" shall mean if selected on the Base Contract by the parties with respect to a party, that it shall be in default, however therein defined, under any Specified Transaction.

2.34. "Termination Option" shall mean the option of either party to terminate a transaction in the event that the other party fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer for a designated number of days during a period as specified on the applicable Transaction Confirmation.

2.35. "Transporter(s)" shall mean all Gas gathering or pipeline companies, or local distribution companies, acting in the capacity of a transporter, transporting Gas for Seller or Buyer upstream or downstream, respectively, of the Delivery Point pursuant to a particular transaction.

SECTION 3. PERFORMANCE OBLIGATION

3.1. Seller agrees to sell and deliver, and Buyer agrees to receive and purchase, the Contract Quantity for a particular transaction in accordance with the terms of the Contract. Sales and purchases will be on a Firm or Interruptible basis, as agreed to by the parties in a transaction.

The parties have selected either the "Cover Standard" or the "Spot Price Standard" as indicated on the Base Contract.
Cover Standard:
3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the positive difference, if any, between the purchase price paid by Buyer utilizing the Cover Standard and the Contract Price, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller for such Day(s) excluding any quantity for which no replacement is available; or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in the amount equal to the positive difference, if any, between the Contract Price and the price received by Seller utilizing the Cover Standard for the resale of such Gas, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually taken by Buyer for such Day(s) excluding any quantity for which no sale is available; and (iii) in the event that Buyer has used commercially reasonable efforts to replace the Gas or Seller has used commercially reasonable efforts to sell the Gas to a third party, and no such replacement or sale is available for all or any portion of the Contract Quantity of Gas, then in addition to (i) or (ii) above, as applicable, the sole and exclusive remedy of the performing party with respect to the Gas not replaced or sold shall be an amount equal to any unfavorable difference between the Contract Price and the Spot Price, adjusted for such transportation to the applicable Delivery Point, multiplied by the quantity of such Gas not replaced or sold. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.
Spot Price Standard:
3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the

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difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the Contract Price from the Spot Price; or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the applicable Spot Price from the Contract Price. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

3.3. Notwithstanding Section 3.2, the parties may agree to Alternative Damages in a Transaction Confirmation executed in writing by both parties.

3.4. In addition to Sections 3.2 and 3.3, the parties may provide for a Termination Option in a Transaction Confirmation executed in writing by both parties. The Transaction Confirmation containing the Termination Option will designate the length of nonperformance triggering the Termination Option and the procedures for exercise thereof, how damages for nonperformance will be compensated, and how liquidation costs will be calculated.

SECTION 4. TRANSPORTATION, NOMINATIONS, AND IMBALANCES

4.1. Seller shall have the sole responsibility for transporting the Gas to the Delivery Point(s). Buyer shall have the sole responsibility for transporting the Gas from the Delivery Point(s).

4.2. The parties shall coordinate their nomination activities, giving sufficient time to meet the deadlines of the affected Transporter(s). Each party shall give the other party timely prior Notice, sufficient to meet the requirements of all Transporter(s) involved in the transaction, of the quantities of Gas to be delivered and purchased each Day. Should either party become aware that actual deliveries at the Delivery Point(s) are greater or lesser than the Scheduled Gas, such party shall promptly notify the other party.

4.3. The parties shall use commercially reasonable efforts to avoid imposition of any Imbalance Charges. If Buyer or Seller receives an invoice from a Transporter that includes Imbalance Charges, the parties shall determine the validity as well as the cause of such Imbalance Charges. If the Imbalance Charges were incurred as a result of Buyer's receipt of quantities of Gas greater than or less than the Scheduled Gas, then Buyer shall pay for such Imbalance Charges or reimburse Seller for such Imbalance Charges paid by Seller. If the Imbalance Charges were incurred as a result of Seller's delivery of quantities of Gas greater than or less than the Scheduled Gas, then Seller shall pay for such Imbalance Charges or reimburse Buyer for such Imbalance Charges paid by Buyer.

SECTION 5. QUALITY AND MEASUREMENT

All Gas delivered by Seller shall meet the pressure, quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of this Contract shall be one MMBtu dry. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving Transporter.

SECTION 6. TAXES

The parties have selected either "Buyer Pays At and After Delivery Point" or "Seller Pays Before and At Delivery Point" as indicated on the Base Contract.

Buyer Pays At and After Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas at the Delivery Point(s) and all Taxes after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

Seller Pays Before and At Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s) and all Taxes at the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

SECTION 7. BILLING, PAYMENT, AND AUDIT

7.1. Seller shall invoice Buyer for Gas delivered and received in the preceding Month and for any other applicable charges, providing supporting documentation acceptable in industry practice to support the amount charged. If the actual quantity delivered is not known by the billing date, billing will be prepared based on the quantity of Scheduled Gas. The invoiced quantity will then be adjusted to the actual quantity on the following Month's billing or as soon thereafter as actual delivery information is available.

7.2. Buyer shall remit the amount due under Section 7.1 in the manner specified in the Base Contract, in immediately available funds, on or before the later of the Payment Date or 10 Days after receipt of the invoice by Buyer; provided that if the Payment Date is not a Business Day, payment is due on the next Business Day following that date. In the event any payments are due Buyer hereunder, payment to Buyer shall be made in accordance with this Section 7.2.

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7.3. In the event payments become due pursuant to Sections 3.2 or 3.3, the performing party may submit an invoice to the nonperforming party for an accelerated payment setting forth the basis upon which the invoiced amount was calculated. Payment from the nonperforming party will be due five Business Days after receipt of invoice.

7.4. If the invoiced party, in good faith, disputes the amount of any such invoice or any part thereof, such invoiced party will pay such amount as it concedes to be correct; provided, however, if the invoiced party disputes the amount due, it must provide supporting documentation acceptable in industry practice to support the amount paid or disputed without undue delay. In the event the parties are unable to resolve such dispute, either party may pursue any remedy available at law or in equity to enforce its rights pursuant to this Section.

7.5. If the invoiced party fails to remit the full amount payable when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

7.6. A party shall have the right, at its own expense, upon reasonable Notice and at reasonable times, to examine and audit and to obtain copies of the relevant portion of the books, records, and telephone recordings of the other party only to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made under the Contract. This right to examine, audit, and to obtain copies shall not be available with respect to proprietary information not directly relevant to transactions under this Contract. All invoices and billings shall be conclusively presumed final and accurate and all associated claims for under- or overpayments shall be deemed waived unless such invoices or billings are objected to in writing, with adequate explanation and/or documentation, within two years after the Month of Gas delivery. All retroactive adjustments under Section 7 shall be paid in full by the party owing payment within 30 Days of Notice and substantiation of such inaccuracy.

7.7. Unless the parties have elected on the Base Contract not to make this Section 7.7 applicable to this Contract, the parties shall net all undisputed amounts due and owing, and/or past due, arising under the Contract such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with Section 7; provided that no payment required to be made pursuant to the terms of any Credit Support Obligation or pursuant to Section 7.3 shall be subject to netting under this Section. If the parties have executed a separate netting agreement, the terms and conditions therein shall prevail to the extent inconsistent herewith.

SECTION 8. TITLE, WARRANTY, AND INDEMNITY

8.1. Unless otherwise specifically agreed, title to the Gas shall pass from Seller to Buyer at the Delivery Point(s). Seller shall have responsibility for and assume any liability with respect to the Gas prior to its delivery to Buyer at the specified Delivery Point(s). Buyer shall have responsibility for and assume any liability with respect to said Gas after its delivery to Buyer at the Delivery Point(s).

8.2. Seller warrants that it will have the right to convey and will transfer good and merchantable title to all Gas sold hereunder and delivered by it to Buyer, free and clear of all liens, encumbrances, and claims. EXCEPT AS PROVIDED IN THIS SECTION 8.2 AND IN SECTION 15.8, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE, ARE DISCLAIMED.

8.3. Seller agrees to indemnify Buyer and save it harmless from all losses, liabilities or claims including reasonable attorneys' fees and costs of court ("Claims"), from any and all persons, arising from or out of claims of title, personal injury (including death) or property damage from said Gas or other charges thereon which attach before title passes to Buyer. Buyer agrees to indemnify Seller and save it harmless from all Claims, from any and all persons, arising from or out of claims regarding payment, personal injury (including death) or property damage from said Gas or other charges thereon which attach after title passes to Buyer.

8.4. The parties agree that the delivery of and the transfer of title to all Gas under this Contract shall take place within the Customs Territory of the United States (as defined in general note 2 of the Harmonized Tariff Schedule of the United States 19 U.S.C. §1202, General Notes, page 3); provided, however, that in the event Seller took title to the Gas outside the Customs Territory of the United States, Seller represents and warrants that it is the importer of record for all Gas entered and delivered into the United States, and shall be responsible for entry and entry summary filings as well as the payment of duties, taxes and fees, if any, and all applicable record keeping requirements.

8.5. Notwithstanding the other provisions of this Section 8, as between Seller and Buyer, Seller will be liable for all Claims to the extent that such arise from the failure of Gas delivered by Seller to meet the quality requirements of Section 5.

SECTION 9. NOTICES

9.1. All Transaction Confirmations, invoices, payment instructions, and other communications made pursuant to the Base Contract ("Notices") shall be made to the addresses specified in writing by the respective parties from time to time.

9.2. All Notices required hereunder shall be in writing and may be sent by facsimile or mutually acceptable electronic means, a nationally recognized overnight courier service, first class mail or hand delivered.

9.3. Notice shall be given when received on a Business Day by the addressee. In the absence of proof of the actual receipt date, the following presumptions will apply. Notices sent by facsimile shall be deemed to have been received upon the sending party's receipt of its facsimile machine's confirmation of successful transmission. If the day on which such facsimile is received is not a Business Day or is after five p.m. on a Business Day, then such facsimile shall be deemed to have been received on the next following Business Day. Notice by overnight mail or courier shall be deemed to have been received on the next Business Day after it was sent or such earlier time as is confirmed by the receiving party. Notice via first class mail shall be considered delivered five Business Days after mailing.

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9.4. The party receiving a commercially acceptable Notice of change in payment instructions or other payment information shall not be obligated to implement such change until ten Business Days after receipt of such Notice.

SECTION 10. FINANCIAL RESPONSIBILITY

10.1. If either party ("X") has reasonable grounds for insecurity regarding the performance of any obligation under this Contract (whether or not then due) by the other party ("Y") (including, without limitation, the occurrence of a material change in the creditworthiness of Y or its Guarantor, if applicable), X may demand Adequate Assurance of Performance. "Adequate Assurance of Performance" shall mean sufficient security in the form, amount, for a term, and from an issuer, all as reasonably acceptable to X, including, but not limited to cash, a standby irrevocable letter of credit, a prepayment, a security interest in an asset or guaranty. Y hereby grants to X a continuing first priority security interest in, lien on, and right of setoff against all Adequate Assurance of Performance in the form of cash transferred by Y to X pursuant to this Section 10.1. Upon the return by X to Y of such Adequate Assurance of Performance, the security interest and lien granted hereunder on that Adequate Assurance of Performance shall be released automatically and, to the extent possible, without any further action by either party.

10.2. In the event (each an "Event of Default") either party (the "Defaulting Party") or its Guarantor shall: (i) make an assignment or any general arrangement for the benefit of creditors; (ii) file a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or case under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (iii) otherwise become bankrupt or insolvent (however evidenced); (iv) be unable to pay its debts as they fall due; (v) have a receiver, provisional liquidator, conservator, custodian, trustee or other similar official appointed with respect to it or substantially all of its assets; (vi) fail to perform any obligation to the other party with respect to any Credit Support Obligations relating to the Contract; (vii) fail to give Adequate Assurance of Performance under Section 10.1 within 48 hours but at least one Business Day of a written request by the other party; (viii) not have paid any amount due the other party hereunder on or before the second Business Day following written Notice that such payment is due; or ix) be the affected party with respect to any Additional Event of Default; then the other party (the "Non-Defaulting Party") shall have the right, at its sole election, to immediately withhold and/or suspend deliveries or payments upon Notice and/or to terminate and liquidate the transactions under the Contract, in the manner provided in Section 10.3, in addition to any and all other remedies available hereunder.

10.3. If an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right, by Notice to the Defaulting Party, to designate a Day, no earlier than the Day such Notice is given and no later than 20 Days after such Notice is given, as an early termination date (the "Early Termination Date") for the liquidation and termination pursuant to Section 10.3.1 of all transactions under the Contract, each a "Terminated Transaction". On the Early Termination Date, all transactions will terminate, other than those transactions, if any, that may not be liquidated and terminated under applicable law ("Excluded Transactions"), which Excluded Transactions must be liquidated and terminated as soon thereafter as is legally permissible, and upon termination shall be a Terminated Transaction and be valued consistent with Section 10.3.1 below. With respect to each Excluded Transaction, its actual termination date shall be the Early Termination Date for purposes of Section 10.3.1.

The parties have selected either "Early Termination Damages Apply" or "Early Termination Damages Do Not Apply" as indicated on the Base Contract.

Early Termination Damages Apply:

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, (i) the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract and (ii) the Market Value, as defined below, of each Terminated Transaction. The Non-Defaulting Party shall (x) liquidate and accelerate each Terminated Transaction at its Market Value, so that each amount equal to the difference between such Market Value and the Contract Value, as defined below, of such Terminated Transaction(s) shall be due to the Buyer under the Terminated Transaction(s) if such Market Value exceeds the Contract Value and to the Seller if the opposite is the case; and (y) where appropriate, discount each amount then due under clause (x) above to present value in a commercially reasonable manner as of the Early Termination Date (to take account of the period between the date of liquidation and the date on which such amount would have otherwise been due pursuant to the relevant Terminated Transactions).

For purposes of this Section 10.3.1, "Contract Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the Contract Price, and "Market Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the market price for a similar transaction at the Delivery Point determined by the Non-Defaulting Party in a commercially reasonable manner. To ascertain the Market Value, the Non-Defaulting Party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas futures contracts, quotations from leading dealers in energy swap contracts or physical gas trading markets, similar sales or purchases and any other bona fide third-party offers, all adjusted for the length of the term and differences in transportation costs. A party shall not be required to enter into a replacement transaction(s) in order to determine the Market Value. Any extension(s) of the term of a transaction to which parties are not bound as of the Early Termination Date (including but not limited to "evergreen provisions") shall not be considered in determining Contract Values and Market Values. For the avoidance of doubt, any option pursuant to which one party has the right to extend the term of a transaction shall be considered in determining Contract Values and Market Values. The rate of interest used in calculating net present value shall be determined by the Non-Defaulting Party in a commercially reasonable manner.

Early Termination Damages Do Not Apply:

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10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract.

The parties have selected either "Other Agreement Setoffs Apply" or "Other Agreement Setoffs Do Not Apply" as indicated on the Base Contract.

Other Agreement Setoffs Apply:

Bilateral Setoff Option:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party is hereby authorized to setoff any Net Settlement Amount against (i) any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract; and (ii) any amount(s) (including any excess cash margin or excess cash collateral) owed or held by the party that is entitled to the Net Settlement Amount under any other agreement or arrangement between the parties.

Triangular Setoff Option:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option, and without prior Notice to the Defaulting Party, the Non-Defaulting Party is hereby authorized to setoff (i) any Net Settlement Amount against any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract; (ii) any Net Settlement Amount against any amount(s) (including any excess cash margin or excess cash collateral) owed by or to a party under any other agreement or arrangement between the parties; (iii) any Net Settlement Amount owed to the Non-Defaulting Party against any amount(s) (including any excess cash margin or excess cash collateral) owed by the Non-Defaulting Party or its Affiliates to the Defaulting Party under any other agreement or arrangement; (iv) any Net Settlement Amount owed to the Defaulting Party against any amount(s) (including any excess cash margin or excess cash collateral) owed by the Defaulting Party to the Non-Defaulting Party or its Affiliates under any other agreement or arrangement; and/or (v) any Net Settlement Amount owed to the Defaulting Party against any amount(s) (including any excess cash margin or excess cash collateral) owed by the Defaulting Party or its Affiliates to the Non-Defaulting Party under any other agreement or arrangement.

Other Agreement Setoffs Do Not Apply:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party may setoff any Net Settlement Amount against any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract.

10.3.3. If any obligation that is to be included in any netting, aggregation or setoff pursuant to Section 10.3.2 is unascertained, the Non-Defaulting Party may in good faith estimate that obligation and net, aggregate or setoff, as applicable, in respect of the estimate, subject to the Non-Defaulting Party accounting to the Defaulting Party when the obligation is ascertained. Any amount not then due which is included in any netting, aggregation or setoff pursuant to Section 10.3.2 shall be discounted to net present value in a commercially reasonable manner determined by the Non-Defaulting Party.

10.4. As soon as practicable after a liquidation, Notice shall be given by the Non-Defaulting Party to the Defaulting Party of the Net Settlement Amount, and whether the Net Settlement Amount is due to or due from the Non-Defaulting Party. The Notice shall include a written statement explaining in reasonable detail the calculation of the Net Settlement Amount, provided that failure to give such Notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party. The Net Settlement Amount as well as any setoffs applied against such amount pursuant to Section 10.3.2, shall be paid by the close of business on the second Business Day following such Notice, which date shall not be earlier than the Early Termination Date. Interest on any unpaid portion of the Net Settlement Amount as adjusted by setoffs, shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

10.5. The parties agree that the transactions hereunder constitute a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Seller are each "forward contract merchants" within the meaning of the United States Bankruptcy Code.

10.6. The Non-Defaulting Party's remedies under this Section 10 are the sole and exclusive remedies of the Non-Defaulting Party with respect to the occurrence of any Early Termination Date. Each party reserves to itself all other rights, setoffs, counterclaims and other defenses that it is or may be entitled to arising from the Contract.

10.7. With respect to this Section 10, if the parties have executed a separate netting agreement with close-out netting provisions, the terms and conditions therein shall prevail to the extent inconsistent herewith.

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SECTION 11. FORCE MAJEURE

11.1. Except with regard to a party's obligation to make payment(s) due under Section 7, Section 10.4, and Imbalance Charges under Section 4, neither party shall be liable to the other for failure to perform a Firm obligation, to the extent such failure was caused by Force Majeure. The term "Force Majeure" as employed herein means any cause not reasonably within the control of the party claiming suspension, as further defined in Section 11.2.

11.2. Force Majeure shall include, but not be limited to, the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes, which result in evacuation of the affected area, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather related events affecting an entire geographic region, such as low temperatures which cause freezing or failure of wells or lines of pipe; (iii) interruption and/or curtailment of Firm transportation and/or storage by Transporters; (iv) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections or wars, or acts of terror; and (v) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, regulation, or policy having the effect of law promulgated by a governmental authority having jurisdiction. Seller and Buyer shall make reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance.

11.3. Neither party shall be entitled to the benefit of the provisions of Force Majeure to the extent performance is affected by any or all of the following circumstances: (i) the curtailment of interruptible or secondary Firm transportation unless primary, in-path, Firm transportation is also curtailed; (ii) the party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or (iii) economic hardship, to include, without limitation, Seller's ability to sell Gas at a higher or more advantageous price than the Contract Price, Buyer's ability to purchase Gas at a lower or more advantageous price than the Contract Price, or a regulatory agency disallowing, in whole or in part, the pass through of costs resulting from this Contract; (iv) the loss of Buyer's market(s) or Buyer's inability to use or resell Gas purchased hereunder, except, in either case, as provided in Section 11.2; or (v) the loss or failure of Seller's gas supply or depletion of reserves, except, in either case, as provided in Section 11.2. The party claiming Force Majeure shall not be excused from its responsibility for Imbalance Charges.

11.4. Notwithstanding anything to the contrary herein, the parties agree that the settlement of strikes, lockouts or other industrial disturbances shall be within the sole discretion of the party experiencing such disturbance.

11.5. The party whose performance is prevented by Force Majeure must provide Notice to the other party. Initial Notice may be given orally; however, written Notice with reasonably full particulars of the event or occurrence is required as soon as reasonably possible. Upon providing written Notice of Force Majeure to the other party, the affected party will be relieved of its obligation, from the onset of the Force Majeure event, to make or accept delivery of Gas, as applicable, to the extent and for the duration of Force Majeure, and neither party shall be deemed to have failed in such obligations to the other during such occurrence or event.

11.6. Notwithstanding Sections 11.2 and 11.3, the parties may agree to alternative Force Majeure provisions in a Transaction Confirmation executed in writing by both parties.

SECTION 12. TERM

This Contract may be terminated on 30 Day's written Notice, but shall remain in effect until the expiration of the latest Delivery Period of any transaction(s). The rights of either party pursuant to Section 7.6, Section 10, Section 13, the obligations to make payment hereunder, and the obligation of either party to indemnify the other, pursuant hereto shall survive the termination of the Base Contract or any transaction.

SECTION 13. LIMITATIONS

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY. A PARTY'S LIABILITY HEREUNDER SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN OR IN A TRANSACTION, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

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SECTION 14. MARKET DISRUPTION

If a Market Disruption Event has occurred then the parties shall negotiate in good faith to agree on a replacement price for the Floating Price (or on a method for determining a replacement price for the Floating Price) for the affected Day, and if the parties have not so agreed on or before the second Business Day following the affected Day then the replacement price for the Floating Price shall be determined within the next two following Business Days with each party obtaining, in good faith and from non-affiliated market participants in the relevant market, two quotes for prices of Gas for the affected Day of a similar quality and quantity in the geographical location closest in proximity to the Delivery Point and averaging the four quotes. If either party fails to provide two quotes then the average of the other party's two quotes shall determine the replacement price for the Floating Price. "Floating Price" means the price or a factor of the price agreed to in the transaction as being based upon a specified index. "Market Disruption Event" means, with respect to an index specified for a transaction, any of the following events: (a) the failure of the index to announce or publish information necessary for determining the Floating Price; (b) the failure of trading to commence or the permanent discontinuation or material suspension of trading on the exchange or market acting as the index; (c) the temporary or permanent discontinuance or unavailability of the index; (d) the temporary or permanent closing of any exchange acting as the index; or (e) both parties agree that a material change in the formula for or the method of determining the Floating Price has occurred. For the purposes of the calculation of a replacement price for the Floating Price, all numbers shall be rounded to three decimal places. If the fourth decimal number is five or greater, then the third decimal number shall be increased by one and if the fourth decimal number is less than five, then the third decimal number shall remain unchanged.

SECTION 15. MISCELLANEOUS

15.1. This Contract shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective parties hereto, and the covenants, conditions, rights and obligations of this Contract shall run for the full term of this Contract. No assignment of this Contract, in whole or in part, will be made without the prior written consent of the non-assigning party (and shall not relieve the assigning party from liability hereunder), which consent will not be unreasonably withheld or delayed; provided, either party may (i) transfer, sell, pledge, encumber, or assign this Contract or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements, or (ii) transfer its interest to any parent or Affiliate by assignment, merger or otherwise without the prior approval of the other party. Upon any such assignment, transfer and assumption, the transferor shall remain principally liable for and shall not be relieved of or discharged from any obligations hereunder.

15.2. If any provision in this Contract is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Contract.

15.3. No waiver of any breach of this Contract shall be held to be a waiver of any other or subsequent breach.

15.4. This Contract sets forth all understandings between the parties respecting each transaction subject hereto, and any prior contracts, understandings and representations, whether oral or written, relating to such transactions are merged into and superseded by this Contract and any effective transaction(s). This Contract may be amended only by a writing executed by both parties.

15.5. The interpretation and performance of this Contract shall be governed by the laws of the jurisdiction as indicated on the Base Contract, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction.

15.6. This Contract and all provisions herein will be subject to all applicable and valid statutes, rules, orders and regulations of any governmental authority having jurisdiction over the parties, their facilities, or Gas supply, this Contract or transaction or any provisions thereof.

15.7. There is no third party beneficiary to this Contract.

15.8. Each party to this Contract represents and warrants that it has full and complete authority to enter into and perform this Contract. Each person who executes this Contract on behalf of either party represents and warrants that it has full and complete authority to do so and that such party will be bound thereby.

15.9. The headings and subheadings contained in this Contract are used solely for convenience and do not constitute a part of this Contract between the parties and shall not be used to construe or interpret the provisions of this Contract.

15.10. Unless the parties have elected on the Base Contract not to make this Section 15.10 applicable to this Contract, neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of any transaction to a third party (other than the employees, lenders, royalty owners, counsel, accountants and other agents of the party, or prospective purchasers of all or substantially all of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential) except (i) in order to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary for the enforcement of this Contract , (iii) to the extent necessary to implement any transaction, (iv) to the extent necessary to comply with a regulatory agency's reporting requirements including but not limited to gas cost recovery proceedings; or (v) to the extent such information is delivered to such third party for the sole purpose of calculating a published index. Each party shall notify the other party of any proceeding of which it is aware which may result in disclosure of the terms of any transaction (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. The existence of this Contract is not subject to this confidentiality obligation. Subject to Section 13, the parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with this confidentiality obligation. The terms of any transaction hereunder shall be kept confidential by the parties hereto for one year from the expiration of the transaction.

In the event that disclosure is required by a governmental body or applicable law, the party subject to such requirement may disclose the material terms of this Contract to the extent so required, but shall promptly notify the other party, prior to disclosure,

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and shall cooperate (consistent with the disclosing party's legal obligations) with the other party's efforts to obtain protective orders or similar restraints with respect to such disclosure at the expense of the other party.

15.11. The parties may agree to dispute resolution procedures in Special Provisions attached to the Base Contract or in a Transaction Confirmation executed in writing by both parties

15.12. Any original executed Base Contract, Transaction Confirmation or other related document may be digitally copied, photocopied, or stored on computer tapes and disks (the "Imaged Agreement"). The Imaged Agreement, if introduced as evidence on paper, the Transaction Confirmation, if introduced as evidence in automated facsimile form, the recording, if introduced as evidence in its original form, and all computer records of the foregoing, if introduced as evidence in printed format, in any judicial, arbitration, mediation or administrative proceedings will be admissible as between the parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither Party shall object to the admissibility of the recording, the Transaction Confirmation, or the Imaged Agreement on the basis that such were not originated or maintained in documentary form. However, nothing herein shall be construed as a waiver of any other objection to the admissibility of such evidence.

DISCLAIMER: The purposes of this Contract are to facilitate trade, avoid misunderstandings and make more definite the terms of contracts of purchase and sale of natural gas. Further, NAESB does not mandate the use of this Contract by any party. **NAESB DISCLAIMS AND EXCLUDES, AND ANY USER OF THIS CONTRACT ACKNOWLEDGES AND AGREES TO NAESB'S DISCLAIMER OF, ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THIS CONTRACT OR ANY PART THEREOF, INCLUDING ANY AND ALL IMPLIED WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE (WHETHER OR NOT NAESB KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, OR BY COURSE OF DEALING. EACH USER OF THIS CONTRACT ALSO AGREES THAT UNDER NO CIRCUMSTANCES WILL NAESB BE LIABLE FOR ANY DIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY USE OF THIS CONTRACT.**

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TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY

EXHIBIT A

Letterhead/Logo		Date: _____, _____ Transaction Confirmation #: _____

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated _____. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of receipt unless otherwise specified in the Base Contract.

SELLER:	**BUYER:**
_____ _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____	_____ _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____

Contract Price: $_____/MMBtu or _____

Delivery Period: Begin: _____, ____ End: _____, ____

Performance Obligation and Contract Quantity: (Select One)

Firm (Fixed Quantity):	**Firm (Variable Quantity):**	**Interruptible:**
_____ MMBtus/day ☐ EFP	_____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2. at election of ☐ Buyer or ☐ Seller	Up to _____ MMBtus/day

Delivery Point(s): _____
(If a pooling point is used, list a specific geographic and pipeline location):

Special Conditions:

Seller: _____	Buyer: _____
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

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9/14/2016

S3

[mr]

Sponsor: Dembowski

Proposed No.: 2016-0339

STRIKING AMENDMENT TO PROPOSED ORDINANCE 2016-0339, VERSION 1

On page 1, beginning on line 7, strike everything through page 6, line 113, and insert:

"STATEMENT OF FACTS:

1. The wastewater treatment division of the department of natural resources and parks operates three regional wastewater treatment facilities, including the South wastewater treatment plant in Renton, Washington, which treats approximately thirty billion gallons of wastewater each year.

2. Anaerobic digesters at the treatment plant generate methane digester biogas as part of the water and associated solid material treatment and purification processes.

3. Since 1988, the wastewater treatment division has been scrubbing impurities from the digester biogas to create biomethane, using some of the resulting pipeline quality gas for internal heating purposes, and injecting the surplus pipeline quality gas into the regional natural gas pipeline.

4. Since 1988, the pipeline quality gas commodity not consumed at the treatment plant has been sold to Puget Sound Energy, per a pipeline

quality gas purchase and sales agreement between King County and Puget Sound Energy, most recently amended in 2005.

5. In addition to the energy content of the pipeline quality gas, the origin of the pipeline quality gas as a byproduct of the wastewater treatment process provides significant greenhouse-gas reduction benefits when compared to the consumption of fossil fuel-derived natural gas.

6. These environmental benefits, as an extension of the energy content, are recognized as environmental attributes. Environmental attributes refer to renewable energy or other characteristics of a resource that are distinguished from a commodity, and can have financial value related to both voluntary and mandatory environmental requirements.

7. Renewable Identification Numbers are environmental attributes that can be produced when a renewable energy source is consumed for an on-road transportation purpose, and have an economic value beyond the commodity value of the renewable fuel. Renewable Identification Numbers are defined under the Federal Renewable Fuel Standard, authorized by Congress under the Energy Policy Act of 2005 and expanded under the Energy Independence and Security Act of 2007, which was created in an effort to reduce greenhouse gas emissions and expand the nation's renewable fuels sector while reducing reliance on imported oil.

8. Under the Federal Renewable Fuel Standard legislation, obligated parties such as oil producers and importers must meet specific annual

renewable fuel obligations for on-road transportation fuels, through Renewable Identification Number credits. The legislation has created demand for transportation fuels sourced from renewable sources, including biomethane sourced from wastewater treatment plants.

9. In 2014, in an attempt to determine if the Federal Renewable Fuel Standard would result in greater economic value for wastewater biomethane, the wastewater treatment division issued a request for proposals for the future sale of the combined pipeline quality gas commodity and any related environmental attributes of the biomethane.

10. Through a selection process, the wastewater treatment division selected IGI Resources, Inc., for the sale of the biomethane, specifying that the environmental attributes be monetized as Renewable Identification Numbers.

11. After certification under the Federal Renewable Fuel Standard, Renewable Identification Numbers will be generated when the biomethane generated at the South wastewater treatment plant is sold to IGI Resources, Inc., and consumed by local natural gas powered vehicles, resulting in renewable fuels being utilized for transportation purposes.

12. Under K.C.C. 4.56.250, sales of rights, title or interests in emissions credits, offsets or allowances or renewable energy certificates, credits, benefits, environmental air quality credits and any similar rights, title or interests held by the county are exempt from the real and personal property requirements of K.C.C chapter 4.56 when unique circumstances

are present. Such sales may be made in the best interests of the public to a person or entity through a direct agreement negotiated by the King County executive and approved by the King County council.

13. In accordance with K.C.C. 4.56.100.A.2. and K.C.C 4.56.250, unique circumstances are present for this agreement because the market for the sale of biomethane and the environmental attributes from biomethane is highly specialized and is subject to market variability that requires prompt action. The nature of these rights is unique in that they do not lend themselves to a sale to the highest responsible bidder at public auction or by sealed bid. While under such unique circumstances K.C.C. chapter 4.56. authorizes the county to negotiate directly with a person or entity, nevertheless, the county conducted a competitive process to locate a qualified buyer for the combined sale of the biomethane and its environmental attributes to ensure that this agreement is in the best interests of the public.

14. The sale of the biomethane and related environmental attributes provide public benefit by increasing the revenue generated through the sale of the biomethane resource. The revenue from the sale of the biomethane and related environmental attributes will be used to reduce or offset greenhouse gas emissions greater than the reduction benefit that would come through direct wastewater treatment division ownership of the environmental attributes, but only if the use of wastewater revenues is consistent with: chapter 35.58 RCW; Section 230.10.10 of the King

County Charter; agreements for sewage disposal entered into between King County and component agencies; and other applicable county ordinance and state law restrictions. Revenue from the sale will also be used to expand energy efficiency and renewable energy generation efforts within the wastewater treatment division.

15. The investment of revenue from the sale of the biomethane and related environmental attributes to expand energy efficiency and renewable energy production and use within the wastewater treatment division and the resulting financial savings from these efficiencies has the effect of stabilizing rates.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. **Findings:** The King County council has determined, and therefore finds, that unique circumstances make a negotiated direct sale of the sale of biomethane and the related environmental attributes at the South Wastewater Treatment Plant is in the best interests of the public.

SECTION 2. The King County executive is hereby authorized to execute a base contract for sale and purchase of natural gas and all related documents with IGI Resources, Inc., substantially in the form of Attachment A to this ordinance.

SECTION 3. Moneys from the sale of biomethane and environmental attributes under section 2 of this ordinance shall be allocated to the originating division. The revenue from the biomethane and environmental attributes shall be used to further the goals outlined in the 2015 Strategic Climate Action Plan in relation to the operations and capital improvement program of the wastewater treatment division, with the direct result

of offsetting carbon emissions in excess of the reduction benefit that would come through direct wastewater treatment division ownership of the environmental attributes. Revenue beyond that needed for the annual carbon emissions offsets may be spent on rate stabilization."

Delete Attachment A. Base Contract for Sale and Purchase of Natural Gas and insert Attachment A. Base Contract for Sale and Purchase of Natural Gas, including Special Provisions, Biogas Special Provisions ("Addendum") and Transaction Confirmation for Biogas, dated September 1, 2016.

EFFECT: Revises language of Proposed Ordinance to insert code reference to the Procurement code that authorizes exemption from standard procurement processes under unique circumstances, and allows negotiated direct sale for real and personal property, as well as to Procurement code that authorizes exemption from standard procurement processes under unique circumstances, and allows negotiated direct sale for emissions credits and similar instruments, to specify Council finding of unique circumstances supporting a negotiated direct sale, and to identify pertinent elements of the Strategic Climate Action Plan that address carbon emissions offsets. Replaces the Attachment A. Base Contract for the Sale and Purchase of Natural Gas with a revised Base Contract, including Special Provisions, Biogas Special Provisions, and Transaction Confirmation for Biogas.

Amendment S3 also replaces the Attachment A Base Contract, Special Provisions, Biogas Special Provisions and Transaction Confirmation with modified versions.

The Base Contract cover sheet is modified to allow for conditions both where early termination damages apply, and separately, where early termination damages don't apply.

The Biogas Transaction Confirmation is modified to:

- ***Clarify that the transaction confirmation is specifically for Biogas only***
- ***Confirm that, for the biogas transaction confirmation, early termination damages don't apply***
- ***Provide that, for the seller, a default occurs if the delivery start date doesn't occur within 6 months of the transaction confirmation***
- ***Allow seller and BP to develop a separate agreement in writing to begin early sale, with biogas to be placed in storage pending EPA registration completion***
- ***Provide separate delivery periods 1) for gas and 2) for biogas***
- ***Provide that, If EPA approval doesn't occur by June 1 2017, unless the parties agree to extend the contract, it expires as of June 30 2017. Extension of more than 1 year requires Council approval***
- ***Require that any amendment or new agreement requires approval of Council***
- ***Make provisions for start and end dates for two separate delivery periods***
- ***Require seller to provide buyer with written confirmation of the effective date. Seller is to provide buyer with a fully executed copy of the transaction confirmation by a specified date and time***

The Special Provisions section is modified to:

- ***Confirm that early termination damages apply to gas transaction confirmations, but not to biogas transaction confirmations***

- ***Require that each party pays attorney's fees except as expressly provided***
- ***Provide that Biogas Special Provisions addendum only applies to sale/purchase of biogas and associated green attributes***
- ***Make technical changes to indemnification language, green attributes language, failure to produce fuel language, and definitions.***

Execution Copy

Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the Effective Date. The parties to this Base Contract are the following:

PARTY A IGI Resources, Inc.	*PARTY NAME*	PARTY B King County, through its Department of Natural Resources and Parks -- Wastewater Treatment Division
PO Box 6488 Boise, ID 83707-6488	*ADDRESS*	Wastewater Treatment Division 201 S. Jackson St., Suite 500 Seattle, WA 98104
www.igires.com	*BUSINESS WEBSITE*	www.kingcounty.gov/environment/wtd.aspx
	CONTRACT NUMBER	
19-429-0953	*D-U-N-S® NUMBER*	135108934
☒ US FEDERAL: 82-0401137 ☐ OTHER:	*TAX ID NUMBERS*	☒ US FEDERAL: 91-6001327 ☐ OTHER:
Idaho	*JURISDICTION OF ORGANIZATION*	Washington
☒ Corporation ☐ LLC ☐ Limited Partnership ☐ Partnership ☐ LLP ☐ Other: _____	*COMPANY TYPE*	☐ Corporation ☐ LLC ☐ Limited Partnership ☐ Partnership ☐ LLP ☒ Other: a home rule charter county and political subdivision of the State of Washington
BP Corporation North America, Inc.	*GUARANTOR* (IF APPLICABLE)	

CONTACT INFORMATION

ATTN: _____ *TEL#:* _____ *FAX#:* _____ *EMAIL:* _____	• *COMMERCIAL*	*ATTN:* David Broustis *TEL#:* 206-477-4544 *EMAIL:* david.broustis@kingcounty.com
ATTN: Customer Service Department *TEL#:* 208-395-0520 *FAX#:* 208-395-0531 *EMAIL:* igioperations@bp.com	• *SCHEDULING*	*ATTN:* Rick Butler *TEL#:* 206-263-1751 *EMAIL:* rick.butler@kingcounty.gov
ATTN: Natural Gas Marketing - Contract Services *TEL#:* 713-323-2000 *FAX#:* 713-323-0203 *EMAIL:* _____	• *CONTRACT AND LEGAL NOTICES*	*ATTN:* David Broustis *TEL#:* 206-477-4544 *EMAIL:* david.broustis@kingcounty.com
ATTN: Natural Gas Marketing - Credit *TEL#:* 208-395-0500 *FAX#:* 208-395-0530 *EMAIL:* karl.wagner@bp.com	• *CREDIT*	*ATTN:* Max Foster *TEL#:* 206-477-5362 *FAX#:* 206-681-1741 *EMAIL:* max.foster@kingcounty.gov
ATTN: Natural Gas Marketing - Confirmations *TEL#:* 208-395-0500 *FAX#:* 281-227-8470 *EMAIL:* _____	• *TRANSACTION CONFIRMATIONS*	*ATTN:* David Broustis *TEL#:* 206-477-4544 *EMAIL:* david.broustis@kingcounty.gov

ACCOUNTING INFORMATION

ATTN: Natural Gas Marketing - Accounting *TEL#:* 208-395-0500 *FAX#:* 208-395-0536 *EMAIL:* _____	• *INVOICES* • *PAYMENTS* • *SETTLEMENTS*	*ATTN:* Francesca Ho- Revenue & Accounts Receivable Section *TEL#:* 206-477-5521 *FAX#:* 206-684-1741 *EMAIL:* francesca.ho@kingcounty.gov
BANK: JP Morgan Chase Bank, New York, NY *ABA:* 021000021 *ACCT:* 323363075 *OTHER DETAILS:* For the Account of IGI Resources, Inc.	*WIRE TRANSFER NUMBERS (IF APPLICABLE)*	*BANK:* U.S. Bank 1420 Fifth Avenue, 10th FL Seattle, WA 98101 *ABA:* 123000848 *ACCT:* 153910685327 *OTHER DETAILS:* Include details regarding purpose of wire or ACH
BANK: JP Morgan Chase Bank, New York, NY *ABA:* 021000021 *ACCT:* 323363075 *OTHER DETAILS:* For the Account of IGI Resources, Inc.	*ACH NUMBERS (IF APPLICABLE)*	*BANK:* U.S. Bank 1420 Fifth Avenue, 10th FL Seattle, WA 98101 *ABA:* 123000848 *ACCT:* 153910685327 *OTHER DETAILS :* Include details regarding purpose of wire or ACH
ATTN: Bank of America-c/o Remittance Services Lockbox 12124 *ADDRESS:* 12124 Collections Center Drive Chicago, IL 60693	*CHECKS (IF APPLICABLE)*	*ATTN:* King County Treasury Operations/CCP *ADDRESS:* Finance and Business Operations Division King County Administration Building 500 4th AVE #600 Seattle, WA 98104-2387

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Base Contract for Sale and Purchase of Natural Gas

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply.

Section 1.2 Transaction Procedure	☐ Oral (default) OR ☒ Written
Section 2.7 Confirm Deadline	☒ 2 Business Days after receipt (default) OR ☐ 5 Business Days after receipt
Section 2.8 Confirming Party	☐ Seller (default) OR ☐ Buyer ☒ IGI Resources, Inc.
Section 3.2 Performance Obligation	☒ Cover Standard (default) OR ☐ Spot Price Standard
Note: The following Spot Price Publication applies to both of the immediately preceding.	
Section 2.31 Spot Price Publication	☒ Gas Daily Midpoint (default) OR ☐ _____
Section 6 Taxes	☒ Buyer Pays At and After Delivery Point (default) OR ☐ Seller Pays Before and At Delivery Point
Section 7.2 Payment Date	☐ 25th Day of Month following Month of delivery (default) OR ☒ 20th Day of Month following Month of delivery
Section 7.2 Method of Payment	☐ Wire transfer (default) ☒ Automated Clearinghouse Credit (ACH) ☐ Check
Section 7.7 Netting	☒ Netting applies (default) OR ☐ Netting does not apply
Section 10.2 Additional Events of Default	☒ No Additional Events of Default (default) ☐ Indebtedness Cross Default ☐ Party A: _____ ☐ Party B: _____ ☐ Transactional Cross Default Specified Transactions:
Section 10.3.1 Early Termination Damages	☒ Early Termination Damages Apply (default) OR **SEE SPECIAL PROVISIONS 3.6. AND 10.3.1** ☒ Early Termination Damages Do Not Apply
Section 10.3.2 Other Agreement Setoffs	☒ Other Agreement Setoffs Apply (default) ☒ Bilateral (default) ☐ Triangular OR ☐ Other Agreement Setoffs Do Not Apply
Section 15.5 Choice Of Law	New York; provided that matters relating to the legal power and authority of Party B under this Contract will be governed by the laws of Washington
Section 15.10 Confidentiality	☒ Confidentiality applies (default) OR ☐ Confidentiality does not apply

☒ **Special Provisions** Number of sheets attached: 11

Addendum(s): Biogas Supply Addendum – Vehicle Fuel Segment – Supply side

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

IGI RESOURCES, INC.	*PARTY NAME*	**KING COUNTY, THROUGH ITS DEPARTMENT OF NATURAL RESOURCES AND PARKS -- WASTEWATER TREATMENT DIVISION**
By:	*SIGNATURE*	By:
Randy Schultz	*PRINTED NAME*	**Gunars Sreibers**
President	*TITLE*	**Acting Division Director**
September 1, 2016	*DATE*	_____, ___, 2016

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General Terms and Conditions
Base Contract for Sale and Purchase of Natural Gas

SECTION 1. PURPOSE AND PROCEDURES

1.1. These General Terms and Conditions are intended to facilitate purchase and sale transactions of Gas on a Firm or Interruptible basis. "Buyer" refers to the party receiving Gas and "Seller" refers to the party delivering Gas. The entire agreement between the parties shall be the Contract as defined in Section 2.9.

The parties have selected either the "Oral Transaction Procedure" or the "Written Transaction Procedure" as indicated on the Base Contract.

Oral Transaction Procedure:

1.2. The parties will use the following Transaction Confirmation procedure. Any Gas purchase and sale transaction may be effectuated in an EDI transmission or telephone conversation with the offer and acceptance constituting the agreement of the parties. The parties shall be legally bound from the time they so agree to transaction terms and may each rely thereon. Any such transaction shall be considered a "writing" and to have been "signed". Notwithstanding the foregoing sentence, the parties agree that Confirming Party shall, and the other party may, confirm a telephonic transaction by sending the other party a Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means within three Business Days of a transaction covered by this Section 1.2 (Oral Transaction Procedure) provided that the failure to send a Transaction Confirmation shall not invalidate the oral agreement of the parties. Confirming Party adopts its confirming letterhead, or the like, as its signature on any Transaction Confirmation as the identification and authentication of Confirming Party. If the Transaction Confirmation contains any provisions other than those relating to the commercial terms of the transaction (i.e., price, quantity, performance obligation, delivery point, period of delivery and/or transportation conditions), which modify or supplement the Base Contract or General Terms and Conditions of this Contract (e.g., arbitration or additional representations and warranties), such provisions shall not be deemed to be accepted pursuant to Section 1.3 but must be expressly agreed to by both parties; provided that the foregoing shall not invalidate any transaction agreed to by the parties.

Written Transaction Procedure:

1.2. The parties will use the following Transaction Confirmation procedure. Should the parties come to an agreement regarding a Gas purchase and sale transaction for a particular Delivery Period, the Confirming Party shall, and the other party may, record that agreement on a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means, to the other party by the close of the Business Day following the date of agreement. The parties acknowledge that their agreement will not be binding until the exchange of nonconflicting Transaction Confirmations or the passage of the Confirm Deadline without objection from the receiving party, as provided in Section 1.3.

1.3. If a sending party's Transaction Confirmation is materially different from the receiving party's understanding of the agreement referred to in Section 1.2, such receiving party shall notify the sending party via facsimile, EDI or mutually agreeable electronic means by the Confirm Deadline, unless such receiving party has previously sent a Transaction Confirmation to the sending party. The failure of the receiving party to so notify the sending party in writing by the Confirm Deadline constitutes the receiving party's agreement to the terms of the transaction described in the sending party's Transaction Confirmation. If there are any material differences between timely sent Transaction Confirmations governing the same transaction, then neither Transaction Confirmation shall be binding until or unless such differences are resolved including the use of any evidence that clearly resolves the differences in the Transaction Confirmations. In the event of a conflict among the terms of (i) a binding Transaction Confirmation pursuant to Section 1.2, (ii) the oral agreement of the parties which may be evidenced by a recorded conversation, where the parties have selected the Oral Transaction Procedure of the Base Contract, (iii) the Base Contract, and (iv) these General Terms and Conditions, the terms of the documents shall govern in the priority listed in this sentence.

1.4. The parties agree that each party may electronically record all telephone conversations with respect to this Contract between their respective employees, without any special or further notice to the other party. Each party shall obtain any necessary consent of its agents and employees to such recording. Where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, the parties agree not to contest the validity or enforceability of telephonic recordings entered into in accordance with the requirements of this Base Contract.

SECTION 2. DEFINITIONS

The terms set forth below shall have the meaning ascribed to them below. Other terms are also defined elsewhere in the Contract and shall have the meanings ascribed to them herein.

2.1. "Additional Event of Default" shall mean Transactional Cross Default or Indebtedness Cross Default, each as and if selected by the parties pursuant to the Base Contract.

2.2. "Affiliate" shall mean, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of at least 50 percent of the voting power of the entity or person.

2.3. "Alternative Damages" shall mean such damages, expressed in dollars or dollars per MMBtu, as the parties shall agree upon in the Transaction Confirmation, in the event either Seller or Buyer fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer.

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2.4. "Base Contract" shall mean a contract executed by the parties that incorporates these General Terms and Conditions by reference; that specifies the agreed selections of provisions contained herein; and that sets forth other information required herein and any Special Provisions and addendum(s) as identified on page one.

2.5. "British thermal unit" or "Btu" shall mean the International BTU, which is also called the Btu (IT).

2.6. "Business Day(s)" shall mean Monday through Friday, excluding Federal Banking Holidays for transactions in the U.S.

2.7. "Confirm Deadline" shall mean 5:00 p.m. in the receiving party's time zone on the second Business Day following the Day a Transaction Confirmation is received or, if applicable, on the Business Day agreed to by the parties in the Base Contract; provided, if the Transaction Confirmation is time stamped after 5:00 p.m. in the receiving party's time zone, it shall be deemed received at the opening of the next Business Day.

2.8. "Confirming Party" shall mean the party designated in the Base Contract to prepare and forward Transaction Confirmations to the other party.

2.9. "Contract" shall mean the legally-binding relationship established by (i) the Base Contract, (ii) any and all binding Transaction Confirmations and (iii) where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, any and all transactions that the parties have entered into through an EDI transmission or by telephone, but that have not been confirmed in a binding Transaction Confirmation, all of which shall form a single integrated agreement between the parties.

2.10. "Contract Price" shall mean the amount expressed in U.S. Dollars per MMBtu to be paid by Buyer to Seller for the purchase of Gas as agreed to by the parties in a transaction.

2.11. "Contract Quantity" shall mean the quantity of Gas to be delivered and taken as agreed to by the parties in a transaction.

2.12. "Cover Standard", as referred to in Section 3.2, shall mean that if there is an unexcused failure to take or deliver any quantity of Gas pursuant to this Contract, then the performing party shall use commercially reasonable efforts to (i) if Buyer is the performing party, obtain Gas, (or an alternate fuel if elected by Buyer and replacement Gas is not available), or (ii) if Seller is the performing party, sell Gas, in either case, at a price reasonable for the delivery or production area, as applicable, consistent with: the amount of notice provided by the nonperforming party; the immediacy of the Buyer's Gas consumption needs or Seller's Gas sales requirements, as applicable; the quantities involved; and the anticipated length of failure by the nonperforming party.

2.13. "Credit Support Obligation(s)" shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as cash, an irrevocable standby letter of credit, a margin agreement, a prepayment, a security interest in an asset, guaranty, or other good and sufficient security of a continuing nature.

2.14. "Day" shall mean a period of 24 consecutive hours, coextensive with a "day" as defined by the Receiving Transporter in a particular transaction.

2.15. "Delivery Period" shall be the period during which deliveries are to be made as agreed to by the parties in a transaction.

2.16. "Delivery Point(s)" shall mean such point(s) as are agreed to by the parties in a transaction.

2.17. "EDI" shall mean an electronic data interchange pursuant to an agreement entered into by the parties, specifically relating to the communication of Transaction Confirmations under this Contract.

2.18. "EFP" shall mean the purchase, sale or exchange of natural Gas as the "physical" side of an exchange for physical transaction involving gas futures contracts. EFP shall incorporate the meaning and remedies of "Firm", provided that a party's excuse for nonperformance of its obligations to deliver or receive Gas will be governed by the rules of the relevant futures exchange regulated under the Commodity Exchange Act.

2.19. "Firm" shall mean that either party may interrupt its performance without liability only to the extent that such performance is prevented for reasons of Force Majeure; provided, however, that during Force Majeure interruptions, the party invoking Force Majeure may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by the Transporter.

2.20. "Gas" shall mean any mixture of hydrocarbons and noncombustible gases in a gaseous state consisting primarily of methane.

2.21. "Guarantor" shall mean any entity that has provided a guaranty of the obligations of a party hereunder.

2.22. "Imbalance Charges" shall mean any fees, penalties, costs or charges (in cash or in kind) assessed by a Transporter for failure to satisfy the Transporter's balance and/or nomination requirements.

2.23. "Indebtedness Cross Default" shall mean if selected on the Base Contract by the parties with respect to a party, that it or its Guarantor, if any, experiences a default, or similar condition or event however therein defined, under one or more agreements or instruments, individually or collectively, relating to indebtedness (such indebtedness to include any obligation whether present or future, contingent or otherwise, as principal or surety or otherwise) for the payment or repayment of borrowed money in an aggregate amount greater than the threshold specified in the Base Contract with respect to such party or its Guarantor, if any, which results in such indebtedness becoming immediately due and payable.

2.24. "Interruptible" shall mean that either party may interrupt its performance at any time for any reason, whether or not caused by an event of Force Majeure, with no liability, except such interrupting party may be responsible for any Imbalance

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Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by Transporter.

2.25. "MMBtu" shall mean one million British thermal units, which is equivalent to one dekatherm.

2.26. "Month" shall mean the period beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.

2.27. "Payment Date" shall mean a date, as indicated on the Base Contract, on or before which payment is due Seller for Gas received by Buyer in the previous Month.

2.28. "Receiving Transporter" shall mean the Transporter receiving Gas at a Delivery Point, or absent such receiving Transporter, the Transporter delivering Gas at a Delivery Point.

2.29. "Scheduled Gas" shall mean the quantity of Gas confirmed by Transporter(s) for movement, transportation or management.

2.30. "Specified Transaction(s)" shall mean any other transaction or agreement between the parties for the purchase, sale or exchange of physical Gas, and any other transaction or agreement identified as a Specified Transaction under the Base Contract.

2.31. "Spot Price " as referred to in Section 3.2 shall mean the price listed in the publication indicated on the Base Contract, under the listing applicable to the geographic location closest in proximity to the Delivery Point(s) for the relevant Day; provided, if there is no single price published for such location for such Day, but there is published a range of prices, then the Spot Price shall be the average of such high and low prices. If no price or range of prices is published for such Day, then the Spot Price shall be the average of the following: (i) the price (determined as stated above) for the first Day for which a price or range of prices is published that next precedes the relevant Day; and (ii) the price (determined as stated above) for the first Day for which a price or range of prices is published that next follows the relevant Day.

2.32. "Transaction Confirmation" shall mean a document, similar to the form of Exhibit A, setting forth the terms of a transaction formed pursuant to Section 1 for a particular Delivery Period.

2.33. "Transactional Cross Default" shall mean if selected on the Base Contract by the parties with respect to a party, that it shall be in default, however therein defined, under any Specified Transaction.

2.34. "Termination Option" shall mean the option of either party to terminate a transaction in the event that the other party fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer for a designated number of days during a period as specified on the applicable Transaction Confirmation.

2.35. "Transporter(s)" shall mean all Gas gathering or pipeline companies, or local distribution companies, acting in the capacity of a transporter, transporting Gas for Seller or Buyer upstream or downstream, respectively, of the Delivery Point pursuant to a particular transaction.

SECTION 3. PERFORMANCE OBLIGATION

3.1. Seller agrees to sell and deliver, and Buyer agrees to receive and purchase, the Contract Quantity for a particular transaction in accordance with the terms of the Contract. Sales and purchases will be on a Firm or Interruptible basis, as agreed to by the parties in a transaction.

The parties have selected either the "Cover Standard" or the "Spot Price Standard" as indicated on the Base Contract.

Cover Standard:

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the positive difference, if any, between the purchase price paid by Buyer utilizing the Cover Standard and the Contract Price, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller for such Day(s) excluding any quantity for which no replacement is available; or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in the amount equal to the positive difference, if any, between the Contract Price and the price received by Seller utilizing the Cover Standard for the resale of such Gas, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually taken by Buyer for such Day(s) excluding any quantity for which no sale is available; and (iii) in the event that Buyer has used commercially reasonable efforts to replace the Gas or Seller has used commercially reasonable efforts to sell the Gas to a third party, and no such replacement or sale is available for all or any portion of the Contract Quantity of Gas, then in addition to (i) or (ii) above, as applicable, the sole and exclusive remedy of the performing party with respect to the Gas not replaced or sold shall be an amount equal to any unfavorable difference between the Contract Price and the Spot Price, adjusted for such transportation to the applicable Delivery Point, multiplied by the quantity of such Gas not replaced or sold. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

Spot Price Standard:

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the

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difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the Contract Price from the Spot Price; or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the applicable Spot Price from the Contract Price. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

3.3. Notwithstanding Section 3.2, the parties may agree to Alternative Damages in a Transaction Confirmation executed in writing by both parties.

3.4. In addition to Sections 3.2 and 3.3, the parties may provide for a Termination Option in a Transaction Confirmation executed in writing by both parties. The Transaction Confirmation containing the Termination Option will designate the length of nonperformance triggering the Termination Option and the procedures for exercise thereof, how damages for nonperformance will be compensated, and how liquidation costs will be calculated.

SECTION 4. TRANSPORTATION, NOMINATIONS, AND IMBALANCES

4.1. Seller shall have the sole responsibility for transporting the Gas to the Delivery Point(s). Buyer shall have the sole responsibility for transporting the Gas from the Delivery Point(s).

4.2. The parties shall coordinate their nomination activities, giving sufficient time to meet the deadlines of the affected Transporter(s). Each party shall give the other party timely prior Notice, sufficient to meet the requirements of all Transporter(s) involved in the transaction, of the quantities of Gas to be delivered and purchased each Day. Should either party become aware that actual deliveries at the Delivery Point(s) are greater or lesser than the Scheduled Gas, such party shall promptly notify the other party.

4.3. The parties shall use commercially reasonable efforts to avoid imposition of any Imbalance Charges. If Buyer or Seller receives an invoice from a Transporter that includes Imbalance Charges, the parties shall determine the validity as well as the cause of such Imbalance Charges. If the Imbalance Charges were incurred as a result of Buyer's receipt of quantities of Gas greater than or less than the Scheduled Gas, then Buyer shall pay for such Imbalance Charges or reimburse Seller for such Imbalance Charges paid by Seller. If the Imbalance Charges were incurred as a result of Seller's delivery of quantities of Gas greater than or less than the Scheduled Gas, then Seller shall pay for such Imbalance Charges or reimburse Buyer for such Imbalance Charges paid by Buyer.

SECTION 5. QUALITY AND MEASUREMENT

All Gas delivered by Seller shall meet the pressure, quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of this Contract shall be one MMBtu dry. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving Transporter.

SECTION 6. TAXES

The parties have selected either "Buyer Pays At and After Delivery Point" or "Seller Pays Before and At Delivery Point" as indicated on the Base Contract.

Buyer Pays At and After Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas at the Delivery Point(s) and all Taxes after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

Seller Pays Before and At Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s) and all Taxes at the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

SECTION 7. BILLING, PAYMENT, AND AUDIT

7.1. Seller shall invoice Buyer for Gas delivered and received in the preceding Month and for any other applicable charges, providing supporting documentation acceptable in industry practice to support the amount charged. If the actual quantity delivered is not known by the billing date, billing will be prepared based on the quantity of Scheduled Gas. The invoiced quantity will then be adjusted to the actual quantity on the following Month's billing or as soon thereafter as actual delivery information is available.

7.2. Buyer shall remit the amount due under Section 7.1 in the manner specified in the Base Contract, in immediately available funds, on or before the later of the Payment Date or 10 Days after receipt of the invoice by Buyer; provided that if the Payment Date is not a Business Day, payment is due on the next Business Day following that date. In the event any payments are due Buyer hereunder, payment to Buyer shall be made in accordance with this Section 7.2.

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7.3. In the event payments become due pursuant to Sections 3.2 or 3.3, the performing party may submit an invoice to the nonperforming party for an accelerated payment setting forth the basis upon which the invoiced amount was calculated. Payment from the nonperforming party will be due five Business Days after receipt of invoice.

7.4. If the invoiced party, in good faith, disputes the amount of any such invoice or any part thereof, such invoiced party will pay such amount as it concedes to be correct; provided, however, if the invoiced party disputes the amount due, it must provide supporting documentation acceptable in industry practice to support the amount paid or disputed without undue delay. In the event the parties are unable to resolve such dispute, either party may pursue any remedy available at law or in equity to enforce its rights pursuant to this Section.

7.5. If the invoiced party fails to remit the full amount payable when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

7.6. A party shall have the right, at its own expense, upon reasonable Notice and at reasonable times, to examine and audit and to obtain copies of the relevant portion of the books, records, and telephone recordings of the other party only to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made under the Contract. This right to examine, audit, and to obtain copies shall not be available with respect to proprietary information not directly relevant to transactions under this Contract. All invoices and billings shall be conclusively presumed final and accurate and all associated claims for under- or overpayments shall be deemed waived unless such invoices or billings are objected to in writing, with adequate explanation and/or documentation, within two years after the Month of Gas delivery. All retroactive adjustments under Section 7 shall be paid in full by the party owing payment within 30 Days of Notice and substantiation of such inaccuracy.

7.7. Unless the parties have elected on the Base Contract not to make this Section 7.7 applicable to this Contract, the parties shall net all undisputed amounts due and owing, and/or past due, arising under the Contract such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with Section 7; provided that no payment required to be made pursuant to the terms of any Credit Support Obligation or pursuant to Section 7.3 shall be subject to netting under this Section. If the parties have executed a separate netting agreement, the terms and conditions therein shall prevail to the extent inconsistent herewith.

SECTION 8. TITLE, WARRANTY, AND INDEMNITY

8.1. Unless otherwise specifically agreed, title to the Gas shall pass from Seller to Buyer at the Delivery Point(s). Seller shall have responsibility for and assume any liability with respect to the Gas prior to its delivery to Buyer at the specified Delivery Point(s). Buyer shall have responsibility for and assume any liability with respect to said Gas after its delivery to Buyer at the Delivery Point(s).

8.2. Seller warrants that it will have the right to convey and will transfer good and merchantable title to all Gas sold hereunder and delivered by it to Buyer, free and clear of all liens, encumbrances, and claims. EXCEPT AS PROVIDED IN THIS SECTION 8.2 AND IN SECTION 15.8, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE, ARE DISCLAIMED.

8.3. Seller agrees to indemnify Buyer and save it harmless from all losses, liabilities or claims including reasonable attorneys' fees and costs of court ("Claims"), from any and all persons, arising from or out of claims of title, personal injury (including death) or property damage from said Gas or other charges thereon which attach before title passes to Buyer. Buyer agrees to indemnify Seller and save it harmless from all Claims, from any and all persons, arising from or out of claims regarding payment, personal injury (including death) or property damage from said Gas or other charges thereon which attach after title passes to Buyer.

8.4. The parties agree that the delivery of and the transfer of title to all Gas under this Contract shall take place within the Customs Territory of the United States (as defined in general note 2 of the Harmonized Tariff Schedule of the United States 19 U.S.C. §1202, General Notes, page 3); provided, however, that in the event Seller took title to the Gas outside the Customs Territory of the United States, Seller represents and warrants that it is the importer of record for all Gas entered and delivered into the United States, and shall be responsible for entry and entry summary filings as well as the payment of duties, taxes and fees, if any, and all applicable record keeping requirements.

8.5. Notwithstanding the other provisions of this Section 8, as between Seller and Buyer, Seller will be liable for all Claims to the extent that such arise from the failure of Gas delivered by Seller to meet the quality requirements of Section 5.

SECTION 9. NOTICES

9.1. All Transaction Confirmations, invoices, payment instructions, and other communications made pursuant to the Base Contract ("Notices") shall be made to the addresses specified in writing by the respective parties from time to time.

9.2. All Notices required hereunder shall be in writing and may be sent by facsimile or mutually acceptable electronic means, a nationally recognized overnight courier service, first class mail or hand delivered.

9.3. Notice shall be given when received on a Business Day by the addressee. In the absence of proof of the actual receipt date, the following presumptions will apply. Notices sent by facsimile shall be deemed to have been received upon the sending party's receipt of its facsimile machine's confirmation of successful transmission. If the day on which such facsimile is received is not a Business Day or is after five p.m. on a Business Day, then such facsimile shall be deemed to have been received on the next following Business Day. Notice by overnight mail or courier shall be deemed to have been received on the next Business Day after it was sent or such earlier time as is confirmed by the receiving party. Notice via first class mail shall be considered delivered five Business Days after mailing.

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9.4. The party receiving a commercially acceptable Notice of change in payment instructions or other payment information shall not be obligated to implement such change until ten Business Days after receipt of such Notice.

SECTION 10. FINANCIAL RESPONSIBILITY

10.1. If either party ("X") has reasonable grounds for insecurity regarding the performance of any obligation under this Contract (whether or not then due) by the other party ("Y") (including, without limitation, the occurrence of a material change in the creditworthiness of Y or its Guarantor, if applicable), X may demand Adequate Assurance of Performance. "Adequate Assurance of Performance" shall mean sufficient security in the form, amount, for a term, and from an issuer, all as reasonably acceptable to X, including, but not limited to cash, a standby irrevocable letter of credit, a prepayment, a security interest in an asset or guaranty. Y hereby grants to X a continuing first priority security interest in, lien on, and right of setoff against all Adequate Assurance of Performance in the form of cash transferred by Y to X pursuant to this Section 10.1. Upon the return by X to Y of such Adequate Assurance of Performance, the security interest and lien granted hereunder on that Adequate Assurance of Performance shall be released automatically and, to the extent possible, without any further action by either party.

10.2. In the event (each an "Event of Default") either party (the "Defaulting Party") or its Guarantor shall: (i) make an assignment or any general arrangement for the benefit of creditors; (ii) file a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or case under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (iii) otherwise become bankrupt or insolvent (however evidenced); (iv) be unable to pay its debts as they fall due; (v) have a receiver, provisional liquidator, conservator, custodian, trustee or other similar official appointed with respect to it or substantially all of its assets; (vi) fail to perform any obligation to the other party with respect to any Credit Support Obligations relating to the Contract; (vii) fail to give Adequate Assurance of Performance under Section 10.1 within 48 hours but at least one Business Day of a written request by the other party; (viii) not have paid any amount due the other party hereunder on or before the second Business Day following written Notice that such payment is due; or ix) be the affected party with respect to any Additional Event of Default; then the other party (the "Non-Defaulting Party") shall have the right, at its sole election, to immediately withhold and/or suspend deliveries or payments upon Notice and/or to terminate and liquidate the transactions under the Contract, in the manner provided in Section 10.3, in addition to any and all other remedies available hereunder.

10.3. If an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right, by Notice to the Defaulting Party, to designate a Day, no earlier than the Day such Notice is given and no later than 20 Days after such Notice is given, as an early termination date (the "Early Termination Date") for the liquidation and termination pursuant to Section 10.3.1 of all transactions under the Contract, each a "Terminated Transaction". On the Early Termination Date, all transactions will terminate, other than those transactions, if any, that may not be liquidated and terminated under applicable law ("Excluded Transactions"), which Excluded Transactions must be liquidated and terminated as soon thereafter as is legally permissible, and upon termination shall be a Terminated Transaction and be valued consistent with Section 10.3.1 below. With respect to each Excluded Transaction, its actual termination date shall be the Early Termination Date for purposes of Section 10.3.1.

The parties have selected either "Early Termination Damages Apply" or "Early Termination Damages Do Not Apply" as indicated on the Base Contract.

Early Termination Damages Apply:

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, (i) the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract and (ii) the Market Value, as defined below, of each Terminated Transaction. The Non-Defaulting Party shall (x) liquidate and accelerate each Terminated Transaction at its Market Value, so that each amount equal to the difference between such Market Value and the Contract Value, as defined below, of such Terminated Transaction(s) shall be due to the Buyer under the Terminated Transaction(s) if such Market Value exceeds the Contract Value and to the Seller if the opposite is the case; and (y) where appropriate, discount each amount then due under clause (x) above to present value in a commercially reasonable manner as of the Early Termination Date (to take account of the period between the date of liquidation and the date on which such amount would have otherwise been due pursuant to the relevant Terminated Transactions).

For purposes of this Section 10.3.1, "Contract Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the Contract Price, and "Market Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the market price for a similar transaction at the Delivery Point determined by the Non-Defaulting Party in a commercially reasonable manner. To ascertain the Market Value, the Non-Defaulting Party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas futures contracts, quotations from leading dealers in energy swap contracts or physical gas trading markets, similar sales or purchases and any other bona fide third-party offers, all adjusted for the length of the term and differences in transportation costs. A party shall not be required to enter into a replacement transaction(s) in order to determine the Market Value. Any extension(s) of the term of a transaction to which parties are not bound as of the Early Termination Date (including but not limited to "evergreen provisions") shall not be considered in determining Contract Values and Market Values. For the avoidance of doubt, any option pursuant to which one party has the right to extend the term of a transaction shall be considered in determining Contract Values and Market Values. The rate of interest used in calculating net present value shall be determined by the Non-Defaulting Party in a commercially reasonable manner.

Early Termination Damages Do Not Apply:

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10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract.

The parties have selected either "Other Agreement Setoffs Apply" or "Other Agreement Setoffs Do Not Apply" as indicated on the Base Contract.

Other Agreement Setoffs Apply:

Bilateral Setoff Option:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party is hereby authorized to setoff any Net Settlement Amount against (i) any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract; and (ii) any amount(s) (including any excess cash margin or excess cash collateral) owed or held by the party that is entitled to the Net Settlement Amount under any other agreement or arrangement between the parties.

Triangular Setoff Option:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option, and without prior Notice to the Defaulting Party, the Non-Defaulting Party is hereby authorized to setoff (i) any Net Settlement Amount against any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract; (ii) any Net Settlement Amount against any amount(s) (including any excess cash margin or excess cash collateral) owed by or to a party under any other agreement or arrangement between the parties; (iii) any Net Settlement Amount owed to the Non-Defaulting Party against any amount(s) (including any excess cash margin or excess cash collateral) owed by the Non-Defaulting Party or its Affiliates to the Defaulting Party under any other agreement or arrangement; (iv) any Net Settlement Amount owed to the Defaulting Party against any amount(s) (including any excess cash margin or excess cash collateral) owed by the Defaulting Party to the Non-Defaulting Party or its Affiliates under any other agreement or arrangement; and/or (v) any Net Settlement Amount owed to the Defaulting Party against any amount(s) (including any excess cash margin or excess cash collateral) owed by the Defaulting Party or its Affiliates to the Non-Defaulting Party under any other agreement or arrangement.

Other Agreement Setoffs Do Not Apply:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party may setoff any Net Settlement Amount against any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract.

10.3.3. If any obligation that is to be included in any netting, aggregation or setoff pursuant to Section 10.3.2 is unascertained, the Non-Defaulting Party may in good faith estimate that obligation and net, aggregate or setoff, as applicable, in respect of the estimate, subject to the Non-Defaulting Party accounting to the Defaulting Party when the obligation is ascertained. Any amount not then due which is included in any netting, aggregation or setoff pursuant to Section 10.3.2 shall be discounted to net present value in a commercially reasonable manner determined by the Non-Defaulting Party.

10.4. As soon as practicable after a liquidation, Notice shall be given by the Non-Defaulting Party to the Defaulting Party of the Net Settlement Amount, and whether the Net Settlement Amount is due to or due from the Non-Defaulting Party. The Notice shall include a written statement explaining in reasonable detail the calculation of the Net Settlement Amount, provided that failure to give such Notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party. The Net Settlement Amount as well as any setoffs applied against such amount pursuant to Section 10.3.2, shall be paid by the close of business on the second Business Day following such Notice, which date shall not be earlier than the Early Termination Date. Interest on any unpaid portion of the Net Settlement Amount as adjusted by setoffs, shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

10.5. The parties agree that the transactions hereunder constitute a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Seller are each "forward contract merchants" within the meaning of the United States Bankruptcy Code.

10.6. The Non-Defaulting Party's remedies under this Section 10 are the sole and exclusive remedies of the Non-Defaulting Party with respect to the occurrence of any Early Termination Date. Each party reserves to itself all other rights, setoffs, counterclaims and other defenses that it is or may be entitled to arising from the Contract.

10.7. With respect to this Section 10, if the parties have executed a separate netting agreement with close-out netting provisions, the terms and conditions therein shall prevail to the extent inconsistent herewith.

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SECTION 11. FORCE MAJEURE

11.1. Except with regard to a party's obligation to make payment(s) due under Section 7, Section 10.4, and Imbalance Charges under Section 4, neither party shall be liable to the other for failure to perform a Firm obligation, to the extent such failure was caused by Force Majeure. The term "Force Majeure" as employed herein means any cause not reasonably within the control of the party claiming suspension, as further defined in Section 11.2.

11.2. Force Majeure shall include, but not be limited to, the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes, which result in evacuation of the affected area, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather related events affecting an entire geographic region, such as low temperatures which cause freezing or failure of wells or lines of pipe; (iii) interruption and/or curtailment of Firm transportation and/or storage by Transporters; (iv) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections or wars, or acts of terror; and (v) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, regulation, or policy having the effect of law promulgated by a governmental authority having jurisdiction. Seller and Buyer shall make reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance.

11.3. Neither party shall be entitled to the benefit of the provisions of Force Majeure to the extent performance is affected by any or all of the following circumstances: (i) the curtailment of interruptible or secondary Firm transportation unless primary, in-path, Firm transportation is also curtailed; (ii) the party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or (iii) economic hardship, to include, without limitation, Seller's ability to sell Gas at a higher or more advantageous price than the Contract Price, Buyer's ability to purchase Gas at a lower or more advantageous price than the Contract Price, or a regulatory agency disallowing, in whole or in part, the pass through of costs resulting from this Contract; (iv) the loss of Buyer's market(s) or Buyer's inability to use or resell Gas purchased hereunder, except, in either case, as provided in Section 11.2; or (v) the loss or failure of Seller's gas supply or depletion of reserves, except, in either case, as provided in Section 11.2. The party claiming Force Majeure shall not be excused from its responsibility for Imbalance Charges.

11.4. Notwithstanding anything to the contrary herein, the parties agree that the settlement of strikes, lockouts or other industrial disturbances shall be within the sole discretion of the party experiencing such disturbance.

11.5. The party whose performance is prevented by Force Majeure must provide Notice to the other party. Initial Notice may be given orally; however, written Notice with reasonably full particulars of the event or occurrence is required as soon as reasonably possible. Upon providing written Notice of Force Majeure to the other party, the affected party will be relieved of its obligation, from the onset of the Force Majeure event, to make or accept delivery of Gas, as applicable, to the extent and for the duration of Force Majeure, and neither party shall be deemed to have failed in such obligations to the other during such occurrence or event.

11.6. Notwithstanding Sections 11.2 and 11.3, the parties may agree to alternative Force Majeure provisions in a Transaction Confirmation executed in writing by both parties.

SECTION 12. TERM

This Contract may be terminated on 30 Day's written Notice, but shall remain in effect until the expiration of the latest Delivery Period of any transaction(s). The rights of either party pursuant to Section 7.6, Section 10, Section 13, the obligations to make payment hereunder, and the obligation of either party to indemnify the other, pursuant hereto shall survive the termination of the Base Contract or any transaction.

SECTION 13. LIMITATIONS

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY. A PARTY'S LIABILITY HEREUNDER SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN OR IN A TRANSACTION, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

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SECTION 14. MARKET DISRUPTION

If a Market Disruption Event has occurred then the parties shall negotiate in good faith to agree on a replacement price for the Floating Price (or on a method for determining a replacement price for the Floating Price) for the affected Day, and if the parties have not so agreed on or before the second Business Day following the affected Day then the replacement price for the Floating Price shall be determined within the next two following Business Days with each party obtaining, in good faith and from non-affiliated market participants in the relevant market, two quotes for prices of Gas for the affected Day of a similar quality and quantity in the geographical location closest in proximity to the Delivery Point and averaging the four quotes. If either party fails to provide two quotes then the average of the other party's two quotes shall determine the replacement price for the Floating Price. "Floating Price" means the price or a factor of the price agreed to in the transaction as being based upon a specified index. "Market Disruption Event" means, with respect to an index specified for a transaction, any of the following events: (a) the failure of the index to announce or publish information necessary for determining the Floating Price; (b) the failure of trading to commence or the permanent discontinuation or material suspension of trading on the exchange or market acting as the index; (c) the temporary or permanent discontinuance or unavailability of the index; (d) the temporary or permanent closing of any exchange acting as the index; or (e) both parties agree that a material change in the formula for or the method of determining the Floating Price has occurred. For the purposes of the calculation of a replacement price for the Floating Price, all numbers shall be rounded to three decimal places. If the fourth decimal number is five or greater, then the third decimal number shall be increased by one and if the fourth decimal number is less than five, then the third decimal number shall remain unchanged.

SECTION 15. MISCELLANEOUS

15.1. This Contract shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective parties hereto, and the covenants, conditions, rights and obligations of this Contract shall run for the full term of this Contract. No assignment of this Contract, in whole or in part, will be made without the prior written consent of the non-assigning party (and shall not relieve the assigning party from liability hereunder), which consent will not be unreasonably withheld or delayed; provided, either party may (i) transfer, sell, pledge, encumber, or assign this Contract or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements, or (ii) transfer its interest to any parent or Affiliate by assignment, merger or otherwise without the prior approval of the other party. Upon any such assignment, transfer and assumption, the transferor shall remain principally liable for and shall not be relieved of or discharged from any obligations hereunder.

15.2. If any provision in this Contract is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Contract.

15.3. No waiver of any breach of this Contract shall be held to be a waiver of any other or subsequent breach.

15.4. This Contract sets forth all understandings between the parties respecting each transaction subject hereto, and any prior contracts, understandings and representations, whether oral or written, relating to such transactions are merged into and superseded by this Contract and any effective transaction(s). This Contract may be amended only by a writing executed by both parties.

15.5. The interpretation and performance of this Contract shall be governed by the laws of the jurisdiction as indicated on the Base Contract, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction.

15.6. This Contract and all provisions herein will be subject to all applicable and valid statutes, rules, orders and regulations of any governmental authority having jurisdiction over the parties, their facilities, or Gas supply, this Contract or transaction or any provisions thereof.

15.7. There is no third party beneficiary to this Contract.

15.8. Each party to this Contract represents and warrants that it has full and complete authority to enter into and perform this Contract. Each person who executes this Contract on behalf of either party represents and warrants that it has full and complete authority to do so and that such party will be bound thereby.

15.9. The headings and subheadings contained in this Contract are used solely for convenience and do not constitute a part of this Contract between the parties and shall not be used to construe or interpret the provisions of this Contract.

15.10. Unless the parties have elected on the Base Contract not to make this Section 15.10 applicable to this Contract, neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of any transaction to a third party (other than the employees, lenders, royalty owners, counsel, accountants and other agents of the party, or prospective purchasers of all or substantially all of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential) except (i) in order to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary for the enforcement of this Contract , (iii) to the extent necessary to implement any transaction, (iv) to the extent necessary to comply with a regulatory agency's reporting requirements including but not limited to gas cost recovery proceedings; or (v) to the extent such information is delivered to such third party for the sole purpose of calculating a published index. Each party shall notify the other party of any proceeding of which it is aware which may result in disclosure of the terms of any transaction (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. The existence of this Contract is not subject to this confidentiality obligation. Subject to Section 13, the parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with this confidentiality obligation. The terms of any transaction hereunder shall be kept confidential by the parties hereto for one year from the expiration of the transaction.

In the event that disclosure is required by a governmental body or applicable law, the party subject to such requirement may disclose the material terms of this Contract to the extent so required, but shall promptly notify the other party, prior to disclosure,

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and shall cooperate (consistent with the disclosing party's legal obligations) with the other party's efforts to obtain protective orders or similar restraints with respect to such disclosure at the expense of the other party.

15.11. The parties may agree to dispute resolution procedures in Special Provisions attached to the Base Contract or in a Transaction Confirmation executed in writing by both parties

15.12. Any original executed Base Contract, Transaction Confirmation or other related document may be digitally copied, photocopied, or stored on computer tapes and disks (the "Imaged Agreement"). The Imaged Agreement, if introduced as evidence on paper, the Transaction Confirmation, if introduced as evidence in automated facsimile form, the recording, if introduced as evidence in its original form, and all computer records of the foregoing, if introduced as evidence in printed format, in any judicial, arbitration, mediation or administrative proceedings will be admissible as between the parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither Party shall object to the admissibility of the recording, the Transaction Confirmation, or the Imaged Agreement on the basis that such were not originated or maintained in documentary form. However, nothing herein shall be construed as a waiver of any other objection to the admissibility of such evidence.

DISCLAIMER: The purposes of this Contract are to facilitate trade, avoid misunderstandings and make more definite the terms of contracts of purchase and sale of natural gas. Further, NAESB does not mandate the use of this Contract by any party. NAESB DISCLAIMS AND EXCLUDES, AND ANY USER OF THIS CONTRACT ACKNOWLEDGES AND AGREES TO NAESB'S DISCLAIMER OF, ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THIS CONTRACT OR ANY PART THEREOF, INCLUDING ANY AND ALL IMPLIED WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE (WHETHER OR NOT NAESB KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, OR BY COURSE OF DEALING. EACH USER OF THIS CONTRACT ALSO AGREES THAT UNDER NO CIRCUMSTANCES WILL NAESB BE LIABLE FOR ANY DIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY USE OF THIS CONTRACT.

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EXHIBIT A

TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY

Letterhead/Logo

Date: _____, ____
Transaction Confirmation #: _____

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated _____. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of receipt unless otherwise specified in the Base Contract.

SELLER:	**BUYER:**
_____	_____
_____	_____
_____	_____
Attn: _____	Attn: _____
Phone: _____	Phone: _____
Fax: _____	Fax: _____
Base Contract No. _____	Base Contract No. _____
Transporter: _____	Transporter: _____
Transporter Contract Number: _____	Transporter Contract Number: _____

Contract Price: $_____/MMBtu or _____

Delivery Period: Begin: _____, ____ End: _____, ____

Performance Obligation and Contract Quantity: (Select One)

Firm (Fixed Quantity):
_____ MMBtus/day
☐ EFP

Firm (Variable Quantity):
_____ MMBtus/day Minimum
_____ MMBtus/day Maximum
subject to Section 4.2. at election of
☐ Buyer or ☐ Seller

Interruptible:
Up to _____ MMBtus/day

Delivery Point(s): _____
(If a pooling point is used, list a specific geographic and pipeline location):

Special Conditions:

Seller: _____	Buyer: _____
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

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Execution Copy

SPECIAL PROVISIONS ATTACHED TO AND FORMING PART OF THE BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS

Dated as of the Effective Date

By and between

IGI Resources, Inc. ("Party A")

And

King County, through its Department of Natural Resources and Parks -- Wastewater Treatment Division ("Party B")

Section 1. Purpose and Procedures
Add the following before the "." at the end of the second sentence in Section 1.4:
"; provided, further that the party responsible for obtaining the consent of its agents and employees to such recordings shall indemnify, defend and hold the other party harmless from any and all losses, liabilities, claims, damages, judgments, costs and expenses, including but not limited to reasonable attorneys' fees and costs of court, arising from or out of such party's failure to obtain the consent of its agents and employees to such recordings."

Section 2. Definitions
Definition of "Payment Date" in Section 2.27 shall be deleted and replaced with the following:
"Payment Date" shall mean a date, as indicated on the Base Contract, on or before which payment is due from one party to the other as set forth in Section 7."

Add the following at the end of Section 2:

2.36 "Governmental Requirement(s)" shall mean any applicable laws, statutes, ordinances, orders, rules, regulations, rulings, decrees, or policies having the effect of law and/or official governmental actions, whether of a federal, state, local or tribal nature.

2.37 "New Taxes" shall mean any Taxes that (i) were not in effect on the date the transaction was entered into, or (ii) were not imposed by any taxing entity on a transaction on the date such transaction was entered into.

2.38 "Regulatory Event" shall mean a Governmental Requirement(s) (including but not limited to ones related to market rate caps (whether temporary or permanent), regulatory market requirements (such as those occurring under Dodd Frank), New Taxes, climate change assessments, environmental regulations, export/import assessments, etc.) promulgated after the date of a transaction, which renders a party (the "Affected Party") unable to continue to perform, either in whole or in part, because (i) such transaction is illegal or unenforceable, or (ii) the Government Requirement(s) materially changes the commercial and economic circumstances existing as of the date of the transaction and as a result negatively and significantly impacts the Affected Party's original economic expectations under the transaction.

2.39 "Taxes" shall mean any and all taxes, charges, licenses, levies, fees, penalties, permits, assessments, charges, or increases on any of the foregoing, (whether sales, use, gross receipts, excise, customs, duties or otherwise) which are claimed to be due by any federal, state, local or tribal government or any other governmental agency having jurisdiction to do so. The term "Taxes" shall not include any employment or franchise taxes imposed upon either party, nor any tax based upon a party's income or net worth."

2.40 "Effective Date" shall mean the date on which Party B executes the Base Contract as defined in Section 2.4 of the General Terms and Conditions Base Contract for Sale and Purchase of Natural Gas."

Section 3. Performance Obligation
Add the following as new Sections 3.5 and 3.6:
"3.5 There shall be no Fixed Price transactions under this Contract unless the parties agree otherwise. "Fixed Price" means, a Contract Price for a transaction that is expressed as a flat dollar amount for the Month of delivery, excluding any transactions that have been entered into after the last trading day (as defined by the NYMEX) for the applicable Month. Subject to the foregoing exclusion, "Fixed Price" also includes any transaction containing a Contract Price or a component of a Contract Price that has been converted from a floating price mechanism (i.e., a NYMEX/first of the month index basis component and a fixed price or floating price component, or a NYMEX/first of the month index priced component with a fixed basis component) to a flat dollar amount for the Month of delivery, either upon the mutual agreement of the parties or as a result of a party exercising a pricing "trigger" option in the Contract. For the purpose of clarity, the parties agree that all transactions providing for puts, calls, collars, swaptions, caps, and floors shall constitute transactions for a Fixed Price.

Add the following as Section 3.6:
"3.6 If a Regulatory Event occurs and the Affected Party is unable, after using commercially reasonable efforts, to perform or avoid the negative and significant economic impacts of such Regulatory Event, as applicable, the Affected Party shall be entitled to terminate and liquidate the transaction(s) affected by such Regulatory Event (the "Affected Transaction(s)"), subject to the following conditions:

(i) The Affected Party must give the other party at least ten (10) Business Days' prior Notice of its intent to terminate and liquidate the Affected Transaction(s). The Notice shall be the "Regulatory Event Notice to Terminate", and shall specify the Early Termination Date, which shall be not

more than twenty (20) Business Days after the date of the Regulatory Event Notice to Terminate. If Early Termination Damages apply to a Transaction Confirmation, on the Early Termination Date, the Affected Party shall determine damages in accordance with Section 10 of the Contract; provided however, that any and all Costs otherwise allowed under Section 10.3.1. shall be excluded from the calculation, and provided further that the Market Value for each Terminated Transaction shall be determined by using the mid-point, as it may be estimated, between the bid price and the ask price for each Terminated Transaction; and

(ii) Nothing herein shall prevent the other party from disputing whether the Affected Party has the right to terminate and liquidate the Affected Transaction(s)."

Section 6. Taxes
Add 6.1 before "Seller" of "Buyer Pays At and After the Delivery Point:" in Section 6. The last two sentences of Section 6 shall be deleted and replaced with the following:

"Seller bears all responsibility to make disbursements to all interest owners, and is responsible for any severance tax reporting and/or payment associated with the gas purchased hereunder. Where law prescribes that Buyer may be required to report and pay severance tax, Seller shall take all steps necessary to enable such Seller to report and/or pay the severance tax, including making any necessary filings or showings before taxing authorities administering such severance tax. Pursuant to any approval granted by any taxing authority to absolve Buyer of severance tax reporting and/or payment responsibilities, Seller shall report and/or pay the severance tax for the entire term of this contract, unless written consent of Buyer is first obtained."

Add the following as new Section 6.2 ands 6.3 to "Buyer Pays At and After the Delivery Point" of Section 6:
"6.2 Gross Receipts and Consumption, and Compensating Taxes. For clarity, the Contract Price does not include any applicable state or local, gross receipts, compensating, utility, transaction privilege, sales or use tax which may be assessed as a result of sales of or use of Gas hereunder, whether measured by quantity or revenues ("Gross Receipts" or "Compensating Tax"). If there is such a Gross Receipts and/or Compensating Tax, either of which being applicable to that quantity of Gas sold to or used by Buyer hereunder, Seller will invoice Buyer and Buyer will pay Seller the amount of the Gross Receipts or Compensating Tax and Seller will remit same as required by the applicable law.

6.3 Protest and Payment. If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes, except to the extent either party has filed, or provides prior notice to the other party that it will timely file, a good faith protest, contest, dispute or complaint with the taxing authority or applicable court with jurisdiction, which tolls the requirement to pay such Taxes. Any party is entitled to make such good faith protests, contests, disputes or complaints with the applicable taxing authority or applicable court with jurisdiction or to file for a request for refund for such Taxes already paid in a timely manner as to any Taxes that it is responsible to pay or remit or for which it is responsible to pay or reimburse the other party. In the event either party makes such filings, the other party shall cooperate with such filing party by providing any relevant information within that party's possession, which will support the filing party's filing upon request by and as specified by the filing party. Upon the issuance by the taxing authority or court of a final, non-appealable order, which lifts the tolling of an obligation to pay and requires payment of the applicable Taxes, and absent a stay of such order, the responsible party shall either pay directly to the applicable taxing authority, or reimburse the other party for, such Taxes and any other amounts (including interest) required by such order. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof. Each party shall provide reasonable cooperation to the other party in complying with the provisions of this Section 6."

7. Billing, Payment and Audit
In Section 7.6, add the following at the end of the next to last sentence before the ".":
"; provided, however, that the finality of all invoices and billings shall not apply to (i) Taxes, (ii) any adjustments made by Transporter(s) under the terms of its applicable tariff or (iii) payments related to Green Attributes such as RINs or LCFS Credits, and the responsible party under the Contract shall continue to be responsible for such amounts until five (5) years after the Month of Gas delivery".

Section 8. Title, Warranty, and Indemnity
Section 8.3 shall be amended by (i) inserting "(i)" before the word "claims" in the second line, and (ii) inserting ", or (ii) Seller's failure to timely report and pay any severance taxes as required under Section 6.1 of the Contract" before the "." at the end of the first sentence.

Delete Section 8.4 in its entirety.

Section 9. Notices
In the first sentence of Section 9.4 delete the words "commercially acceptable".

Section 10. Financial Responsibility
Section 10.2 shall be amended by (i) deleting the words "or its Guarantor" in the first line of such Section; (ii) deleting the word "or" before "(ix)" in such Section; and (iii) adding the following immediately after the ";" at the end of subclause (ix) of such Section:

> "(x) fail to perform or breach any other material obligation under this Contract (except to the extent such failure constitutes a separate Event of Default, and except for such party's obligations to deliver or receive Gas (the exclusive remedy for which is provided in Section 3)) if such failure is not remedied within seven (7) Business Days after receipt of written notice; (xi) consolidate or amalgamate with, or merge with or into, or transfer all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer (a) the resulting, surviving or transferee entity fails to assume all the obligations of such party under this Contract to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other party, (b) the

benefits of any credit support provided under this Contract as a result of a Credit Support Obligation fail to extend to the performance by such resulting, surviving or transferee entity of its obligations hereunder, or (c) the resulting entity's creditworthiness (after giving effect to the benefits of any credit support provided under this Contract) is materially weaker than that of such party or Guarantor immediately prior to such action; (xii) with respect to a party's Guarantor, (A) any event referenced in clauses (i), (ii), (iii), (iv), or (v) shall have occurred with respect to any Guarantor; (B) the failure of Guarantor's guaranty to be in full force and effect to cover all transactions entered into under this Contract prior to the satisfaction of all obligations of such party under each transaction to which such guaranty shall relate without the prior written consent of the other party; or (C) such Guarantor shall repudiate, disaffirm, disclaim, or reject, in whole or in part, or challenge the validity of any guaranty related to this Contract; or (xiii) breach of any material representation or warranty under this Contract;"

Add the following at the end before the "." in the last sentence of Section 10.2:
"provided that no suspension of performance shall continue for more than twenty (20) Days unless an Early Termination Date has been declared and the Defaulting Party given Notice thereof in accordance with Section 10.3."

In Section 10.3.1:

(i) The preamble to Section 10.3 shall be deleted in its entirety and replaced with the following.

"The parties have selected both "Early Termination Damages Apply" and "Early Termination Damages Do Not Apply" on the election choices on page 2 of the Base Contract for Sale and Purchase of Natural Gas. Early Termination Damages shall apply to Gas Transaction Confirmations and Early Termination Damages shall not apply to Biogas Transaction Confirmations.

(ii) Replace the words "(whether or not then due)" with the words "(whether or not yet invoiced or due)" in the second line;

(iii) Add the following as the second paragraph of Section 10.3.1. "Early Termination Damages Apply":
"The Non-Defaulting Party shall also aggregate the costs that the Non-Defaulting Party incurs from the cancellation and termination of each Terminated Transaction, and reasonable attorneys' fees and other reasonable litigation costs incurred in connection with enforcing its rights under this Contract (collectively "Costs") and such Costs shall be due to the Non-Defaulting Party."

In the second sentence of Section 10.3.2 "Other Agreements Setoffs Apply, Bilateral Setoff Option", delete the words "and without prior Notice to the Defaulting Party".

Add the following at the end of Section 10.3.2. "Other Agreements Setoffs Apply, Bilateral Setoff Option":
"The obligations of the Non-Defaulting Party and the Defaulting Party under this Contract or otherwise in respect of such amounts shall be deemed satisfied and discharged to the extent of any such Setoff. The Non-Defaulting Party will give the Defaulting Party Notice of any Setoff effected under this section provided that failure to give such notice shall not affect the validity of the Setoff. Nothing in this paragraph shall be deemed to create a charge or other security interest. The rights provided by this Section are in addition to and not in limitation of any other right or remedy (including any right to Setoff, counterclaim, or otherwise withhold payment) to which a party may be entitled (whether by operation of law, contract or otherwise). "Setoff" as used herein means setoff, offset, combination of accounts, right of retention or withholding or similar right or requirement to which the Non-Defaulting Party is entitled or subject to (whether arising under this Contract, another contract, applicable law or otherwise) that is exercised by, or imposed on, the Non-Defaulting Party."

Section 10.4 is hereby amended by

"(i) Deleting the second sentence and replacing it with the following:
"The Notice shall include a written statement explaining in reasonable detail the calculation of the Net Settlement Amount, and the reduction of such amount(s) by (a) the application of any margin, collateral or security by the Non-Defaulting Party against such Net Settlement Amount, or (b) any Setoffs allowed under the terms of this Contract (such adjusted amount after the exercise of rights under (a) or (b) being defined as the "Final Settlement Amount")";

(ii) Adding the following sentence after the insert in (i) above:

"The Non-Defaulting Party's failure to give such Notice of the Net Settlement Amount/Final Settlement Amount calculations shall not affect the validity or enforceability of the liquidation and termination of the Terminated Transaction, or give rise to any claim by the Defaulting Party against the Non-Defaulting Party with respect to the Non-Defaulting Party becoming the Defaulting Party due to its failure to timely fulfill such obligation.";

(iii) Replacing "second" in the sixth line with "fifth";

(iv) Adding the following as Section 10.4.1:
"10.4.1. Notwithstanding anything herein to the contrary, if the Non-Defaulting Party owes the Net Settlement Amount/Final Settlement Amount to the Defaulting Party, the Non-Defaulting Party shall not be required to pay to the Defaulting Party the Net Settlement Amount/Final Settlement Amount, nor shall any interest accrued thereon be owed on such amount, until (i) the Non-Defaulting Party receives confirmation satisfactory to it, in its reasonable discretion, that all other obligations of any kind whatsoever of the Defaulting Party to make any payments to the Non-Defaulting Party under this Contract and transactions hereunder, or under any other agreements between the parties, which are due and payable, have been paid (or netted, Setoff, recouped, or the like) in full; and (ii) the Defaulting Party executes a release in a form satisfactory to the Non-Defaulting Party that acts as the final resolution of the amounts due and owing as the Net Settlement Amount/Final Settlement Amount under the

terms of this Contract and transactions hereunder. To the extent that either party believes that bankruptcy court approval of the release is required, the Non-Defaulting Party may withhold payment of the Net Settlement Amount/Final Settlement Amount until such time as appropriate court approval has been obtained and is final and non-appealable."; and

(v) Adding the following as Section 10.4.2.:
"10.4.2. In the event the Defaulting Party disputes the calculation of the Net Settlement Amount/Final Settlement Amount, such party shall notify the other Non-Defaulting Party of such dispute within five (5) Business Days of the date the Non-Defaulting Party provides the Notice required under this Section 10.4 to the Defaulting Party; provided, further that as soon as commercially reasonable thereafter, the Defaulting Party shall provide a statement showing its calculation of the Net Settlement Amount/Final Settlement Amount. In the event of a dispute as to the Net Settlement Amount/Final Settlement Amount, the Defaulting Party shall, if applicable, within the time prescribed in Section 10.4, pay the undisputed amount of the Net Settlement Amount/Final Settlement Amount to the Non-Defaulting Party. If the parties have not been able to resolve their dispute within five (5) Business Days of receipt of Notice of such dispute, the parties shall be entitled to pursue their respective rights and remedies in a court of competent jurisdiction. During the five (5) Business Day period, the parties shall exchange, in addition to the detailed information otherwise required under the Contract supporting their initial Net Settlement Amount/Final Settlement Amount calculations, such other information, including quotations, that such party is utilizing to justify its position. Each party shall submit its detailed calculation of the Net Settlement Amount/Final Settlement Amount, as the same may be revised by the parties after the exchange of the information required hereunder."

Delete Section 10.5 in its entirety and replace with the following:
"10.5 "Each party further represents and warrants to the other party that (i) this Base Contract and all transaction(s) governed by the Base Contract constitute "forward contracts" and/or "swap agreements" within the meaning of the United States Bankruptcy Code (the "Code"); (ii) it is a "forward contract merchant" within the meaning of the Code with respect to any transactions that constitute "forward contracts"; (iii) it is a "swap participant" within the meaning of the Code with respect to any transactions that constitute "swap agreements"; (iv) the Contract is a "master netting agreement for purposes of the Code; (v) it is a "master netting agreement participant" for purposes of the Code; (vi) all payments made or to be made on its behalf pursuant to the Contract, including the application by a party of any collateral or security to any amounts due and owing to such party, constitute "settlement payments" within the meaning of the Code; (vii) all transfers of collateral or security by it or on its behalf under the Contract constitute "margin payments" within the meaning of the Code; and (viii) its rights under Section 10, "Financial Responsibility", of the Contract constitute a "contractual right to liquidate, terminate or accelerate" or "contractual right to liquidate, terminate, accelerate, or offset under a master netting agreement and across contracts" the transactions within the meaning of the Code. Each party further agrees that the other party is not a "utility" as such term is used in 11 U.S.C. Section 366, and each party agrees to waive and not to assert the applicability of the provisions of 11 U.S.C. Section 366 in any bankruptcy proceeding involving such party. In addition, each party agrees that, for any Gas actually consumed (rather than resold) by such party, if Gas is not delivered pursuant to this Contract, the local gas distribution utility for such party is the provider of last resort and can supply such party's Gas consumption needs."

Add the following as Section 10.8:
"10.8 From and after the date of this Contract, Party A shall provide and maintain for the benefit of Party B a guaranty in the amount of one million U.S. dollars ($1,000,000) in form and substance reasonably acceptable to Party B from a Guarantor reasonably acceptable to Party B."

Section 11. Force Majeure
In Section 11.2:

(i) Delete the "and" in front of "(v)";

(ii) Insert the following before the period at the end of the first sentence: "and (vi) the occurrence of a Regulatory Event. If a party declares an event of Force Majeure based upon the event described in (vi), the event of Force Majeure shall terminate upon the earlier to occur of (a) the time the declaring party provides Notice that there is no longer an event of Force Majeure; (b) the time a party liquidates and terminates the Affected Transaction(s) on the Early Termination Date in accordance with Section 3.6, or (c) the expiration of twenty (20) Business Days after the claiming party provides Notice of the event of Force Majeure, unless a Regulatory Event Notice to Terminate has been provided in accordance with Section 3.6."; and

(iii) Insert the following at the end of Section 11.2 "To the extent an event of Force Majeure occurs,:

(a) prior to curtailing or interrupting any transaction for a Firm obligation, Seller/Buyer shall first curtail or interrupt its interruptible delivery or purchase obligations, as applicable, and

(b) Seller or Buyer will treat all similarly situated Firm customers in a fair and reasonable manner by allocating the supply or purchase of Firm Gas, as applicable, on a pro rata basis."

Add the following as Section 11.7:
"11.7 Without restricting the generality of the foregoing, if an event of Force Majeure occurs, the party affected may, in its sole discretion and without notice to the other party, determine not to make a claim of Force Majeure and to waive its rights hereunder as they would apply to such event. Such determination or waiver shall not preclude the affected party from claiming Force Majeure in respect of any subsequent event, including any event that is substantially similar to the event in respect of which such determination or waiver is made."

Add the following as Section 11.8:
"11.8 If an event of Force Majeure impairs or prevents Seller from delivering or Buyer from receiving Gas under this Contract and such event of Force Majeure continues for a continuous period of time greater than one hundred and eighty (180) Days, either party may terminate this Contract without liability on the part of either party for or as a result of such termination; provided, however, that no such termination shall relieve either party of any liability incurred prior to such termination."

Section 12. Term
Delete the second sentence and replace it with the following:
"The rights of either party pursuant to: (i) Section 7, (ii) Section 10, (iii) Section 13, (iv) Section 14, (v) Section 15, (vi) the obligations to make payment hereunder, and (vii) the obligation of either party to indemnify the other pursuant hereto, shall survive the termination of the Base Contract or any transaction."

Section 15. Miscellaneous
Delete Section 15.3 in its entirety and replace with the following:
"15.3 No waiver of any breach of this Contract, or delay, failure or refusal to exercise or enforce any rights under this Contract, shall be held to be a waiver of any other or subsequent breach, or be construed as a waiver of any such right then existing or arising in the future."

In second line of Section 15.10, add the following:
"or any financial information provided by a party under the terms of this Contract" after "the terms of any transaction".

Add the following at the end of Section 15.10:
Notwithstanding the foregoing or any other provision of this Contract, Party A acknowledges that Party B, as a home rule charter county of Washington State, is subject to the Washington State Public Records Act, Ch. 42.56 RCW, and Party A agrees that Party B shall not be in breach of this Contract or have any liability whatsoever under this Contract or otherwise for any claims or causes of action whatsoever resulting from or arising out of Party B's copying or releasing to a third party any of the information of Party A when ordered or instructed to do so by a court of competent jurisdiction, or when, in the professional judgment of Party B's counsel, Party B is compelled to permit such disclosure or copying or else risk civil or criminal liability. Party B shall provide timely notice to Party A of any public records request, claim or action reasonably placing at risk the release of any information of Party A, in order to permit Party A to intervene therein, or initiate an action to enjoin release of such information, at Party A's own cost and expense. The provisions of this section shall survive the expiration or termination of this Contract.

Add the following as Section 15.13:
"15.13 **EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR IN ANY WAY RELATING TO THIS CONTRACT OR THE PERFORMANCE OR NONPERFORMANCE OF OBLIGATIONS ARISING UNDER OR IN CONNECTION WITH THIS CONTRACT."**

Add new Section 15.14 as follows.
"15.14 Venue; Jurisdiction. Venue for any suit, legal action or other legal proceeding arising out of or relating to this Contract shall be in the Superior Court of Washington for King County or the United States District Court for the Western District of Washington and located in Seattle. Each party consents to the jurisdiction of any such court in any such suit, action or proceeding and waives any objection or defense which such party may have to the laying of venue of any such suit, action or proceeding in any such court, including the defense of an inconvenient forum to the maintenance in such court of such suit, action or proceeding. The parties agree that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or by any other manner provided by law. Except as otherwise expressly provided in this Contract, each party shall pay its own attorneys' fees and costs in connection with any legal action hereunder.

Add the following as Section 15.15:
"15.15 This Contract shall be considered for all purposes as prepared through the joint efforts of the parties and shall not be construed against one party or the other as a result of the manner in which this Contract was negotiated, prepared, drafted or executed."

Add the following as Section 15.16:
"15.16 Each party will be deemed to represent to the other party each time a transaction is entered into that: (i) it is acting for its own account, and it has made its own independent decisions to enter that transaction and as to whether that transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisors as it has deemed necessary; (ii) it is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that transaction; it being understood that information and explanations related to the terms and conditions of a transaction shall not be considered investment advice or a recommendation to enter into that transaction; (iii) no communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of that transaction; (iv) it is capable of assessing the merits (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of that transaction; (v) it is capable of assuming, and assumes, the risks of that transaction; and (vi) the other party is not acting as a fiduciary for, or an advisor to, it in respect of that transaction."

Add the following as Section 15.17:
"15.17 Party B covenants and agrees that with respect to its contractual obligations hereunder and its performance thereof, it shall not claim on the grounds of sovereignty or other similar grounds with respect to itself or its revenues or assets (irrespective of their use or intended use) immunity from (i) suit, (ii) jurisdiction of any court specified in Section 15.14, (iii) relief by way of injunction, mandamus, order for specific performance or for recovery of property, (iv) attachment of its assets (whether before or after judgement) or (v) execution or enforcement of any judgement to which it or its revenues or assets might otherwise be made subject to in any proceedings in the courts of any jurisdiction, and no such immunity (whether or not claimed) may be attributed to Party B or its revenues or assets."

Add the following as Section 15.18:
"15.18 Where the negotiation process is specifically prescribed to resolve a dispute under this Contract, the parties shall seek to resolve the dispute by negotiations between senior executives who have authority to settle the controversy provided, however, that either party may seek interim relief to the extent necessary to preserve its rights hereunder or protect its property during the continuance of the resolution process described herein. Either party may initiate this negotiation process by written Notice to the other party outlining that party's position regarding the dispute ("Negotiation Notice"). The senior executives shall meet at a mutually acceptable time and place within fifteen (15) Business Days after the date of the Negotiation Notice to exchange relevant information concerning the dispute and to attempt to resolve the dispute. If a senior executive intends to be accompanied at a meeting by an attorney, the other party's senior executive shall be given at least three Business Days' Notice of such intention and may also be accompanied by an attorney. All negotiations are confidential and shall be treated as compromise and settlement negotiations under the Federal Rules of Evidence or any similar applicable rules of evidence. If the parties are unable to resolve the dispute after the meeting, either party may pursue it rights and remedies in a court of competent jurisdiction in accordance with Section 15.14."

[Biogas Special Provisions ("Addendum") follow.]

[Remainder of this page intentionally left blank.]

BIOGAS SPECIAL PROVISIONS ("ADDENDUM")

These Biogas Special Provisions ("Addendum") are in addition to the above Special Provisions and shall apply only to transactions for the purchase and sale of Biogas whereby IGI Resources, Inc. will be the party purchasing and receiving the Biogas ("Buyer") and King County will be the party selling and delivering the Biogas ("Seller"). The provisions of this Addendum will only apply to a sale and purchase of Biogas and its associated Green Attributes.

ARTICLE I. DEFINITIONS AND INTERPRETATION

1.1 Definitions. The following terms when used in this Addendum will have the meanings set forth below. Capitalized terms used in this Addendum but not defined herein are as defined in the Base Contract.

"Addendum" has the meaning set forth in the preamble.

"Advanced Biofuel" means a renewable fuel as set forth in the EPA RFS program (40 C.F.R. § 80.1401 (2012)), other than ethanol derived from corn starch, and which must achieve a Lifecycle Greenhouse Gas Emission displacement of fifty percent (50%) compared to the baseline Lifecycle Greenhouse Gas Emissions.

"Alternative Fuel" means any transportation fuel that is not California reformulated gasoline or a diesel fuel, including but not limited to, those fuels specified in the California Low Carbon Fuel Standard (Cal. Code Regs. tit. 17, § 95480.1(a)(12) (2010).).

"Biogas" means pipeline quality Gas derived from the decomposition of organic matter that meets the EPA RFS eligibility requirements as either an Advanced Biofuel or Cellulosic Biofuel and/or CARB eligibility requirements as an Alternative Fuel.

"Biogas Contract" means a Contract between Buyer and a Vehicle Fuel Producer for the supply of Biogas.

"Buyer" means IGI Resources, Inc.

"CARB" means the California Air Resources Board or its successor agency and policies established under the LCFS regulations (Cal. Code Regs. Title 17, §§ 95480 – 90 (2010)), applying to any transportation fuel that is sold, supplied, or offered for sale in California.

"Cellulosic Biofuel" means a renewable fuel derived from any cellulose, hemi-cellulose or lignin that has lifecycle greenhouse gas emissions that are at least sixty percent (60%) less than the baseline Lifecycle Greenhouse Gas Emissions (as set forth in the EPA RFS program (40 C.F.R. § 80.1401 (2012).

"Claims" has the meaning set forth in Section 2.8.

"Disqualified Biogas" means Gas that was initially determined by the parties upon delivery to be Biogas but subsequently becomes disqualified as Biogas by not satisfying the requirements of the EPA Renewable Fuels Standard or the CARB LCFS.

"Disruption Event" means the occurrence of any of the following: (a) the occurrence of an event of Force Majeure under a Biogas Contract, (b) the termination of a Biogas Contract based solely on an uncured Event of Default thereunder by the Vehicle Fuel Producer, (c) the termination of a Biogas Contract based on the occurrence of a Regulatory Event thereunder, or (d) Biogas that is sold pursuant to the Contract becoming Disqualified Biogas.

"EPA" means the United States Environmental Protection Agency.

"EPA Renewable Fuels Standard" or "EPA RFS" means the renewable energy program and policies established by the Environmental Protection Agency and published on March 26, 2010 (at 75 Fed. Reg. 14670) and became effective on July 1, 2010.

"Green Attributes" means any and all environmental attributes, including (a) RINs or LCFS Credits or any offsets, credits, or other environmental attributes or products and (b) and any of the foregoing that are recognized under emissions reduction or other environmental programs that may be implemented in Washington or Oregon, associated with the use of Biogas as an Advanced Biofuel, Cellulosic Biofuel, low carbon fuel or Alternative Fuel.

"Greenhouse Gas" means carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydroflourocarbons, perfluorocarbons, sulphur hexafluoride, or any other substance or combination of substances that may become regulated or designated as Greenhouse Gases under any federal, state or local law or regulation, or any emission reduction registry, trading system, or reporting or reduction program for Greenhouse Gas emission reductions that is established, certified, maintained, or recognized by any international, governmental (including U.N., U.S. federal, state, or local agencies), or non-governmental agency from time to time, in each case measured in increments of one metric tonne of carbon dioxide equivalent.

"Green Premium" means the price premium per MMBtu of Biogas added to the market Gas price which may account for the generation of RINs and LCFS Credits as set forth in the relevant Transaction Confirmation.

"Lifecycle Greenhouse Gas Emissions" means the aggregate quantity of Greenhouse Gas emissions (including direct emissions and significant indirect emissions from land use changes), as determined by the EPA RFS or CARB, related to the full fuel lifecycle, including all stages of fuel and feedstock production and distribution, from feedstock generation or extraction through the distribution and delivery and use of the finished fuel to the ultimate consumer, where the mass values for all greenhouse gases are adjusted to account for their relative global warming potential.

"LCFS" means the Low Carbon Fuel Standard established by the CARB pursuant to the California Low Carbon Fuel Standard Regulation (Cal. Code Regs. Title 17, §§ 95480 – 90 (2010)).

"LCFS Credits" means credits generated and traded under the LCFS, with each credit equal to one metric tonne of Carbon Dioxide reductions as compared to the baseline CO2 emissions under the LCFS.

"Pathing" has the meaning set forth in Section 2.6.

"Project" means a Biogas production project which produces Biogas for purchase and sale under this Contract.

"Renewable Identification Number (RIN)" is a number generated to represent a volume of renewable fuel as set forth in Regulation of Fuels and Fuel Additives: Changes to Renewable Fuel Standard Program, 75 Fed. Reg. 16484 (March 26, 2010) (codified at 40 C.F.R. § 80.1425 (2011); 40 C.F.R. § 80.1426 (2012)).

"Seller" means King County.

"Vehicle Fuel" means compressed natural gas (CNG) or liquefied natural gas (LNG) derived from Biogas and used in transportation vehicles.

"Vehicle Fuel Producer" means the vehicle fuel producer(s) listed in the Transaction Confirmation that will purchase from Buyer the Biogas sold under this Contract.

ARTICLE II. SPECIFIC TERMS OF PURCHASE AND SALE

In addition to the terms and conditions set forth in the Base Contract, the following terms and conditions will govern the purchase and sale of Biogas.

2.1 Green Attributes Associated with Biogas. For all Biogas sold and purchased under a Biogas Contract between Seller and Buyer, Seller represents and warrants that (i) it has the rights to all Green Attributes and will convey to Buyer all Green Attributes for such Biogas, (ii) the Biogas delivered to Buyer hereunder is from a Project that produces pipeline quality Biogas, (iii) the Biogas shall be delivered to Buyer in accordance with the requirements of the Renewable Fuels Standard and Low Carbon Fuels Standard, or any similar program that may be developed in the future that the parties may agree to include in this Contract, and (iv) each facility producing the Biogas has provided to Seller and/or Buyer the Biogas fuel production facility registrations consistent with Section 2.6.

2.2 Daily Contract Quantity. For the Contract Quantity set forth in the Transaction Confirmation, Seller will provide Buyer with its estimated daily quantity of Biogas at the Delivery Point set forth in the Transaction Confirmation for the delivery Month by no later than the twentieth (20th) Day of the Month prior to the delivery Month. Seller will provide Buyer with three (3) days' advance notice of any scheduled outages at its Biogas facility. Seller will notify Buyer of any unscheduled outages at its Biogas facility as soon as reasonably practicable. Nothing in this Section 2.2 shall impose upon Seller any liability for failure to provide to Buyer notice of any reduction in Gas production or for failure to deliver any quantities of Gas.

2.3 Transaction Confirmation. The Transaction Confirmation for the purchase and sale of Biogas shall include the identification of the relevant Vehicle Fuel Producer. The Transaction Confirmation shall provide for Buyer to make updates to the identity of the Vehicle Fuel Producer as necessary. Notwithstanding any provision of the Base Contract concerning transaction procedures, the parties agree that any Transaction Confirmation related to Biogas must be executed by both parties in order for the Transaction to be binding upon the parties.

2.4 Disqualified Biogas. Either party will promptly notify the other party if any Biogas delivered under a Transaction Confirmation is determined to be Disqualified Biogas. In addition to any other remedies under the Contract, if Biogas sold by Seller and purchased by Buyer hereunder becomes classified as Disqualified Biogas, Buyer will be entitled to a refund in an amount equal to the Green Premium multiplied by the quantity of Disqualified Biogas in MMBtus.

2.5 Failure to Produce Vehicle Fuel. In the event that Buyer cannot utilize any Biogas for the production of a Vehicle Fuel for any reason, including, but not limited to an event of Force Majeure or Event of Default under a Biogas Contract, Buyer shall promptly notify Seller in writing. In addition to all other remedies under the Base Contract and hereunder, if Gas sold by Seller and purchased by Buyer hereunder originally deemed to be Biogas is not processed into a Vehicle Fuel, Buyer will be entitled to a refund of any Green Premium payment made to Seller for the volume of Biogas that was not processed into a Vehicle Fuel and for which no Green Premium may be claimed under the relevant regulation.

2.6 Biogas Registration. Prior to delivery of the Biogas to Buyer, Seller or its designee shall submit to the EPA and CARB and provide Buyer with copies of any and all documentation required by the EPA or CARB to certify that the Biogas is an Advanced Biofuel or Cellulosic Biofuel that can generate D Code 3 or D Code 5 RINS (with respect to the EPA RFS) and create a low carbon intensity pathway (with respect to CARB) for generation of Low Carbon Fuel Standard Credits (to the extent that sales of the Biogas Vehicle Fuel are contemplated in California). This documentation will include, but is not limited to, all documentation required to certify that production and the transportation of the Biogas from its point of production to the Delivery Point stated in the Transaction Confirmation is compliant with the transportation routing requirements ("Pathing") of the EPA RFS and Low Carbon Fuels Standard. Such documentation may include, but is not limited to any affidavits, reporting or attestations required by the EPA or CARB, such as (i) assertions that the registration requirements as outlined by the Renewable Fuels Standard Registration Compliance Guidelines Engineering Review (40 C.F.R. § 80.1450 (2012).) have been met and (ii) documentation confirming that the Seller and Buyer are registered under California state regulations (Cal. Code Regs. tit. 17, § 95484(a)(5)(A)1a (2010).), as regulated parties in the LCFS regulation.

2.7 Further Assurances. Each party will provide the other party such cooperation, additional documentation, certifications or other information as may be reasonably necessary to carry out the purposes of this Addendum (including pursuant to any audit of this Addendum and/or the Transaction Confirmation by a third party) and in order for title to the conveyed Green Attributes to vest in the Buyer in connection with the purchase and sale of the Contract Quantity of Biogas.

2.8 Indemnifications.

2.8.1 *Seller*. Notwithstanding any other provisions in the Base Contract, including, without limitation, any and all limitations on damages, Seller agrees to indemnify Buyer and save it harmless from all losses, liabilities, penalties, fines, charges or claims, including, without limitation, reasonable attorneys' fees and costs of court, arising out of any third-party claim (collectively, "Claims") from any and all persons, arising from or out of (i) claims of title, registrations, and attestations concerning the Biogas; (ii) all claims or losses of any kind and all persons arising from any material Seller-provided falsehoods, misrepresentations, inaccuracies or misleading statements or information in any supporting documentation, including, without limitation, registrations required in Section 2.6 or related to any attestation related to RIN or LCFS Credit generation delivered under this Addendum, (iii) personal injury (including death) or property damage from said Biogas which attach before title passes to Buyer, (iv) other claims, liens, and encumbrances related to said Biogas which attach before title passes to Buyer, and (v) Seller's gross negligence or willful misconduct.

2.8.2 *Buyer*. Notwithstanding any other provisions in the Base Contract, including, without limitation, any and all limitations on damages, Buyer agrees to indemnify Seller and save it harmless from all Claims based on (i) personal injury (including death) to the third-party claimant or damage to the property of such third-party claimant directly resulting from the Biogas that occurred after title passed to Buyer; (ii) other claims, liens and encumbrances thereon that attach after title passes to Buyer, with respect to (i) or (ii), to the extent such Claims are not based upon (a) any breach by Seller hereunder, (b) any breach by Seller of the Transaction Confirmation or (c) any Claim for which Buyer is indemnified pursuant to Section 2.8.1; (iii) material Buyer-provided falsehoods, misrepresentations, inaccuracies or misleading statements or information in any supporting documentation, including, without limitation, registrations or any attestation related to RIN or LCFS Credit, if applicable, generation based on Biogas purchased from Seller and subject to the Contract which includes this Addendum; and (iv) Buyer's gross negligence or willful misconduct.

2.9 Regulatory Event. The provisions of Section 3.6 of the Base Contract, as amended, shall apply to each Transaction for the purchase and sale of Biogas.

ARTICLE III. DISRUPTION EVENT

3.1. Upon the occurrence of a Disruption Event:

3.1.1 Buyer shall promptly notify Seller in writing of such Disruption Event, including the particulars of such Disruption Event and a good faith estimate of the expected duration of such Disruption Event,

3.1.2 Buyer shall use commercially reasonable efforts to remedy the effects of the Disruption Event, including, to the extent appropriate, executing a replacement Biogas Contract, and

3.1.3 Buyer and Seller shall meet and confer in good faith to discuss alternatives for the purchase and sale of Gas during the continuance of such Disruption Event, which alternatives may include an agreement to store Gas.

3.2. During the continuance of a Disruption Event:

3.2.1 Buyer shall keep Seller reasonably informed as to the status of the Disruption Event and Buyer's efforts to execute a replacement Biogas Contract,

3.2.2 Provisions of this Addendum relating to Green Attributes shall not apply, and

3.2.3 Unless Buyer and Seller have otherwise agreed, Seller shall continue to sell and deliver and Buyer shall continue to purchase and receive Gas pursuant to the terms of the Contract and the applicable Transaction Confirmation.

3.3. Upon the cessation of a Disruption Event or the execution of a replacement Biogas Contract:

3.3.1 Buyer shall amend the Transaction Confirmation, if applicable, to reflect the identity of the replacement Vehicle Fuel Producer, and

3.3.2 The provisions of this Addendum and the Transaction Confirmation (including pricing) relating to Green Attributes shall apply from and after the cessation of the Disruption Event or the commencement of deliveries under the replacement Biogas Contract, as applicable.

ARTICLE IV. MISCELLANEOUS

4.1 Authority to Execute. Each of the parties to this Addendum represents and warrants that, as of the Effective Date, (i) it has full and complete authority to enter into and perform this Addendum; (ii) the person who executes this Addendum on its behalf has full and complete authority to do so and is empowered to bind it thereby; and (iii) it is not insolvent and has not sought protection from its creditors under the United States Bankruptcy Code, or under any similar laws.

4.2 Miscellaneous. This Addendum may be executed in multiple counterparts, each of which will constitute an original and all of which together

will constitute one and the same instrument. The headings and subheadings contained in this Addendum are used solely for convenience and shall not be used to construe or interpret the provisions of this Addendum. The language used in this Addendum is the product of both parties' efforts and each party irrevocably waives the benefit of any rule of contract construction which disfavors the drafter of a contract or the drafter of specific language in a contract.

4.3 Entirety and Amendments. This Addendum, the Base Contract, the Special Provisions and each applicable Transaction Confirmation constitute the entire agreement between the parties regarding the purchase by Buyer and sale by Seller of Biogas, and supersedes and replaces any prior and contemporaneous communications, understandings and agreements between Seller and Buyer related to such subject matter, whether written or verbal, express or implied. No modification, amendment, supplementation or alteration of the terms and provisions of this Addendum will be or become effective except by written amendment executed by the duly authorized representative of both parties. Except as set forth herein, the Base Contract will remain unchanged.

4.4 One Agreement. The parties agree and acknowledge that this Addendum shall be effective for any and all Biogas purchases and sales commencing on the date first written above and shall be considered part of the Contract as such term is defined in the NAESB General Terms and Conditions. Accordingly, the parties agree and acknowledge that this Addendum is part and parcel to the Contract involving the purchase and sale of Biogas, and accordingly the Base Contract, this Addendum and any Biogas Transaction Confirmation shall be deemed to constitute one integrated agreement for all purposes.

4.5 Survival of Terms. To the extent that this Addendum is terminated, the parties agree that any and all terms and conditions of this Addendum that are necessary to effectuate the parties' rights and remedies as a result of an Event of Default will survive the termination of this Addendum until such time as the rights and remedies and all disputes related thereto are fully and finally resolved.

4.6 Conflicting Terms. The parties agree that to the extent any terms and conditions set forth in this Addendum conflict with any terms set forth in the Base Contract, this Addendum will govern for all purposes with respect to the purchase and sale of Biogas. With respect to any conflicts between the Transaction Confirmation for the purchase and sale of Biogas and this Addendum, the provisions of the Transaction Confirmation shall have priority over the Addendum.

4.7 Governing Law. The law governing the Base Contract shall apply to this Addendum, except to the extent that the EPA Renewable Portfolio Standards and CARB Low Carbon Fuels Standard, together with regulations and decisions promulgated thereunder, are applicable to the purchase and sales of Biogas.

[Signature page follows.]

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, and with the intent to be legally bound, the parties hereto have caused these Special Provisions and this Addendum to be executed by their duly authorized officers or representatives as of the Effective Date.

IGI RESOURCES, INC.

By:_____

Name: Randy Schultz

Title: President

Date: September 1, 2016

KING COUNTY, THROUGH ITS DEPARTMENT OF NATURAL RESOURCES AND PARKS -- WASTEWATER TREATMENT DIVISION

By:_____

Name:

Title:

Date: _____, 2016

[Special Provisions Attached to and forming Part of the Base Contract for Sale and Purchase of Natural Gas Dated as of the Effective Date]

Execution Copy

Biogas Transaction Confirmation

FOR IMMEDIATE DELIVERY

Date: Effective Date
Contract: _____

This Biogas Transaction Confirmation (the "Biogas Transaction Confirmation") is subject to the Base Contract between Buyer and Seller dated as of the Effective Date and the Addendum between Buyer and Seller dated as of the Effective Date. The terms of the Base Contract and the Addendum are deemed to be incorporated into this Biogas Transaction Confirmation, and this Biogas Transaction Confirmation, together with the Base Contract and the Addendum form a single agreement (the "Contract") governing the transactions described herein. The terms of this Biogas Transaction Confirmation are binding upon execution by both parties. Capitalized terms used herein but not defined herein shall have the meanings ascribed thereto in the Base Contract and Addendum.

BUYER:
IGI Resources, Inc.
201 Helios Way
Houston, TX 77079
Attn: Ralph Epling
Phone: 206-224-3505
Fax: 281-227-8470
Base Contract No. 2700897
Transporter: _____
Transporter Contract Number: _____

SELLER:
King County, through its Department of Natural Resources and Parks – Wastewater Treatment Division
201 S Jackson St #500
Seattle, WA 98104

Attn: David Broustis
Phone: 206-477-4544
Base Contract No. _____
Transporter: _____
Transporter Contract Number: _____

Performance Obligation

There shall be two (2) Delivery Periods during the term of this Biogas Transaction Confirmation. Seller shall have a Firm obligation to deliver the Contract Quantity to the Delivery Point(s) throughout each Delivery Period and shall have an obligation to certify, on a periodic schedule as required by (i) the EPA that the Biogas quantities delivered qualify for the creation of RINs under the EPA RFS and (ii) CARB that the Biogas quantities delivered qualify for the creation of LCFS Credits under the CARB LCFS (if applicable). During Delivery Period 1, Seller sell and deliver and Buyer shall receive and purchase Gas. During Delivery Period 2, Seller sell and deliver and Buyer shall receive and purchase Biogas.

Upon the occurrence and during the continuance of a Disruption Event as defined in the Biogas Addendum, the Biogas Contract Price shall be the Posted Price unless the Seller and Buyer agree otherwise. No RIN Premium Allocation or LCFS Allocation shall be paid during an on-going Disruption Event.

For this Biogas Transaction Confirmation, Early Termination Damages do not apply.

Contract Price ($/MMBtu):

- **Gas Contract Price.** The Contract Price for Gas delivered to Buyer by Seller at the Delivery Point shall be equal to the Posted Price ("**Gas Contract Price**").

  Gas Contract Price = Posted Price

- **Biogas Contract Price**: The Contract Price for RIN qualified Biogas quantities ("**Biogas Contract Price**") delivered to Buyer by Seller at the Delivery Point shall be equal to the **Posted Price** plus the **RIN Premium Allocation** plus the **LCFS Credit Premium Allocation**, if applicable, and consistent with Section 2.1 of the Biogas Addendum includes one hundred percent of the qualified RINs and LCFS Credits generated as a result of the ultimate sale of the Biogas sold hereunder to Buyer.

  Biogas Contract Price = Posted Price ($/MMBtu) + [**RIN Premium Allocation** (cents/gallon)) x ($/100 cents)

  x (11,727 gallon/MMBtu)] + [**LCFS Credit Premium Allocation**] ($/MMBtu)

- The "**Posted Price**" means the Gas Daily Midpoint Index for NW Pipeline Canadian Border (Sumas) ($/MMBtu) as

published by Platts or any successor thereto.

- **RIN Premium Allocation.** The RIN premium allocation ("RIN Premium Allocation") shall mean, for each Month in which RINs are generated, seventy percent (70%) of the RIN Price Basis as defined below. Payment of the RIN Premium Allocation as part of the Biogas Contract Price is contingent upon Buyer or Buyer's Affiliate selling Biogas purchased under this Biogas Transaction Confirmation to the Vehicle Fuel Producer in the United States cited in Paragraph 5 of the Special Conditions in this Biogas Transaction Confirmation and the production of RINs from such Biogas that is converted to a Vehicle Fuel.

(a) ***RIN Premium Allocation Calculation.*** RIN valuations for calculating the RIN Premium Allocation, as defined below, shall be based on RIN prices that are reflective of the D3 Cellulosic Biofuel RIN ("D3 RIN") prices during the Month in which the Seller delivers Biogas ("RIN Price Basis") as specified below. The RIN Price Basis shall be determined based on the following hierarchy: (1) the Argus D3 Index (as defined below) during the Month in which the Biogas is delivered; provided that such index is Validated (as defined below in (b) ***Clarification***), (2) cash revenue realized by Buyer's RIN Marketing Affiliate (as defined below in (b) ***Clarification***) from the sale of D3 RINs associated with such Month, or (3) if the Argus D3 Index is not Validated as set forth in (1) and to the extent that (2) is not achievable in whole or in part in a commercially reasonable manner, the greater of (a) ninety percent (90%) of the Argus D3 Index during the Biogas delivery Month or (b) the average of the daily posted mid-point prices for the Argus D5 Advanced Biofuel RIN Index ("Argus D5 Index") during the Biogas delivery Month.

(b) ***Clarification.***

1) The Argus D3 Index shall be considered validated ("Validated") with respect to a Biogas delivery Month if the Argus D3 RIN Index has traded, as supported by published trades in the *Argus US Products* daily report, for any ten (10) Business Days in the twenty (20) consecutive Business Day period that immediately precedes the Advance Notice Deadline applicable to such Month. If the Argus D3 Index is Validated with respect to a Biogas delivery Month, then the RIN Price Basis shall be equal to the daily Argus D3 RIN Price for such Biogas delivery Month based on the daily Argus D3 Index, regardless of whether there are supporting daily D3 RIN trades in the Argus US Products daily report.

2) If the Argus D3 Index is not Validated with respect to a Biogas delivery Month, then Buyer shall cause an Affiliate of Buyer to which the D3 RINs have been transferred for the purpose of marketing such D3 RINs ("Buyer's RIN Marketing Affiliate") to use commercially reasonable and good faith efforts to maximize the value of the D3 RINs by selling such D3 RINs to an unaffiliated third party or by purchasing such RINs directly. The RIN Price Basis with respect to such D3 RINs sold in accordance with the preceding sentence shall be equal to the volume-weighted average cash price realized by Buyer's RIN Marketing Affiliate from the sale of its portfolio D3 RINs applicable to such Biogas delivery Month, which portfolio may include D3 RINs related to agreements with third parties.

3) If Buyer's RIN Marketing Affiliate is unable to sell all or a portion of the D3 RINs in accordance with clause (2) above by the end of the applicable Biogas delivery Month, then with respect to such unsold D3 RINs the RIN Price Basis shall be equal to the greater of (a) ninety percent (90%) of the Argus D3 Index calculated with respect to the Biogas delivery Month or (b) the Argus D5 Index during the Biogas delivery Month.

(c) ***Changes to Pricing Publications.*** If any prices or publications used to determine the RIN Price Basis are changed, discontinued or replaced in any manner that makes the determination of the RIN Price Basis impossible, the parties shall determine the applicable RIN Price Basis using the methodology in Section 14 of the Base Contract.

(d) ***RIN Market and Trades.*** For the avoidance of doubt, Seller acknowledges and agrees that (i) the market for RINs may lack liquidity, (ii) Buyer's RIN Marketing Affiliate shall at all times retain control over the evaluation of potential sales of D3 RINs and the ultimate sale of D3 RINs into the market, and (iii) Seller shall have no right to participate in or direct the sales of D3 RINs.

(e) ***Seller Election to Take RINs In-Kind.*** In lieu of receiving the RIN Premium Allocation, Seller may elect to take its RINs Premium Allocation for any one or more Biogas delivery Months as RINs in-kind provided that Seller provides written Notice to Buyer by the Advance Notice Deadline. In the event that Seller does not provide written Notice to Buyer of its election to receive its RINs in-kind, Seller, shall receive its RIN Premium Allocation as calculated pursuant to clauses (a), (b) and (c) above. If Seller elects to take its RINs in-kind, Seller must take its entire seventy percent (70%) share of RINs and shall establish and manage its EPA EMTS (EPA Mandated Transaction System) account required for such RINs. Seller shall not have the right to present any RINs that it retains in-kind to Buyer for monetization at will. Any arrangement in which Buyer monetizes such RINs for Seller shall be a separate negotiated transaction that is not included under this Biogas Transaction Confirmation. Seller may modify or rescind any election to receive its RINs in-kind given pursuant to this clause (e) provided that Seller provides written notice to Buyer thereof at least seven (7) Business Days prior to the start of the applicable Month. The effect of Buyer's rescission of such election to receive its RINs in-kind will be that the RIN Premium Allocation for the applicable Month(s) will be determined as set forth in

clauses (a) and (b) above.

(f) ***Documentation for D3 RIN Sales***. During the first full week of the Month following each Biogas delivery Month, Buyer shall deliver to Seller via email, the transaction data for D3 RIN sales made by Buyer's RIN Marketing Affiliate during the Biogas delivery Month that will include the (i) number of D3 RIN transactions, (ii) date of the D3 RIN transactions and (iii) price at which the D3 RIN transactions were carried out.

- The **"LCFS Credit Premium Allocation"** shall mean thirty-five percent (35%) of the value of Buyer's Net LCFS Credit Premium Allocation divided by the Biogas quantity purchased by Buyer in the applicable month. Settlements for LCFS Credits generated by the Biogas sold under this Biogas Transaction Confirmation and sold to the Vehicle Fuel Producer cited in this Biogas Transaction confirmation shall be made on a Calendar Quarter basis. Payment of the LCFS Credit Premium Allocation is contingent upon Buyer or an Affiliate of Buyer selling Biogas purchased under this Biogas Transaction Confirmation to a Vehicle Fuel Producer in California and the production of a LCFS Credit from such Biogas that is converted to a Vehicle Fuel.
- **Disruption Event Biogas Contract Price**. The Biogas Contract Price upon the occurrence of a Disruption Event ("Disruption Event Biogas Contract Price") shall be the Posted Price until the cessation of the Disruption Event.

Disruption Event Biogas Contract Price = Posted Price

Delivery Period:

Delivery Period 1:

Start Date: The first Day of the Month that occurs at least seven (7) Days after the execution of this Biogas Transaction Confirmation.

End Date: The fourth Business Day that occurs after the EPA Approval Date. In the event that the EPA Approval Date for the Biogas Project does not occur by June 1, 2017, unless the Seller and Buyer agree in writing to extend Delivery Period 1, for a period not to exceed one year, the Contract shall terminate as of June 30, 2017. Any agreement to extend the term of Delivery Period 1 for a period of more than one year shall require the prior approval of the King County Council before such agreement shall be effective. In connection with the execution of any such agreement, Seller shall deliver to Buyer in writing such approval of the King County Council.

Delivery Period 2:

Start Date: The fifth (5th) Business Day that occurs after the EPA Approval date.

End Date: Thirty-six (36) Months after the Start Date for Delivery Period 2 subject to extension pursuant to Special Condition 7 below.

Contract Quantity: 0 – 1,000 MMBtu Biogas/Day

The Contract Quantity reflects all of the Gas that Seller produces and injects into the Puget Sound Energy Gas pipeline distribution system.

Delivery Point(s):

Seller's meter, as set forth below.

Delivery Point Description	Meter No.
At the interconnection point of the facility with the natural gas distribution system of Puget Sound Energy, identified as the South Seattle Gate Station	Z01120039

Special Conditions:

1. **Definitions.**

"***Advance Notice Deadline***" means the seventh (7th) Business Day before the first Day of the next Biogas delivery Month.

"***Biogas Contract Price***" has the meaning set forth in the Contract Price section in this Biogas Transaction Confirmation.

"***Buyer's Net LCFS Credit Premium Allocation***" means the cash value of the LCFS Credits allocated to Buyer in the subsequent sale of the Biogas purchased in this Biogas Transaction Confirmation to the Vehicle Fuel Producer cited in this Biogas Transaction Confirmation.

"***Calendar Quarter***" means the periods, January 1 through March 31, April 1 through June 30, July 1 through September 30 and October 1 through December 31.

"***Argus D3 Index***" means, the "Low" and "High" D3 RIN price with respect to any Day for the applicable vintage year of

Cellulosic Biofuels as published in the *Argus US Products* report on each trading Day.

"***Argus D3 RIN Price***" means, with respect to any Day, the arithmetic average of the "Low" and "High" price for the applicable vintage year of Cellulosic Biofuels as published for such Day in the *Argus US Products* report.

"***EPA Approval Date***" shall mean the date on which the Biogas Project is successfully registered with the EPA and the Biogas from such Biogas Project is capable of generating RINS pursuant the EPA Renewable Fuel Standard.

"***Gas Contract Price***" has the meaning set forth in the Contract Price section in this Biogas Transaction Confirmation.

"***ICF Resources***" means ICF Resources, Inc.

"***KCVFP***" shall have the meaning set forth in Paragraph 3(a) of the Special Conditions herein.

"***LCFS Credit Value***" means the cash value of the LCFS Credits, based on the monthly average of the daily midpoints of the LCFS Credit daily prices published by Oil Price Information Service or any successor thereto, that are created by the sale and purchase of the Biogas in this Biogas Transaction Confirmation and the subsequent sale and purchase of such Biogas to the Vehicle Fuel Producer cited in this Biogas Transaction Confirmation.

"***LCFS Credit Premium Deadline***" shall have the meaning set forth in Paragraph 2(b) of the Special Conditions herein.

"***RIN Premium Deadline***" shall have the meaning set forth in Paragraph 2(a) of the Special Conditions herein.

"***WAVFP***" shall have the meaning set forth in Paragraph 3(b) of the Special Conditions herein.

"***Weaver***" means Weaver & Tidwell L.L.P.

2. Payment of RIN and LCFS Credit Premium Allocations.

(a) **RIN Premium Allocation.** The RIN Premium Allocation shall be paid based on the RINs generated and transferred to the Buyer's EPA EMTS Account as of the fifteenth day of the Month following the Month in which Biogas flowed ("RIN Premium Allocation Deadline"). Any RIN Premium due for RINs not generated and transferred to the Buyer's EPA EMTS Account by the RIN Premium Deadline, but generated and transferred thereafter shall be paid in the following Month. No RIN Premium will be paid for RINs not generated and transferred to the Buyer's EPA EMTS Account.

(b) **LCFS Credit Premium Allocation.** The LCFS Credit Premium Allocation shall be paid based on the value of LCFS Credits generated and transferred to the Buyer's CARB LRT Account between the fifteenth (15th) and eighteenth (18th) Day of the Month following the end of the Calendar Quarter (April 15- 18, July 15-18, October 15-18 and January 15-18). ("LCFS Credit Premium Allocation Deadline"). Any LCFS Credit Premium due for LCFS Credits not generated and transferred timely to the Buyer's CARB LRT Account by the LCFS Credit Premium Deadline, but generated and transferred thereafter shall be paid at the end of the following quarter. No LCFS Credit Premium will be paid for LCFS Credits not generated and transferred to the Buyer's CARB LRT Account. The calculation of the LCFS Credit Premium Allocation may be amended by the parties to reflect a future development of a market for Green Attributes in Washington State.

3. Buyer's Biogas Sales to Vehicle Fuel Producers.

(a) **King County.** Buyer shall pursue Biogas Contracts with Vehicle Fuel Producers located in King County, Washington ("KCVFP")and shall sell and deliver all Biogas purchased under this Contract to such KCVFP provided that at the applicable time each of the following conditions are satisfied: (a) Buyer is contractually engaged with Vehicle Fuel Producers located in KCVFP and (b) such Vehicle Fuel Producers have sufficient capacity to consume the full Biogas production from Seller.

(b) **Washington State.** To the extent that the conditions specified in clause (a) above are not satisfied, Buyer shall pursue Biogas Contracts with Vehicle Fuel Producers located in Washington State ("WAVFP") and shall sell and deliver all Biogas purchased under this Contract to WAVFP provided that at the applicable time each of the following conditions are satisfied: (a) Buyer is contractually engaged with WAVFP and (b) such Vehicle Fuel Producers have sufficient capacity to consume the full Biogas production from Seller.

(c) **Other Jurisdictions.** To the extent that the conditions specified in clause (a) and clause (b) above are not satisfied, Buyer may sell and deliver Biogas purchased under this Biogas Transaction Confirmation to Vehicle Fuel Producers located in any other jurisdiction.

4. Monthly Nominations and Scheduling. On or before the twentieth (20th) Day of each month, Seller shall notify the Buyer to confirm the schedule of daily Biogas nominations for each Delivery Point for the upcoming month based on Seller's projected daily Gas production at each of the Delivery Points.

5. Vehicle Fuel Producer(s):

Primary Vehicle Fuel Producer(s):	Location:
Clean Energy Fuels	At the Clean Energy Sites as listed in Exhibit C

Buyer shall have the right to amend this Biogas Transaction Confirmation in writing to amend the list of Vehicle Fuel Producer(s) in this Section 4 to reflect the termination of Biogas Contracts with Vehicle Fuel Producers or the execution of new or replacement Biogas Contracts with additional Vehicle Fuel Producers.

6. **Representations.** Each of the parties to this Addendum represents and warrants that, as of the Effective Date, (i) it has full and complete authority to enter into and perform this Biogas Transaction Confirmation; (ii) the person who executes this Biogas Transaction Confirmation on its behalf has full and complete authority to do so and is empowered to bind it thereby; and (iii) it is not insolvent and has not sought protection from its creditors under the United States Bankruptcy Code, or under any similar laws.

7. **Right to Extend Term.** Buyer and Seller may agree in writing to extend the Delivery Period of this Biogas Transaction Confirmation for two additional one (1) year periods; provided that, at least sixty (60) days prior to the expiration of the then-current Delivery Period, either Buyer or Seller provides the other party with written notice of its interest to extend the applicable period.

8. **Transfer of CARB LCFS Regulated Party Status (If Applicable).** Pursuant to Section 95484(a)(5)(D) of Title 17 of the California Code of Regulations for the Low Carbon Fuel Standard ("Section 95484(a)(5)(D)"), Seller hereby transfers to Buyer, and Buyer hereby accepts the Low Carbon Fuel Standard (LCFS) compliance obligation as the regulated party with respect to all Biogas sold by Seller to Buyer . In addition, in order to make such transfer effective as required under 95484(a)(5)(D), Seller, on a Calendar Quarter basis, shall provide the Buyer a production transfer document substantially similar to Exhibit A which shall prominently state the volume and average carbon intensity of the transferred fuel and that the Buyer is the regulated party for the acquired fuel and accordingly is responsible for meeting the requirements of the LCFS regulation with respect to fuel.

9. **EPA and CARB Registration Cost.**

a. ***Renewable Fuel Standard Registration Cost.*** Buyer and Seller shall share equally all costs associated with registration of, and ongoing costs associated with, the production facilities and fuel pathways in line with EPA requirements to provide RIN's. Seller will cooperate with Buyer and provide all necessary information required to complete registration. Seller shall be responsible for any ongoing reporting associated with integrity and compliance of the pathway.

b. ***Low Carbon Fuel Standard Registration Cost (If applicable).*** Buyer and Seller shall share equally all costs associated with registration of, and ongoing costs associated with, the production facilities and fuel pathways in line with CARB requirements to provide LCFS Credit. Seller will cooperate with Buyer and provide all necessary information required to complete registration.

10. **Process for Generation and Allocation of LCFS Credits (If applicable)**

a. ***Seller Responsibilities and CARB LRT Account.***

i. In the Month following the end of a Calendar Quarter during the Term, Seller shall facilitate access for Buyer to any and all records relevant to determining the number of LCFS Credits so that Buyer can prepare the LCFS Credit generation and allocation data for submission to the Vehicle Fuel Producer or its agent.

ii. Seller shall work with ICF Resources and Weaver to register with CARB and comply with the relevant regulatory provisions of the Low Carbon Fuel Standard set forth in Title 17, California Code of Regulations in §§ 95480-95490, including, but not limited to, pathway registration, LCFS credit generation, quarterly progress reporting and annual compliance reporting.

iii. Seller shall maintain all records relevant to (1) the production and purchase and sale of Biogas, (2) Biogas transportation, distribution and (3) the sale of the Biogas purchased hereunder as it applies to LCFS Credits in accordance with the requirements of CARB.

b. ***Buyer Responsibilities.***

i. Every Month during the Term, Buyer shall analyze the Monthly Biogas quantity purchased and received by Buyer under each Biogas Transaction Confirmation between Seller and Buyer and provide such data to Vehicle Fuel Producer.

ii. In the Month following the end of a Calendar Quarter during the Term, Buyer shall analyze the Monthly Biogas quantity sold and delivered from Seller under each Biogas Transaction Confirmation between Seller and Buyer and converted to a Vehicle Fuel by a Vehicle Fuel Producer to determine the Monthly quantity of LCFS Credits created for the Calendar Quarter.

iii. Based on the analysis in (i), Buyer shall prepare a Monthly report, for submission to the Vehicle Fuel Producer and Vehicle Fuel Producer's agent if applicable, between the fifteenth and eighteenth (15th-18th) Day of the Month, detailing the following:

A. Biogas supplied to Buyer's meters and subsequently delivered to Vehicle Fuel Producer's meters;

B. Buyer's estimated quantity of LCFS Credits to be allocated to Buyer and Vehicle Fuel Producer;

iv. Between the fifteenth and eighteenth (15th-18th) Day of the Month following the close of the calendar quarter (April 15-18, July 15-18, October 15-18 and January 15-18), Buyer shall prepare a production transfer document consistent with the CARB LCFS to validate the transfer of the regulated party status from Seller to the Buyer which states the volume and average carbon intensity of the transferred fuel and that the recipient (the Buyer) is the regulated party for the acquired fuel and

accordingly is responsible for the requirements of the LCFS regulation with respect to the acquired fuel.

c. ***Change in Regulations.*** In the event that (i) CARB amends its regulations for the generation and allocation of LCFS Credits as related to the purchase and sale of Biogas for the production of Vehicle Fuel or (ii) Washington State enacts a legislative and regulatory system for Green Attributes, Seller and Buyer shall work together in good faith and attempt to amend this Biogas Transaction Confirmation accordingly.

11. Process for Generation and Allocation of RINs

a. ***Seller Responsibilities and EPA EMTS Account.***

i. On each Monday, or other mutually agreeable Day during the Delivery Period, Seller shall facilitate access for Buyer to any and all records relevant to determining the quantity of Biogas sold and delivered by Seller and purchased and received by Buyer during the prior week so that Buyer can prepare the data regarding RIN generation for submission to the Seller and Weaver.

ii. Based on the data submission specified in Section 11(a)(i), on each Tuesday, or other mutually agreeable day during the Term, Seller shall prepare and submit a product transfer document ("PTD") substantially similar to Exhibit B to the Buyer and Weaver, and Buyer shall cause Weaver to submit such data to the EPA EMTS account, detailing the following:

A. RIN transferor and transferee company information and EPA company ID;

B. Product information including Fuel Code;

C. RIN quantity to generate and transfer;

D. RIN Year;

E. PTD number

F. Any other data as required by the EPA RFS to generate and allocate RINs as requested by Seller or Weaver

iii. After the PTD has been executed within the EPA EMTS account, Buyer shall cause Weaver to supply a screenshot of the executed transfer detailing the following:

A. RIN submission identification number and date;

B. Transaction identification number date;

C. Quantity of RINs generated and transferred to EPA EMTS Account 4320;

D. PTD number;

E. Other data necessary to document the generation and transfer of RINs to EPA EMTS Account 4320.

b. ***Buyer Responsibilities.***

i. On each Monday, or other mutually agreeable day, during the Delivery Period, Buyer shall analyze the Biogas quantity sold and delivered by Seller and purchased and received by Buyer under this Biogas Transaction Confirmation and sold to the Vehicle Fuel Producer cited herein which converted such Biogas to a Vehicle Fuel to determine how many RINs were generated during the prior seven (7) Day period.

ii. Based on the analysis specified in Section 11(b)(i), Buyer shall prepare a report, for submission to Seller and Weaver, detailing the following:

A. Biogas sold and delivered by Seller and purchased and received by Buyer at the Delivery Points

B. Total Biogas sold under this Biogas Transaction Confirmation during the applicable Month that was subsequently sold by Buyer to Vehicle Fuel Producer cited in this Biogas Transaction Confirmation, converted by such Vehicle Fuel Producer to a Vehicle Fuel and distributed as a Vehicle Fuel.

C. Biogas that Seller has delivered to Buyer but has not yet been converted Vehicle Fuel ("Virtual Storage")

D. RINs to be created from Biogas purchased by Buyer from Seller.

c. ***EPA EMTS Accounts:*** The EPA EMTS account number to which RINs allocated to the Buyer should be allocated and deposited is 4320.

d. ***Change in Regulations.*** In the event that the EPA amends its regulations for the creation of RINs as related to the purchase and sale of Biogas for the production of Vehicle Fuel, Buyer and Seller shall work together in good faith and attempt to

amend this Biogas Transaction Confirmation accordingly.

12. Additional Event of Default. Each of the following shall be an additional Event of Default under Section 10.2 of the Base Contract: (a) if either party (i) commits any fraudulent act or (ii) makes any material misrepresentation or material inaccuracy or materially misleading statement in any supporting documentation, including, without limitation, registrations or any attestation related to RIN or LCFS Credit generation based on Biogas purchased under this Biogas Transaction Confirmation or (b) with respect to Seller, if the Start Date for the Delivery Period does not occur by the date that is six (6) months after the date of this Biogas Transaction Confirmation.

13. Biogas Deliveries. Biogas purchase and sales will not commence until the fifth (5th) Business Day that occurs after the EPA Approval Date, unless Seller agrees with BP Canada Energy Marketing Corp., or another Affiliate of Buyer, in writing to commence purchase and sale of Biogas at an earlier date, with such Biogas to be placed in storage pending completion of such EPA registration. Any amendment of the Contract or any new agreement, in any case providing for the storage of Gas or Biogas, shall require the prior approval of the King County Council before such amendment or new agreement shall be effective. In connection with the execution of any such amendment or new agreement, Seller shall deliver to Buyer in writing such approval of the King County Council.

14. Hierarchy. In the event of any inconsistency between the Base Contract including the Addendum and this Biogas Transaction Confirmation, this Biogas Transaction Confirmation shall govern.

15. Notice to Buyer Regarding Execution of this Biogas Transaction Confirmation. Seller shall provide Buyer with written notice of the Effective Date via email not later than 12:00 pm pacific prevailing time on the Day prior to the Effective Date. Upon execution of this Biogas Transaction Confirmation on the Effective Date, Seller shall provide an electronic copy of the fully executed Biogas Transaction Confirmation to Buyer not later than 12:00 pm pacific prevailing time on the Effective Date. Such notices for this purpose only shall be directed to Ralph Epling at Ralph.Epling@bp.com with a copy to Art Bieser at Art.Bieser@bp.com.

Please confirm the foregoing correctly sets forth the terms of our agreement with respect to this Transaction by signing in the space provided below and returning a copy of the executed confirmation by faxing it to (281) 227-8470.

IGI Resources, Inc. (Buyer)	King County, through its Department of Natural Resources and Parks - Wastewater Treatment Division (Seller)
By: _____	By: _____
Name: Randy Schultz	Name: Gunars Sreibers
Title: President	Title: Acting Division Director
Date: September 1, 2016	Date: _____ ___, 2016

Exhibit A
LCFS Credit Production Transfer Document

LCFS Biogas Product Transfer Document

As set forth by California Air Resource Board under Title 17, California code of Regulations §§ 95484(a)(2)(5)(D)2b.

Date: ____________ **Transferor:** ________________ **Recipient/Transferor:** __________________

Transfer of Regulated Party Status to Recipient/Transferee:
The recipient/transferee is now the regulated party for the acquired fuel that it has acquired as listed below and accordingly is responsible for meeting the requirements of the LCFS regulations with respect to such fuel. Invoices associated with the below flow volumes are attached.

Production Facility ID: __________________________

Pathway Carbon Intensity: __________________________

Flow Date	Fuel Type	Volume MMBtu	Flow Date	Fuel Type	Volume MMBtu	Flow Date	Fuel Type	Volume MMBtu
	Biogas			Biogas			Biogas	
	Biogas			Biogas			Biogas	
	Biogas			Biogas			Biogas	
	Biogas			Biogas			Biogas	
	Biogas			Biogas			Biogas	
	Biogas			Biogas			Biogas	
	Biogas			Biogas			Biogas	
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	Biogas			Biogas			Biogas	

Exhibit B

Template for RIN Production Transfer Document

Seller (Transferor):
EPA Company ID No.: _____
Address: _____
_____

Seller (Transferor):
EPA Company ID No.: _____
Address: _____
_____

Contact Information:
Name:
Telephone: _____
Email: _____

Contact Information:
Name:
Telephone: _____
Email: _____

Product Information:

- Biogas as defined in 40 CFR 80.1401
- RINs generated using landfill biogas production for transportation fuel

Transfer Period Month X-Y, 201Z

Tracked Data:

No.	Parameter	Data
1	Transaction Partner Organization Identifier	
2	Transaction Partner Organization Name	
3	RIN Quantity	
4	Batch Volume	
5	Fuel Code	
6	Assignment Code	
7	RIN Year	
8	Sell Reason Code	
9	RIN Price Amount	
10	Gallon Price Amount	
11	Transaction Date	
12	Production Transfer Number	
13	Transaction Detail Comment	
14	Supporting Document (Text 1)	
15	Supporting Document Number (Text 1)	
16	Supporting Document Number (Text 2)	
17	Supporting Document Number (Text 3)	

EXHIBIT C

DELIVERY POINTS AND ESTIMATED DAILY GAS QUANTITIES (MMBTU/DAY)

PUGET SOUND ENERGY METER LOCATIONS	MAXIMUM DAILY QUANTITY (MMBTU/DAY)	UTILITY
SeaTac	120	PSE
Spokane Street	150	PSE
Bellevue	50	PSE
CleanScapes	380	PSE

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Summary of Biogas Sale and Purchase Transaction

King County Wastewater Treatment Division – IGI Resources, Inc.

Contract Objectives

- Monetize biomethane and environmental attributes at market prices
    - Take advantage of the Federal Renewable Fuel Standard (RFS) environmental attribute monetary premium value
- Prioritize sale of biomethane to local natural gas vehicle market, to encourage the use of locally-produced renewable transportation fuels
- Preserve flexibility for variable biomethane output, to reflect historical plant output

Overview of Contract Structure. Use of the North American Energy Standards Board ("NAESB") master agreement

- Commonly used/typical master agreement in the wholesale natural gas market
    - Standard contract for natural gas transactions throughout North America
- Provides ability to customize for specialized transactions, such as this contract

Analysis of Contract Documents

BC = Base Contract (NAESB), plus Special Provisions Attachment to the Base Contract
BSP = Biogas Special Provisions Addendum
BTC = Biogas Transaction Confirmation

Con-tract	Item	Page	Details	Special Provisions Details
BC	Section 1: Purpose and Procedures	3 of 14	Describes the process for the parties to enter into transactions under the NAESB master agreement. Agreements between the parties for the purchase and sale of gas must be in writing; no oral agreements are enforceable. Note that the Biogas Transaction Confirmation will be executed simultaneously with the Base Contract and special provisions. The parties are authorized to record telephone lines of commercial personnel.	Each party indemnifies the other party for claims relating to the recording of its employees' telephone lines with the other party's commercial personnel.
BC	Section 2: Definitions	3 of 14	Defines terms used in this document	Defines terms used in the Special Provisions addendum
BC	Section 3: Performance Obligation	5 of 14	If a party breaches an obligation to sell or purchase gas under the contract, the other party may purchase (or sell, as applicable) such gas in the market and recover damages (if replacement gas is purchased from another supplier at a higher price than the price under this contract or, as applicable, if unpurchased gas is sold to another buyer at a lower price than the price under this contract) from the other party. Note that King County's only liability under this section would be if it sold gas from the biogas project to a	The parties may not agree to a purchase and sale of gas that is done on a fixed price basis (i.e., a payment that is not completely calculated at market prices) without agreeing on a payment mechanism that compensates IGI Resources for losses incurred in force majeure events. Note that this concept does not impact the transaction agreed by the parties under the Biogas Transaction Confirmation. If a Regulatory Event (a change in law that impacts the ability to perform or

Con-tract	Item	Page	Details	Special Provisions Details
			buyer other than IGI Resources.	imposes significant new costs on a party's performance) occurs, the parties will attempt to reach agreement to remedy the impacts of such event. Absent an agreement by the parties, the impacted party may terminate the contract on 10 business days' notice.
BC	Section 4: Transportation, nominations and imbalances	6 of 14	King County is responsible for transportation of gas to the Delivery Point. IGI Resources is responsible for transportation of gas from the Delivery Point. The parties agree to (i) coordinate gas nominations with Puget Sound Energy, (ii) promptly inform each other of any deviations from scheduled gas volumes, and (iii) cooperate to avoid any imbalance charges with Puget Sound Energy. If an imbalance charge occurs, the party whose acts or omissions caused the imbalance charge is responsible for paying it.	
BC	Section 5: Quality and Measurement	6 of 14	King County is responsible for compliance of the gas with the quality requirements of Puget Sound Energy. Note that if gas is rejected by PSE due to noncompliance with quality specifications, King County does not incur any liability to IGI Resources	

Con-tract	Item	Page	Details	Special Provisions Details
			under the contract for such gas. Gas delivered under the contract is to be measured in accordance with the procedures of PSE.	
BC	Section 6: Taxes	6 of 14	King County is responsible for all taxes on the gas prior to delivery at the Delivery Point. IGI Resources is responsible for all taxes on the gas at and after delivery at the Delivery Point.	King County is responsible for payments to production interest holders and for severance tax applicable to the gas. King County will invoice IGI Resources for any gross receipts, compensating, or sales or use tax applicable to the gas sold under the contract. The parties will cooperate with each other in the protest of taxes and furnish documentation relating to tax exemptions.
BC	Section 7: Billing, payment, and audit	6 of 14	King County will invoice IGI Resources monthly for gas sold and purchased. Payment is due by Automated Clearinghouse Credit by the later of (i) the 20th day of the month following delivery of gas or (ii) 10 days after delivery of an invoice. Payment for cover damages (damages for non-performance under Section 3 of the Base Contract) is due 5 business days after receipt of an invoice. A party may withhold disputed amounts pending resolution of an	

Con-tract	Item	Page	Details	Special Provisions Details
			invoicing dispute. Interest on late payments accrues at the prime rate plus 2%. Either party can audit the relevant books and records of the other party to verify amounts and calculations. All invoices are presumed to be correct and final after 2 years from the month of gas delivery. The parties will net all undisputed amounts owing under the contract.	The 2 year presumption does not apply to taxes, tariff changes by PSE, and payments for green attributes of biogas. These amounts may be challenged and reviewed until 5 years from the month of gas delivery.
BC	Section 8: Title, Warranty and Indemnity	7 of 14	Title and risk of loss to the gas pass from King County to IGI Resources at the Delivery Point. King County is responsible for delivering gas with clean title (no encumbrances or liens). King County makes no other representations with respect to the gas sold. Each party is responsible for and indemnifies the other party for all claims that arise on the gas when the indemnifying party had title to the gas.	Deletes a representation under the base contract relating to the customs origin of gas sold, as there are no issues of customs or import of gas under this contract.
BC	Section 9: Notices	7 of 14	Specifies the procedures for giving of notices. Notices must be in writing and delivered via mail, courier service, email or fax. Notices are effective upon receipt.	No material edits to the base contract

A

Con-tract	Item	Page	Details	Special Provisions Details
BC	Section 10: Financial responsibility	8 of 14	If a party has reasonable grounds for insecurity of the ability of the other party to perform (e.g., due to a credit deterioration), it can require the other party to provide adequate assurance of performance (cash, letter of credit, etc.). Events of default under the contract are: (i) bankruptcy or insolvency, (ii) failure to provide required credit support, (iii) payment failure that is not cured within 2 business days. Upon the occurrence of an event of default, the non-defaulting party can suspend performance under the contract (for up to 20 days) and/or terminate the contract. Upon termination, the parties will make payment for all gas that has been delivered prior to termination. Neither party has liability for any term of the contract after termination. The non-defaulting party can set off amounts owed under any other agreements the parties may have between them.	Adds events of default for (i) a failure to perform any other obligation under the contract that is not cured within 7 business days, (ii) a merger event that results in a deterioration of creditworthiness, and (iii) defaults by IGI Resources's guarantor. The defaulting party is responsible for payment of costs of the non-defaulting party incurred in terminating or enforcing its rights under the contract. Payment of termination damages is due within 5 business days after delivery of calculation thereof. The non-defaulting party may withhold any termination payment that may be owed to the defaulting party until all other claims between the parties (including bankruptcy claims) have

Con-tract	Item	Page	Details	Special Provisions Details
				been satisfied. The parties make standard representations of the status of the contract under the bankruptcy code. IGI Resources must provide and maintain a parent guaranty in the amount of $1 million to secure its performance obligations to King County. If IGI Resources fails to make a payment to King County, then King County may demand payment from IGI Resources parent company under the guaranty.
BC	Section 11: Force Majeure	10 of 14	A party impacted by force majeure is excused from its obligations under the contract during the force majeure event. Force majeure includes events or circumstances beyond the control of the parties, other than general economic or market events. An impacted party must give notice to the other party of the occurrence of a force majeure event.	A change in law may also form the basis for a force majeure claim. If the force majeure lasts for 180 days, either party may terminate the contract.
BC	Section 12: Term	10 of 14	The base contract may be terminated by either party on 30 days' notice. Termination of the base contract does not impact any transaction confirmations that are existing on the date of termination.	No material edits to the base contract

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Con-tract	Item	Page	Details	Special Provisions Details
BC	Section 13: Limitations	10 of 14	Where a calculation of damages is specified in the contract for a breach (e.g., failure to perform under Section 3 or events of default under Section 10), the remedies specified in the contract are the exclusive remedies of the non-defaulting party. Neither party is liable for indirect, consequential or punitive damages under the contract.	
BC	Section 14: Market disruption	11 of 14	If an index price that forms the basis for pricing under the contract fails to be published, the parties will agree on a replacement price. Absent an agreement, the parties will seek price quotations from dealers in the market to determine the price.	
BC	Section 15: Miscellaneous	11 of 14	This section contains standard contract boilerplate language. Assignments of the contract other than to affiliates or to lenders require the consent of the other party. The assigning party is not discharged from liability under the contract after the assignment. The contract is governed by New York law (this choice of law is commonly seen under gas purchase and sale contracts), except for the authority and	

Con-tract	Item	Page	Details	Special Provisions Details
			power of King County under the contract, which is governed by Washington law. The parties must keep information relating to the contract confidential.	King County is allowed to comply with applicable public records laws. The parties waive rights to jury trials. King County waives sovereign immunity defenses it may have. Disputes under the contract will be resolved by negotiation between the parties. Any unresolved disputes may be referred to state or federal courts in King County or Western District of Washington.
BSP	Article I: Definitions and Interpretation	7	Defines terms used in the Biogas Special Provisions	
BSP	Article II: Specific Terms of Purchase & Sale	8	King County represents that it owns all the green attributes of the biogas sold and that the biogas facility is compliant with EPA requirements. King County will give notice of expected gas deliveries by the 20th day of the month prior to delivery. King County will give notice of facility outages. If biogas that was previously sold under the contract is subsequently disqualified as biogas or if IGI Resources is unable to utilize the biogas as a vehicle fuel, King County must refund any payment that was made for the green attributes of such gas. King County is responsible for EPA registration of the biogas project and must deliver to IGI Resources documentation of registration and eligibility of the biogas to qualify under the applicable renewable fuel standards.	

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Con-tract	Item	Page	Details	Special Provisions Details
			Each party indemnifies the other party for claims arising while it has title to the biogas.	
BSP	Article III: Disruption Event	9	If IGI Resources's downstream contracts with vehicle fuel producers terminate, then IGI Resources will act to replace such contracts. During the period when IGI Resources is unable to sell biogas to vehicle fuel producers, the King County NAESB contract will continue in effect, but will only be a sale and purchase of natural gas (with no green attributes).	
BSP	Article IV: Miscellaneous	9	Standard contract boilerplate provisions. If there are any conflicts between the base contract and the Biogas Special Provisions, the provisions of the Biogas Special Provisions will govern. If there are any conflicts between a transaction confirmation and the Biogas Special Provisions, the provisions of the transaction confirmation will govern.	
BTC	Performance Obligation	1 of 9	King County is obligated to deliver the Contract Quantity to the Delivery Point and to certify eligibility of biogas volumes with applicable regulatory programs. During the disruption of a contract between IGI Resources and a vehicle fuel producer, no payment will be made for green attributes of gas (see article 3 of the Biogas Special Provisions above).	
BTC	Contract Price	1 of 9	Contract Price for Gas. The county will receive the full index price of the gas commodity, based on the Sumas, WA index published in Gas Daily; RIN Price. The environmental attribute value is based on published market Renewable Identification Number (RIN) pricing. Revenue from IGI's sales are split between King County (70%) and IGI Resources (30%). The relevant RIN market uses two different market indices published by Argus to determine price (D5 and D3). D5 RIN pricing and market is well established, although volatile. D3 RINs transactions are in a nascent stage but have a market premium over D5 RINs. The contract provides King County with the benefit of the higher D5 RIN index, with certain protections if the D5 RIN market is not well functioning: • If the D3 RIN market is liquidly trading, the D3 RIN index price is the	

Con-tract	Item	Page	Details	Special Provisions Details
			price under the contract. • If the D3 RIN market is not trading liquidly, then IGI Resources will attempt to sell the RINs on the market, with the actual proceeds received being split 70/30 between King County and IGI Resources. • If a sale is not possible, then the RINs are priced at the D5 RIN index price, with a floor of 90% of the D3 RIN index price. This gives King County protection against a large difference in the two index prices. • As an alternative to the pricing mechanism above, King County may elect in advance to receive its share of RINs in kind and market the RINs itself. Since the biogas sold under this contract will be part of IGI Resources's portfolio of vehicle fuel volumes, exact tracking of contracts and value may be difficult. This "self help" provision is a protection to King County in the event that questions arise as to whether IGI Resources is maximizing the value of the RINs in the market.	
BTC	Delivery Period	3 of 9	Delivery term is 36 months, with two one-year extensions, if mutually agreed-upon by both parties.	
BTC	Contract Quantity	3 of 9	King County is obligated to sell to IGI Resources all gas it injects for gas transportation into the PSE pipeline system. King County has operational flexibility to use gas for internal requirements before it is injected into the pipeline, without liability to IGI Resources.	
BTC	Delivery Point	3 of 9	Interconnection with Puget Sound Energy distribution system, at the current delivery location at the Renton South Plant facility	
BTC	Special Conditions: 1. Definitions	3 of 9	Defines terms used in the Biogas Transaction Confirmation	
BTC	Special Conditions: 2. Payment of RIN and LCFS Credit Premium Allocations	4 of 9	The RIN Premium is paid to King County by the 15th day of the month following the month of gas delivery. If biogas is sold into California, the applicable credit premium is paid quarterly between the 15th and 18th day of the month following the end of a calendar quarter.	
BTC	Special Conditions: 3. Buyer's Biogas Sales	4 of 9	IGI Resources will sell biogas to vehicle fuel producers in King County. If IGI	

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Con-tract	Item	Page	Details	Special Provisions Details
	to Vehicle Fuel Producers		Resources replaces its vehicle fuel producer contracts, it will give first priority to producers in King County and second priority to producers in Washington State before selling to an out of state producer.	
BTC	Special Conditions: 4. Monthly Nominations and	4 of 9	On the 20th of each month, King County will communicate to IGI estimated gas delivery volumes for the following month.	
BTC	Special Conditions: 5. Vehicle Fuel Producers	4 of 9	The biomethane will be sold to Clean Energy Fuels at a list of locations to be detailed in the final contract. IGI Resources will amend the Biogas Transaction Confirmation to reflect any new or replacement vehicle fuel producers to which it will sell the biogas sold under the King County NAESB.	
BTC	Special Conditions: 6. Representations	4 of 9	Each party makes standard representations of authority and solvency.	
BTC	Special Conditions: 7. Right to Extend Term	4 of 9	King County and IGI Resources can mutually agree to two additional one year term extensions.	
BTC	Special Conditions: 8. Transfer of CARB LCFS Regulated Party Status (if applicable)	4 of 9	If biogas is sold into California, King County will provide to IGI Resources standard documentation of the transfer of biogas to satisfy regulatory requirements in California.	
BTC	Special Conditions: 9. EPA and CARB Registration Cost	5 of 9	King County will submit to EPA documentation needed to certify biogas. The parties will share equally the cost of registering production and fuel pathways.	
BTC	Special Conditions: 10. Process for Generation and Allocation of LCFS Credits (if applicable)	5 of 9	If biogas is sold into California, King County will give IGI Resources data and cooperation needed to certify compliance with California credit requirements. IGI Resources will prepare reports needed to qualify for California credits and receive quarterly payments. If Washington State enacts a regulatory system for environmental attributes, the parties will negotiate modifications to the Biogas Transaction Confirmation.	
BTC	Special Conditions: 11. Process for Generation and Allocation of RINs	6 of 9	King County will on a weekly basis give IGI Resources access to data regarding the quantity of biogas sold and other information needed to generate RINs.	

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Con-tract	Item	Page	Details	Special Provisions Details
			IGI Resources will engage Weaver to validate the RINs and generate weekly reports of RINs. If EPA changes the procedures for generating RINs, the parties will agree on modifications to the Biogas Transaction Confirmation to comply with such new or modified procedures.	
BTC	Special Conditions: 12. Additional Event in Default	6 of 9	The following are added as events of default with respect to deliveries of biogas: (1) a party commits a fraudulent act, (2) a party makes a material misrepresentation relating to biogas qualification or documentation, (3) with respect to King County as the defaulting party, the biogas facility is not registered with EPA within 6 months after the execution of the Biogas Transaction Confirmation.	
BTC	Special Conditions: 13. Biogas Deliveries	6 of 9	Biogas deliveries will not commence until the month after the biogas project is registered with EPA. The parties may reach an agreement for the purchase and sale of gas prior to such registration. Such gas would be held in storage pending EPA registration, at which time, the biogas would be sold to vehicle fuel producers and RINs generated.	
BTC	Special Conditions: 14. Hierarchy	6 of 9	In the event of an inconsistency between the base contract, biogas special provisions and the Biogas Transaction Confirmation, the provisions of the Biogas Transaction Confirmation will govern.	

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June 22, 2016

The Honorable Joe McDermott
Chair, King County Council
Room 1200
C O U R T H O U S E

Dear Councilmember McDermott:

This letter transmits an ordinance that will further King County's efforts to expand the local clean energy economy through the authorization to execute a Biomethane Purchase and Sale Agreement (contract) between IGI Resources, Inc. (IGI) and the Wastewater Treatment Division (WTD) of the Department of Natural Resources and Parks (DNRP).

Biomethane is purified biogas which meets or exceeds all natural gas quality standards and is interchangeable with fossil fuel derived natural gas. For more than twenty-five years, King County has produced renewable biomethane energy at the South Wastewater Treatment Plant, injected the biomethane into a natural gas pipeline, and sold the gas to Puget Sound Energy (PSE).

The legislation will provide for the biomethane produced at the South Wastewater Treatment Plant to be sold to IGI. Doing so will create a public benefit by supporting the use of biofuels for transportation purposes, while increasing the revenue received by the County.

Specifically, the ordinance will accomplish the following:

- Allow King County to tap into the lucrative economic value of environmental attributes for renewable transportation fuels through the Federal Renewable Fuel Standard (RFS), known as Renewable Identification Numbers (RINs)
- Generate an estimated $736,000 in 2016 above the current revenue for the gas sales to PSE, by selling the biomethane with the associated environmental attributes, with an estimated $3 million of additional revenue in the 2017-2018 biennium.
- Enable WTD to expand short and long-term greenhouse gas reduction efforts. Specifically, the revenue will be used to enhance biomethane production, reduce overall carbon emissions, invest in energy efficiency, and obtain more renewable energy to power its facilities. This collective work will significantly advance efforts by WTD toward carbon-neutrality.
- Encourage the use of local, renewable transportation fuels by directing the biomethane to be used to fuel natural gas vehicles in the Puget Sound region.
- Serve as a catalyst that encourages the development of biomethane projects by other wastewater treatment facilities, by serving as the first RFS-qualified wastewater biomethane to pipeline transportation fuel project in the State of Washington.

The legislation also furthers the goals of key County plans and initiatives as follows:

- The legislation furthers Environmental Sustainability Objective 3 of the King County Strategic Plan by using the biomethane for vehicle fueling to reduce climate pollution and prepare for the effects of climate change.
- The legislation also furthers the Strategic Climate Action Plan Transportation and Land Use strategy of collaborating with private industry to build demand and markets for alternative fuels.

In developing the legislation, and in an effort to ensure WTD would obtain the highest and best value for the biomethane produced at the South Wastewater Treatment Plant, DNRP issued a Request For Proposals (RFP) for the sale of the biomethane and related environmental attributes. IGI was selected as the preferred buyer of the biomethane. The proposed contract between WTD and IGI details compensation to King County for the sale of the biomethane and the corresponding Renewable Identification Number (RIN) environmental attributes.

To allow for the execution of this contract, King County has been concurrently working with PSE on an agreement that will enable the County to transport the biomethane to third parties through PSE's pipeline. The agreement is currently under review by the Washington State Utilities and Transportation Commission.

Thank you for your consideration of this ordinance.

If you have any questions about this ordinance, please feel free to contact Sharman Herrin, Government Relations Administrator of the Wastewater Treatment Division in the Department of Natural Resources and Parks, at 206-477-5376, or sharman.herrin@kingcounty.gov.

Sincerely,

Dow Constantine
King County Executive

Enclosures

cc: King County Councilmembers
ATTN: Carolyn Busch, Chief of Staff
Anne Noris, Clerk of the Council
Carrie S. Cihak, Chief of Policy Development, King County Executive Office
Dwight Dively, Director, Office of Performance, Strategy and Budget
Christie True, Director, Department of Natural Resources and Parks (DNRP)
Gunars Sreibers, Acting Division Director, Wastewater Treatment Division, DNRP
Sharman Herrin, Government Relations Administrator, WTD, DNRP

2015/2016 FISCAL NOTE

Ordinance/Motion: 2016-XXXX
Title: Biomethane and Environmental Atribute Purchase and Sale Agreement
Affected Agency and/or Agencies: Wastewater Treatment Division, Department of Natural Resources and Parks
Note Prepared By: David Broustis
Date Prepared: 4/14/2016
Note Reviewed By:
Date Reviewed:

Description of request:

Revenue to:

Agency	Fund Code	Revenue Source	2015/2016	2017/2018	2019/2020
DNRP: Wastewater Treatment Division			736,000	4,053,663	4,053,663
TOTAL			**736,000**	**4,053,663**	**4,053,663**

Expenditures from:

Agency	Fund Code	Department	2015/2016	2017/2018	2019/2020
TOTAL			**0**	**0**	**0**

Expenditures by Categories

	2015/2016	2017/2018	2019/2020
TOTAL	**0**	**0**	**0**

Does this legislation require a budget supplemental?

Notes and Assumptions:
- Biogas generation based on four year (2012-2015) average of gas injected into the pipeline: 1,760,673 therms per year
- Sales price of gas @ $0.22/therm
- 1.1727 Renewable Identification Numbers (RINs) generated per therm of gas injected into the pipeline
- RIN sales price @ 75% of combined five year average (2011-2015) of D5 RIN price and 2016 Cellolosic Waiver Credit value
- 70% of total RIN value to King County, 30% to IGI Resources, Inc.
- Baseline comparison revenue @ $0.2897/therm (Puget Sound Energy 2016 gas commodity price)
- 2016 revenue for five months, assuming contracts are complete and gas is moving per the contract by August 1st.
- Revenue beyond 2016 calculated at full year 2016 assumptions. Future market conditions are uncertain

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Wastewater Treatment Division Proposed Sale of Biomethane and Environmental Attributes

- Reduce greenhouse gases
- Promote renewable fuels
- Generate revenue for new environmental investments

David Broustis
Energy Manager
King County Department of Natural Resources and Parks

King County

Transaction Overview:

- **Treatment plant produces biomethane**
  - Biomethane currently sold to PSE
- **Proposal:**
  - Sell biomethane ***and*** associated environmental attributes to IGI
- **Additional revenue for new environmental investments**

South Treatment Plant Produces biomethane

+

Natural gas vehicles consume equal volumes of gas as the treatment plant produces

=

Tradable RIN and sale of gas $$$

King County

Public Benefits of Proposed Legislation

- Promotes production and use of renewable transportation fuels
- Reduces greenhouse gas emissions
- Generates ~$2 million annually for new WTD environmental investments
- Biomethane will be used in local fleet vehicles that use CNG (compressed natural gas)

King County

What is a RIN?

- **"Environmental Attributes" in this transaction are "RINs"**
- **RIN stands for "Renewable Identification Number"**
- **Comes from the EPA Renewable Fuel Standard**
  - Requirements to increase renewable fuels in transportation
- **Oil companies and others must buy RINs each year**
- **RINs have value separate from the commodity value**
- **Each RIN is tied to a specific quantity of qualified renewable energy used in transportation**
- **WTD's biomethane qualifies**

King County

RIN Transaction

1. Biofuel ***Producer: WTD South Treatment Plant***
2. Biofuel ***Consumer: Clean Energy stations (gas transported via IGI)***
3. RIN ***Obligated Party/Purchaser: IGI Resources, Inc.***

Biofuel Producer
WTD South Plant
South Wastewater Treatment Plant biomethane

+

Transportation Fuel Consumer
IGI/Clean Energy
Local natural gas vehicles, fueled at Clean Energy stations

=

Tradable RIN
(One RIN created for each 77,000 BTU of gas produced and used)

↓

Purchaser / Obligated Party
IGI Resources, Inc.
(oil producers, refiners and importers)
By law, must purchase RINs each year

King County

Timeline

- Competitive selection process
- Contract negotiations
- Council action on contracts

- EPA review and approval
- RIN revenue commences when EPA approval granted
- Exploring innovative options to obtain RIN revenue during EPA approval process
- $168,000 monthly revenue to advance Strategic Climate Action Plan

King County

King County

Metropolitan King County Council
Transportation, Economy and Environment Committee

STAFF REPORT

Agenda Item:	13	**Name:**	Greg Doss
Proposed No.:	2016-0453	**Date:**	September 14, 2016

SUBJECT

Proposed Motion 2016-0453 would accept an action plan to increase the security of transit passengers and operators that was prepared in response to Motion 14595.

SUMMARY

In March 2016, Metro Transit's General Manager and the KCSO Transit Police Chief briefed members of the Transportation, Economy and Environment (TrEE) Committee on the agency's recent steps to enhance security on Metro coaches and around Metro Transit facilities.

Following that briefing, the Council passed Motion 14595, which requested that the Executive develop and transmit to the Council an action plan that supports the strategies outlined in the Metro system security plan and identifies and prioritizes specific activities that can be undertaken to enhance the safety and security of Metro Transit's customers and employees. Motion 14595 can be found as Attachment 2 to this staff report.

The motion requested that the Executive develop an action plan analyzing 10 specific issue areas related to Transit security. Examples of these areas include: use of cameras for security, Transit Police staffing and use of Real Time Crime reporting mechanisms and systems.

Today, the Committee will again hear from Metro Transit's General Manager and the KCSO Transit Police Chief on the action plan that responds to Motion 14595, which was transmitted with Proposed Motion 2016-0453, which would accept the action plan (See Attachment 1 to this staff report).

BACKGROUND:

Motion 14595 notes that it is the policy of the King County Council that the safety of transit operators and passengers is of paramount importance and that measures should be taken to ensure that Metro Transit services and facilities are convenient, accessible and safe for passengers and operators.

The motion requested that the Executive develop and transmit to Council an action plan that supports the strategies outlined in the Metro system security plan and identifies and prioritizes specific activities that can be undertaken to enhance the safety and security of Metro Transit's customers and employees.

The motion asked the Executive to consider in its action plan:

a) information about current security plans and an analysis of the relative success of these programs;
b) an analysis of the reliability and potential expansion of video cameras on transit coaches;
c) an analysis of fare enforcement policies and the relationship to operator and passenger security;
d) an analysis of current staffing levels for Metro Transit police and contract personnel used to provide security in the transit tunnels and at metro stations;
e) an analysis of the potential benefits that could be derived from Metro Transit police and security personnel deployment based on real-time crime reporting;
f) an analysis of the benefits that might be achieved by adding dedicated personnel in the Prosecuting Attorney's Office and Department of Public Defense;
g) an analysis of how transit safety programs can be implemented so as to avoid disparate impacts on disadvantaged communities;
h) a comparison of Metro Transit passenger and operator security programs with programs operated by transit systems in other cities;
i) a funding plan and potential budget for action plan recommendations; and
j) a recommended timeline for implementation of recommended actions.

Context for Motion:

Assaults on Metro bus drivers and passengers received additional attention after two incidents in early 2016 in which a passenger struck a King County Metro operator and threatened a Sheriff’s Deputy at knifepoint (February 25, 2016), and a passenger was seriously injured in an on-board shooting that apparently targeted the victim (February 3, 2016).

The attacks, as well as a long term interest in the safety and security of transit passengers and operators, prompted the Executive and Council to review the safety measures, processes and protocols used by Metro Transit security and the Metro Transit Police force.

The Metro Transit Police, a unit of the Sheriff's Office, is responsible for the safety and security of the Metro Transit system. The Transit Police administer County policies that regulate of conduct of transit users as well as the behaviors that give rise to civil infractions and criminal charges. Metro Transit is responsible for identifying and preventing actions or behaviors that can threaten operator and passenger security and will result in arrest, immediate expulsion or a suspension of use privileges.

Metro System Security Plan: The King County Metro Strategic Plan for Public Transportation (2013 Update)[1] identifies its first objective as "Keeping People Safe and Secure." The Strategic Plan notes that Metro protects the safety and security of its customers, employees and facilities in a variety of ways, including planning, policing, facility design and collaboration with other agencies on safety related matters. It notes that the System Security Plan guides Metro's efforts to maintain and improve the safe operations of its vehicles and the safety and security of its facilities.

The System Security Plan was last updated in December 2011. The System Security Plan indicates that Metro Transit's security is based on the successful integration of four primary objectives that include (1) reducing vulnerability, (2) deterring or preventing potential threats, (3) responding to security risks, and (4) managing the consequences for any security related incidents.

The System Security Plan outlines the strategies applied by Metro Transit to achieve the security system objectives noted above. Some of the strategies focus on Systems Design, including the use of security technology, while others focus on Security Assessment strategies that may require coordination with the Federal government or other local law enforcement agencies. Each strategy and sub-strategy is supported by specific standard operating procedures that can be executed by Transit personnel or Transit Police.

Transit Police Staffing and Deployment: The Transit Police are responsible for the safety of 1,458 coaches and 222 routes, including Rapid Ride lines and regional Sound Transit Bus service that is operated by Metro Transit. Transit Police monitor 10 Transit Centers, 130 Park and Ride lots (Metro and WSDOT) and routes that carry an average daily ridership of more than 400,000 people.

The Metro Transit Police force is composed of approximately 68 FTEs, including 39 Patrol Deputies and Sergeants, 10 Bike Squad FTEs, 11 Detectives, five Anti-terror teams and various administrative and Command Staff.[2]

The Metro Transit Police primarily employ geographic deployment of Deputies to garner ownership of specific assigned areas. The agency also utilizes a "Top Route" or "Hot Spot" deployment to address emerging safety and security issues. The Agency Commander has indicated that he uses his flexible forces, such as the bike squads, to provide proactive responses to information that he receives from other law enforcement agencies or from the Security Incident Reports (SIRs) that are created when Metro drivers are the victims of or witnesses to criminal or other reportable behavior.

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[1] http://metro.kingcounty.gov/planning/strategic-plan/index.html
[2] Metro Transit Police presentation to the Regional Transportation Committee on October 21, 2015

Transit Security Services: King County Metro Transit presently contracts with the private sector to provide the level of security services required to meet organizational needs. Securitas Security Services USA, Inc. is presently Metro's security provider. Securitas provides unarmed security services at many Metro facilities, as well as on board Rapid Ride coaches. These services include standing security posts within the Downtown Seattle Transit Tunnel, roving security patrols, 24/7 monitoring of security systems and closed caption TV systems at select transit centers, and conducting revenue service fare enforcement operations. Present staffing level is approximately 120 security officers.

Transit Crime: Assaults on operators are widely defined and can mean anything from a physical attack to spitting on a driver. The Transit Police have indicated that the annual number of assaults on operators have decreased from a high of 180 in 2005 to a level of about 80, or roughly seven per month, in 2015. Other statistics tracked by Transit Police show that there are five or fewer assaults on passengers per month and approximately 25 passenger disturbances per month.[3]

Transit Police Command staff have indicated that some of the reduction in operator assaults is due to the Operator Assault Reduction Program, which was launched in 2008. Command staff have indicated that the program includes quick Deputy responses to reports of operator assaults, early intervention for operators, emphasis patrols by plain clothes Detectives, use of the Suspension and Exclusion Policy as a tool to restrict offenders from the system, an operator assault reward fund and the launching of follow up investigations.

Metro Transit has provided information on its 2014 Strategic Plan Progress Report information that summarizes positive gains in safety-related issues. In addition to the reduction in operator and passenger assaults noted above, the progress report found customer satisfaction with personal safety while riding the bus at night remains high, as does satisfaction with the safe operation of the buses.

Customer satisfaction regarding safety and security was also assessed via rider surveys. In 2014, 74 percent of riders said that they were "very satisfied" with the safe operations of the bus, a statistic that was consistent with prior years. Most of the remainder of riders said they were "somewhat satisfied." When asked about personal safety while riding the bus at night, Metro Transit reports that 81 percent said they are very or somewhat satisfied, which is similar to the average for the previous four years.

Fare Enforcement and Suspensions of Use-Related Policies: In 2015, the Council passed Motion 14441, which established four policies related to the treatment of individuals for transit violations. That motion also directed the Executive to transmit to Council in 2016 a work plan for implementing these policies and any legislation, including supplemental appropriation requests, necessary for their implementation.

Following the first committee hearing on Motion 14441, staff received information from affected County agencies and stakeholder groups on potential impacts they identified. At the time, Metro Transit, Transit Police and King County Sheriff's Office expressed

[3] Metro Transit Police presentation to the Transportation, Economy and Environment Committee on March 1, 2016

concerns related to any policies or actions that could have the effect of reducing the tools available to law enforcement to advance the goals of the Metro Transit Security Program, including reducing crime and reducing the fear of crime on Metro Transit facilities.[4]

King County Metro convened a group of stakeholders, the Transit Safety and Equity Work Group, to undertake the work set out in Motion 14441. According to Metro Transit, that group includes representatives from Metro Transit Police, the Prosecuting Attorney's Office, the District Court, the Superior Court, the Department of Public Defense, Metro Transit operations, and stakeholders from non-profit organizations such as TeamChild and the Public Defenders Association. Earlier this year, the Council accepted the workplan required in Motion 14441 through Motion 14675.

ANALYSIS

Table 1 below is clipped from the action plan. It summarizes the issues addressed in the transmitted action plan, including target dates for completion and the status of each item. Metro staff will provide additional information on the action plan and Metro's proposed next steps.

Table 1. Summary of Action Plan Items
(from Proposed Motion 2016-0453 Attachment A)

Strategy	Item Description	Target Date	Status
Metro/ ATU Partnership for Operator Security	Expanding education, enforcement, and engineering efforts to reduce operator assaults in cooperation with ATU	Ongoing	3 Workshops held; additional workshop scheduled for 10/2016
On-Board Camera Systems (OBCS)	Ensuring all newly in-service coaches are equipped with OBCS & existing fleet is retrofitted with OBCS	December 2018	In progress; part of 2017-2018 budget proposal
Increased Metro Transit Police (MTP) staffing	Additional MTP personnel	1st Quarter 2017	In progress; part of 2017-2018 budget proposal
Operator personal security	Modify Metro Transit policy to allow for use of personal mobile devices to notify 911 in certain circumstances	August 2016	Drafted; distributed at 3rd Security Workshop

[4] Proposed Motion 2015-0256, Staff Report on July 21, 2015, pg. 8.

Strategy	Item Description	Target Date	Status
MTP authority to manage chronic offenders	Develop MTP authority mechanisms to issue criminal trespass violations to repeat on-bus violators	3rd Quarter 2016	August 2016 consideration of "trespass" ordinance
Operator shields	Design and implement a test of retractrable Operator Shields on certain routes	4th Quarter 2016	To form design team August 2016
Crime analysis	Utilize dedicated crime analyst to identify trends, predict issues, and mitigate emerging trouble within the system	1st Quarter 2017	In progress; part of 2017-2018 budget proposal
Public View Monitors	Design and implement a test of public view monitors on RapidRide lines	4th Quarter 2016	To form design team September 2016
Eliminate Paper Transfers	As part of longer-term fare policy review, examine ways to equitably eliminate paper transfers, a major source of friction between operators and customers	2018	Work with jurisdictions to review current fare policy and ORCA options underway
Training for Operators & others on incident response team	Expand ongoing education for operators, supervisors, control center coordinators in collaboration with ATU, 911 Center staff, and representatives across Metro Transit	January 2017	To form design team September 2016
Public Education	Expand public awareness of Metro code of conduct, through public announcements, signage, and school partnerships	2nd Quarter 2017	To form design team November 2016

ATTACHMENTS

1. Proposed Motion 2016-0453 and its attachment (Metro Transit Passenger & Operator Security Workplan)
2. Motion 14595
3. Transmittal Letter

INVITED

1. Rob Gannon, Interim General Manager, Metro Transit, King County Department of Transportation
2. Major Dave Jutilla, Metro Transit Police Chief

KING COUNTY

Signature Report

September 12, 2016

Motion

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Proposed No. 2016-0453.1 **Sponsors** Dembowski

A MOTION accepting a transit passenger and operator security action plan to enhance the safety and security of transit customers and employees, in response to Motion 14595.

WHEREAS, public transportation plays a vital role in increasing mobility and access throughout King County, with the transit division ("Metro Transit") providing more than one hundred twenty million transit boardings during 2015, and

WHEREAS, ensuring the safety and security of Metro Transit services and facilities, as measured by minimizing operator and passenger disturbances and assaults, is one of the goals of the 2011-2021 Strategic Plan for Public Transportation, and

WHEREAS, it is the policy of the county that the safety of transit operators and passengers is of paramount importance and that measures should be taken to ensure that Metro Transit services and facilities are convenient, accessible and safe for passengers and operators, and

WHEREAS, Metro Transit has a system security plan to guide its efforts to maintain and improve the safety and security of its operations and facilities, and

WHEREAS, the council requested that the executive develop and transmit to council a transit passengers and operator security action plan that supports the strategies

outlined in the system security plan and identifies and prioritizes specific activities that can be undertaken to enhance the safety and security of Metro Transit's customers and employees, and

WHEREAS, the plan should include, but not be limited to:

1. Information about current security plans and programs that are being implemented for transit passengers and operators, including analysis of the relative success of these programs;

2. An analysis of the reliability and potential expansion of video cameras on transit coaches and the potential use of cameras by operators for security purposes;

3. An analysis of the fare enforcement policies and practices and the relationship between fare enforcement policies to operator and passenger security, including lessons learned from the implementation of fare enforcement measures on the rapid ride lines;

4. An analysis of current staffing levels for Metro Transit police and contract personnel used to provide security in the transit tunnels and at metro stations;

5. An analysis of the potential benefits that could be derived from Metro Transit police and security personnel deployment based on real-time crime reporting;

6. An analysis of the benefits that might be achieved by adding dedicated personnel in the prosecuting attorney's office and department of public defense;

7. How transit safety programs can be implemented so as to avoid disparate impacts on disadvantaged communities;

8. A comparison of Metro Transit passenger and operator security programs and incident levels with security programs operated by transit system in other cities around the country;

9. A potential budget for action plan recommendations, including identification of funding sources and proposed funding levels for the 2017/2018 biennial budget; and

10. A recommended deployment strategy and a timeline for implementation for the recommended actions, and

WHEREAS, the plan and report should be undertaken by the executive in consultation with county staff including but not limited to: representatives from the sheriff's office, the prosecuting attorney's office, the department of public defense, Metro Transit operators and the Metro Transit police;

NOW, THEREFORE, BE IT MOVED by the Council of King County:

The action plan in response to Motion 14595, Attachment A to this motion, is hereby accepted.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

_____

J. Joseph McDermott, Chair

ATTEST:

_____

Anne Noris, Clerk of the Council

APPROVED this _____ day of _____, _____.

_____

Dow Constantine, County Executive

Attachments: A. Metro Transit Passenger & Operator Security Workplan in response to Motion 14595

King County

Metro Transit Passenger & Operator Security

Workplan in response to Motion 14595

September 2016

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Executive Summary

By Motion 14595, the King County Council requested that the Executive develop and transmit a passenger and operator security action plan that supports the strategies outlined in the King County Metro Transit (Metro) 2011 System Security Plan and responds to one of the goals of the 2011 – 2021 Strategic Plan for Public Transportation: ensuring the safety and security of Metro services and facilities by minimizing operator and passenger incidents and assaults. The security action plan will identify and prioritize specific activities that can be undertaken to enhance the safety and security of Metro's customers and employees. The security action plan includes, as requested:

A. Information about current system security plans and programs that have been implemented for transit passenger and operators, including analysis of the relative success of these programs;

B. An analysis of the reliability and potential expansion of video cameras on transit coaches and the potential use of cameras by operators for security purposes;

C. An analysis of fare enforcement policies and practices and the relationship between fare enforcement and operator and passenger security, including lessons learned from the implementation of fare enforcement measures on RapidRide lines;

D. An analysis of current staffing levels for Metro Transit Police (MTP) and contract personnel used to provide security in the transit tunnels and at Metro facilities;

E. An analysis of the potential benefits that could be derived from MTP and security personnel deployment based on real-time crime reporting;

F. An analysis of the benefits that might be achieved by adding dedicated personnel in the Prosecuting Attorney's Office (PAO) and the Department of Public Defense (DPD);

G. An analysis of how transit safety programs could be implemented so as to avoid disparate impacts on disadvantaged communities;

H. A comparison of Metro passenger and operator security programs and incident levels with security programs operated by transit systems in other cities around the country;

I. A potential budget for action plan recommendations, including identification of funding sources and proposed funding levels for the 2017/2018 biennial budget;

J. A recommended strategy and timeline for implementation of recommended actions.

Metro has comprehensive security plans that rely on three main elements: education, enforcement and engineering, all with the intention of keeping Metro passengers and employees safe and making the system even safer from a wide range of threats. In forming this security action plan, Metro Transit staff focused on those high probability, high impact events of passenger-to-passenger disturbances and operator assaults.

Over the last 10 months, Metro has been engaged in a comprehensive review of its safety systems and safety culture. This review was designed to provide a roadmap for Metro to foster a positive safety culture within Metro's safety systems. At the same time, this review has also laid the groundwork for Metro to comply with pending regulations from the Federal Transit Administration (FTA) regarding safety management systems (SMS).

This work, along with a series of workshops jointly sponsored by Metro and the Amalgamated Transit Union Workers, Local 587 (ATU), helped to design and prioritize the near-term and longer-term strategies identified in this security action plan.

Methodologies for this project included:

- Document and safety data reviews;
- Interviews, focus groups, and workshops;
- Safety & security meeting attendance;
- Visual inspections and ride-alongs;
- An agency-wide safety culture survey;
- Transit agency benchmark research (including a site visit to TriMet in Portland, OR) and
- A review of forthcoming FTA SMS requirements.

A high-level summary with near-term strategies, descriptions and target dates is provided below. Further details can be found in the pages that follow the Executive Summary. Below are pictures taken at the various Security Workshops jointly sponsored by Metro and ATU held between May – July 2016.

Strategy	Item Description	Target Date	Status
Metro/ ATU Partnership for Operator Security	Expanding education, enforcement, and engineering efforts to reduce operator assaults in cooperation with ATU	Ongoing	3 Workshops held; additional workshop scheduled for 10/2016
On-Board Camera Systems (OBCS)	Ensuring all newly in-service coaches are equipped with OBCS & existing fleet is retrofitted with OBCS	December 2018	In progress; part of 2017-2018 budget proposal
Increased Metro Transit Police (MTP) staffing	Additional MTP personnel	1st Quarter 2017	In progress; part of 2017-2018 budget proposal
Operator personal security	Modify Metro Transit policy to allow for use of personal mobile devices to notify 911 in certain circumstances	August 2016	Drafted; distributed at 3rd Security Workshop
MTP authority to manage chronic offenders	Develop MTP authority mechanisms to issue criminal trespass violations to repeat on-bus violators	3rd Quarter 2016	August 2016 consideration of “trespass” ordinance
Operator shields	Design and implement a test of retractrable Operator Shields on certain routes	4th Quarter 2016	To form design team August 2016
Crime analysis	Utilize dedicated crime analyst to identify trends, predict issues, and mitigate emerging trouble within the system	1st Quarter 2017	In progress; part of 2017-2018 budget proposal
FTA Rule-making process on regulator requirements to reduce/ mitigate the impact of operator assaults	Participate in hearings to aid in proposed FTA rule to address assaults	2nd-4th Quarters4 2016	In progress
Public View Monitors	Design and implement a test of public view monitors on RapidRide lines	4th Quarter 2016	To form design team September 2016

Strategy	Item Description	Target Date	Status
Eliminate Paper Transfers	As part of longer-term fare policy review, examine ways to equitably eliminate paper transfers, a major source of friction between operators and customers	2018	Work with jursidictions to review current fare policy and ORCA options underway
Training for Operators & others on incident response team	Expand ongoing education for operators, supervisors, control center coordinators in collaboration with ATU, 911 Center staff, and representatives across Metro Transit	January 2017 roll-out	To form design team September 2016
Public Education	Expand public awareness of Metro code of conduct, through public announcements, signage, and school partnerships	2nd Quarter 2017	To form design team November 2016

Background

World events, such as the bombings of passenger rail systems in Madrid, London, Mumbai, and the 2016 Brussels' Metro and Istanbul's airport attacks underscore the threats and vulnerabilities associated with public transportation. Mass transit systems also suffer from day-to-day threats of trespass, vandalism, theft and personal injury. In response, public transportation systems are placing renewed emphasis and focus on system-wide security.

King County Metro Transit (Metro) is no exception; Metro operates in a continuous mode of assessing and enhancing its capacity to prevent, deter, respond to and manage security threats and challenges. Metro's transportation services, and those it operates on behalf of, Sound Transit Link Light Rail and City of Seattle Streetcar, are integral to the local and regional infrastructure. The safety and security of Metro's passengers, employees, equipment and facilities are vitally important at all times.

Metro services cover 2,100 square miles with 1,512 coaches, and 213 fixed routes and alternative services. It provides six RapidRide routes and nine regional Sound Transit bus routes operated and maintained by Metro. Metro's average weekday ridership is approximately 400,000, and annual ridership is approximately 121 million boardings. There are 16 transit centers throughout the system, six Metro-owned and 10 Sound Transit-owned. Eleven transit centers have park-and-ride lots. Including these transit centers with parking, there are more than 130 designated Park & Ride lots and over 8,000 Metro bus stops. Each of these facilities and services has inherent risks, and security plans and programs are designed to attempt to address those risks.

Metro has a comprehensive Security System Plan (SSP), outlining strategies to achieve its security mission and system security objectives. That plan is a guiding document, an over-arching plan that generally informs the intent of the agency relative to internal and external security measures. The SSP is regularly updated with the latest revision process slated to begin in the third quarter of 2016 to align the agency's SSP with the Department of Homeland Security/Transportation Security Administration's (DHS/TSA) "BASE" (Baseline Assessment & Security Enhancement) review. The BASE review is a voluntary program Metro participates in to improve its security posture. Metro and DHS/TSA are concluding the 2016 BASE review, which is typically conducted every three years. Metro's decision to use the newest BASE review to rewrite its SSP is intended to not only simplify future reviews, but to streamline the federal assessment of Metro's security efforts during processes such as the Transit Security Grant Program application review.

From low-probability/high-impact events such as terrorism, to high-probability/low-impact events such as general security disturbances, the SSP outlines efforts Metro undertakes to prevent, deter, detect, interrupt, manage, and recover from security threats to the system. The actual mechanical efforts those phases require are not outlined in the SSP, but are generally described within agency policies, procedures or other operating documents. It is important for the SSP to remain somewhat high-level and elastic, in order to allow Metro to expand or contract its programs based on emerging or evolving threats.

The focus of this security action plan centers on those events that are high probability and have significant impact on its victims, namely passenger and operator assaults and other on-board disturbances.

A. Current Security Plan & Programs

Metro Transit Security System Resources

Metro Transit has an integrated security system that relies on coordination between and among Transit Operators, Transit Control Center Coordinators, Transit District Supervisors, King County Sheriff's Office 9-1-1 Center, the Metro Transit Police precinct of the King County Sheriff's Office, local law enforcement agencies, contracted security services and Fare Enforcement Officers. All play unique roles to allow for a coordinated and integrated security system for Metro Transit customers and staff. Each has a myriad of standard operating procedures and protocols to prevent and respond to issues posing security threats to passengers and employees. In addition, each operating base has a Base Security Committee that endeavors to discover security issues facing operators and the public riding their buses, and to communicate those concerns to security resources in Metro to address those concerns.

The cornerstone for this security system is a dedicated law enforcement security service, provided by contract with the King County Sheriff's Office (KCSO). That contracted service constitutes the Metro Transit Police (MTP). MTP works in partnership with the over 26 local law enforcement agencies in which Metro properties, facilities, and fleet are located and operate.

Metro also contracts for security services in order to monitor 24/7 real-time security alarm events and closed circuit television of certain transit centers, parking garages, transit operations facilities; provide 24/7 security in the Downtown Seattle Transit Tunnel (DSTT); and patrol select properties from among over 130 park-and-ride lots and transit centers.

Security officers are responsible for monitoring suspicious behavior and circumstances, violations of the DSTT code of conduct, providing customer service, investigating alarms and assisting emergency response personnel. More information on the current staffing levels for MTP and contract security services is set forth in Section D.

Fare Enforcement Officers (FEOs) provide an additional layer of security presence on the RapidRide lines. Fare enforcement was instituted at Metro with the inauguration of Metro's first Bus Rapid Transit line, "RapidRide," in 2011 and has since expanded to six lines. FEOs inspect passengers for proof of fare payment while on board public transit vehicles and at transit stations and facilities. They also educate passengers about the fare, assist passengers in purchasing fare, escort them off the bus, and issue notices of infraction to passengers without valid fare. FEOs observe and report potential safety hazards, security issues, law violations, and assist Metro and other law enforcement officers in the event of accidents, emergencies and other incidents.

The presence of FEOs has a generally calming effect on negative onboard behaviors, and increases security during the time the FEOs are on the coach. Coach operators report feeling more secure and supported with the presence of FEOs. The public, via rider surveys, also have shown support for the program. An analysis of fare enforcement policies and their relationship to passenger and operator security is set forth in Section C.

Finally, the Transit Control Center (TCC) utilizes TCC Coordinators to provide first-level response to coach operator calls for assistance in the event of a security incident. They ensure law enforcement, medical assistance or any other appropriate emergency response is dispatched to the facility or coach where the incident is occurring. Coordinators also dispatch Transit Operations District Supervisors, who are deployed in the field and the DSTT on a 24/7 basis to respond and assist operators in need.

Bus Security Policing Program

The intent of the MTP is to promote safety and security on coaches and in facilities for transit employees and riders. Because it is not resourced as a dedicated “stand alone” transit police agency, it works in partnership with local law enforcement agencies.

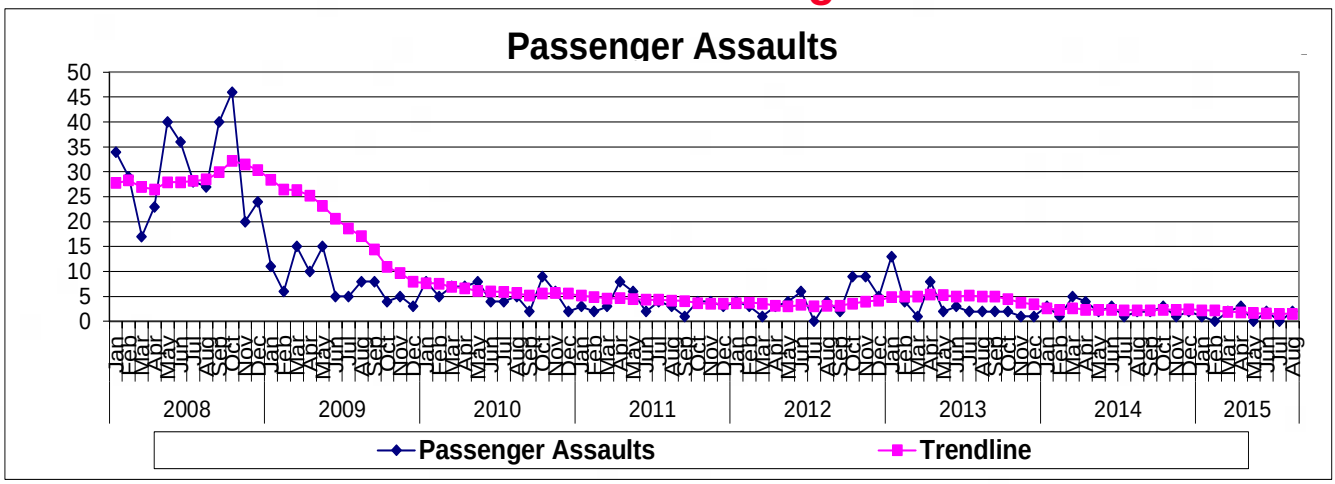
MTP has taken the lead in designing and implementing a program focused on reducing crime and disorder on-board Metro coaches. Specifically, MTP focuses its resources in order to:

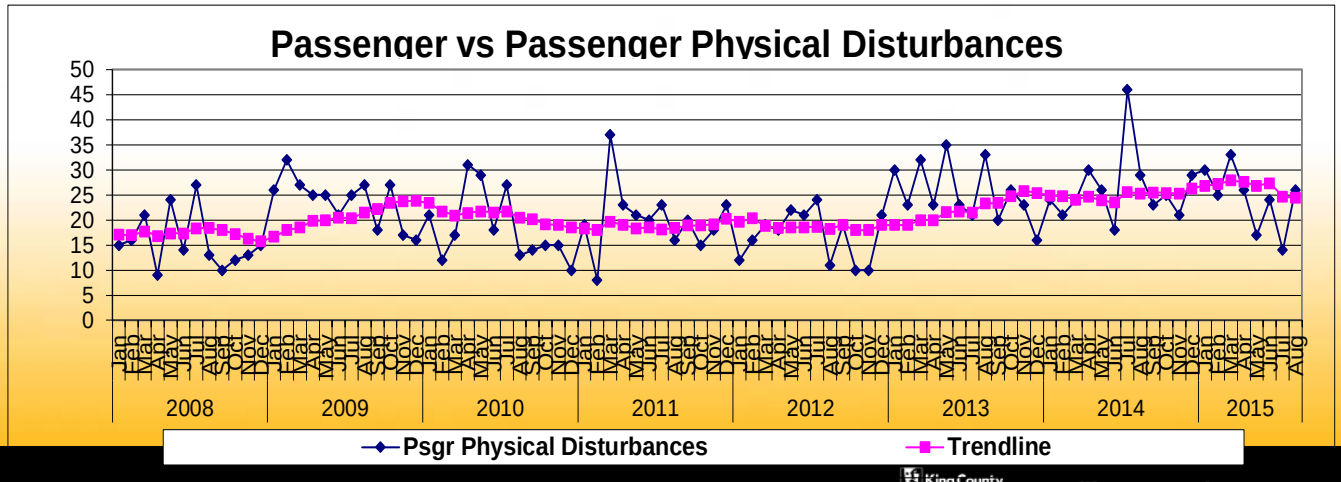
1. Promote safety and security in transit operations and facilities;
2. Reduce crime and the fear of crime to increase a sense of security for Metro employees and riders;
3. Encourage riders to observe laws, ordinances and Metro policies;
4. Increase the safety and security of Metro employees and customers through information and awareness initiatives;
5. Plan for and support regional emergency response and homeland security efforts;
6. Encourage local law enforcement agencies in the region to consistently enforce mass transit-related laws and ordinances on Metro coaches and facilities;
7. Provide timely and professional police responses to in-progress crimes and security incidents on Metro coaches and facilities;
8. Provide documentation for referral to the Prosecutor’s Office when applicable; and
9. Enhance intermodal transportation security.

Concept of Metro Transit Police Operations

In 2013, MTP re-focused its priorities by returning to a geographic deployment with layered emphasis patrols and activities using the Bicycle Emphasis Enforcement Squad (BEES), Patrol and Investigations. In addition to responding to requests for transit police assistance, MTP also proactively deploys both uniformed and plain-clothed staff to provide an on-site presence with an emphasis on certain routes, locations and times of day. This deployment is determined by a review and analysis of security incident reports generated by transit operators as well as crime reports that indicate a higher probability of incidents. In this way, MTP makes focused, emphasis patrol efforts to both reduce crime and the fear of crime using crime trends, identification of so-called “hot spots” and top problem routes. It reviews and focuses on crime fighting and investigations, focusing its efforts on sexual misconduct crimes, to keep sexual predators off the transit system, other crimes of violence against persons, property crimes, and code of conduct/quality of life issues.

On-Board Problems - Passenger Physical Disturbances and Passenger Assaults





The trends for passenger assaults have generally trended lower while the rate of physical disturbances have remained relatively constant. Although the entire system of security resources deployed effectively across Metro operations and facilities has kept passenger-against-passenger assaults and physical disturbances fairly low, passenger-to-passenger conflict remains a threat both here and worldwide for transit agencies. Metro Transit staff participate in international forums to learn and incorporate best practices in reducing and mitigating the impacts of passenger-to-passenger conflict.

Operator Assault Reduction Program

In 2013, 28 transit workers died due to violence on the job across the United States.[1] Transit perators face the worry of assault on a daily basis. Assaults against transit workers pose a

[1] Bureau of Labor Statistics Census of Fatal Occupational Injuries, TABLE A-1, Fatal Occupational Injuries by Industry and Event or On Exposure, All United States, 2013

serious threat on many levels by threatening the physical safety and emotional well-being of transit workers, endangering passengers, and lowering employee morale. The emotional effects of assaults can deter transit employees from returning to work and passengers from using transit services.

The vast majority of assaults against transit workers nationwide are non-fatal, and only about two percent involve weapons.[2] A full 60 percent involve spit or other such bodily fluids.

In 2009, Metro reviewed its response to a persistent number of operator assaults. Led by the MTP, the operator assault reduction program has proven highly effective in reducing operator assaults. The collective goal was and is to get to zero assaults. Note that the term “assault” is broadly defined here to include overt physical and verbal acts by a passenger or other member of the public against a transit worker.

Metro and MTP deploy the following strategies to address operator assault:

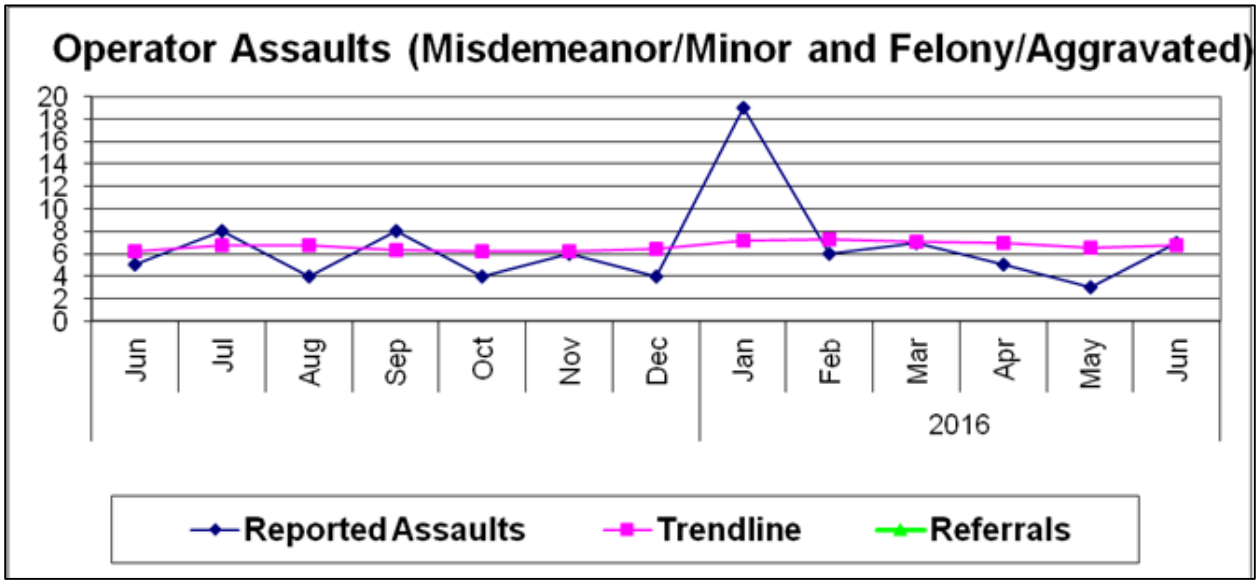
- Deputy response to reports of an operator being assaulted;
- Thorough follow-up investigations (which, for example, resulted in a record 26 arrests in 2015);
- Communication outreach to customers;
- Training of bus operators in defusing hostile situations;
- Early interventions for operators that have repeat assaults to encourage changes in operator practices which may reduce or defuse hostile situations;
- Emphasis patrols by deputies and plain-clothed detectives;
- Use of King County Metro Suspension and Exclusion Policy as a tool to restrict offenders from using the system;
- Use of the ATU-sponsored Operator Assault Reward Fund; and
- Legislative efforts to enhance the penalties for violating the Code of Conduct and for assaulting a bus driver.

[2] TCRP Synthesis 93: Practices to Protect Bus Operators from Passenger Assault, p. 23

The Federal Transit Administration (FTA)'s Transit Advisory Committee for Safety (TRACS) evaluated the causes of operator assaults and made recommendations for reducing and mitigating them in transit properties. TRACS developed the following summary of risk factors for assaults against transit workers:

- Direct interaction with the public, especially with passengers who may be intoxicated, have mental illness, or be experiencing frustration due to fare increases, service reductions, or delays;
- Working alone, in isolated or high-crime areas, during late night or early morning hours raises the risk of assault against transit operators;
- Handling and/or enforcing fares. Most assaults against bus operators occur during fare disputes;
- Having inadequate escape routes. Due to the nature of the operator's compartment, Transit operators often lack a way to escape from passengers who threaten or begin to assault them.[3]

Metro has taken a firm stance related to fare disputes, because they are a leading cause of assaults and other on-board disturbances. Specifically, in its rules and policies, Metro prohibits employees from enforcing fare rules; rather, operators are allowed to state the fare once, if it is safe. Operators are prohibited from getting into disputes about fares, as a strategy for reducing the risk of assaults.



Following a sudden increase in operator assaults in early 2016, Metro and ATU jointly sponsored a series of security summits focused on operator assaults. The action items resulting from the joint summits form the basis for the near and longer term milestones and deliverables that are set forth in Section J.

On June 13, 2016, the FTA launched a publicly-accessible National Online Dialogue to address the problem of transit worker assaults. Open until July 25, 2016, the dialogue offered

[3] TRACS 14-01 Report: Preventing and Mitigating Transit Worker Assaults in the Bus and Rail Industry, July 2015, p. 2-3.

stakeholders such as Metro an opportunity to help the FTA identify causes of assault against transit workers and to identify strategies to reduce or mitigate assaults.

Using the information gathered from the dialogue, the FTA will develop a proposed rule to address assaults on bus and rail transit operators as required by the Fixing America's Surface Transportation (FAST) Act. Metro participated in this dialogue and will continue to monitor the status of the FTA recommendations that come as a result of the national conversation. Along with the action items stemming from the Joint Security Summits, Metro will use the recommendations resulting from the FTA's work to form its updated operator security program.

B. Use of On-Board Cameras

Overview

In February 2016, Executive Constantine directed Metro to develop a plan to equip 100 percent of its operating coaches with on-board camera systems (OBCS) within as short of a timeframe as reasonable. The increase to full OBCS coverage requires both the retrofit of existing coaches and the inclusion of OBCS on all new coaches purchased.

Transit utilizes on-board camera systems with multiple goals and objectives in mind. The visible presence of OBCS does enhance operator and passenger perceptions of safety and security. However, the primary benefits are realized post-incident. Specifically, OBCS improves the outcome of investigations and mitigates liability risks inherent to the operation of public transportation. A video recording provides invaluable post-incident information to those investigating accidents of unlawful or other acts that violate Metro Transit's Code of Conduct.

Most OBCS programs consist of three main components: the cameras themselves, a digital video recorder (DVR) with on-board video storage and a software management package. Most large transit properties use sophisticated OBCS management packages that allow program administrators, transit police, risk managers and other frequent video users to request video remotely over a cellular or other type of wireless communication network. Currently, Metro's system requires a security staff member to physically remove the DVR's hard-drive, replace it with another one, and return to the office to download the video by cabling the extracted hard-drive to a desktop computer.

Metro is in the planning stages to develop and implement a camera/video management system. This system would provide for cataloging, retrieval and remote downloading of video images from the cameras on the individual buses. The camera management system would also provide "health monitoring" of system components providing an alert when a component is not working. A key element of this future system is the ability to move the video images on and off the buses. Metro has a separate technology project underway to implement the "Next Generation Wireless" system to replace the aging 4.9 network that is in place today. While this effort is largely associated with lifecycle planning, it will also provide more capacity for moving video images between the bus and the central system. Metro's Next Generation Wireless communication infrastructure is projected to be in place in late 2019 or early 2020. Coincident with the availability of the next generation wireless infrastructure, Metro would implement the camera/video management system. At that time, the resources needed to manually manage video images (DVR retrieval) and to manually conduct health checks on the camera components can be discontinued as the efficiencies of a comprehensive automated solution is available. Although available features vary, most software packages include on-demand and event-triggered automated download, activity tracking, reporting, and encryption of archived

video. Software can also include Intelligent Vehicle Systems (IVS) analytics that provide statistical information to analyze accident causes.

Metro's last several bus orders have included factory-installed camera systems, a practice that Metro plans to continue in future procurements. However, in order for each bus Metro operates to be OBCS equipped during this decade, retrofit OBCS installation on existing buses is required. Metro has also embarked on a regular, preventive maintenance schedule of all coach cameras and recording devices to increase reliability. The goal of the monthly preventive maintenance inspections is to ensure that a minimum of 95 percent of camera systems are operating.

As of May 2016, 734 buses of the 1,520 buses Metro operates (or 48.2 percent) are OBCS equipped. Of the 1,520 buses operated by Metro, 1,406 buses are King County Metro-owned, of which 671 (or 47.7 percent) are OBCS equipped. Metro operates the remaining 114 buses under contract with Sound Transit, who owns the vehicles, of which 63 (or 55 percent) are OBCS equipped. Through the delivery of new buses equipped with factory installed OBCS, the percentage of Metro's fleet operating with OBCS is expected to reach 55.6 percent by the end of 2016.

Manual video retrieval and preventive maintenance procedures will continue through at least the fourth quarter of 2019, when wireless communication is expected to be available allowing remote retrieval and system monitoring, as well as other OBCS management software features.

Once the systems are installed and the next generation wireless infrastructure is in place, remote monitoring of the cameras will be available to the MTP. While a demonstration system is currently in place on the RapidRide coaches using the cellular Wi-Fi infrastructure on the coaches, more robust remote monitoring requires the element of the complete package to be in place: camera/video management system, wireless infrastructure and camera systems on all buses.

Body Cameras

Visible OBCS on buses may have some effect in deterring assaults and certainly have the ability to assist in investigating and charging those who assault operators. Private body cameras, owned and operated by the operator, would have little or no deterrent impact because they would not be readily visible to potential assailants. They would have potential value in investigating and charging those who assault operators. However, in certain circumstances, their use off of the bus could violate state law, subjecting the operator using the camera to civil and criminal penalties. Recordings made in the course of public duty may also be public records and subject to production under the Public Records Act. The contours of properly responding to public records requests regarding employee personal electronic equipment are evolving. It is difficult for the County to ensure such records are properly maintained. Responding to public records requests in this area subjects the County to significant costs and could result in penalties if a request is not properly processed..

Body cameras range from a personal body camera (PBC) that is a video and audio recording system, often worn on the front of a shirt, which provides first-person perspective and provides more complete chain of evidence for body camera systems to other tools including personal electronic devices. Typically, law enforcement personnel use PBCs to record interactions with the public or to gather video evidence at crime scenes. In contrast, a personal electronic device, such as a cell phone, personal computer or even Google glasses, has limited comprehensive chain of custody advantages and often has limited audio or video recording capabilities.

New studies published in May 2016 by the European Journal of Criminology and the Journal of Experimental Criminology, found that assaults against police officers increased by 15 percent when body cameras are worn. In addition, the rate of violence imposed on citizens by officers remained largely unchanged. However, if officers turned their cameras on and off during their shift, using the technology at their own discretion, the likelihood they would use physical force spiked, suggesting that a mandatory use policy could aid in curbing excessive force.[4] The implications for transit operator use remain unknown.

Washington State requires the consent of two parties for any recording of any private conversation, either in person or electronically.[5] Violations of the rule could result in criminal and civil penalties. Conversations on a bus, where it is advertised that recordings may be made, hold no reasonable expectations of privacy. Conversations taking place off a bus may be considered private and thus audio recording without first obtaining consent may be a violation of state law.

Regardless of whether an employee is using his or her own equipment, such recording done in the course of employment may be a public record.[6] The operator may be required to provide such recordings to the County for production under the Public Records Act. Employee use of their own personal recording equipment while on duty is a relatively new issue for transit properties. The County canvassed many other transit organization and no other transit properties were found to specifically permit the use of PBCs by transit operators.

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[4] Ariel B., Sutherland A, Henstock D., et al. (2016) Wearing body cameras increases assaults against officers and does not reduce police use of force: Results from a global multi-site experiment. *European Journal of Criminology;* Ready J and Young J (2016) The impact of on-officer video cameras on police-citizen contacts: findings from a controlled experiment in Mesa, AZ. *Journal of Experimental Criminology*.

[5] RCW 9.73.030 (1)(b).

[6] Nissen v. Pierce County, 183 Wn.2d 863 (2015)(work-related text messages sent or received on a personal cell phone within the scope of employment are public records).

C. Analysis of Fare Enforcement Policies & Practices

FARE Enforcement

Fare Enforcement was instituted at Metro with the inauguration of Metro's first Bus Rapid Transit (BRT) line, RapidRide, in 2011. Since the introduction of the BRT transportation model with the A Line, Metro has expanded to six BRT lines across its service area. Fare Enforcement Officers (FEOs) audit passengers for payment of fare on the RapidRide buses, which have all-door boarding and removes the coach operator from the fare collection process. This system allows for coaches to move more rapidly and removes one of the most common triggers of operator assaults.

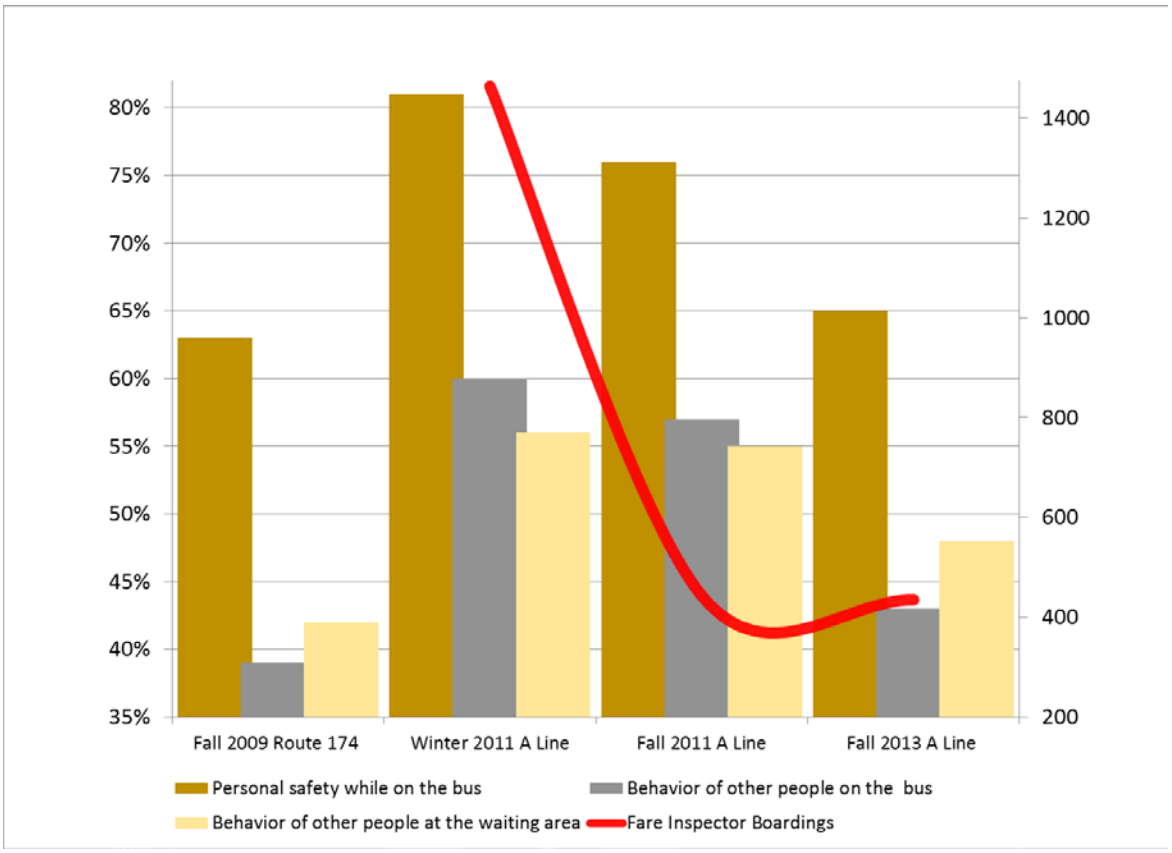
Metro modeled its fare enforcement practices on those initiated by Sound Transit on its light rail service, although in the years since roll-out of the A Line, Metro has differed in some significant ways. For example, Sound Transit's FEOs check passengers on a daily basis (achieving a roughly 10% penetration rate on average). Metro achieves single-digit penetration percentages on each of the six lines. This still equates to many thousands of passengers who interact with FEOs each month, and hundreds of infractions issued to those who have not paid their fare. Key learnings have included the advantages gained by increasing deployment of FEOs to a nearly round-the-clock schedule (including holidays), the need to vary their coverage to avoid predictability, the importance of close MTP support in the event of trouble, and the value of a close working relationship between Metro Transit Security (contracted security) and MTP.

The presence of FEOs has a generally calming effect on negative on-board behaviors, and increases security during the time the FEOs are on the coach. Overwhelming coach operator support for the program has resulted in calls for FEOs to expand to other routes, but FEOs are currently only deployed on the BRT model routes.

The public, via rider surveys, has shown support for the fare enforcement model as well. Metro began surveying riders before the RapidRide A Line started operation. In 2009, a survey of Route 174 riders provided a baseline for nine factors, including personal safety. A Line riders were surveyed 3 months, 6 months, and 2 years after service commenced. Each survey asked riders to rate their satisfaction with three measures of personal safety while riding the bus, personal safety while on the bus, behavior of other passengers on the bus, and behavior of other people at the waiting area.

Similar pre- and post-RapidRide rider surveys were conduct for each RapidRide line as they began operation.

Although no direct correlation between the presence of FEOs and riders' perception of their personal safety can be established, surveying riders' satisfaction provides a voice to the question. As the number of times FEOs boarded the bus fell from a high of almost 1,500 times in the winter of 2011 to 435 times in the fall of 2013, riders' personal safety perception also fell from 81 percent responding they were very satisfied/satisfied during the winter of 2011 to 65 percent in the fall of 2013.



D. Metro Transit Police & Contract Security Staffing

Metro Transit Police Staffing Levels

Beginning in 2007, Metro Transit moved from a combination of KCSO staffing augmented by off-duty police security officers, toward a dedicated 24/7 Metro Transit Police service provided as a contract service by the KCSO. Currently, Metro Transit contracts with KCSO for 68 fully commissioned officers.

MTP is comprised of two units managed by separate Captains under the leadership of one precinct Major. The two units, Metro Operations and Metro Investigations, currently deploy 65 commissioned deputies and detectives to accomplish the mission of providing safety and security for the employees and passengers of King County Metro as well as Sound Transit's bus operations contracted with King County Metro Transit.

The operations unit polices a service population of more than 400,000 and over 1,400 coaches on a daily basis with 47 commissioned uniformed officers. This is accomplished by dispatching uniformed radio cars and 10 bicycle emphasis sergeants and deputies.

Current State Deployment Assumptions

Metro Transit Police has the opportunity to deploy patrol resources across four major sectors in King County. Each of these sectors has a number of individual major patrol districts/distinct cities to patrol. There are insufficient resources to fill each sector on a 24/7 basis. Throughout this report, they will be referred to as four distinct Patrol Sectors that are made up of multiple SPD Precinct boundaries in the City of Seattle and multiple cities outside of Seattle as noted below:

1. **Central Sector :** Central Business District (CBD), DSTT, SPD West Precinct, SPD East Precinct, Capitol Hill, Ballard and Central District
2. **North Sector:** North Seattle, SPD North Precinct, University District, Aurora, North Seattle, North King County/Shoreline, Kenmore, Woodinville, etc.
3. **South Sector:** Rainier Valley, SPD South Precinct, West Seattle, Renton, Tukwila, White Center, Burien, SeaTac, Kent, Des Moines, Auburn, Federal Way, Maple Valley, Covington, etc.
4. **East Sector:** Mercer Island, Bellevue, Redmond, Kirkland, Issaquah, North Bend, Newcastle

Sector Assignments

The first two deployable patrol deputies at MTP are always assigned to the Central Sector on a 24/7 basis. The second two deployable patrol deputies are deployed to either the North Sector or South Sector of King County. If at least six transit deputies are available to deploy during a shift, two deputies are assigned to Central, two North and two South. MTP has never had the resources to consider daily geographic deployment to the East Sector. There is flexibility during shift overlaps to temporarily cover some sectors more robustly. At times during the shifts and deployments, when one or more transit deputies are actively involved in enforcement efforts, the ability to re-route and respond to high priority calls such as Emergency Alarms or Priority Requests to Talk (EA/PRTT from a coach) from the 1,400 buses is not possible. Response times from an alternate sector unit could take 20-45 minutes for an arrival to a transit emergency.

MTP has the availability of the Bicycle Emphasis Enforcement Squad (BEES) for emphasis activities in the Central Sector (CBD/DSTT), North Sector and/or South Sector. The two squads from the BEES are highly mobile and available for emphasis transit patrols and directed patrol missions across various parts of the system. The BEES have a minimum staffing of three deputies daily.

As detailed in Section H, the current level of staffing is low in comparison to other transit properties with similar ridership. The KCSO has applied for a federal grant to fund seven additional deputies and Metro Transit is proposing additional resources in the next biennium budget.

Metro Transit Security Staffing Levels

Metro contracts for security services in order to monitor 24/7 real-time security alarm events and closed circuit television of certain transit centers, parking garages, transit operations facilities; provide 24/7 security in the DSTT; and patrol select properties from among over 130 park and ride lots and transit centers.

Security officers are responsible for monitoring suspicious behavior and circumstances, violations of the DSTT code of conduct, providing customer service, investigating alarms and assisting emergency response personnel. Metro currently contracts for 111 security personnel, providing 4,440 hours of regularly scheduled hours.

Protecting employees and passengers by preventing dangerous situations from developing, detecting pre-operational surveillance by those intent on doing harm, responding to developing incidents, and managing them to maintain a stable situation until police resources arrive are just a handful of the manifold tasks security faces. To increase security and move from a reactive to proactive framework, Metro will explore the following:

- Increasing DSTT security staffing to a level that would enable highly visible security presence on all levels of the five stations, including plazas, mezzanines, and platforms.
- Adding roving security patrols for transit centers, bus stops, and park-and-rides.
- Expanding and upgrading CCTV camera coverage of KCM facilities.

E. Real Time Reporting

The primary mission of the Metro Police is to:

- Respond to calls for service
- Monitor, and provide emphasis to the top 10 KCM routes based on collected data, primarily from paper incident reports and non-integrated databases
- Respond to “hot spots” based on request for special emphasis or other indicators that an ongoing problem exists.

Currently, MTP deploys resources to various geographic sectors within its jurisdiction with additional emphasis activities within the Central Sector of Seattle. To aid its emphasis patrols and to research and solve crimes, it relies on paper reports and non-integrated databases to identify crime patterns. Many police departments nationwide are moving to implement technology to allow for deployment in a more predictive basis as well as to aid in solving crimes in real-time by having access to a plethora of data at their fingertips.

MTP currently uses a number of databases to conduct investigations. However, KCSO crime analysts are tasked with manually gleaning reports and bulletins and hand entering data to produce pin maps of historical crime data. While this is still of some limited use, the data is static and dated and rarely represents the current picture as crime is rarely static in occurrence.

Currently MTP staff are exposed to raw data from a variety of sources and most of these formats are entered directly into a database of some function. Further, some are not currently geo-located to a specific standard. While providing relevant information, like pin maps, the data is historical and soon becomes dated. All Security Incident Reports (SIR) received by Metro's Operations Security Liaison (OSL) are forwarded to the Criminal Investigation Unit sergeant and from there disseminated to the appropriate sergeants or retained for further investigation.

Currently there is no system to quantify and qualify the data submitted in an SIR. This is mainly due to the fact that SIR's are generated by transit operators who then submit them to dispatchers and base chiefs. Additionally, although the route/run/coach is noted, SIRs do not provide MTP with a geographic location of where the event occurred. The task of geo-locating is performed by a MTP clerk and is often a best guess. SIRs and MCS complaints fall into the same conundrum.

Transit Control Center's (TCC) database gathers live, geo-located data on all transit related problems, such as security and safety incidents. As such, this information could provide additional real-time information data to MTP personnel to refine deployment strategies. MTP is exploring how to most effectively capture both SIR data and integrate it with TCC data.

The possibility exists to access and display real-time, as well as historical, crime data. This has the potential to tap the TCC database which contains Coordinator Service Records (CSR) data which can be extrapolated to provide real-time crime data. This, in turn, could be viewed by deputies in the field. IT support staff have preliminarily designed an IT interface to provide real-time data with current KCSO databases. The potential exists for Metro staff, supervisors and executive decision makers to utilize data from CRS reporting to analyze accidents, service disruptions, and mechanical failures on the Metro system from a real-time perspective, allowing for more responsive policing.

With more robust, integrated data, the potential exists for then predicting where future crimes may occur, based upon mathematical algorithms. During a recent APTA security roundtable conference, Chief Paul MacMillan from Massachusetts Bay Transit Authority (MBTA) and Chief Barry Cross from the Metro Vancouver Transit Police presented on the effectiveness of the predictive model of policing. Both agencies have adapted commercially available software to download, assess and analyze the crime on their respective transit systems. Both also credit the predictive policing model with significant decreases in the transit system crime rate (2014 APTA Conference, Security Round table, Montreal, Quebec).

F. Dedicated PAO and DPD staffing

Metro has a service area of more than 2,000 square miles and two million residents, and operates across 39 cities within King County. It also operates routes in Snohomish and Pierce counties under a contract with Sound Transit. Given Metro's geographic span, violations of law and the code of conduct are processed in a number of ways. If a violation of law occurs on a Metro coach or premise, an arrest or citation may be made by MTP or one of the law enforcement agencies in the jurisdiction where the violation occurs. Charges may be brought by a city attorney's office, or for those cases arising in unincorporated King County, by the King

County Prosecuting Attorney's Office (PAO). Those charges are then processed in either King County District Court or a city's municipal court. There is limited aggregated data to indicate the disposition of misdemeanors committed, charged and prosecuted throughout the Metro system. In contrast, crimes against persons resulting in felony prosecutions are routed through the PAO and each is pursued to the fullest extent possible. Public defenders are assigned if defendants meet eligibility requirements. Given the geographic spread of Metro and the range of infractions that occur, staff from the PAO and the Department of Public Defense (DPD) concurred that dedicating resources within their agencies would not improve outcomes.

That said, no transit system can enforce its way to better conduct. Rather, connecting those who in engage in regular violations to their underlying service needs may be a better way of addressing some of the issues presented on Metro coaches. For example, transit operators encounter "sleepers" – or non-destination passengers who ride to find a warm, dry place to sleep. The task of getting sleepers off the coach may lead to tense and at times, violent interactions between them and the operator. Dedicated community service teams, partnering with MTP, to immediately connect violators with community services such as shelter and case management may assist in reducing the repeat incidents of rule violations. Pilots to test these concepts have been in place and will continue to be explored. Current examples of this include partnership efforts between the MTP and the Crisis Solution Center as well as the Law Enforcement Assisted Diversion (LEAD) Program.

The Law Enforcement Assisted Diversion program (LEAD) is a point of arrest diversionary process which provides MTP deputies with an additional option in a drug or prostitution arrest situation. LEAD is a collaborative process where certain qualifying individuals are provided with an opportunity to seek assistance from designated social service providers in an effort to disrupt the cycle of criminal behavior based on social, financial, or substance abuse needs. The LEAD program is a cooperative effort between the KCSO, King County PAO, LEAD policy coordinating group, and the Seattle Police Department.

The LEAD program has been designated as a top priority for the KCSO. Programs such as LEAD and Mental Illness and Drug Dependency programs (M.I.D.D.) / Crisis Solution Center are an effort to reduce the total daily population of the King County Jail and get services to qualified individuals sooner. Diversion and other programs seek to implement policies that replace physical bookings with outreach and social services, with the goal of deterring low level criminal behavior. A large population of unlawful bus conduct offenders do not qualify for LEAD, however, because those offenses are not currently within the scope of the LEAD program; specifically, they are not eligible crimes.

Metro deputies are encouraged to utilize the LEAD program in lieu of physical booking wherever the arrest meets the qualifications of the program and the deputy determines that the candidate meets the criteria and is amenable to treatment/assistance. The arresting deputy is not required to utilize the LEAD program when he/she does not believe the offender is amenable to participation. Efforts are underway to expand the LEAD program into areas of South King County.

G. ESJ Implications of Transit Safety & Security Programs

In April 2016, the King County Executive transmitted a report to Council which was the result of months of intense collaboration on the part of Metro, various King County partners, and

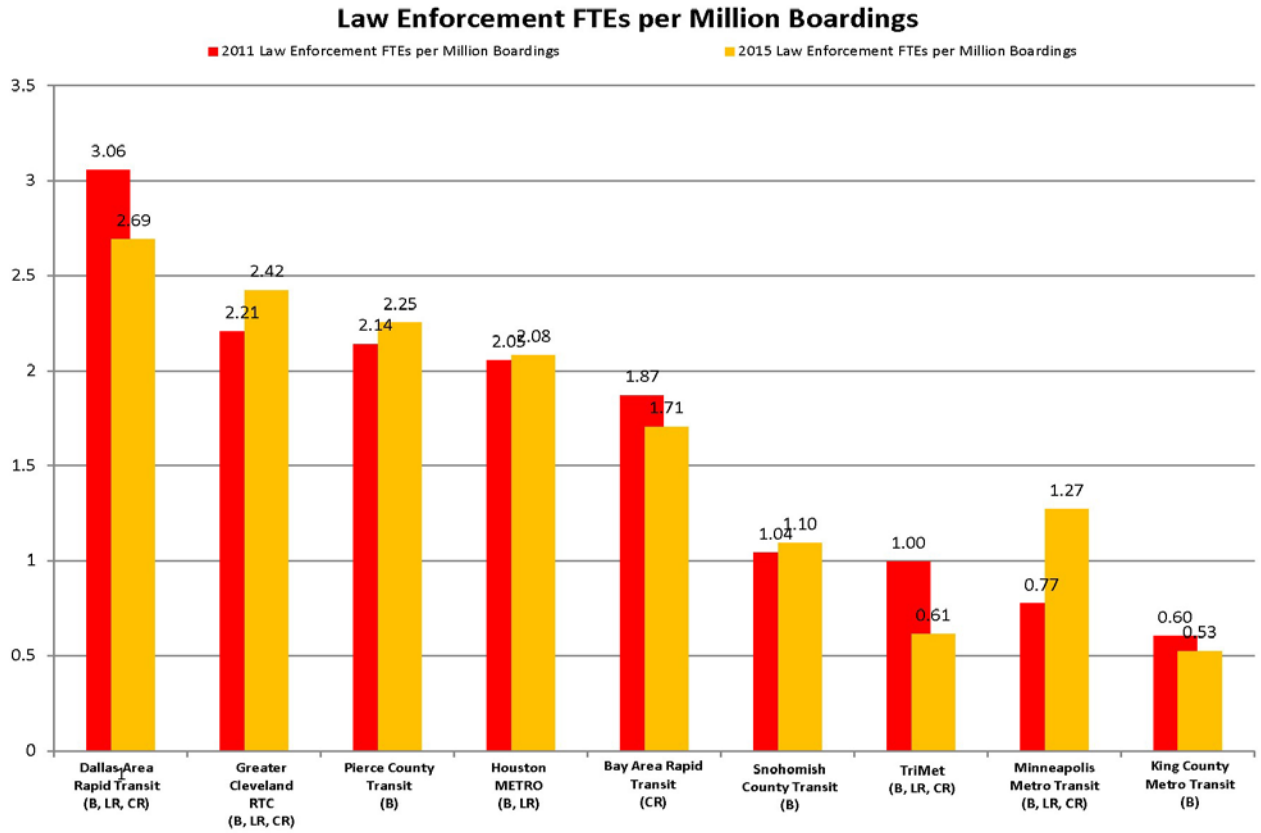
community advocates. This report, Transit's Safety & Equity Workgroup Report, was called for by Council Motion 14441, which sought to examine a number of security practices used by Metro and how those practices impact disadvantaged populations. Further, the motion sought to remedy unintended consequences of those practices, resulting in a more equitable approach by Metro while still maintaining a safe riding environment for the public. The executive summary of the report stated, in part, that it intended to address a number of issues stemming from transit violations. Specifically, it recommended decriminalizing juvenile fare evasion, improving due process steps when proposing suspension of a rider's access to Metro services, and ensuring court hearings are scheduled closer to the home of those cited with fare evasion. Finally, the stakeholders recommended increasing Metro staff's competency in working with juveniles, through a recommended training series. Steps are underway to implement these recommendations.

The approach taken to address the motion's key elements, namely engaging underprivileged and potentially vulnerable groups, is one to replicate on an ongoing basis to ensure its safety and security programs are not unduly impacting any one segment of Metro's riding public. Ongoing training of both Metro staff, the MTP, as well as contracted security personnel, will be a priority moving forward. Further, Metro is committed to using the County's developed Equity and Social Justice Impact tool to evaluate additional components of its security and safety programs.

H. Comparison of Transit Security Programs

Metro Transit Police resources compared to other Transit Police Departments

The Metro Transit Police (MTP) is made up of fully commissioned members of the King County Sheriff's Office (KCSO) through a partnership contract. The current contract is comprised of 68 commissioned FTEs. Metro is the ninth largest transit agency in the country based on annual ridership data. In 2011 and again in 2015, a compare and contrast survey was completed that provides snapshots of the ratio of commissioned transit police law enforcement officers per million annual riders. The results for 2011 and 2015 Resource Surveys are listed in the following tables.



2015 Transit Police Survey	Transportation Modes	2011 Annual Ridership	Police FTE's	2011 Law Enforcement FTEs per Million Boardings	2015 Annual Ridership	Police FTE's	2015 Law Enforcement FTEs per Million Boardings
Dallas Area Rapid Transit	B, LR, CR	68,700,000	210	3.06	92,500,00	249	2.67
Greater Cleveland RTC	B, LR, CR	46,200,000	102	2.21	47,025,879	114	2.42
Pierce County Transit	B	12,150,000	26	2.13	14,223,779	32	2.25
Houston METRO	B, LR	76,900,000	158	2.05	81,600,00	170	2.08
Bay Area Rapid Transit	CR	111,100,000	208	1.87	125,979,396	215	1.71
Snohomish Community Transit	B	9,600,000	10	1.04	10,040,550	11	1.10
TriMet	B, LR, CR	58,250,000		1.00	110,711,776	68	0.61
Minneapolis Metro Transit	B, LR, CR	69,700,000	54	0.77	87,250,000	111	1.27
King County Metro Transit	B	120,554,000	68	0.60	129,356,000	68	0.53

The 2011 and 2015 fixed route annual ridership noted above for Metro also includes the annual ridership of Sound Transit (ST) Express Service, operated by Metro. This is due to the fact that MTP provides security services for ST Express Service, per an MOU between the two transit agencies. Annual ridership for DART, ACCESS or Van Pool is not included in the 2011 and 2015 surveys even though these additional multi-modal mass transit services receive security support from the MTP. It is clear that Metro has lower resources devoted to its transit police than other, similarly-sized transit agencies.

Comparison of other components of Security Programs

All transit agencies deploy a variety of risk control strategies to prevent assaults and other disturbances to their systems. Best practices include a combination of engineering, education and enforcement strategies. Through its Comprehensive Safety Systems Review, recently held security workshops, and participation in the FTA's rule-making process, Metro has assessed its own programs as it compares components with those of other transit agencies world-wide. Strategies considered best practice to reduce or mitigate the effects of operator assault include the following:

Engineering:

- Installing protective barriers, video surveillance, automatic vehicle location systems, and overt or covert alarms on vehicles

Education:

- Training employees how to de-escalate potentially violent situations, the importance of reporting assaults, and reviewing and improving agency response to reports of assaults
- Educating the public about reporting assaults by conducting public awareness campaigns, providing resources and incentives for passengers to report assaults, and meeting with passengers to discuss strategies for preventing assaults

Enforcement:

- Enforcing transit agency policy by posting passenger codes of conduct, suspending service for assailants, posting police alerts on transit vehicles and property in high-risk areas, providing legal support for transit workers who file complaints, and collaborating with other agencies and organizations to develop social safety plans and advocate for changes in state and local legislation to better address assaults again transit employees.

Metro has either deployed or is evaluating these strategies. Working with a cross-section of transit operators, MTP, the Amalgamated Transit Union, Local 587, and other Metro staff, an action plan was developed and is set forth in Section J below. Other strategies most agencies, including Metro, already employ include:

- Providing support for transit workers by offering psychological support and post-incident counseling, responding to every report of assault or other serious incident, and involving transit workers in safety committees
- Collecting data regarding the number, location, times, and types of assaults as well as the number, type and implementation times of each risk control strategy to enable the evaluation of the effectiveness of each strategy and the overall Safety Management System in preventing transit worker assaults.

No transit property has deployed every strategy. Rather, it determines the best combination of risk control strategies to adopt initially and then how to phase additional strategies into its system.

Nationwide task forces are underway to develop design standards to inform individual transit ageny strategies.

I. Potential Budget

There are a number of resource needs Metro is currently exploring to keep its system safe and make it even safer. These will be eventually formulated as part of the Executive's proposed budget to the King County Council this fall.

As noted in this report, Metro is exploring increasing its MTP force, to include additional deputies, a detective, and other staffing resources to make the system safer. In addition, crime analysis support is included in the proposed budget to help provide more effective deployment of police officers. The KCSO is applying for federal grants to help offset the costs of increasing staff resources to the MTP force.

Other requests include the funds necessary to equip 100 percent of Metro's coaches with on-board camera systems. The request includes both the costs of the capital project as well as ongoing staffing needed to install and maintain the system.

Finally, staffing and consultant support is requested to aid in moving to a comprehensive Safety Management System framework required by new regulations.

J. Recommended Deployment Strategy & Timeline

As a result of the 2016 Joint Security Summit and follow-up workshops, Metro committed to deploying several near and long-term strategies to reduce operator and passenger-on-passenger assaults and other disturbances. Those strategies are set forth below:

Strategy	Item Description	Target Date	Status
Metro/Amalgamated Transit Union (ATU) Partnership for operator security	Expanding education, enforcement, and engineering efforts to reduce operator assaults in cooperation with ATU	Ongoing	3 Workshops held; additional workshop scheduled for 10/2016
On-Board Camera Systems (OBCS)	Ensuring all newly in-service coaches are equipped with OBCS & existing fleet is retrofitted with OBCS	December 2018	In progress; part of 2017-2018 budget proposal
Increase Metro Transit Police (MTP) staffing	Additional MTP personnel	1st Quarter 2017	In progress; part of 2017-2018 budget proposal
Operator personal security	Modify Metro policy to allow for use of personal mobile devices to notify 911 in certain circumstances	August 2016	Drafted; distributed at 3rd Security Workshop
MTP authority to manage chronic offenders	Develop MTP authority mechanisms to issue criminal trespass violations to repeat on-bus violators	3rd Quarter 2016	August 2016 consideration of “trespass” ordinance
Operator shields	Design and implement a test of retractrable Operator Shields on certain routes	4th Quarter 2016	To form design team August 2016
Crime analysis	Utilize dedicated crime analyst to identify trends, predict issues, and mitigate emerging trouble within the system	1st Quarter 2017	In progress; part of 2017-2018 budget proposal

Strategy	Item Description	Target Date	Status
FTA rule-making process on regulator requirements to reduce or mitigate the impact of operator assaults	Participate in hearings to aid in proposed FTA rule to address assaults	2nd-4th Quarter2016	In progress
Public view monitors	Design and implement a test of public view monitors on RapidRide lines	4th Quarter 2016	To form design team September 2016
Eliminate paper transfers	As part of longer-term fare policy review, examine ways to equitably eliminate paper transfers, a major source of friction between operators and customers	2018	Work with jursidictions to review current fare policy and ORCA options underway
Training for Operators & others on incident response team	Expand ongoing education for operators, supervisors, control center coordinators in collaboration with ATU Local 587, 911 Center staff, and representatives across Metro	January 2017 roll-out	To form design team September 2016
Public education	Expand public awareness of Metro code of conduct, through public announcements, signage, and school partnerships	2nd Quarter 2017	To form design team November 2016

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KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

March 22, 2016

Motion 14595

Proposed No. 2016-0134.1 **Sponsors** Dembowski

A MOTION relating to the security of transit passengers and operators.

WHEREAS, public transportation plays a vital role in increasing mobility and access throughout King County, with the transit division ("Metro Transit") providing more than one hundred twenty million transit boardings during 2015, and

WHEREAS, King County has a significant interest in eliminating barriers to transit and in providing passengers with affordable, convenient and safe access to transit, and

WHEREAS, ensuring the safety and security of Metro Transit services and facilities, as measured by minimizing operator and passenger incidents and assaults, is one of the goals of the 2011-2021 Strategic Plan for Public Transportation, and

WHEREAS, Metro Transit produced in 2011, a system security plan that exists to guide Metro Transit's efforts to maintain and improve the safe operations of its vehicles and the safety and security of its facilities, and

WHEREAS, Metro Transit will in 2016 undergo a process to review the System Security Plan and provide any needed updates, and

WHEREAS, Metro Transit has convened a security working group that is examining several crime reduction and prevention strategies such as a potential

19 expansion of coach cameras or the deployment of transit security personnel based on real
20 time reporting of crime that is observed by transit operators, and
21 WHEREAS, average assaults per month on Metro Transit services and facilities
22 have declined following the implementation of the assault reduction program in 2008, but
23 still average more than five assaults per month;
24 NOW, THEREFORE, BE IT MOVED by the Council of King County:
25 A. It is the policy of the county that the safety of transit operators and passengers
26 is of paramount importance and that measures should be taken to ensure that Metro
27 Transit services and facilities are convenient, accessible and safe for passengers and
28 operators.
29 B.1. The executive is requested to develop and transmit to the council a transit
30 passenger and operator security action plan that supports the strategies outlined in the
31 system security plan and identifies and prioritizes specific activities that can be
32 undertaken to enhance the safety and security of Metro Transit's customers and
33 employees. The plan should include, but not be limited to:
34 a. information about current security plans and programs that are being
35 implemented for transit passengers and operators, including analysis of the relative
36 success of these programs;
37 b. an analysis of the reliability and potential expansion of video cameras on
38 transit coaches and the potential use of cameras by operators for security purposes;
39 c. an analysis of fare enforcement policies and practices and the relationship
40 between fare enforcement policies to operator and passenger security, including lessons
41 learned from the implementation of fare enforcement measures on the rapid ride lines;

42 d. an analysis of current staffing levels for Metro Transit police and contract
43 personnel used to provide security in the transit tunnels and at metro stations;
44 e. an analysis of the potential benefits that could be derived from Metro
45 Transit police and security personnel deployment based on real-time crime reporting;
46 f. an analysis of the benefits that might be achieved by adding dedicated
47 personnel in the prosecuting attorney's office and department of public defense;
48 g. an analysis of how transit safety programs can be implemented so as to
49 avoid disparate impacts on disadvantaged communities;
50 h. a comparison of Metro Transit passenger and operator security programs
51 and incident levels with security programs operated by transit systems in other cities
52 around the country;
53 i. a potential budget for action plan recommendations, including identification
54 of funding sources and proposed funding levels for the 2017/2018 biennial budget; and
55 j. a recommended deployment strategy and a timeline for implementation of
56 recommended actions.
57 2. The development of the plan, report, legislation and the amount of any
58 proposed appropriation should be undertaken by the executive in consultation with
59 county staff including, but not limited to, representatives from the sheriff's office, the
60 prosecuting attorney's office, the department of public defense, Metro Transit operators
61 and the Metro Transit police.
62 3. The executive should transmit:
63 a. the plan, including the work plan, and a motion accepting the plan by July
64 15, 2016, in the form of a paper original and an electronic copy with the clerk of the

65 council, who shall retain the original and provide an electronic copy to all
66 councilmembers, the council chief of staff, the policy staff director and the lead staff for
67 the transportation, economy and environment committee, or its successor; and
68 b. any proposed legislation and appropriation ordinances by September 26,
69 2016.
70

Motion 14595 was introduced on 2/29/2016 and passed by the Metropolitan King County Council on 3/21/2016, by the following vote:

Yes: 9 - Mr. von Reichbauer, Mr. Gossett, Ms. Lambert, Mr. Dunn, Mr. McDermott, Mr. Dembowski, Mr. Upthegrove, Ms. Kohl-Welles and Ms. Balducci
No: 0
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

J. Joseph McDermott, Chair

ATTEST:

Anne Noris, Clerk of the Council

Attachments: None

ATTACHMENT 3

September 1, 2016

The Honorable Joe McDermott
Chair, King County Council
Room 1200
C O U R T H O U S E

Dear Councilmember McDermott:

Our region's health and economic well-being depends on a robust public transportation system, ensuring mobility and access throughout the County. That system can only work if its passengers and the employees who serve them are safe and secure. It is for that reason that the Council made it clear that the safety of transit operators and passengers is of paramount importance and asked Metro Transit to prepare a security action plan to increase transit passenger and operator safety and security.

This letter transmits Metro Transit's action plan in response to Motion 14595, and a motion accepting that action plan. As required by the motion, this project involved staff from Metro Transit, including Operators and the Union that represents them, Amalgamated Transit Union Local 587 (ATU), the Metro Transit Police (MTP), the Prosecuting Attorney's Office (PAO) and the Department of Public Defense (DPD).

The bombings of passenger rail systems in Madrid, London, Mumbai, and the 2016 Brussels Metro and airport attacks underscore the threats and vulnerabilities associated with public transportation. Mass transit systems also suffer from day-to-day threats of vandalism, theft and personal injury. In response, public transportation systems are placing renewed emphasis and focus on system security.

Metro Transit is no exception; Metro Transit operates in a continuous mode of assessing and enhancing its capacity to prevent, deter, respond to and manage security threats. Metro

Transit's transportation services, and the systems it operates on behalf of others, Link Light Rail for Sound Transit, and the City of Seattle Streetcar, are integral to the local and regional infrastructure. The safety and security of Metro Transit's passengers, employees, equipment and facilities are vitally important at all times.

Metro Transit has a comprehensive Security System Plan, outlining strategies to achieve its security mission and system security objectives. Under that plan's general policy guidance, Metro Transit staff and MTP, dedicated law enforcement for the transit system through a contract with the King County Sheriff's Office, regularly update and assess standard operating policies and procedures to address more effectively and proactively threats and challenges to safety and security of transit passengers and employees.

One common concern across the nation's public transit systems is passenger and operator assaults. Since 2008, Metro Transit has implemented and continually refined a program focused on education, enforcement and engineering to reduce the threat of assaults. The program has had an impact in significantly reducing the numbers of disturbances and assaults; however, our collective goal is to eliminate them altogether. Therefore, the attached action plan details Metro Transit's current programs and provides analysis and recommendations for additional steps needed to keep Metro Transit safe and make it even safer.

The action plan addresses the following determinants of the King County Equity and Social Justice Plan as outlined in the County's fair and just principle (Ordinance 16948):

- Transportation that provides everyone with safe, efficient, affordable, convenient and reliable mobility options including public transit, walking, carpooling and biking.

Additionally, it addresses the following goals of the King County Strategic Plan:

- Justice & Safety that directs us to support safe communities and accessible justice systems for all.
- Health & Human Potential that directs us to promote opportunities for all communities and individuals to realize their full potential.

It took approximately 50 hours of staff time, including three Security Summits sponsored jointly by Metro Transit and ATU and involving transit operators. It cost approximately $12,000 to prepare this report, which includes staff time associated with producing and conducting these summits.

Thank you for your consideration of this Motion to accept the Metro Transit Passenger & Operator Security Workplan. If you have any questions, please contact Nancy Buonanno Grennan, Interim Deputy General Manager, Metro Transit Division, at 206-477-3274.

Sincerely,

Dow Constantine
King County Executive

Enclosures

cc: King County Councilmembers
ATTN: Carolyn Busch, Chief of Staff
Anne Noris, Clerk of the Council
Carrie S. Cihak, Chief of Policy Development, King County Executive Office
Dwight Dively, Director, Office of Performance, Strategy, and Budget
Harold S. Taniguchi, Director, Department of Transportation (DOT)
Rob Gannon, Interim General Manager, Metro Transit Division, DOT
Nancy Buonanno Grennan, Interim Deputy General Manager, Metro Transit Division, DOT

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King County

Metropolitan King County Council
Transportation, Economy, and Environment Committee

STAFF REPORT

Agenda Item:	14	**Date:**	September 14, 2016
Proposed No.:	2016-B0175	**Name:**	Nick Wagner

SUBJECT

Briefing on the Executive's report on implementation of the paid parental leave pilot program that was directed by Ordinance 18190. The report does not need to be approved by motion.

SUMMARY

By Ordinance 18190 (Att. 3), adopted by the Council in December 2015, the Council directed the Executive to create and implement a paid parental leave pilot program on the terms set forth in the ordinance. Ordinance 18190 also directed the Executive to report quarterly on the usage and costs associated with the program, beginning on July 29, 2016. The reports were to contain the most current available information on usage and costs, including but not limited to:

- The number, gender, and compensation rate of employees who have used the program,
- Their distribution among the county's departments and divisions,
- Whether their positions have been backfilled, and if so, the costs of backfilling, and
- Any other costs associated with the program.

The Executive has timely submitted his first quarterly report, which covers the first six months of 2016 and includes the information requested by Ordinance 18190. A copy of the report is Attachment 1 to this staff report.

BACKGROUND

Ordinance 18190 (Att. 3) directed the Executive to create a one-year pilot program providing 12 weeks of paid parental leave for certain county employees, subject to the terms contained in the ordinance. The program would be limited to leave-eligible employees who were either non-represented (and therefore governed directly by the ordinance) or represented by a union that had agreed to the terms contained in the ordinance.

An employee's participation in the pilot would be contingent on a "qualifying event" occurring during 2016. There are three qualifying events:

- The birth of the employee's child
- The employee's adoption of a child
- The foster-to-adopt placement of a child with the employee.

The permitted duration of the leave would be 12 weeks when combined with all but one week of the vacation that the employee had accrued as of the qualifying event and all but one week of the sick leave that the employee had accrued as of the qualifying event. An employee on paid parental leave would be compensated at the employee's base pay rate. Other terms of the program were spelled out in the ordinance.

The Executive estimated the cost of the one-year pilot program to be about $2.9 million. Whether the program will be extended beyond the pilot is subject in part to "total compensation" bargaining between the County and the King County Coalition of Unions and ultimately on whether the Council approves any extension.

ANALYSIS

Key findings in the Executive's report concerning the first half of 2016 (Att. 1) include:

- 120 employees were awarded paid parental leave (PPL) hours, which is consistent with the Executive's original estimate of 241 for the full year.
- The cost of the program through June 2016 has been $1.4 million, which is consistent with the Executive's projection of $2.9 million for the year.
- Of the 120 participating employees, 73 (60.8%) were male and 47 (39.2%) were female, which is consistent with the gender breakdown among all county employees.
- The distribution of participants by hourly pay rate is shown in the charts on page 6 of the report.
- The distribution of participants by department and division is shown in the charts on pages 3 and 5 of the report. The Executive has also provided, on page 4, a chart comparing the percent of participants in each department with the percent of all county employees in that department.
- The report explains on page 7 the difficulty in assessing whether PPL participants have had to be backfilled. Based on "a rough analysis of the survey data collected," the Executive estimates that the cost of backfilling for participants is, on average "approximately 1.0 times the employee's normal rate of pay."

INVITED

Denise Pruitt, Senior Policy Advisor, Human Resources Division, DES

ATTACHMENTS

1. Paid Parental Leave Pilot Program – July 29, 2016 Report
2. Transmittal letter
3. Ordinance 18190

ATTACHMENT 1

PAID PARENTAL LEAVE PILOT PROGRAM USAGE AND COST REPORTING

July 29, 2016
Report

As requested by Ordinance 18190

PAID PARENTAL LEAVE PILOT PROGRAM
USAGE AND COST REPORTING

1st Report – July 29, 2016

EXECUTIVE SUMMARY

On December 7, 2015, the King County Council passed Ordinance 18190, establishing a one-year Paid Parental Leave pilot program for leave-eligible employees to begin January 1, 2016. Ordinance 18190 requires the Executive to monitor the usage and costs associated with the program and to report the following information to Council on July 29, 2016, October 31, 2016, and January 31, 2017:

- The number, gender and compensation rate of employees who have used the program;
- The employees' distribution among the County's departments and divisions;
- Whether the leaves are backfilled, and if so, the costs of backfilling; and
- Any other costs associated with the program.

Through June 30, 2016, both usage and costs are consistent with the estimations made by the Executive when the Paid Parental Pilot program was proposed[1] to Council in 2015.

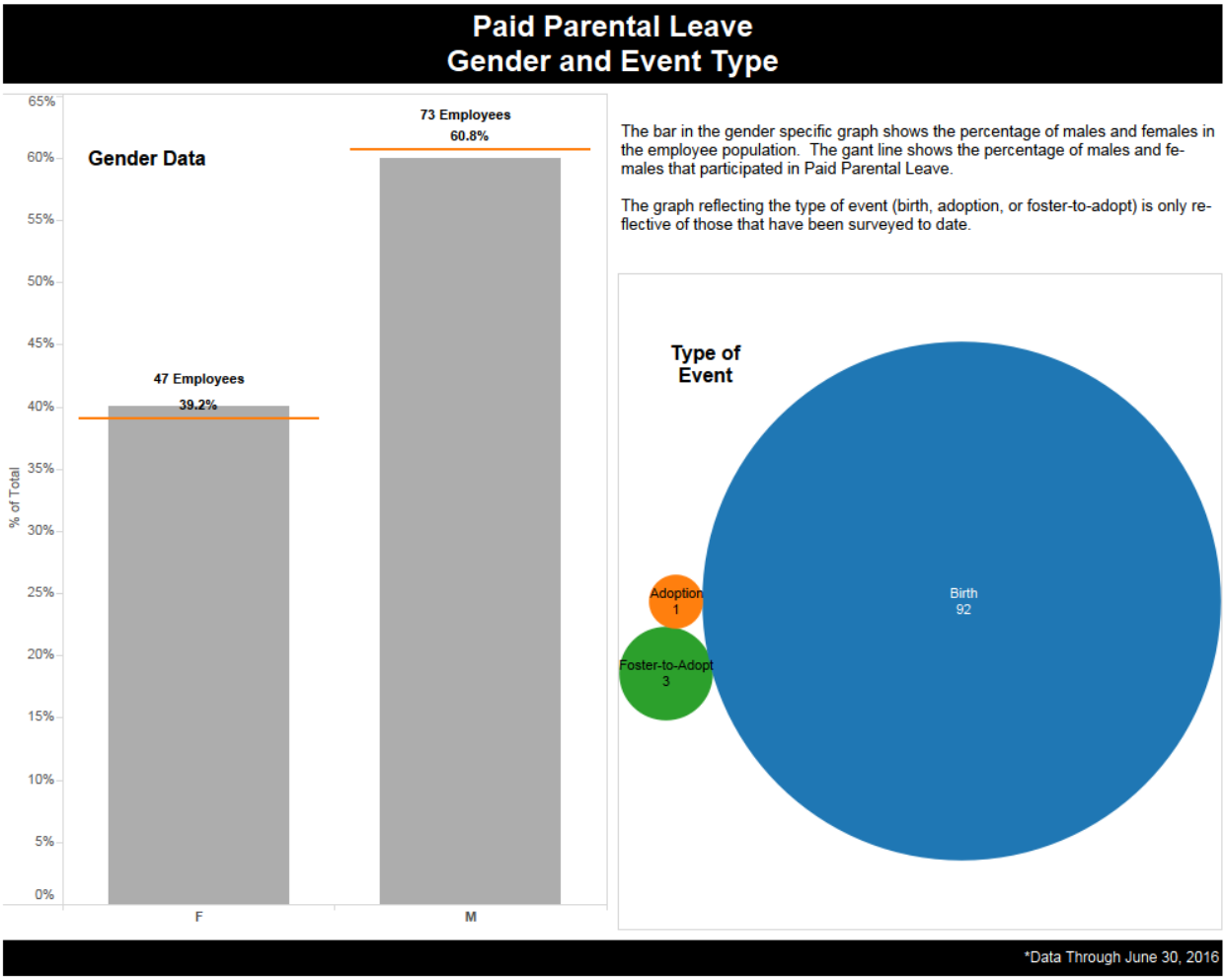
The following data covers the time period of January 1 – June 30, 2016. The information was gathered by first tracking when employees added dependents to their benefits, or when Paid Parental Leave hours were awarded to an employee in PeopleSoft. Additional information was obtained from the relevant agency after an employee began his or her leave.

[1] *Paid Parental Leave & Paid Family Leave – A Report on the Costs and Benefits of Implementing and Providing a Paid Parental Leave program, in addition to Paid Family Leave, at King County*, submitted by the Executive to the King County Council on September 15, 2015.

USAGE BY GENDER

For the first half of 2016, 120 employees were awarded Paid Parental Leave hours. The number of participants is consistent with our original estimate of 241 employees for the entire year. The estimate was determined using federal data on expected birth rates for the King County employee population, and confirmed by looking at the number of actual dependents added to the County's medical benefits plan over the last three years.

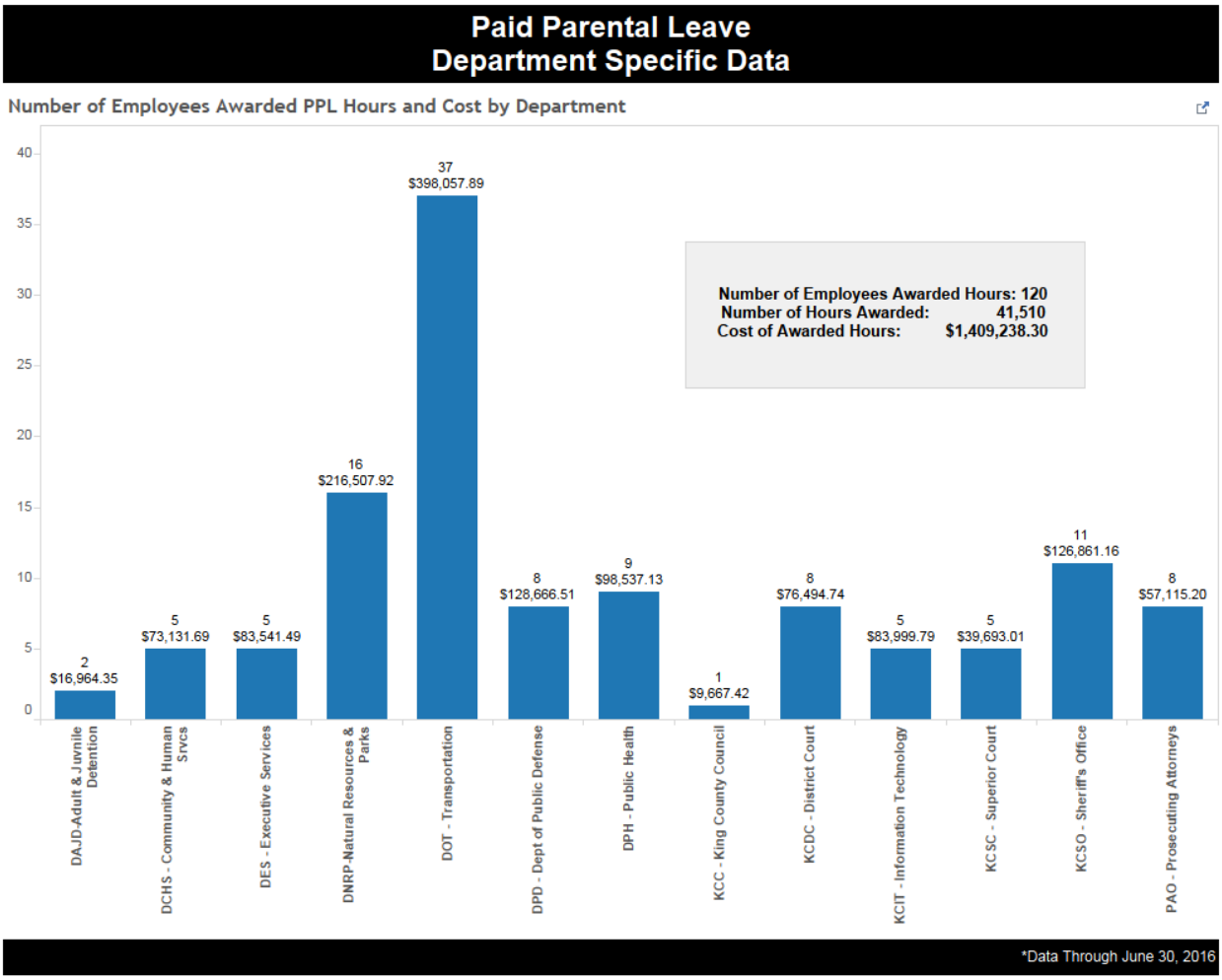
Of the 120 employees, 73 (60.8%) were male and 47 (39.2%) were female. This is consistent with the gender breakdown at the County, as illustrated in the chart below. The County's employee population is currently 60% male and 40% female.



DEPARTMENTAL USAGE AND COST

A total of 41,510 Paid Parental Leave hours have been awarded through June 30, 2016. The chart below shows the number of employees awarded Paid Parental Leave hours by department and the cost to each department based on the awarded hours.[2]

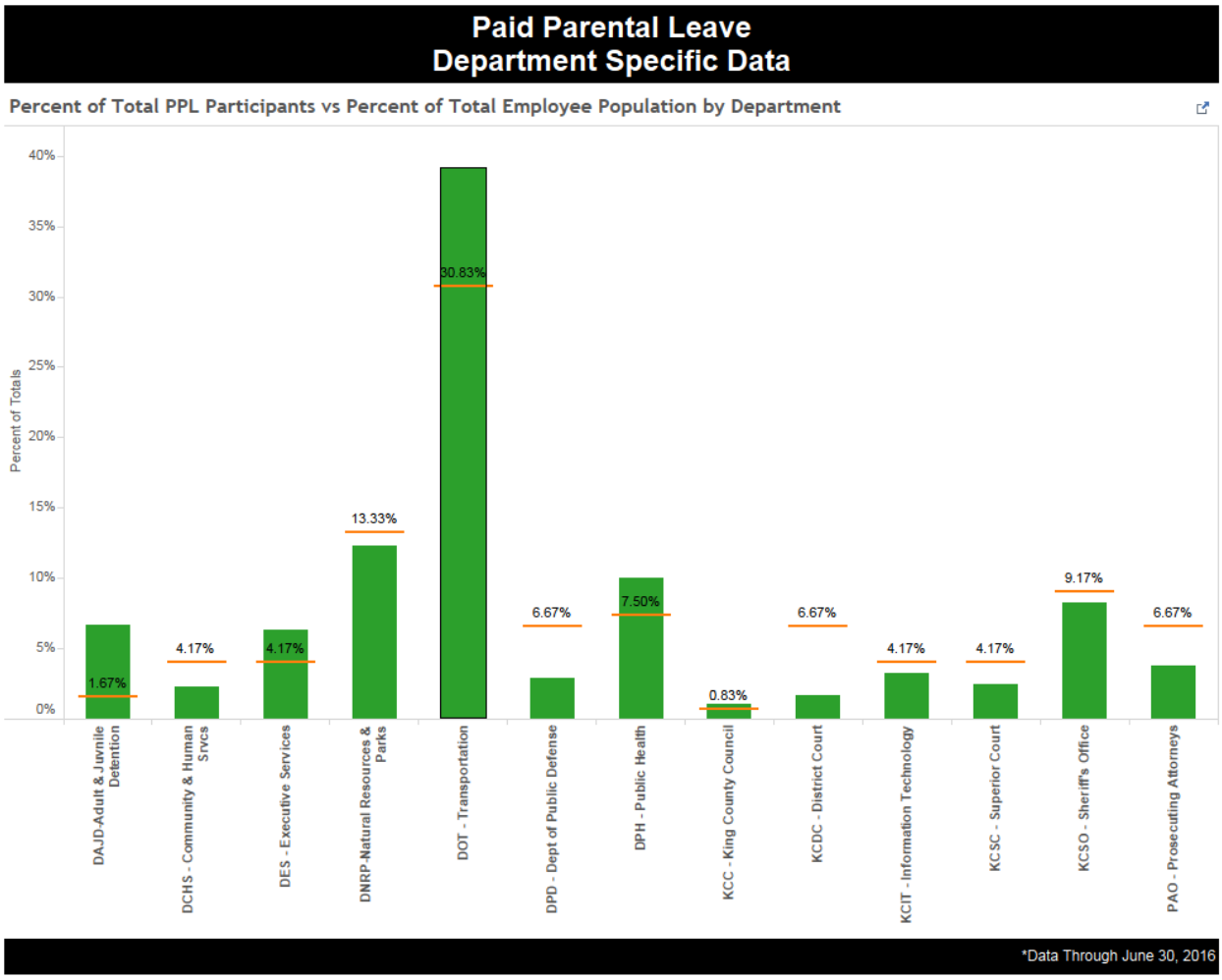
Costs of the program through June 30, 2016 are $1.4 million. The cost for the first half of the year is consistent with the estimated costs for 2016, which were $2.9 million for the year.



[2] The assumption is that employees will use all awarded Paid Parental Leave hours. Full usage and actual costs will be confirmed as we continue to gather data throughout the pilot year.

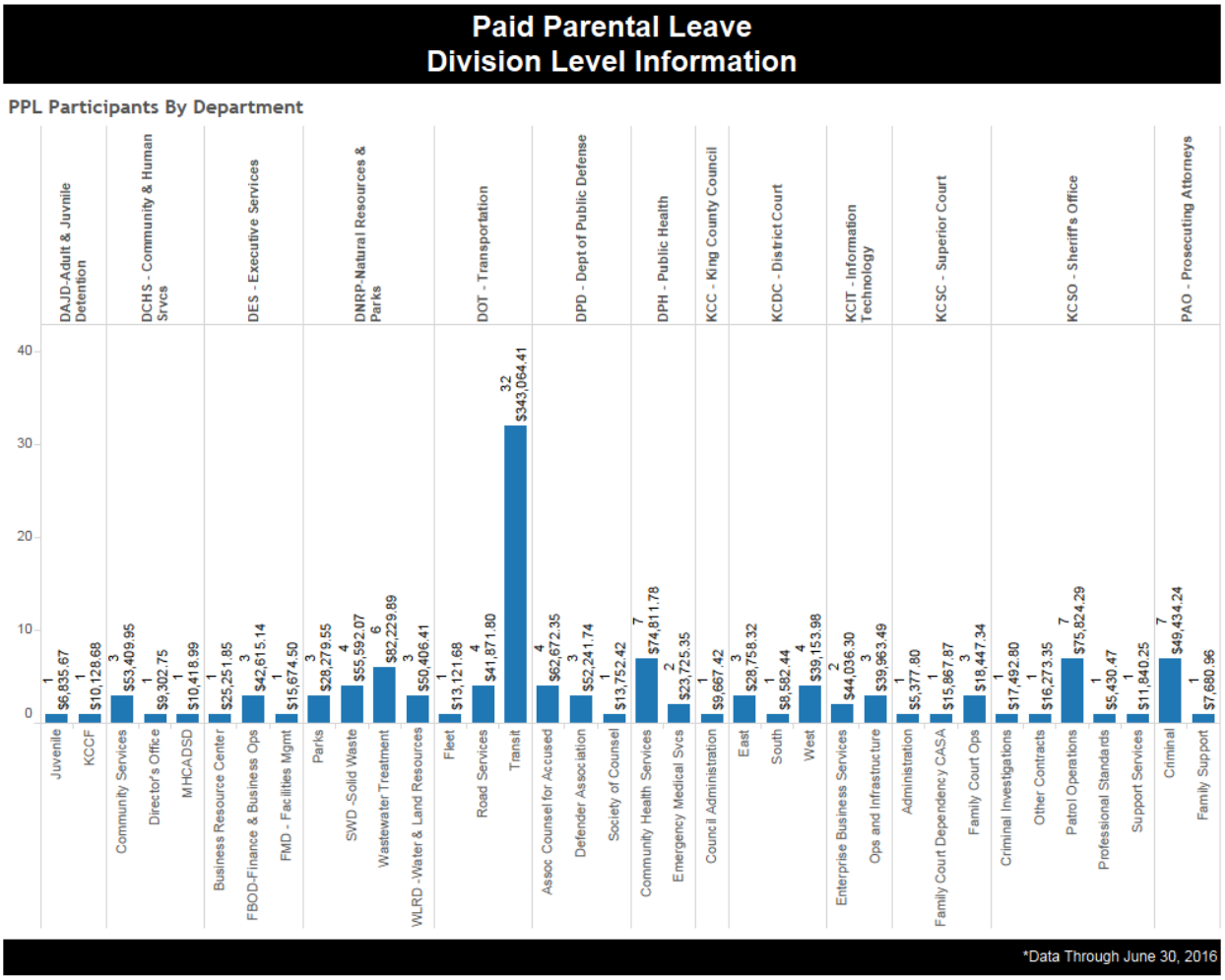
PERCENT OF PAID PARENTAL LEAVE PARTICIPANTS vs.
PERCENT OF TOTAL EMPLOYEE POPULATION BY DEPARTMENT

The following graph demonstrates departmental participation in comparison to the department's percentage of the total employee population. Each column denotes how much of the total employee population that department represents. The gant line indicates what percentage of the total Paid Parental Leave users (120) are in that department.



DIVISION USAGE AND COST

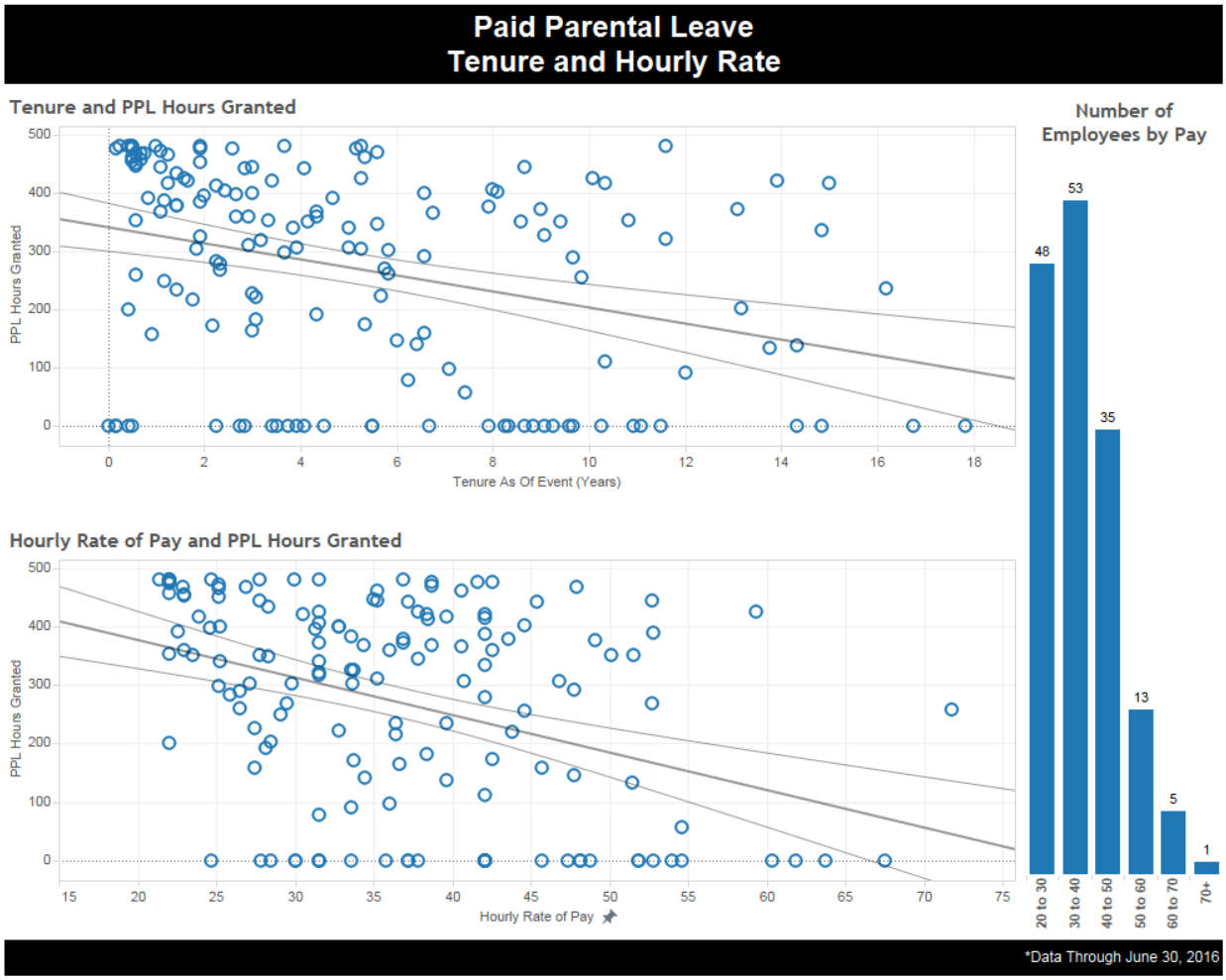
The chart below breaks down departmental usage and cost to the division level.



COMPENSATION RATES AND TENURE OF PARTICIPANTS

The first scatter plot below illustrates the relationship between the 120 employees' tenure and the number of Paid Parental Leave hours that each was awarded. Each circle represents an employee. The vertical axis represents the number of hours the employee was awarded. The horizontal axis represents the employee's tenure in years.

The second scatter plot demonstrates the relationship between the 120 participants' hourly rate of pay and the number of Paid Parental Leave hours that each was awarded. It indicates a clear decrease in hours awarded as pay increases. The bar chart on the right displays the number of employees awarded Paid Parental Leave hours by pay band. These are consistent with the hope that this plan would more greatly benefit those who need it most and for whom wage replacement costs the least.



BACKFILL USAGE AND COST

It is challenging to develop a model for accurately estimating the costs associated with backfilling an employee's position when an employee is on Paid Parental Leave. This is because it is difficult to determine exactly what is triggering the need for backfill. For instance, whether the need is strictly due to the Paid Parental Leave, or whether additional factors are contributing to the need for backfill.

Based on a rough analysis of the survey data collected, the cost of backfilling for Paid Parental Leaves is approximately 1.0 times the employees' normal rate of pay for all participants. In some instances, positions were backfilled at a rate of 1.5 times the employee's normal rate of pay. In other instances the position was not backfilled. There were also instances where the work was backfilled with employees being paid at straight time. In the aggregate, it appears to balance out. Transit and the King County Sheriff's Office (KCSO) consistently backfilled at 1.5 times the employee's normal rate of pay. In these departments, nearly all occurrences of backfilling for absent employees are done by employees being paid at overtime rates. Based on conversations with KCSO staff, some of the KCSO Paid Parental Leave backfill costs were mitigated by agreements with contract cities.

There are a number of positions, both exempt and non-exempt, where the work was absorbed by others or delayed. Feedback from staff (e.g., in the PAO) suggests this has created some hardships. In certain instances work was left undone, which generated a backlog of work. In a limited number of cases, the work was put on hold until the employee returns.

Through June 30, 2016, the backfill usage and costs are consistent with the estimated usage and costs in the Executive's 2015 proposal to Council. The initial proposal assumed a 1.0 backfill for all, knowing that certain employees would not need to be backfilled and others would need to be backfilled at 1.5 times their normal rate of pay.

July 29, 2016

The Honorable Joe McDermott
Chair, King County Council
Room 1200
C O U R T H O U S E

Dear Councilmember McDermott:

On December 7, 2015, the King County Council approved a Paid Parental Leave pilot program for 2016. The pilot established King County as a leader on this important national issue and allowed the County to test our assumptions about whether the program meets our objectives for a permanent Paid Parental Leave program. The objectives for an ongoing program are that:

- It is compassionate toward our employees and their families;
- Embodies our principles of equity and social justice; and,
- Accomplishes these goals while supporting King County's Strategic Plan by being fiscally feasible and sustainable.

I am writing to report the usage and costs associated with the 2016 Paid Parental Leave pilot program for the first half of the year. I am happy to report that the preliminary usage and cost estimates for the first six months are consistent with those predicted in our initial proposal to the Council last year, and it appears that we are meeting our objectives of supporting our employees during one of the most important events of their lives, while at the same time remaining good stewards of public resources.

Required staff time to produce this report was 60 hours for five staff members at $4,500 in direct salary costs.

If you have any questions, please feel free to contact Denise R. Pruitt, Senior HR Policy Advisor, at 206-477-3230.

Sincerely,

Dow Constantine
King County Executive

cc: King County Councilmembers
ATTN: Carolyn Busch, Chief of Staff
Anne Noris, Clerk of the Council
Carrie S. Cihak, Chief of Policy, King County Executive Office
Dwight Dively, Director, Office of Performance, Strategy and Budget
Caroline Whalen, County Administrative Officer, Department of Executive Services (DES)
Susie Slonecker, Interim Director, Human Resources Division (HRD), DES
Denise R. Pruitt, Senior HR Policy Advisor, HRD, DES

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

King County

KING COUNTY

Signature Report

December 8, 2015

Ordinance 18190

Proposed No. 2015-0495.2 **Sponsors** Dembowski

1 AN ORDINANCE relating to a paid parental leave pilot
2 program for leave-eligible employees.
3 STATEMENT OF FACTS:
4 1. Under federal and state law, eligible employees are entitled to take up
5 to twelve weeks of leave for the birth, adoption or foster placement of a
6 child. During that period, employees' jobs are protected, and they
7 continue to receive employer paid health benefits; however, there is no
8 requirement that employees be paid during the leave.
9 2. The United States is the only industrialized nation in the world that
10 does not mandate paid parental leave.
11 3. Paid maternity leave can increase breastfeeding rates and duration,
12 reduce the risk of infant mortality and increase the likelihood of infants
13 receiving well-baby care and vaccinations.
14 4. Fathers who take time off from work around childbirth are likely to
15 spend more time with their children in the months following their
16 children's birth, which could reduce stress on the family and contribute to
17 father-infant bonding.
18 5. A 2012 U.S. Department of Labor survey found that the number of
19 employees who reported needing leave, but not using it, had doubled since

20 2000. The most-common reasons for not using leave were inability to
21 afford an unpaid leave and fear of losing one's job. Those who did not
22 take needed leave were disproportionately women, nonwhite, unmarried,
23 and earning less than $35,000 per year.
24 6. The King County women's advisory board has issued a report,
25 Improving Wage Equity and Promoting Family Friendly Workplace
26 Policies throughout King County, that recommends that King County offer
27 paid parental leave to its employees.
28 7. Providing paid parental leave may help attract and retain employees
29 and may reduce employee turnover, which has been estimated to cost
30 twenty-one percent of an employee's annual salary.
31 8. Providing paid parental leave supports King County's commitment to
32 equity and social justice, in that it makes parental leave more affordable
33 for lower-paid employees.
34 9. Paid parental leave is associated with improved health outcomes for
35 infants and children, which may result in avoided healthcare costs for
36 King County, which is self-insured.
37 10. In the absence of a paid parental leave program, childbirth and
38 adoption can take a significant financial and emotional toll on working
39 parents and thereby can impair their ability to serve the public.
40 11. Establishing a paid parental leave pilot program and monitoring its
41 effectiveness for one year is in the best interest of King County
42 employees, their families and the public that the employees serve.

43 12. On April 27, 2015, the council passed Motion 14348, which declared
44 that it is county policy to establish a paid family leave program for King
45 County employees. The motion directed the executive to develop and
46 transmit to the council: a work plan and recommendations for
47 implementing a paid family leave program; a cost-benefit analysis; and
48 proposed legislation. The executive, on September 15, 2015, transmitted
49 the requested recommendations and cost-benefit analysis. The transmittal
50 of the original version of Proposed Ordinance 2015-0495 and an attached
51 work plan completed the executive's response to the council's motion.
52 13. In August 2014, the county and the King County Coalition of Unions
53 agreed to negotiate "a 'Total Compensation' agreement that will be
54 effective January 1, 2017 or later." The executive has indicated to the
55 council the executive's intention to begin "total compensation" bargaining
56 with the King County Coalition in January 2016. As provided in the
57 August 2014 agreement, "'Total Compensation' elements are wages,
58 premiums, incentives, and other monetary payments; and all forms of
59 leave and benefits." The pilot program that this ordinance directs the
60 executive to create serves the additional purpose of providing useful data
61 about paid parental leave for the county and the coalition to consider in
62 their "total compensation" bargaining.
63 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:
64 SECTION 1. This section applies to sections 2 through 5 of this ordinance.

65 A. "Accrued paid leave" includes accrued vacation, executive leave and sick
66 leave.
67 B. "Qualifying event" means the birth of the employee's child, the employee's
68 adoption of a child or the foster-to-adopt placement of a child with the employee.
69 SECTION 2. The executive shall create a pilot program that provides to
70 nonrepresented employees, on the terms in this ordinance, paid parental leave following a
71 qualifying event.
72 SECTION 3. The executive is directed to enter into memoranda of agreement
73 with the labor organizations that represent King County employees, with the
74 organizations' consent, to provide to those employees paid parental leave on the terms in
75 this ordinance.
76 SECTION 4. The program for paid parental leave shall be subject to the
77 following terms:
78 A. The program is intended to provide leave-eligible employees with twelve
79 weeks of paid parental leave during the twelve months following a qualifying event;
80 B. Participation in the program shall be limited to leave-eligible employees who
81 have been employed with the county for at least six months of continuous service at the
82 time of the qualifying event and either are nonrepresented or are represented by a union
83 that has signed a paid parental leave memorandum of agreement under section 3 of this
84 ordinance;
85 C. The program is limited to qualifying events occurring in 2016;
86 D. An employee electing to participate in the program must reserve one week of
87 accrued vacation and one week of accrued sick leave, or whatever smaller amount of

88 each the employee has accrued. An employee with twelve weeks or more of unreserved,
89 accrued paid leave at the time of the qualifying event may use up to twelve weeks of
90 accrued paid leave as paid parental leave during the twelve months after the qualifying
91 event. An employee who has less than twelve weeks of unreserved, accrued paid leave at
92 the time of the qualifying event shall be granted supplemental paid leave in an amount
93 sufficient, when combined with the employee's unreserved accrued paid leave, to equal a
94 total of twelve weeks of paid parental leave. For example, if an employee has two weeks
95 of accrued vacation and three weeks of accrued sick leave at the time of the qualifying
96 event, the employee shall be granted nine weeks of supplemental paid leave, bringing the
97 total available paid parental leave to twelve weeks.

98 E. An employee may use supplemental paid leave and accrued paid leave in any
99 order and is not required to use any of the accrued paid leave as paid parental leave.

100 F. An employee on paid leave in the program shall be compensated at the
101 employee's base pay rate.

102 G. An employee should provide notice to the designated representative of the
103 employee's department that the employee intends to participate in the program. The
104 notice should meet the notice requirements for taking family and medical leave under
105 federal law.

106 H. An employee may participate in the program only once.

107 I. Paid parental leave under the program must begin and end within twelve
108 months after the qualifying event. The leave may be taken in 2017 as long as the leave is
109 completed within twelve months after the 2016 qualifying event.

110 J. The employee and the employee's supervisor shall agree upon a schedule for
111 taking paid parental leave that is consistent with the county's operational needs. An
112 employee may use the paid parental leave on a part-time basis as long as that is consistent
113 with the county's operational needs and is approved in writing by the supervisor before
114 the leave begins.

115 K. Paid parental leave under this ordinance shall run concurrently with King
116 County family and medical leave, as well as federal and state family and medical leave,
117 to the extent permitted by law.

118 L. During the time that an employee is on leave in the program, the employee's
119 job shall be protected to the same extent that an employee's job is protected while the
120 employee is on family or medical leave under federal or state law. No retaliatory action
121 may be taken against an employee for participating or planning to participate in the
122 program or for exercising the employee's rights under this ordinance. In particular,
123 permission to use accrued vacation or executive leave shall not be denied or delayed on
124 the basis that the employee intends to participate in the program. This is a general
125 statement of county policy that cannot form the basis of a private right of action.

126 M. Taking leave under the program shall not affect an employee's health benefits
127 or an employee's accrual of paid leave, which shall continue during the period of paid
128 parental leave.

129 N. Employees shall not be compensated in any manner for not using the
130 supplemental paid leave that is available under this ordinance.

131 SECTION 5. The executive shall monitor the usage and costs associated with the
132 program and shall report to the council, on July 29, 2016, October 31, 2016, and January

133 31, 2017, the most current available information on usage and costs, including but not
134 limited to the number, gender and compensation rate of employees who have used the
135 program, their distribution among the county's departments and divisions, whether their
136 positions have been backfilled, the costs of backfilling, and any other costs associated
137 with the program. The executive must file the reports in the form of a paper original and
138 an electronic copy with the clerk of the council, who shall retain the original and provide
139 an electronic copy to all councilmembers, the council chief of staff, the policy staff
140 director and the lead staff for the transportation, economy and environment committee, or
141 its successor.

142 SECTION 6. **Severability.** If any provision of this ordinance or its application to

143 any person or circumstance is held invalid, the remainder of the ordinance or the

144 application of the provision to other persons or circumstances is not affected.

145

Ordinance 18190 was introduced on 11/16/2015 and passed as amended by the Metropolitan King County Council on 12/7/2015, by the following vote:

Yes: 8 - Mr. von Reichbauer, Mr. Gossett, Ms. Hague, Ms. Lambert, Mr. Dunn, Mr. McDermott, Mr. Dembowski and Mr. Upthegrove
No: 0
Excused: 1 - Mr. Phillips

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Larry Phillips, Chair

RECEIVED
2015 DEC 17 PM 3:04
CLERK
KING COUNTY COUNCIL

ATTEST:

Anne Noris, Clerk of the Council

APPROVED this 16 day of DECEMBER, 2015.

Dow Constantine, County Executive

Attachments: None

King County

Metropolitan King County Council
Transportation, Economy and Environment Committee

MEMORANDUM

Date: September 14, 2016

TO: Transportation, Economy and Environment Committee Members

FM: Mary Bourguignon, Council Staff

RE: Grant Alerts

The Transportation, Economy and Environment Committee has received notice that the Water, Land and Resources Division of the Department of Natural Resources and Parks has submitted the following grant requests to outside funders:

- *16-046 WDOE THA Grant - Boise Creek Restoration - Vanwierengen*
- *16-047 WRIA 9 Marine Shoreline Monitoring and Compliance Phase II*
- *16-048 Tolt River - Lower Frew Floodplain Reconnection*

ATTACHMENTS:
1. Grant Alert Forms

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16-046

King County
Office of Performance, Strategy and Budget
Chinook Building
401 Fifth Avenue, Suite 810
Seattle, WA 98104

RECEIVED
2016 SEP -6 PM 2:54
CLERK
KING COUNTY COUNCIL

August 31, 2016

MEMORANDUM

TO: Joe McDermott, Chair, King County Council

FM: Jonathan Swift, Deputy Director, Office of Performance, Strategy and Budget

RE: WDOE THA Grant - Boise Creek Restoration - Vanwierengen

Enclosed is a King County Grant Alert, advising Council of the department's intent to apply for the above-entitled Grant. This grant application is due to grantor on 8/15/2016 with a potential award of $50,000. If you have any questions, please contact Josh Kahan, at 206-477-4721.

---

cc: King County Councilmembers
Mary Bourguignon, Council Committee Staff
Patrick Hamacher, Senior Principal Legislative Analyst, BFM Staff
Anne Noris, Clerk of the Council
Jillian Andrews, Budget Analyst, Office of Performance, Strategy and Budget (PSB)
Lynn McKiernan Ngari, Grant Financial Officer, FBOD
Ayesha Kelly, Administrator, PSB
Jo Anne Fox, Budget Analyst, PSB

King County Grant Alert

Department	DNRP
Division	WLRD
Program	RRS
Contact	Josh Kahan
Phone	477-4721

WDOE THA Grant - Boise Creek Restoration - Vanwierengen
Preliminary project title

AUG - 5 2016

REVIEW/APPROVAL

	Date Rec'vd	Date Appr'vd	Initials
Dept		8-1-16	
Budget	7/28/16	7/29/16	
PSB Control No.	16-046		JA

BASIC GRANT INFORMATION

Grantor (list branch of government or private foundation): Washington Departmen of Ecology

Is this an ARRA Grant? ☐ Yes ☒ No

CFDA # TBD (For Federal awards)

Application due date: August 15, 2016

Date award will be announced: October, 2016

Grantor's statement of intent in letting RFP

Washington Department of Ecology Terry Husseman Accounty (THA) provides funding for habitat restoration projects in the White River Watershed, including Boise Creek.

Potential King County budget impact

	2015	2016	2017	2018	2019
Potential award amount		50,000			-
Required CX cash match					-
Required other match					-
Total potential value	$ -	$ 50,000	$ -	$ -	$ -
% of Fund approp:	0.0%	0.2%	0.0%	0.0%	0.0%
Possible FTE additions	-	-	-	-	-

Award Maximums
Range of years covered: 2016-17 — $ 50,000

Does this grant replace currently appropriated funds? ☐ YES ☒ NO

If yes, **Amount** displaced: $
Source:

PRELIMINARY DESCRIPTION OF KING COUNTY PROPOSAL

See guidelines on reverse -- **summarize, then attach separate sheets if more detail is appropriate**

King County DNRP proposes to request funds to pay for a portion of a Boise Creek habitat restoration project to improve fish and wildlife habitat for threatened salmonids, and improve water quality in Boise Creek, a tributary of the White River. Funds from this grant would be dedicated to removing a gravel road adjacent to Boise Creek, planting a portion of the riparian zone, and constructing a livestock exclusion fence. When fully constructed, the project will: improve riparian habitat, increase channel conveyance capacity; enhance floodplain ecosystem processes; and improve agricultural drainage. No match funding is required. Grant is due on August 15, 2016.

Future Funding Liabilities (including sunsetting costs, if applicable -- see instructions): None.

EXISTING POLICY/PLAN ENABLING THIS GRANT

King County Comp. Plan (KCCP) Policy E-132 says: River and stream channels, stream outlets, headwater areas, and riparian corridors should be preserved, protected and enhanced for their hydraulic, hydrologic, ecological and aesthetic functions in providing woody debris sources to salmonid-bearing streams. KCCP Policy E-150 says: The existing flood storage and conveyance functions and ecological values of floodplains, wetlands, and riparian corridors shall be protected, and should, where possible, be enhanced or restored. KCCP Policy E-151 states: King County's floodplain land use and floodplain management activities shall be carried out in accordance with the King County Flood Hazard Reduction Plan.

IS COUNCIL ACTION DESIRED OR REQUIRED?

☐ Implementation of this grant will require execution of an Interlocal Agreement.

☐ Either the application or implementation would benefit from Council pre-authorization. (a transmittal of proposed legislation is forthcoming)

16-047

King County
Office of Performance, Strategy and Budget
Chinook Building
401 Fifth Avenue, Suite 810
Seattle, WA 98104

RECEIVED
2016 SEP -6 PM 2:55
CLERK
KING COUNTY COUNCIL

August 31, 2016

MEMORANDUM

TO: Joe McDermott, Chair, King County Council

FM: Jonathan Swift, Deputy Director, Office of Performance, Strategy and Budget

RE: WRIA 9 Marine Shoreline Monitoring and Compliance Phase 2

Enclosed is a King County Grant Alert, advising Council of the department's intent to apply for the above-entitled Grant. This grant application is due to grantor on 8/1/16 with a potential award of $117,460. If you have any questions, please contact Kollin Higgins, at 206-477-4711.

cc: King County Councilmembers
Mary Bourguignon, Council Committee Staff
Patrick Hamacher, Senior Principal Legislative Analyst, BFM Staff
Anne Noris, Clerk of the Council
Jillian Andrews, Budget Analyst, Office of Performance, Strategy and Budget (PSB)
Lynn McKiernan Ngari, Grant Financial Officer, FBOD
Ayesha Kelly, Administrator, PSB
Jo Anne Fox, Budget Analyst, PSB

King County Grant Alert

WRIA 9 Marine Shoreline Monitoring and Compliance
Phase 2

Preliminary Project Title

AUG 12 2016

Department	DNRP
Division	WLRD
Program	Science/WEAT
Contact	Kollin Higgins
Phone	206-477-4711

REVIEW/APPROVAL

	Date Rec'vd	Date Appr'vd	Initials
Dept		8-9-16	
Budget		8/19/16	
OFM Control No.		16-0447	

BASIC GRANT INFORMATION

Grantor
Washington Department of Fish and Wildlife

Application Due Date	Date Award to be Announced
n/a	August 1, 2016

Grantor's Statement of Intent in Letting Grant Proposal

Washington Departments of Fish and Wildlife (WDFW) and Natural Resources (WADNR) contacted WLRD staff to ask if WLRD would be willing to undertake a second phase of the similarly named project that was completed in 2014. The intent of their grant program is to protect high value Puget Sound nearshore and marine habitat by supporting projects that maximize effectiveness of regulatory programs address development at the local and regional level. WLR will undertake boat based surveys of the 92 miles of marine shoreline of WRIA 9 in 2016-2017 to document new changes in shoreline conditions. Identified changes will be evaluated to determine if changes in condition were permitted, as well as on their ecological and human safety impacts. By evaluating the impacts of the changes, subsequent compliance actions can focus on unpermitted actions that had a significant impact on the existing ecological condition or areas with significant human safety impacts. The project will also document whether increased public awareness changed compliance rates since the pilot project appears to have changed landowner behavior with regards to development along the shoreline.

Potential King County Budget Impact

	2015	2016	2017	2018	2019
Potential Award Amount:		$ 37,831	$ 59,731	$ 19,898	
Required CX Cash Match:		$ -	$ -	$ -	
Required Other Match:		$ -	$ -	$ -	
Total Potential Value:	$ -	$ 37,831	$ 59,731	$ 19,898	$ -
% of Fund Appropriation:	0.0%	0.1%	0.2%	0.1%	0.0%
Possible FTE Additions:					

Award Maximums: $ 117,460
Range of Years Covered: 2016-2018

Does this grant replace currently appropriated funds?
[ ] YES [X] NO
If yes, amount displaced:
Source of displace funds:

PRELIMINARY DESCRIPTION OF KING COUNTY PROPOSAL

Building off of the pilot project undertaken in 2012-2013, King County will undertake boat based surveys of the 92 miles of marine shoreline of Watershed Resource Inventory Area 9 (WRIA 9) in 2016 and 2017 to document new changes in shoreline condition. Identified changes will be evaluated to determine if changes in condition were permitted, as well as on their ecological and human safety impacts. By evaluating the impacts of the changes, subsequent compliance actions can focus on unpermitted actions that had a significant impact on the existing ecological condition or areas with significant human safety impacts. The project will also document whether increased public awareness changed compliance rates since the pilot project appears to have changed landowner behavior with regards to development along the shoreline. Unpermitted changes that are identified will be reported to relevant local jurisdictions and/or WDFW so that compliance actions can be taken, where appropriate. The project will also include outreach to the public, staff from regulatory programs within WRIA 9, and other jurisdictions across Puget Sound that are interested in implementing a similar approach. These outreach efforts will raise awareness of the project and its results, and ultimately improve compliance with shoreline regulations and understanding among landowners of the impacts of shoreline development.

Future Funding Liabilities (including sun-setting costs, if applicable - see instructions):

EXISTING POLICY/PLAN ENABLING THIS GRANT

The WRIA 9 Marine Shoreline Monitoring and Compliance Phase 2 helps implement Puget Sound salmon habitat recovery. It is recommended in the 2005 WRIA 9 Salmon Habitat Plan for the Green/Duwamish and Central Puget Sound Watershed. The project is specifically listed in the Habitat Plan as Program Watershed-Wide -12, Improve Enforcement of Existing Land Use and Other Regulations. It also helps the County show if it is meeting the 'no net loss' standard for its Shoreline Master Plan.

REQUIRED KING COUNTY COUNCIL ACTION, IF APPLICABLE

[ ] Implementation of this grant will require execution of an Interlocal Agreement. A transmittal of proposed legislation is forthcoming.
[ ] Either the application or implementation would benefit from King County Council pre-authorization. A transmittal of proposed legislation is forthcoming.

KING COUNTY FLOOD CONTROL ZONE DISTRICT NOTIFICATION

[ ] A copy of this grant alert has been provided to the King County Flood Control Zone District's Executive Committee and Executive Director.

16-048

King County
Office of Performance, Strategy and Budget
Chinook Building
401 Fifth Avenue, Suite 810
Seattle, WA 98104

RECEIVED
2016 SEP -6 PM 2:55
CLERK
KING COUNTY COUNCIL

August 31, 2016

MEMORANDUM

TO: Joe McDermott, Chair, King County Council

FM: Jonathan Swift, Deputy Director, Office of Performance, Strategy and Budget

RE: Tolt River - Lower Frew Floodplain Reconnection

Enclosed is a King County Grant Alert, advising Council of the department's intent to apply for the above-entitled Grant. This grant application is due to grantor on 8/11/16 with a potential award of $400,000. If you have any questions, please contact Mary Maier, at 206-477-4762.

cc: King County Councilmembers
Mary Bourguignon, Council Committee Staff
Patrick Hamacher, Senior Principal Legislative Analyst, BFM Staff
Anne Noris, Clerk of the Council
Jillian Andrews, Budget Analyst, Office of Performance, Strategy and Budget (PSB)
Lynn McKiernan Ngari, Grant Financial Officer, FBOD
Ayesha Kelly, Administrator, PSB
Jo Anne Fox, Budget Analyst, PSB

King County Grant Alert

Department	DNRP
Division	WLRD
Program	Rural and Regional Services Section
Contact	Mary Maier
Phone	477-4762

Tolt River - Lower Frew Floodplain Reconnection

Preliminary Project Title

AUG 15 - 2016

REVIEW/APPROVAL

	Date Rec'vd	Date Approved	Initials
Dept		8-11-16	
Budget	8/4/16		
OFM Control No.	16-048	8/26/16	JA

BASIC GRANT INFORMATION

Grantor
WA Resource Conservation Office - Salmon Recovery Funding Board

Application Due Date
August 11, 2016

Date Award to be Announced
December 10, 2016

Grantor's Statement of Intent in Letting Grant Proposal
To support on-the-ground protection and restoration of habitat to benefit ESA listed salmonid species.

Potential King County Budget Impact

	2015	2016	2017	2018	2019
Potential Award Amount:			$ 400,000		
Required CX Cash Match:			$ 100,000		
Required Other Match:					
Total Potential Value:	$ -	$ -	$ 500,000	$ -	$ -
% of Fund Appropriation:	0.0%	0.0%	0.1%	0.0%	0.0%
Possible FTE Additions:					

Award Maximums: $ 400,000
Range of Years Covered: 2

Does this grant replace currently appropriated funds?
[ ] YES [X] NO
If yes, amount displaced:
Source of displace funds:

PRELIMINARY DESCRIPTION OF KING COUNTY PROPOSAL

This grant will help fund the design of the Lower Frew Floodplain Reconnection Project. The Lower Frew Floodplain Reconnection Project will remove up to 2,800 feet of the existing Lower Frew Levee along the right bank of the Tolt River between the State Route 203 Bridge and the Snoqualmie Valley Trail Bridge. A new setback levee meeting current engineering standards will be constructed. The project will result in the reconnection of up to 34 acres of the Tolt River floodplain and provide improved flood and erosion hazard protection. The Lower Frew Floodplain Reconnection Project is a high priority project in the Snohomish River Basin Salmon Conservation Plan and the King County Flood Hazard Management Plan. This grant, along with future matching funds, will fund an alternatives analysis and preliminary design.

Future Funding Liabilities (including sun-setting costs, if applicable - see instructions):

EXISTING POLICY/PLAN ENABLING THIS GRANT

This project supports the Snohomish River Basin Salmon Conservation Plan and the Flood Hazard Management Plan.

REQUIRED KING COUNTY COUNCIL ACTION, IF APPLICABLE

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