



King County

1200 King County
Courthouse
516 Third Avenue
Seattle, WA 98104

Meeting Agenda Metropolitan King County Council

*Councilmembers: Girmay Zahilay, Chair;
Sarah Perry, Vice Chair of Policy Development and Review;
Reagan Dunn, Vice Chair of Regional Coordination;
Claudia Balducci, Jorge L. Barón, Rod Dembowski,
Teresa Mosqueda, De'Sean Quinn, Pete von Reichbauer*

1:30 PM

Tuesday, September 2, 2025

Hybrid Meeting

Hybrid Meetings: Attend King County Council meetings in person in Council Chambers (Room 1001), 516 3rd Avenue in Seattle, or through remote access. Details on how to attend and/or provide comment remotely are listed below.

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There are three ways to provide public testimony:

1. **In person:** You may attend the meeting in person in Council Chambers.
2. **By email:** You may testify by submitting a COMMENT email. If your testimony is submitted before 10:00 a.m. on the day of the Council meeting, your email testimony will be distributed to the Councilmembers and appropriate staff prior to the meeting. Please submit your testimony by emailing clerk@kingcounty.gov.
3. **Remote attendance on the Zoom Webinar:** You may provide oral public testimony at the meeting by connecting to the meeting via phone or computer using the ZOOM application at <https://zoom.us/>, and entering the Webinar ID below.

	<p>Sign language and interpreter services can be arranged given sufficient notice (206-848-0355). TTY Number - TTY 711.</p> <p>Council Chambers is equipped with a hearing loop, which provides a wireless signal that is picked up by a hearing aid when it is set to 'T' (Telecoil) setting.</p>	
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CONNECTING TO THE WEBINAR

Webinar ID: 890 5838 1493

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1. **Call to Order**

To show a PDF of the written materials for an agenda item, click on the agenda item below.

2. **Roll Call**3. **Flag Salute and Pledge of Allegiance**

Councilmember von Reichbauer

4. **Approval of Minutes of August 26, 2025** **pg 8**

Councilmember Perry

5. **Additions to the Council Agenda**6. **Special Item**

Recognition of the 2024-25 Ruth Woo Fellows: Monica Alfonzo, Zeinab Al-Mohanawy, Priscilla de Andrade, Marissa Maldonado, and Saaed Mahamood

Councilmember Dembowski



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Hearing and Second Reading of Ordinances from Standing Committees and Regional Committees, and of Ordinances related to Collective Bargaining

There will be one public hearing on Items 7 - 9

Budget and Fiscal Management Committee

Councilmember Dembowski

7. Proposed Substitute Ordinance No. 2025-0236.2 **pg 15**

AN ORDINANCE relating to the sale of biomethane and related environmental attributes held by the county; authorizing the solid waste division to enter into an agreement for the sale of biomethane and environmental attributes produced at the Cedar Hills regional landfill to Puget Sound Energy.

Sponsors: Dembowski

On 8/19/2025, the Metropolitan King County Council Introduced and Referred to Budget and Fiscal Management Committee.

On 8/27/2025, the Budget and Fiscal Management Committee Recommended Do Pass Substitute.

Public Hearing Required

Motions, from Standing Committees and Regional Committees and Motions related to Collective Bargaining, for Council Action

Consent Items

Councilmember Perry

8. Proposed Motion No. 2025-0204 **pg 70**

A MOTION accepting the King County 30-Year Forest Plan in accordance with Ordinance 19881, Section 377.

Sponsors: Quinn and Perry

On 7/22/2025, the Metropolitan King County Council Introduced and Referred to Local Services and Land Use Committee.

On 8/20/2025, the Local Services and Land Use Committee Recommended Do Pass Consent.



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9. Proposed Motion No. 2025-0205 **pg 79**

A MOTION acknowledging receipt of a Critical Areas Monitoring and Adaptive Management Program plan, in response to the 2025 Annual Budget Ordinance, Ordinance 19861, Section 16, Proviso P1.

Sponsors: Perry

On 7/8/2025, the Metropolitan King County Council Introduced and Referred to Local Services and Land Use Committee.

On 8/20/2025, the Local Services and Land Use Committee Recommended Do Pass Consent.

First Reading and Referral of Ordinances

10. Proposed Ordinance No. 2025-0266

AN ORDINANCE relating to contract management and compliance monitoring protocols for the department of community and human services; and amending Ordinance 11955, Section 5, as amended, and K.C.C. 2.16.130.

Sponsors: Dunn

First Reading and Referral to the Health, Housing, and Human Services Committee

11. Proposed Ordinance No. 2025-0267

AN ORDINANCE relating to prohibiting algorithmic rent fixing; and adding a new chapter to K.C.C. Title 12.

Sponsors: Mosqueda

First Reading and Referral to the Health, Housing, and Human Services Committee

12. Proposed Ordinance No. 2025-0268

AN ORDINANCE related to doctors office/outpatient clinic uses; and amending Ordinance 19881, Section 162, as amended, and K.C.C. 21A.08.045 and Ordinance 16267, Section 30, as amended, and K.C.C. 21A.12.250.

Sponsors: Mosqueda

First Reading and Referral to the Local Services and Land Use Committee



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First Reading and Referral of Motions

13. Proposed Motion No. 2025-0217

A MOTION acknowledging receipt of the third annual report on the second Best Starts for Kids initiative, in accordance with Ordinance 19354.

Sponsors: Mosqueda

First Reading and Referral to the Health, Housing, and Human Services Committee

This is a dual referral first to the Health, Housing, and Human Services Committee and then to the Regional Policy Committee.

This is a nonmandatory referral to the Regional Policy Committee under KCC 1.24.065.I as an issue that is not a countywide policy or plan but would benefit from interjurisdictional discussion.

14. Proposed Motion No. 2025-0237

A MOTION approving the 2024 annual mental illness and drug dependency evaluation summary report, in compliance with K.C.C. 4A.500.309.

Sponsors: Mosqueda

First Reading and Referral to the Health, Housing, and Human Services Committee

This is a dual referral first to the Health, Housing, and Human Services Committee and then to the Regional Policy Committee.

This is a nonmandatory referral to the Regional Policy Committee under KCC 1.24.065.I as an issue that is not a countywide policy or plan but would benefit from interjurisdictional discussion.

15. Proposed Motion No. 2025-0252

A MOTION acknowledging receipt of the summary letter and completion of the online annual report requirement for the Crisis Care Centers Levy, in accordance with Ordinance 19572, Section 7.C.9, and Attachment A to Ordinance 19783, Section VIII.A.

Sponsors: Mosqueda

First Reading and Referral to the Health, Housing, and Human Services Committee



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16. Proposed Motion No. 2025-0263

A MOTION confirming the executive's appointment of Zain Jinnah, who resides in council district two, to the King County immigrant and refugee commission.

Sponsors: Zahilay

First Reading and Referral to the Committee of the Whole

17. Proposed Motion No. 2025-0264

A MOTION confirming the executive's appointment of Julie Kang, who resides in council district four, to the King County immigrant and refugee commission.

Sponsors: Barón

First Reading and Referral to the Committee of the Whole

18. Reports on Special and Outside Committees**Other Business****Adjournment**

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Meeting Minutes

Metropolitan King County Council

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Claudia Balducci, Jorge L. Barón, Rod Dembowski,
Teresa Mosqueda, De'Sean Quinn, Pete von Reichbauer*

1:30 PM

Tuesday, August 26, 2025

Hybrid Meeting

REVISED AGENDA - ITEM 13 & 16 DRAFT MINUTES

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1. Call to Order

The meeting was called to order at 1:33 p.m.

The Chair recessed the meeting at 1:57 p.m.

The Chair reconvened the meeting at 1:58 p.m.

2. Roll Call

Present: 9 - Balducci, Barón, Dembowski, Dunn, Mosqueda, Perry, Quinn, von Reichbauer and Zahilay

3. Flag Salute and Pledge of Allegiance

Councilmember Balducci led the flag salute and Pledge of Allegiance.

4. Approval of Minutes of August 20, 2025

Councilmember Perry moved to approve the minutes of the August 19, 2025, meeting as presented. Seeing no objection, the Chair so ordered.

5. Additions to the Council Agenda

There were no additions.

6. Public Comment**Hearing and Second Reading of Ordinances from
Standing Committees and Regional Committees, and of
Ordinances related to Collective Bargaining**

There will be one public hearing on Items 6-9

The following people spoke:

Alex Tsimerman

Jose Ortuzar

Joe Kunzler

Denise Stiffarm

Local Services and Land Use**7. [Proposed Substitute Ordinance No. 2025-0127.2](#)**

AN ORDINANCE relating to school impact fees; amending Ordinance 13147, Section 22, as amended, and K.C.C. 20.18.060, Ordinance 11621, Section 89, as amended, and K.C.C. 21A.28.152, Ordinance 11621, Section 90, as amended, and K.C.C. 21A.28.154, Ordinance 11621, Section 91, as amended, and K.C.C. 21A.28.156, Ordinance 11621, Section 112, as amended, and K.C.C. 21A.43.030, Ordinance 11621, Section 114, as amended, and K.C.C. 21A.43.050, and Ordinance 11621, Section 117, as amended, and K.C.C. 21A.43.080, adding a new section to K.C.C. chapter 21A.43, and repealing Ordinance 10870, Section 292, and K.C.C. 21A.06.1260, and Ordinance 11621, Attachment A.

Sponsors: Dembowski

The enacted number is 19965.

Erin Auzins, Policy Staff, briefed the Council and answered questions.

Jeff Muhm, Chief Policy Officer, briefed the Council.

Monique Cohen, Chief Legal Counsel, answered questions.

Councilmember Mosqueda moved Amendment 2B.

Councilmember Dembowski moved Amendment 1 to 2B. The motion carried.

Voting on Amendment 2B as amended, the motion carried

Councilmember Mosqueda moved Amendment 3. The motion carried.

Councilmember Mosqueda moved Amendment 4B.

Councilmember Quinn moved Amendment 1 to 4B. The motion carried.

Voting on Amendment 4B as amended, the motion carried

Councilmember Mosqueda moved Title Amendment T3. The motion carried.

A Public Hearing was held and closed. A motion was made by Councilmember Perry that this Ordinance be Passed as Amended. The motion carried by the following vote:

Yes: 8 - Balducci, Barón, Dembowski, Mosqueda, Perry, Quinn, von Reichbauer, and Zahilay

No: 1 - Dunn

Metropolitan King County Council**8. [Proposed Ordinance No. 2025-0227](#)**

AN ORDINANCE approving and adopting a memorandum of agreement negotiated by and between King County and the Joint Labor Management Insurance Committee of Unions regarding insured benefits for represented benefits-eligible employees identified by King County deemed eligible to receive these benefits; and establishing the effective date of the agreement.

Sponsors: Zahilay

The enacted number is 19966.

Jeff Muhm, Chief Policy Officer, briefed the Council and answered questions.

Sasha Alessi, Labor Relations Manager, Office of Labor Relations, King County Executive Office, made remarks and thanked the Council.

Maria Williams, President and Director of Representation, Teamsters Local Union No. 117; Co-Chair, Joint Labor Management Insurance Committee, made remarks and thanked the Council.

Michael Gonzales, Senior Business Agent, General Teamsters Union, Local 174; Co-Chair, Joint Labor Management Insurance Committee, made remarks and thanked the Council.

A Public Hearing was held and closed. A motion was made by Councilmember Perry that this Ordinance be Passed. The motion carried by the following vote:

Yes: 9 - Balducci, Barón, Dembowski, Dunn, Mosqueda, Perry, Quinn, von Reichbauer, and Zahilay

Motions, from Standing Committees and Regional Committees and Motions related to Collective Bargaining, for Council Action**Reappointment Consent Agenda Items 9****9. [Proposed Motion No. 2025-0248](#)**

A MOTION confirming the executive's reappointment of Sheryl Whitney, who resides in council district six, to the Harborview Medical Center board of trustees, as the district six representative.

Sponsors: Balducci

The enacted number is 16869.

A Public Hearing was held and closed. A motion was made by Councilmember Perry that this Motion be Passed on the Consent Agenda. The motion carried by the following vote:

Yes: 9 - Balducci, Barón, Dembowski, Dunn, Mosqueda, Perry, Quinn, von Reichbauer, and Zahilay

First Reading and Referral of Motions

10. [Proposed Motion No. 2025-0233](#)

A MOTION confirming the executive's appointment of Asma Ahmed, who resides in council district four, to the King County children and youth advisory board.

Sponsors: Barón

This matter had its first reading and was referred to the Health, Housing, and Human Services Committee.

11. [Proposed Motion No. 2025-0256](#)

A MOTION approving renewal of contract for assistant chief legal counsel to the King County council.

Sponsors: Zahilay

This matter had its first reading and was referred to the Employment and Administration Committee.

12. [Proposed Motion No. 2025-0257](#)

A MOTION approving renewal of contract for chief legal counsel to the King County council.

Sponsors: Zahilay

This matter had its first reading and was referred to the Employment and Administration Committee.

13. [Proposed Motion No. 2025-0258](#)

A MOTION confirming the reappointment of Hilary De La Cruz to the citizens' elections oversight committee as a King County registered voter.

Sponsors: Zahilay

This matter had its first reading and was referred to the Employment and Administration Committee.

14. [Proposed Motion No. 2025-0259](#)

A MOTION confirming the appointment of _____ to the citizens' elections oversight committee as a representative of the Spanish-speaking community.

Sponsors: Zahilay

This matter had its first reading and was referred to the Employment and Administration Committee.

15. Reports on Special and Outside Committees**Other Business****16. Labor Policy Committee**

The Chair recessed the meeting at 3:05 p.m. for 20 minutes until approximately 3:25 p.m. for a closed session to discuss issues relating to the planning or adopting the strategy or position to be taken by the governing body during the course of any collective bargaining or professional negotiations. The grounds for a closed session are in compliance with RCW 42.30.140(4).

The Chair announced the closed meeting would be extended 10 minutes at 3:25 p.m. to 3:35 p.m.

The Chair reconvened the meeting at 3:35 p.m.

Adjournment

The meeting was adjourned at 3:35 p.m.

Approved this _____ day of _____

Clerk's Signature



Signature Report

Ordinance

Proposed No. 2025-0236.2

Sponsors Dembowski

1 AN ORDINANCE relating to the sale of biomethane and
2 related environmental attributes held by the county;
3 authorizing the solid waste division to enter into an
4 agreement for the sale of biomethane and environmental
5 attributes produced at the Cedar Hills regional landfill to
6 Puget Sound Energy.

7 STATEMENT OF FACTS:

- 8 1. The solid waste division of the department of natural resources and
9 parks operates the Cedar Hills regional landfill, located in Maple Valley,
10 Washington, which receives over 800,000 tons of municipal solid waste
11 each year.
- 12 2. The breakdown of organic matter at the landfill generates landfill
13 biogas as part of the natural decomposition of waste over time when
14 buried underground. Landfill biogas generally is composed of 45% to
15 60% methane.
- 16 3. Landfill biogas can be processed to generate a high concentration
17 biomethane gas that meets natural gas pipeline standards. Purified
18 biomethane gas is also known as renewable natural gas (RNG), which is a
19 direct substitute for geologic natural gas. The RNG includes biomethane
20 energy gas molecules.

21 4. In addition to the biomethane energy content of the renewable natural
22 gas, the beneficial use of landfill biogas as a byproduct of the landfill
23 decomposition process provides significant greenhouse-gas reduction and
24 other environmental benefits when compared to the consumption of fossil
25 fuel-derived natural gas. These environmental benefits, as an extension of
26 the energy content, are recognized as environmental attributes.

27 5. Environmental attributes related to renewable energy or other
28 characteristics of a resource that are distinguished from the biomethane
29 commodity can have financial value related to both voluntary and
30 mandatory environmental markets.

31 6. Bio Energy (Washington), LLC, ("Bio Energy") constructed a facility
32 at the Cedar Hills regional landfill that can purify landfill biogas into
33 biomethane. In 2011, Bio Energy began to purify landfill biogas from the
34 Cedar Hills regional landfill into pipeline-quality biomethane gas and
35 inject the gas into the natural gas pipeline adjacent to the landfill. The
36 facility has not been processing and injecting gas since June of 2023.

37 7. Legislation was adopted by the King County council that authorizes the
38 purchase of the landfill gas processing facility by King County from Bio
39 Energy, and to resolve all legal disputes between Bio Energy and King
40 County.

41 8. Puget Sound Energy is the owner of approximately a quarter mile of
42 natural gas pipeline connecting the Cedar Hills biogas processing facility
43 to the Northwest Pipeline, owned by the Williams Companies. All

44 pipeline quality gas produced by the Cedar Hills biogas processing facility
45 is transported through this pipeline.

46 9. As the local natural gas utility, Puget Sound Energy supplies natural
47 gas to approximately 900,000 customers. Puget Sound Energy supplies
48 renewable natural gas to its customers for various reasons, including:
49 corporate interest in decarbonization; to integrate lower-carbon fuels as
50 part of its compliance with the Washington State Climate Commitment
51 Act; and to use the mechanisms of 2019 Washington State House Bill
52 2580, which allows natural gas utilities to acquire RNG through purchased
53 gas agreements and recover associated costs.

54 10. Before July 2023, King County had a contractual relationship with
55 Puget Sound Energy to help monetize the value of the environmental
56 attributes of the biomethane produced by the Cedar Hills biogas
57 processing facility.

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

66 12. Unique circumstances are present for this agreement because the
67 market for the sale of biomethane and the environmental attributes
68 associated with biomethane is highly specialized and is subject to market
69 variability. K.C.C. 4.56.250 authorizes the county to negotiate directly
70 with a person or entity in such circumstances. For the reasons indicated
71 above and to support the decarbonization of the natural gas supply system
72 in King County and beyond, Puget Sound Energy is a logical purchaser of
73 RNG produced by the Cedar Hills biogas processing facility. The County
74 has negotiated directly with Puget Sound Energy to sell biomethane and
75 specified volumes of the environmental attributes related to the RNG
76 produced at the Cedar Hills biogas processing facility.

77 13. The sale of the biomethane and environmental attributes provide public
78 benefit by increasing the revenue generated through the sale of the renewable
79 natural gas resource. The revenue from the sale of the biomethane and
80 environmental attributes will be used to offset debt and other costs associated with
81 operating the Cedar Hills biogas processing facility. Revenue in excess of debt
82 and operating costs will be used for other solid waste division purposes.

83 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

84 SECTION 1. Findings: The King County council has determined, and therefore
85 finds, that unique circumstances make a negotiated direct sale of biomethane and
86 environmental attributes associated with the Cedar Hills biogas processing facility in the
87 best interests of the public.

88 SECTION 2. The King County executive is hereby authorized to execute a base
89 contract, a transfer line interconnection and transportation agreement, and all related
90 documents for the sale and purchase of biomethane and environmental attributes with
91 Puget Sound Energy substantially in the form of Attachments A and B to this ordinance.

92 SECTION 3. Moneys from the sale of biomethane and environmental attributes
93 under section 2 of this ordinance shall be allocated to the originating division. The
94 revenue from the biomethane and environmental attributes shall be used to offset debt
95 and operating costs associated with the acquisition of the Cedar Hills biogas processing

96 facility. Revenue beyond that needed for the debt service and operating costs may be
97 spent on other originating division purposes.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Girmay Zahilay, Chair

ATTEST:

Melani Hay, Clerk of the Council

APPROVED this ____ day of _____, ____.

Shannon Braddock, County Executive

Attachments: A. Base Contract for Sale and Purchase of Natural Gas, B. Transfer Line
Interconnection and Transportation Agreement Between Puget Sound Energy, Inc. and King County,
Washington

Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date **XXXX**, 2025, between Puget Sound Energy (PSE) and King County

The parties to this Base Contract are PSE and King County, Washington.

PARTY A Puget Sound Energy, Inc.	PARTY NAME	PARTY B King County, through its Department of Natural Resources and Parks – Solid Waste Division
355 110 th Ave NE. Bellevue, WA 98004-9734	ADDRESS	201 S. Jackson St, Suite 6400 Seattle, WA 98104
www.pse.com	BUSINESS WEBSITE	https://kingcounty.gov/en/dept/dnrp/waste-services/garbage-recycling-compost/about
	CONTRACT NUMBER	
007942113	D-U-N-S® NUMBER	957152549
<input checked="" type="checkbox"/> US FEDERAL: 91-0374630 <input type="checkbox"/> OTHER:	TAX ID NUMBERS	<input checked="" type="checkbox"/> US FEDERAL: 91-6001327 <input type="checkbox"/> OTHER:
Washington	JURISDICTION OF ORGANIZATION	Washington
<input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Limited Partnership <input type="checkbox"/> LLP	COMPANY TYPE	<input type="checkbox"/> Corporation <input type="checkbox"/> Limited Partnership <input type="checkbox"/> LLP <input checked="" type="checkbox"/> Other: A home rule charter county and political subdivision of the State of Washington
<input type="checkbox"/> LLC <input type="checkbox"/> Partnership <input type="checkbox"/> Other: _____		
	GUARANTOR (IF APPLICABLE)	
CONTACT INFORMATION		
ATTN: <u>RNG Supply</u> TEL#: <u>425-577-4538</u> FAX#: _____ EMAIL: <u>Mike.Ostrowski@pse.com</u>	▪ COMMERCIAL	ATTN: <u>Lindy Honaker</u> TEL#: <u>206-263-6739</u> FAX#: _____ EMAIL: <u>lhonaker@kingcounty.gov</u>
ATTN: <u>Gas Scheduling</u> TEL#: <u>425-457-9013</u> FAX#: _____ EMAIL: <u>Brynn.Gourdin@pse.com</u>	▪ SCHEDULING	ATTN: <u>Lindy Honaker</u> TEL#: <u>206-263-6739</u> FAX#: _____ EMAIL: <u>lhonaker@kingcounty.gov</u>
ATTN: <u>RNG Supply</u> TEL#: <u>425-577-4538</u> FAX#: _____ EMAIL: <u>Mike.Ostrowski@pse.com</u>	▪ CONTRACT AND LEGAL NOTICES	ATTN: <u>Lindy Honaker</u> TEL#: <u>206-263-6739</u> FAX#: _____ EMAIL: <u>lhonaker@kingcounty.gov</u>
ATTN: <u>Energy Risk Control</u> TEL#: <u>425-456-2864</u> FAX#: _____ EMAIL: <u>Hailing.Huang@pse.com</u>	▪ CREDIT	ATTN: <u>Lindy Honaker</u> TEL#: <u>206-263-6739</u> FAX#: _____ EMAIL: <u>lhonaker@kingcounty.gov</u>
ATTN: <u>RNG Supply</u> TEL#: <u>425-577-4538</u> FAX#: _____ EMAIL: <u>Mike.Ostrowski@pse.com</u>	▪ TRANSACTION CONFIRMATIONS	ATTN: <u>Lindy Honaker</u> TEL#: <u>206-263-6739</u> FAX#: _____ EMAIL: <u>lhonaker@kingcounty.gov</u>
ACCOUNTING INFORMATION		
ATTN: <u>Energy Accounting</u> TEL#: <u>425-462-3707</u> FAX#: _____ EMAIL: <u>PwrGas.invoices@pse.com</u>	▪ INVOICES ▪ PAYMENTS ▪ SETTLEMENTS	ATTN: <u>Nebi Tekle</u> TEL#: <u>206-477-0784</u> FAX#: _____ EMAIL: <u>ntekle@kingcounty.gov</u>
BANK: _____ ABA: _____ ACCT: _____ OTHER DETAILS: _____	WIRE TRANSFER NUMBERS (IF APPLICABLE)	BANK: _____ ABA: _____ ACCT: _____ OTHER DETAILS: _____
BANK: _____ ABA: _____ ACCT: _____ OTHER DETAILS: _____	ACH NUMBERS (IF APPLICABLE)	BANK: _____ ABA: _____ ACCT: _____ OTHER DETAILS: _____

ATTN: _____ ADDRESS: _____	CHECKS (IF APPLICABLE)	ATTN: _____ ADDRESS: _____
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Base Contract for Sale and Purchase of Natural Gas

(Continued)

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. Select the appropriate box(es) from each section:

Section 1.2 Transaction Procedure <input type="checkbox"/> Oral (default) OR <input checked="" type="checkbox"/> Written	Section 10.2 Additional Events of Default <input type="checkbox"/> No Additional Events of Default (default) <input type="checkbox"/> Indebtedness Cross Default <input type="checkbox"/> Party A: _____ <input type="checkbox"/> Party B: _____ <input type="checkbox"/> Transactional Cross Default Specified Transactions: _____ _____ _____
Section 2.7 Confirm Deadline <input checked="" type="checkbox"/> 2 Business Days after receipt (default) OR <input type="checkbox"/> 5 Business Days after receipt	
Section 2.8 Confirming Party <input type="checkbox"/> Seller (default) OR <input type="checkbox"/> Buyer <input type="checkbox"/> PSE _____	
Section 3.2 Performance Obligation <input checked="" type="checkbox"/> Cover Standard (default) OR <input type="checkbox"/> Spot Price Standard	Section 10.3.1 Early Termination Damages <input type="checkbox"/> Early Termination Damages Apply (default) OR <input checked="" type="checkbox"/> Early Termination Damages Do Not Apply
<i>Note: The following Spot Price Publication applies to both of the immediately preceding.</i>	
Section 2.31 Spot Price Publication Not Applicable – see Special Provisions	Section 10.3.2 Other Agreement Setoffs <input checked="" type="checkbox"/> Other Agreement Setoffs Apply (default) <input checked="" type="checkbox"/> Bilateral (default) <input type="checkbox"/> Triangular OR <input type="checkbox"/> Other Agreement Setoffs Do Not Apply
Section 6 Taxes <input checked="" type="checkbox"/> Buyer Pays At and After Delivery Point (default) OR <input type="checkbox"/> Seller Pays Before and At Delivery Point	
Section 7.2 Payment Date <input checked="" type="checkbox"/> 25 th Day of Month following Month of delivery (default) OR <input type="checkbox"/> 20 th Day of Month following Month of delivery	Section 15.5 Choice Of Law <u>Washington</u>
Section 7.2 Method of Payment <input type="checkbox"/> Wire transfer (default) <input checked="" type="checkbox"/> Automated Clearinghouse Credit (ACH) <input type="checkbox"/> Check	Section 15.10 Confidentiality <input checked="" type="checkbox"/> Confidentiality applies (default) OR <input type="checkbox"/> Confidentiality does not apply
Section 7.7 Netting <input type="checkbox"/> Netting applies (default) OR <input checked="" type="checkbox"/> Netting does not apply	
<input type="checkbox"/> Special Provisions Number of sheets attached: _____ <input checked="" type="checkbox"/> Addendum(s): <u>Renewable Natural Gas Addendum</u>	

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

PSE	PARTY NAME	King County, through its Department of Natural Resources and Parks – Solid Waste Division
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By:	<i>SIGNATURE</i>	By: _____
	<i>PRINTED NAME</i>	
	<i>TITLE</i>	

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.
- 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 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.
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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 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.

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.

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:

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.

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.

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 nonaffiliated 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, 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.**

TRANSACTION CONFIRMATION

EXHIBIT A
FOR IMMEDIATE DELIVERY

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:

King County, through its Department of Natural Resources and Parks – Solid Waste Division

Attn: Lindy Honaker

Phone: 206-263-6739

Fax: _____

Base Contract No. _____

Transporter: _____

Transporter Contract Number: _____

BUYER:

Puget Sound Energy, Inc.

Attn: Mike Ostrowski

Phone: 425-577-4538

Fax: _____

Base Contract No. _____

Transporter: _____

Transporter Contract Number: _____

Contract Price: \$ _____ /MMBtu or _____

Delivery Period: Begin: September 1, 2025 _____ End: October 31, 2035 _____

Performance Obligation and Contract Quantity: (Select One)**Firm (Fixed Quantity):**

_____ MMBtus/day

☐ EFP

☐ Buyer or ☐ Seller

Firm (Variable Quantity):

_____ MMBtus/day Minimum

_____ MMBtus/day Maximum

subject to Section 4.2. at election of

Interruptible:

Up to _____ MMBtus/day

Delivery Point(s): Cedar Hills Meter Station of Northwest Pipeline, Section 28, T-23N, R-6E, King County, Washington

(If a pooling point is used, list a specific geographic and pipeline location):

Special Conditions:

Seller: _____

By: _____

Title: _____

Date: _____

Buyer: _____

By: _____

Title: _____

Date: _____

Base Contract for Sale and Purchase of Natural Gas

Renewable Natural Gas Addendum

This Renewable Natural Gas Addendum ("RNG Addendum") is entered into as of the following date: [REDACTED] (the "Effective Date") by and between Party A and Party B as set forth below, subject to and governed by the Base Contract for Sale and Purchase of Natural Gas indicated in the table below ("Base Contract").

The parties to this RNG Addendum are the following:

PARTY A Puget Sound Energy, Inc.	PARTY NAME	PARTY B King County, through its Department of Natural Resources and Parks -- Solid Waste Division
	BASE CONTRACT NUMBER	
	BASE CONTRACT DATE	

WHEREAS Party A and Party B are parties to the Base Contract; and

WHEREAS the parties desire to set forth the additional terms and conditions related to RNG Transaction Confirmations for the purchase and sale of Renewable Natural Gas ("RNG") whereby one party will be purchasing and receiving the RNG and the other party will be selling and delivering the RNG.

NOW, THEREFORE, in consideration of the premises and agreements set forth hereinafter, the sufficiency of such consideration being acknowledged by the parties, the parties hereby agree as follows:

This RNG Addendum constitutes an addendum to the Base Contract and supplements and amends the Base Contract for RNG transactions. Capitalized terms used in this RNG Addendum which are not herein defined will have the meanings ascribed to them in the Base Contract or, if not defined in the Base Contract or defined differently in an RNG Transaction Confirmation, in the RNG Transaction Confirmation.

For the purchase and sale of RNG under the Contract and an RNG Transaction Confirmation, the parties agree the following Sections shall supersede and apply in lieu of or in addition to, as applicable, the like-numbered Sections of the Base Contract.

- 1.1 These General Terms and Conditions are intended to facilitate purchase and sale transactions of RNG on a Firm or Interruptible basis. "Buyer" refers to the party receiving RNG and "Seller" refers to the party delivering RNG. The entire agreement between the parties shall be the Contract as defined in Section 2.9.
- 1.3 If a sending party's RNG 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 ECS by the Confirm Deadline, unless such receiving party has previously sent an RNG Transaction Confirmation to the sending party. The failure of the receiving party to so notify the sending party by ECS or in writing by the Confirm Deadline constitutes the receiving party's agreement to the terms of the transaction described in the sending party's RNG Transaction Confirmation; provided, for an RNG Transaction Confirmation using NAESB WGQ Standard No. 6.4.2 RNG dataset sent via ECS, the receiving party shall notify the sending party via ECS of receiving party's acceptance or dispute of the RNG Transaction Confirmation. If there are any material differences between timely sent RNG Transaction Confirmation governing the same transaction, then neither RNG 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 RNG Transaction Confirmation. In the event of a conflict among the terms of (i) a binding RNG 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 Special Provisions to the Base Contract, if applicable, (iv) this RNG Addendum, (v) other addendums to the Base Contract executed between the parties, and (vi) the General Terms and Conditions of the Base Contract and the selections of the parties on its cover pages, the terms of the documents shall govern and have priority in the sequence listed in this sentence.
- 2.17 "ECS" shall mean a secure electronic communication exchange of (i) this Contract, (ii) RNG Transaction Confirmations, or (iii) invoices under Section 7. ECS may be performed using: (a) encryption of the exchanged document, (b) encryption of the exchanged communication, (c) secured through a secure login via NAESB WGQ EBB/EDM, (d) a facsimile sent through a secured fax server, or (e) an e-mail sent through a secured e-mail server. ECS may be implemented by the parties or by using one or more third-party service providers. It is the responsibility of each of the counterparties to ensure the selected third-party service provider(s) communicates in a secure or encrypted manner.
- 2.20 "Gas" shall mean any mixture of hydrocarbons and noncombustible gases in a gaseous state consisting primarily of methane. Except as otherwise provided in an RNG Transaction Confirmation, "Gas" refers to the physical gas component of RNG independent of the associated Environmental Attributes. In addition, under an RNG Transaction Confirmation, references to "Gas" under Section 3.2 to calculate the payment due also means "RNG" that complies with the Applicable Program.

- 2.27 “Payment Date” shall mean a date, as indicated on the Base Contract, on or before which payment is due.
- 2.36 “Applicable Program” shall mean the regulatory program or voluntary program agreed to between the parties specified in an RNG Transaction Confirmation.
- 2.37 “Applicable Law” means any foreign, federal, state, tribal or local law, statute, regulation, code, ordinance, license, permit, compliance requirement, decision, order, writ, injunction, directive, judgment, policy, decree, including any judicial or administrative interpretations thereof, or any agreement, concession or arrangement with any governmental authority, applicable to either party, their facilities, this RNG Addendum, or either party’s performance under an RNG Transaction Confirmation, and any amendments or modifications to the foregoing.
- 2.38 “Attestation” shall mean the Attestation and Transfer Certificate as agreed to by the parties separate and apart from the RNG Transaction Confirmation. The RNG Exhibit B attached to this RNG Addendum is an example.
- 2.39 “Biogas” shall mean any mixture of hydrocarbons and noncombustible gases in a gaseous state produced by non-fossilized and biodegradable organic waste.
- 2.40 “Certification” shall mean, if applicable, the certification by a Certification Authority of the RNG under an Applicable Program.
- 2.41 “Certification Authority” shall mean an entity that certifies the eligibility of RNG under an Applicable Program, which may include, as applicable, a governmental authority, one or both of the parties, an independent auditor, or other third-party.
- 2.42 “Certification Identifier” shall mean a unique identifier for a certain volume of RNG or a Facility assigned by a Certification Authority specified in an RNG Transaction Confirmation.
- 2.43 “Delivery”, “Deliver”, or “Delivered” shall mean Seller’s delivery of RNG to Buyer as specified in the RNG Transaction Confirmation.
- 2.44 “Disqualified RNG” shall mean Gas that was Delivered as RNG but subsequently becomes disqualified as RNG or ineligible to generate the intended RNG Credits because it does not comply with the requirements of the Applicable Program.
- 2.45 “Environmental Attribute(s)” shall mean the aspects, elements, and benefits that determine the type and extent of impact to the environment, and that are associated with, and attributable to the Gas. Further, Environmental Attributes include the aspects, elements, and benefits attributable to, created by, or caused by: (i) distinguishing RNG from geological natural gas; (ii) the capture or avoidance of GHG emissions; (iii) the capture or avoidance of emissions of pollutants to air, soil, or water; (iv) the character of the feedstock source of the Gas, including whether it is renewable, sustainable, cellulosic, advanced, biogenic, biomass-based and/or waste-derived; (v) the displacement of another fuel or energy source by RNG; and (vi) any attributes which are a necessary prerequisite to the creation of RNG certificates, RNG Credits, offsets or allowances specified in the RNG Transaction Confirmation. Environmental Attributes do not include: (i) tax credits; (ii) any Environmental Attributes specified as excluded in an RNG Transaction Confirmation; (iii) grants, loans, or subsidies; or (iv) emission reduction credits encumbered or used by the Facility for compliance with local, state, or federal operating and/or air quality permits.
- 2.46 “Facility” shall mean the place, buildings, equipment, and technology specified in the RNG Transaction Confirmation that captures Biogas and cleans and conditions such Biogas into RNG.
- 2.47 “GIS” shall mean generation information system, generation attribute tracking system, or other equivalent system for registering, reporting, credit banking, transfer, and retirement of Environmental Attributes as specified in an RNG Transaction Confirmation.
- 2.48 “GIS Account” shall mean a party’s company account in the GIS system as specified in an RNG Transaction Confirmation.
- 2.49 “Program Administrator” shall mean the entity responsible for oversight of the Applicable Program.
- 2.50 “Regulatorily Continuing” means if the parties specify Regulatorily Continuing in the RNG Transaction Confirmation, then unless a Regulatory Event or Regulatory Cessation has occurred, the Seller has the obligation to ensure that the RNG delivered under an RNG Transaction Confirmation complies with the requirements of Applicable Program during the Delivery Period, including, if necessary, providing replacement RNG. If the parties do not specify Regulatorily Continuing in the RNG Transaction Confirmation, then, unless otherwise provided in the Contract, the Seller is obligated to Deliver and the Buyer is obligated to receive any RNG during the Delivery Period that complied with the requirements of Applicable Program as of the Effective Date of the RNG Transaction Confirmation.
- 2.51 “Regulatory Cessation” means a change under the Applicable Program where the regulatory obligation related to RNG or RNG Credits generated from the RNG under the Applicable Program is repealed, stayed, enjoined, or ended, and performance under the RNG Transaction Confirmation is impossible, and such change under the Applicable Program continues for at least 30 Business Days.
- 2.52 “Regulatory Event” is defined in Section 15.2.
- 2.53 “Renewable Natural Gas” or “RNG” shall mean bundled Gas and Environmental Attributes that is: (i) derived from Biogas; (ii) measured in MMBtu; and (iii) meets the applicable pressure, quality and heat content requirements of the Receiving Transporter. RNG includes all Environmental Attributes unless otherwise excluded in an RNG Transaction Confirmation.
- 2.54 “Reporting Party” shall mean the party specified in the RNG Transaction Confirmation.
- 2.55 “RNG Credit(s)” shall mean a credit, number or certificate generated from, attributable to, or representing RNG under an Applicable Program, including without limitation: RIN; Q-RIN; LCFS; RTC; or other equivalent regulatory or voluntary credits.
- 2.56 “RNG Transaction Confirmation” shall mean a document evidencing the terms of a specific transaction between the parties similar to the form of RNG Exhibit A attached to this RNG Addendum.

- 2.57 "Vehicle Fuel Producer" shall mean an entity converting RNG into and dispensing RNG as fuel for transportation vehicles as defined by the Applicable Program.
- 7.6.1 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 and for compliance with the Applicable Program. 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 by ECS or in writing, with adequate explanation and/or documentation, within two years after the Month of RNG delivery, or such later date required for compliance with an Applicable Program. 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.
- 15.2 If any provision in this Contract is determined to be invalid, void or unenforceable by any court having jurisdiction or regulatory agency or deemed unlawful because of a statutory change (individually or collectively, such events being referred to herein as a "Regulatory Event"), such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Contract.
- 15.13 Notwithstanding Section 15.5, if the Applicable Program is a regulatory program, the interpretation of the Applicable Program shall be governed by, subject to, and construed in all aspects in accordance with the substantive laws of the state, province or federal body that promulgated the Applicable Program.

Section 16. Renewable Natural Gas Additional Terms and Conditions

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 RNG.

16.1 Specific Terms for a Purchase and Sale Transaction

16.1.1 Environmental Attributes Associated with RNG. For all RNG sold and purchased under an RNG Transaction Confirmation, Seller represents and warrants that: (i) the Environmental Attributes delivered to Buyer hereunder are from the Facility, if a Facility is specified in the RNG Transaction Confirmation; (ii) Seller has the rights to all Environmental Attributes associated with the RNG, unless specifically stated otherwise in the RNG Transaction Confirmation; (iii) upon sale of the RNG by Seller to Buyer, Seller shall transfer the Environmental Attributes associated with the RNG as provided in the applicable RNG Transaction Confirmation; (iv) the RNG shall be delivered to Buyer in accordance with the requirements of the Applicable Program; (v) following transfer to Buyer, Buyer shall have the exclusive right to report, retire, make ownership claims, hold, sell or transfer such Environmental Attributes, which may be evidenced by, or may be components of, or a precondition to create, RNG certificates, RNG Credits, offsets or allowances; and (vi) as of the Effective Date of the RNG Transaction Confirmation, Seller has not, and will not, sell, trade, remarket, give away, make ownership claims with respect to, or otherwise sell separately the Environmental Attributes transferred to Buyer.

16.1.2 Disqualified RNG. Either party will provide Notice to the other party if such party determines any RNG delivered under an RNG Transaction Confirmation is Disqualified RNG, including sufficient evidence supporting such determination. The parties agree to utilize commercially reasonable efforts to resolve the adverse impact of the disqualification under the RNG Transaction Confirmation.

16.1.3 Registration. The Reporting Party as specified in the RNG Transaction Confirmation shall submit to the Program Administrator, or other entity, as required under an Applicable Program and within 30 Days following the last day of the Month in which RNG subject to the RNG Transaction Confirmation is Delivered, any and all documentation required by the Applicable Program with respect to eligibility of the RNG, or any RNG Credits, or certificates generated therefrom following receipt of any information required for such registration in a GIS, as applicable. Within 60 Days of such registration, the Reporting Party will transfer the RNG Credits to Buyer. The party responsible to pay for the initial costs associated with registration under the Applicable Program(s) is the Reporting Party unless otherwise specified in the RNG Transaction Confirmation. Seller and Buyer agree to cooperate to provide all necessary information required to complete registration. The party responsible for any ongoing reporting and costs associated with registration under the Applicable Program is the Reporting Party unless otherwise specified in the RNG Transaction Confirmation.

16.1.4 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 RNG Addendum and the RNG Transaction Confirmations thereunder (including pursuant to any audit of this RNG Addendum and/or the RNG Transaction Confirmation by a third-party) and in order for all rights to vest in the Buyer for the conveyed Environmental Attributes associated with the purchase and sale of the RNG.

16.2 Responsibilities Related to Vehicle Fuel Producers

16.2.1 If the parties agree as specified in an RNG Transaction Confirmation that this section applies and Buyer specifies RNG will be used for vehicle fuel, then the parties agree Buyer will receive the Environmental Attributes from Seller bundled with Gas deemed to have been delivered by Seller and received by Buyer at the Contract Price. Additionally, the Parties agree Buyer will be deemed to have delivered to Seller, an equivalent quantity of Gas at the Buyer's delivery point specified in the RNG

Transaction under this section and pursuant to same terms and conditions applicable to the Gas and Environmental Attributes delivered by Seller. Buyer shall retain the Environmental Attributes to be sourced to its use of Gas as vehicle fuel as specified in the RNG Transaction Confirmation (collectively the "Gas-Sale Protocol").

16.2.2 In the event Buyer's obligation to purchase RNG from Seller, or Seller's obligation to sell RNG to Buyer, is contingent upon Buyer obtaining and maintaining a RNG supply agreement with a Vehicle Fuel Producer, as specified in the RNG Transaction Confirmation, and Buyer does not meet or maintain the Vehicle Fuel Producer requirement, then: (i) Buyer shall take commercially reasonable steps to store pursuant to Section 17.1 all delivered RNG under the RNG Transaction Confirmation; and (ii) in the event Buyer is unable to secure dispensing capacity for the RNG with a Vehicle Fuel Producer within 60 Days, then Seller may request in writing that Buyer transfer such RNG back to Seller and Buyer agrees to effect such transfer in accordance with the Applicable Program, as soon as practicable, following receipt of such request and shall continue to store the RNG prior to such transfer.

16.3 RNG Delivery Conditions

16.3.1 If an Attestation is either specified in the RNG Transaction Confirmation or required under an Applicable Program, Seller shall promptly provide to Buyer a completed Attestation.

16.3.2 If prepayment is elected in the RNG Transaction Confirmation, Buyer's payment for any RNG or part thereof to be Delivered pursuant to the terms of an RNG Transaction Confirmation will be due in immediately available funds from Buyer prior to Delivery, and Seller shall not be required to make Delivery of RNG to Buyer until Seller is in receipt of the total payment under the relevant RNG Transaction Confirmation. Within one Business Day of receipt of the Buyer's payment for any RNG, Seller shall Deliver the RNG to Buyer under the relevant RNG Transaction Confirmation.

Section 17. RNG Additional Miscellaneous Terms and Conditions

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 RNG.

17.1 Storage of RNG. The cost of any storage of RNG following Delivery shall be allocated between the Parties in accordance with the selections specified in the RNG Transaction Confirmation.

17.2 The parties may specify in an RNG Transaction Confirmation whether Regulatorily Continuing applies. In addition, the parties may specify in an RNG Transaction Confirmation how damages are determined if the RNG Transaction Confirmation is terminated pursuant to Section 17.3 when either a Regulatory Event or Regulatory Cessation occurs.

17.3 If a Regulatory Event or a Regulatory Cessation occurs, the parties agree to use commercially reasonable efforts to reform the affected RNG Transaction Confirmation in order to give effect to the original intent of the parties. The affected party may send a Notice to the other party that it desires in good faith to reform the affected RNG Transaction Confirmation in order to address the material adverse impacts of the Regulatory Event or Regulatory Cessation; provided however, that, a change in the market value of the RNG after the Effective Date of an RNG Transaction Confirmation shall not by itself constitute a material adverse impact. Such Notice shall state how the Regulatory Event or Regulatory Cessation impacts the affected RNG Transaction Confirmation and the proposed terms upon which the affected party would like to continue to perform the affected RNG Transaction Confirmation with respect to any RNG not yet delivered after the non-affected party's receipt of Notice. If the parties fail to renegotiate the material terms or conditions within 30 Days of the Notice either party shall have the right by Notice 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 the date for termination of the affected RNG Transaction Confirmation. Notwithstanding the foregoing, if the impact of the Regulatory Event or Regulatory Cessation is one that can be overcome with increased expenditures and the non-affected party is willing to incur those costs to the reasonable satisfaction of the affected party, acting in a commercially reasonable manner, then the parties shall continue to perform under the terms of the RNG Transaction. To the extent the affected RNG Transaction Confirmation is terminated, the parties shall select either Alternative A or Alternative B in an RNG Transaction Confirmation the manner in which damages will be determined as specified in the RNG Transaction Confirmation.

17.3.1 Alternative A: On the termination date for the applicable RNG Transaction Confirmation (i) if there is one affected party, damages shall be determined in accordance with Sections 10.2 and 10.3 of the Contract, except that references to the Defaulting Party and to the Non-Defaulting Party will be deemed references to the affected party and to the non-affected party, respectively, or (ii) if there are two affected parties, each party shall determine damages in accordance with Section 10.3 of the Contract with the Market Value being the arithmetic average of the amounts so determined. The Market Value for each terminated transaction shall be determined by using the mid-market quotations or values for RNG without regard to the creditworthiness of the party performing the calculations.

17.3.2 Alternative B: On the termination date for the Affected Transactions, damages will be determined in accordance with Section 10.3.1, Early Termination Damages Do Not Apply.

IN WITNESS WHEREOF, and with the intent to be legally binding, the parties hereto have caused this RNG Addendum to be executed in duplicate by their duly authorized officers or representatives as of the Effective Date.

PARTY A Puget Sound Energy, Inc.	PARTY NAME	PARTY B King County, through its Department of Natural Resources and Parks -- Solid Waste Division
SIGNATURE		
By:_____		By:_____
PRINTED NAME		
	TITLE	



RENEWABLE NATURAL GAS TRANSACTION CONFIRMATION (RNG Transaction Confirmation)

RNG EXHIBIT A

FOR IMMEDIATE DELIVERY **REPLACE WITH REVISED TRANSACTION CONFIRM**

Letterhead/Logo	Date: _____ (the "Effective Date") RNG Transaction Confirmation#: _____ Base Contract # _____
<p>This RNG Transaction Confirmation is subject to and governed by the Base Contract for Sale and Purchase of Natural Gas dated _____ [DATE] between [COUNTERPARTY] ("Party A"), and [COUNTERPARTY] ("Party B"). The terms of this RNG Transaction Confirmation are binding unless disputed by ECS or in writing within 2 Business Days of receipt unless otherwise specified in the Base Contract.</p> <p>This RNG Transaction Confirmation is also subject to an RNG Addendum dated _____.</p> <p>The terms of this RNG Transaction Confirmation are binding. Capitalized terms not otherwise defined in this RNG Transaction Confirmation shall have the meaning given in the Base Contract or the RNG Addendum.</p>	
SELLER: [Party A or Party B] _____ _____ Attn: _____ Phone: _____ Email: _____	BUYER: [Party A or Party B] _____ _____ Attn: _____ Phone: _____ Email: _____
<p>Contract Price: The Contract Price shall be: (select one)</p> <p><input type="checkbox"/> Fixed at: _____ per MMBtu for RNG Delivered</p> <p><input type="checkbox"/> Percentage at: _____ % of <input type="checkbox"/> NET or <input type="checkbox"/> GROSS (default) of Gas Commodity Revenue; AND Percentage at: _____ % of <input type="checkbox"/> NET or <input type="checkbox"/> GROSS (default) RNG Credit Revenue; NET- equals GROSS less direct expenses (for example, transport costs, dispensing fee, storage for shaped flows).</p> <p><input type="checkbox"/> Mixed, with a base Price at: _____ per MMBtu for RNG Delivered, AND Percentage at: _____ % of <input type="checkbox"/> NET or <input type="checkbox"/> GROSS (default) of Gas Commodity Revenue; AND Percentage at _____ % of <input type="checkbox"/> NET or <input type="checkbox"/> GROSS (default) RNG Credit Revenue; NET- equals GROSS less direct expenses (for example, transport costs, dispensing fee, storage for shaped flows).</p> <p>or</p> <p><input type="checkbox"/> Other: _____.</p>	
<p>Delivery Period: The Delivery Period shall be: (select one)</p> <p><input type="checkbox"/> Begin: _____ ("Start Date"), and End: _____ ("End Date"), or</p> <p><input type="checkbox"/> Beginning on the first Business Day following the date upon which the Facility is delivering RNG at the Delivery Point (the applicable date or the "Commencement Date") and continue through and until _____ ("End Date") unless earlier terminated in accordance with the Base Contract.</p> <p style="margin-left: 40px;">The parties anticipate that the Facility's Commencement Date will be _____. Seller shall provide Buyer with at least 60 Days prior Notice of the anticipated firm Commencement Date.</p> <p style="margin-left: 40px;">If the Facility's Commencement Date has not occurred by _____, then Buyer may terminate this RNG Transaction Confirmation upon Notice to the Seller.</p>	

Section 3. Performance Obligation and Contract Quantity: Seller shall sell and Buyer shall purchase the Contract Quantity on the following basis: (Select Contract Quantity Units, insert Contract Quantity under applicable Performance Obligation, and complete Sections 16.2.1, 16.2.2, and prepayment under Section 16.3.2.)

Contract Quantity Units: ☐ MMBtu (default) or ☐ Other _____

Firm (Fixed Quantity):

_____ MMBtu/day

Firm (Variable Quantity):

_____ MMBtu/day Minimum

_____ MMBtu/day Maximum

subject to Section 4.2 at election of

☐ Buyer or ☐ Seller (default)

Interruptible:

Up to _____ MMBtu/day

Contract Quantity Conditions

The Contract Quantity shall be subject to the following conditions: (Select One) Yes ☐ No ☐ (default)

If yes, (Check all that apply) (Complete with a specific quantity, percentage, and/or priority, if applicable)

☐ _____ of RNG

☐ Only Environmental Attributes corresponding to _____ of RNG

☐ _____ of RNG Credits

or

☐ Other: _____

Section 16.2.1 Gas-Sale Protocol

Buyer and Seller agree to the Gas-Sale Protocol set forth in Section 16.2.1 related to Buyer's third-party transaction with a Vehicle Fuel Producer: ☐ Yes ☐ No (default)

If yes, Buyer's delivery point to Seller shall be: _____

(If a pooling point is used, list a specific geographic and transporter location)

Section 16.2.2 Vehicle Fuel Obligation

Buyer's obligation to purchase RNG from Seller is contingent upon Buyer obtaining and maintaining a supply agreement with a Vehicle Fuel Producer: ☐ Yes ☐ No (default)

Seller's obligation to sell RNG to Buyer is contingent upon Buyer obtaining and maintaining a supply agreement with a Vehicle Fuel Producer: ☐ Yes ☐ No (default)

If yes under either selection above, Buyer to provide Seller with applicable information. (See Special Conditions below if any).

Sections 16.3.2

Seller's obligation to deliver RNG to Buyer is contingent upon Buyer's prepayment

☐ Yes

☐ No (default)

If yes, see Special Conditions below.

Delivery Point(s): The Delivery Point shall be _____, Meter # _____.

(If a pooling point is used, list a specific geographic and transporter location)

Applicable Program: The Applicable Program for RNG sold by Seller and purchased by Buyer shall be governed by the following entity: (select at least one)

- ☐ US EPA Renewable Fuel Standard
☐ Low Carbon or Clean Fuel Standard – State: _____ (insert State or Governing Jurisdiction)
☐ Renewable Thermal Credit - _____ (insert State or Governing Jurisdiction)
or
☐ Other: _____

Program Administrator (Complete this section if not identified in the Applicable Program):

Name: _____
Mailing Address: _____
Email Address: _____
Phone Number: _____

Sections 17.2 and 17.3 Regulatory Conditions: Under the Applicable Program, the parties agree the following regulatory conditions apply:

- 17.2 Regulatorily Continuing ☐ Yes (default) ☐ No
17.3 Manner of determination of damages for Regulatory Event or Regulatory Cessation: (Select the alternative to apply under Section 17.3)
☐ Section 17.3.1 Alternative A (default)
☐ Section 17.3.2 Alternative B

RNG and Environmental Attributes: The RNG sold by Seller and purchased by Buyer shall include all Environmental Attributes unless otherwise excluded: (select and identify all that apply)

- ☐ RNG with all Environmental Attributes (default),
☐ List of Environmental Attributes excluded from RNG,
☐ _____
☐ _____
☐ _____
☐ _____

or

☐ Other: _____

Facility Information: The Performance Obligation for the Contract Quantity shall be fulfilled from the following facilities:

- ☐ Yes (default) or ☐ No

If yes, complete the following information for each facility:

Facility Name: _____
Address: _____, or Latitude/Longitude: _____
City: _____
County or Parish: _____
State or Province: _____
Country: _____
Anticipated Commencement Date: _____

Generation Information System: The GIS of the Applicable Program:-(select parties' mutually agreed GIS and insert GIS name)

☐ GIS: _____

☐ Attestation: _____

or

☐ Other: _____

Section 16.1.3 Reporting Party

☐ Seller (default)

☐ Buyer

Section 16.1.3 Registration

Party responsible for percentage of initial registration costs and fees

Buyer Percentage at _____%

Seller Percentage at _____%

Party responsible for percentage of ongoing registration costs and fees

Buyer Percentage at _____%

Seller Percentage at _____%

Section 17.1 – Storage of RNG. If RNG is stored by Buyer after Delivery by Seller, the cost of such storage will be allocated as follows: (Select one alternative under 17.1.1 and one alternative under 17.1.2 below)

17.1.1 If RNG is stored by Buyer prior to the RNG becoming eligible to generate RNG Credits under any Applicable Program:

☐ Buyer percentage at: _____%

☐ Seller percentage at: _____%

☐ Other (please specify): _____

☐ Not Applicable (default)

17.1.2 If RNG is stored by Buyer for any other reason than specified in Section 17.1.1 above:

☐ Buyer percentage at: _____%

☐ Seller percentage at: _____%

☐ Other (please specify): _____

☐ Not Applicable (default)

Carbon Intensity: The RNG delivered by Seller hereunder has expected carbon intensity of _____ gCO_{2e}/MJ ("Baseline CI"). The parties agree to negotiate in good faith an adjustment to the Contract Price if the actual carbon intensity is either 10% higher or 10% lower than the Baseline CI. In the event the parties fail to agree on an adjustment to the Contract Price within 5 Business Days, the RNG will be Disqualified RNG under Section 16.1.2.

Special Conditions:

☐ Yes or

☐ No (default)

If yes, insert terms and conditions agreed to by the parties.

Seller: _____

By: _____

Title: _____

Date: _____

Buyer: _____

By: _____

Title: _____

Date: _____

RNG Exhibit B

RENEWABLE NATURAL GAS ATTESTATION AND TRANSFER CERTIFICATE

I, _____, as the authorized representative of _____ (Seller) declare that Seller hereby sells, transfers and delivers to Buyer RNG produced from the Facility as identified below, as more specifically described in the RNG Transaction Confirmation No. _____, and dated _____, between Buyer and Seller, and:

1. RNG was generated by the following Facility and sold, subject to receipt of payment, to Buyer;
2. RNG was certified (or are capable of Certification) by the following Certification Authority, if applicable;
3. RNG was solely and exclusively owned by Seller;
4. RNG has not been used by Seller or any third-party to meet any Applicable Program obligations or similar mandates;
5. RNG was not sold to any third-party other than Buyer;
6. RNG was not used on-site for generation by the facility owner to make environmental claims; and
7. RNG does not constitute a double environmental claim between Seller and Buyer by Seller transferring, selling to, or an environmental attribute ownership or rights claim by, any third-party.

Description of RNG

Facility Name	Delivery Period	Quantity	RNG source	Facility Identifier, if any	Certification Authority, if applicable	Certification Identifier, if applicable

As an authorized representative of Seller, I state that the above statements are true and correct. This attestation may serve as a bill of sale to confirm, in accordance with the RNG Transaction Confirmation, the transfer from Seller to Buyer all of Seller's right, title and interest in and to the RNG as set forth above.

Signature: _____
Printed Name: _____

Date: _____
[notarize if required]

This attestation may be disclosed by Seller and Buyer to others, including the Certification Authority, Applicable Program administrator or any other authority having jurisdiction over Buyer with respect to Buyer's obligation to obtain RNG, to substantiate and verify the accuracy of the parties' compliance, advertising and public environmental attributes claim.

RENEWABLE NATURAL GAS TRANSACTION CONFIRMATION
(RNG Transaction Confirmation)



Date: [_____] (the "Effective Date")

RNG Transaction Confirmation#: _____

Base Contract # _____

This RNG Transaction Confirmation is subject to and governed by the Base Contract for Sale and Purchase of Natural Gas between King County, Washington ("**Seller**"), and Puget Sound Energy Inc. ("**Buyer**"), including all addendums thereto. The terms of this RNG Transaction Confirmation are binding unless disputed by in writing within 2 Business Days of receipt unless otherwise specified in the Base Contract. The terms of this RNG Transaction Confirmation are binding. Capitalized terms not otherwise defined in this RNG Transaction Confirmation shall have the meaning given in the Base Contract or the RNG Addendum.

SELLER:

King County, through its Department of Natural Resources and Parks – Solid Waste Division

Attn: Lindy Honaker

Email: lhonaker@kingcounty.gov

BUYER:

Puget Sound Energy Inc.

Attn: Mike Ostrowski

Email: Mike.Ostrowski@pse.com

Contract Price: The Contract Price shall be: (select one)

☒ Fixed at: \$ _____ per MMBtu for the Environmental Attributes of RNG Delivered, escalated by _____ % starting on 11/1/2026 and an additional _____ % each 12 months thereafter,

☐ Percentage at: _____ % of ☐ NET or ☐ GROSS (default) of Gas Commodity Revenue; **AND**

Percentage at: _____ % of ☐ NET or ☐ GROSS (default) RNG Credit Revenue;

NET- equals GROSS less direct expenses (for example, transport costs, dispensing fee, storage for shaped flows).

☐ Mixed, with a base Price at: _____ per MMBtu for RNG Delivered, **AND**

Percentage at: _____ % of ☐ NET or ☐ GROSS (default) of Gas Commodity Revenue; **AND**

Percentage at _____ % of ☐ NET or ☐ GROSS (default) RNG Credit Revenue;

NET- equals GROSS less direct expenses (for example, transport costs, dispensing fee, storage for shaped flows).

Or

☐ Other: _____.

Delivery Period:

The Parties' obligations with respect to the purchase and sale of Environmental Attributes under this Transaction Confirmation shall commence on September 1, 2025 and shall continue thereafter until October 31, 2035 (such cumulative period being the "**Delivery Period**").

Section 3. Performance Obligation and Contract Quantity: Seller shall sell and Buyer shall purchase, subject to the Facility's ability to produce such volumes, the Environmental Attributes for the following estimated volumes of Biogas that Seller produces at the Facility (the "Contract Quantity"). Estimated annual volumes are as follows:

Term Period	Volumes (MMBTU)
9/1/2025 thru 10/31/2025	
11/1/2025 thru 10/31/2026	
11/1/2026 thru 10/31/2027	
11/1/2027 thru 10/31/2028	
11/1/2028 thru 10/31/2035	per 12-month period

Notwithstanding anything in this RNG Transaction Confirmation, the Seller retains the rights to any and all 45Z Federal Tax Credit (Clean Fuel Production Credit) for all Biogas produced at the Facility, including the above estimated Contract Quantity volumes.

Notwithstanding anything in this RNG Transaction Confirmation, Seller also retains the right, during the term of this RNG Transaction Confirmation, to all the Environmental Attributes for all Biogas produced at the Facility, in excess of the above estimated Contract Quantity.

Starting on 11/1/2025, on a monthly basis, Seller will Deliver to Buyer % of the Environmental Attributes for the actual volume of Biogas produced that month, up to and until the above estimated Contract Quantity volumes for the relevant Term Period are met, by transferring RNG Credits and all other Environmental Attributes to Buyer pursuant to Section 16.1.3 of the RNG Addendum, unless Buyer and Seller separately agree otherwise. Nothing in the foregoing sentence releases Seller from its obligation to Deliver the entire Contract Quantity within each Term Period identified above.

The Buyer and Seller may, by mutual agreement through recording an updated binding RNG Transaction Confirmation, increase the volume for the period 11/1/2028 thru 10/31/2035 up to MMBtu per 12-Month period. Such updated RNG Transaction Confirmation will specify when Delivery of such increased volumes will take effect. The Buyer and Seller will attempt in good faith to record this updated RNG Transaction Confirmation by 01/01/2028.

Section 16.2.1 Gas-Sale Protocol

Buyer and Seller agree to the Gas-Sale Protocol set forth in Section 16.2.1 related to Buyer's third-party transaction with a Vehicle Fuel Producer: ☐ Yes ☒ No (default)

If yes, Buyer's delivery point to Seller shall be: _____

(If a pooling point is used, list a specific geographic and transporter location)

Section 16.2.2 Vehicle Fuel Obligation

Buyer's obligation to purchase RNG from Seller is contingent upon Buyer obtaining and maintaining a supply agreement with a Vehicle Fuel Producer: ☐ Yes ☒ No (default)

Seller's obligation to sell RNG to Buyer is contingent upon Buyer obtaining and maintaining a supply agreement with a Vehicle Fuel Producer: ☐ Yes ☒ No (default)

If yes under either selection above, Buyer to provide Seller with applicable information. (See Special Conditions below if any).

Sections 16.3.2

Seller's obligation to deliver RNG to Buyer is contingent upon Buyer's prepayment

☐ Yes

☒ No (default)

If yes, see Special Conditions below.

Delivery Point(s): The Delivery Point shall be:

Cedar Hills Meter Station of Northwest Pipeline

Section 28, T-23N, R-6E

King County, Washington

Applicable Program: The Applicable Program for RNG sold by Seller and purchased by Buyer shall be governed by the following entity: (select at least one)

- ☐ US EPA Renewable Fuel Standard
☐ Low Carbon or Clean Fuel Standard – State: _____ (insert State or Governing Jurisdiction)
☐ Renewable Thermal Credit – [_____] (insert State or Governing Jurisdiction)

or

- ☒ Other M-RETS- Renewable Thermal Certificate, recognized by State of Washington

Program Administrator (Complete this section if not identified in the Applicable Program):

Name: _____

Mailing Address: _____

Email Address: _____

Phone Number: _____

Sections 17.2 and 17.3 Regulatory Conditions: Under the Applicable Program, the parties agree the following regulatory conditions apply:

17.2 Regulatorily Continuing ☒ Yes (default) ☐ No

17.3 Manner of determination of damages for Regulatory Event or Regulatory Cessation: (Select the alternative to apply under Section 17.3)

- ☐ Section 17.3.1 Alternative A (default)
☒ Section 17.3.2 Alternative B

RNG and Environmental Attributes: The RNG sold by Seller and purchased by Buyer shall include all Environmental Attributes unless otherwise excluded: (select and identify all that apply)

- ☒ RNG with all Environmental Attributes (default),
☒ List of Environmental Attributes excluded from RNG,
☒ None _____
☐ _____
☐ _____
☐ _____

or

☐ Other: _____

Facility Information: The Performance Obligation for the Contract Quantity shall be fulfilled from the following facilities (or such other facility as Seller may designate from time to time):

☒ Yes (default) or ☐ No PLUG IN INFO

If yes, complete the following information for each facility:

Facility Name: Cedar Hills Landfill

Location: King County, Washington

Generation Information System: The GIS of the Applicable Program:-(select parties' mutually agreed GIS and insert GIS name)

☐ GIS: _____

☐ Attestation: _____

or

☒ Other: M-RETS _____

Section 16.1.3 Reporting Party

☒ Seller (default)

☐ Buyer

Section 16.1.3 Registration

Party responsible for percentage of initial registration costs and fees

Buyer Percentage at 0%

Seller Percentage at 100%

Party responsible for percentage of ongoing registration costs and fees

Buyer Percentage at 0%

Seller Percentage at 100%

Party responsible for percentage of retirement costs and fees

Buyer Percentage at 100%

Seller Percentage at 0%

Section 17.1 – Storage of RNG. If RNG is stored by Buyer after Delivery by Seller, the cost of such storage will be allocated as follows: (Select one alternative under 17.1.1 and one alternative under 17.1.2 below)

17.1.1 If RNG is stored by Buyer prior to the RNG becoming eligible to generate RNG Credits under any Applicable Program:

☐ Buyer percentage at: _____%

☐ Seller percentage at: _____%

☐ Other (please specify): _____

☒ Not Applicable (default)

17.1.2 If RNG is stored by Buyer for any other reason than specified in Section 17.1.1 above:

☐ Buyer percentage at: _____%

☐ Seller percentage at: _____%

☐ Other (please specify): _____

☒ Not Applicable (default)

Carbon Intensity (CI): Seller shall provide Buyer with the carbon intensity of the Facility within 90 days of first delivery. Seller shall provide Buyer with a copy of any carbon intensity study performed of the Facility during the Delivery Period.

Special Conditions:

☒ Yes or

☐ No (default)

1. Seller shall provide buyer with copies of pipeline volume reports or other documentation used by Seller to provide support to MRETS.

Seller: <u>King County, through its Department of Natural Resources and Parks – Solid Waste Division</u>	Buyer: <u>Puget Sound Energy Inc.</u>
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____



TRANSFER LINE INTERCONNECTION AND TRANSPORTATION AGREEMENT
BETWEEN
PUGET SOUND ENERGY, INC.
AND
KING COUNTY, WASHINGTON

This TRANSFER LINE INTERCONNECTION AND TRANSPORTATION AGREEMENT (“**Agreement**”) dated [DATE] (the “**Effective Date**”), is entered into by and between Puget Sound Energy, Inc. (“**PSE**”) and King County, a political subdivision of the state of Washington (“**King County**”). Each of PSE and King County is sometimes referred to in this Agreement individually as a “**Party**”; both of PSE and King County are sometimes referred to in this Agreement together as the “**Parties**.”

WITNESSETH:

WHEREAS, King County owns and operates the landfill gas purification plant located at the Cedar Hills Regional Landfill; and

WHEREAS, PSE is a corporation organized and doing business under the laws of the State of Washington, and a gas and electric utility regulated by the Washington Utilities and Transportation Commission; and

WHEREAS, King County intends to process the methane gas produced by the Cedar Hills Regional Landfill in a safe, economical, and environmentally acceptable manner and to cooperate in furthering the State of Washington’s policy of meeting energy demand through projects that produce energy from resources such as landfill gas; and

WHEREAS, King County has the rights to sell the gas recovered, treated, processed, and converted into Pipeline Quality Gas at such facility; and

WHEREAS, PSE owns and operates certain pipeline and related facilities between the Cedar Hills Landfill Gas Processing Facility and the interstate pipeline facilities operated by Northwest Pipeline GP (“**NWP**”); and

WHEREAS, King County desires to sell Pipeline Quality Gas to PSE; and

WHEREAS, pursuant and subject to the terms of the NAESB Agreements executed by the Parties as of [DATE], PSE shall purchase Pipeline Quality Gas produced by King County at the Cedar Hills Landfill Gas Processing Facility for use in providing energy to PSE’s utility customers; and

WHEREAS, the Parties desire to set forth the terms under which PSE will provide services related to the Pipeline Quality Gas (“**Services**”) and the terms under which King County will compensate PSE for the Services; and

WHEREAS, the Parties desire to set forth the terms under which King County may use the PSE Facilities;

NOW, THEREFORE, PSE and King County, for good and valuable consideration, the receipt of which is hereby acknowledged, hereby agree as follows:

ARTICLE 1 DEFINITIONS

For the purposes of this Agreement, the following capitalized terms used but not otherwise defined herein have the definitions set forth below.

“Cedar Hills Landfill Gas Processing Facility” means the landfill gas recovery, treatment, and processing facility located at the landfill commonly known as the Cedar Hills Regional Landfill.

“Dekatherm” or **“Dth”** means the unit of energy equal to 1,000,000 British thermal units or 1 MMBtu.

“King County Facilities” means the Cedar Hills Landfill Gas Processing Facility and all other facilities or equipment necessary for producing Pipeline Quality Gas from Landfill Gas, including facilities or equipment for separation, compressing, drying, and delivering Pipeline Quality Gas to the Point of Delivery.

“Landfill Gas” means the gas containing methane and other compounds produced by the Cedar Hills Regional Landfill which has not yet been processed by the King County Facilities.

“Measurement Devices” means the devices, owned and operated by PSE that are located at the Point of Measurement and that measure the volume and properties of gas delivered at the Point of Measurement.

“NAESB Agreements” means those certain agreements entered into by King County and PSE for the purchase of King County’s Pipeline Quality Gas by PSE.

“Odorization Equipment” means that equipment owned and operated by PSE as necessary for PSE to appropriately odorize the Pipeline Quality Gas.

“Pipeline Quality Gas” means gas meeting or exceeding the specifications identified in the three-party agreement into which the Parties and NWP will enter into in accordance with Article 5.

“Point of Delivery” means the valve downstream of King County’s 4th stage compression and upstream of the PSE-owned Odorization Equipment, which is located just behind the generator house at the King County Facilities.

“Point of Measurement” means the point between the Transfer Line and the interconnect with NWP’s interstate pipeline facilities where the Measurement Devices are located.

“Processed Gas” means Landfill Gas which has been processed by King County Facilities.

“PSE Facilities” means the equipment and facilities owned and operated by PSE for purposes of this Agreement, including, but not limited to, the Transfer Line, Measurement Devices, and Odorization Equipment.

“Standard cubic foot” or **“SCF”** means the quantity of gas contained in 1 cubic foot volume at 60 degrees Fahrenheit and 14.73 pounds per square inch absolute pressure.

“Transfer Line” means the pipeline owned and operated by PSE that transports Pipeline Quality Gas from King County Facilities to the interconnect with the interstate pipeline facilities owned by NWP.

ARTICLE 2 TERM OF AGREEMENT

Section 2.01 This Agreement shall become effective upon the Effective Date. The Agreement shall remain in effect from the Effective Date until the earlier of: (i) October 31, 2035; (ii) termination pursuant to the terms of this Agreement; or (iii) termination by written agreement of the Parties.

Section 2.02 The term may be extended by mutual written agreement of the Parties for an additional term of 10 years.

Section 2.03 In the event of a termination, all payment obligations incurred prior to termination shall be and hereby are preserved until satisfied.

ARTICLE 3 SERVICES.

Section 3.01 PSE hereby agrees to perform the Services as set forth on Appendix A to this Agreement, which is hereby incorporated by reference herein.

ARTICLE 4 PAYMENT AND INVOICING FOR SERVICES

Section 4.01 King County hereby agrees to pay PSE for the Services according to the pricing schedule in Appendix B to this Agreement which is hereby incorporated by reference herein.

ARTICLE 5 GAS QUALITY

Section 5.01 The Parties will establish the specifications and standards that Pipeline Quality Gas must meet in a separate, three-party agreement by and between PSE, King County, and NWP to be negotiated in good faith and executed between the Parties and NWP.

ARTICLE 6 FORCE MAJEURE

Section 6.01 Neither PSE nor King County shall be liable to the other Party for any delay in the performance of any of their respective obligations under this Agreement to the extent such delay is caused by acts of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, pandemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests or restraints of leaders and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, the order of any court or governmental authority having jurisdiction, and any other cause, whether of the kind enumerated herein or otherwise, not reasonably within the control of the Party claiming delay and which by the exercise of due diligence such Party is unable to prevent or overcome (each such event “Force Majeure”). Failure to prevent or settle a strike or strikes shall not be considered a matter within the control of the Party claiming suspension.

Section 6.02 Such causes or contingencies affecting the performance under this Agreement by either PSE and King County, however, shall not relieve either Party of liability in the event of its failure to use due diligence to remedy the situation and to remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting such performance relieve either Party of its obligations to make payments of amounts then due in respect of Pipeline Quality Gas that has already been delivered to the Point of Measurement.

ARTICLE 7 ASSISTANCE DURING START-UP AND TESTING

Section 7.01 Each Party shall cooperate with, and provide reasonable assistance to, the other Party, without charge, during start-up and testing of the King County Facilities and the PSE Facilities. Each Party shall provide written notice to the other, as soon as possible, of the readiness of their respective facilities to perform such Party’s obligations under this Agreement.

ARTICLE 8 EMERGENCIES; EXPECTED KING COUNTY HOURS OF OPERATION

Section 8.01 PSE may, without liability, interrupt, pause or suspend the Services as necessary for purposes of carrying out repairs or mitigating exigent risks and shall provide maximum feasible notice of emergency interruptions, and, to the extent practicable, the estimated duration of any such interruption, pause, or suspension of the Services.

ARTICLE 9

POSSESSION OF GAS AND RESPONSIBILITY AND INDEMNIFICATION

Section 9.01 King County shall be deemed to be in control and possession of the gas until such gas shall have been delivered to the Point of Delivery. PSE shall be deemed to be in control and possession of the gas once it is delivered to the Point of Delivery and shall assume responsibility for, and risk of loss in connection with, the transportation of such gas. PSE will be deemed to take title to any and all Pipeline Quality Gas that PSE purchased pursuant to the NAESB Agreements once such Pipeline Quality Gas has been delivered to the Point of Measurement. King County will retain title to all gas after its delivery to the Point of Measurement that PSE has not taken title to under the foregoing sentence. King County shall indemnify and hold harmless PSE, its successors and assigns, and the respective directors, officers, agents, and employees of PSE, its successors and assigns, from and against all losses, liabilities and claims, including without limitation, reasonable attorneys' fees and court costs (collectively "Claims"), from any and all persons, arising from or out of claims of title, personal injury, or property damage to the extent arising out of or in connection with (i) any Landfill Gas, Processed Gas and Pipeline Quality Gas prior to the delivery of any such gas to the Point of Measurement; and (ii) the failure of any gas delivered to the Point of Measurement to qualify as Pipeline Quality Gas unless such failure was caused by or attributable to an act or omission of PSE. PSE shall indemnify and hold harmless King County, its successors and assigns, and the respective directors, officers, agents, and employees of PSE, its successors and assigns, from and against all Claims, from any and all persons, arising from or out of claims of title, personal injury, or property damage to the extent arising out of or in connection with any Landfill Gas, Processed Gas, and Pipeline Quality Gas after the delivery of any such gas to the Point of Measurement except for any Claims arising from the failure of any gas delivered to the Point of Measurement to qualify as Pipeline Quality Gas unless such failure was caused by or attributable to an act or omission of King County. The terms of this Section 9.01 supersede anything to the contrary in the NAESB Agreements.

Section 9.02 In connection with any action to enforce this Article 9, each Party hereby waives any immunity, defense, or protection under any workers' compensation, industrial insurance, or similar laws (including but not limited to, the Washington Industrial Insurance Act, Title 51 of the Revised Code of Washington). This Article 9 shall not be interpreted or construed as a waiver of either Party's right to assert any such immunity, defense, or protection directly against any of its own employees or such employee's estate or other representatives.

ARTICLE 10

INDEMNIFICATION AND LIMITATION OF LIABILITY

Section 10.01 Each Party agrees to indemnify and hold harmless the other Party for claims by third parties for personal injury, death, or property damage to the extent caused by or resulting from: (i) the negligent or intentional acts, errors, or omissions of the indemnifying Party, (ii) the indemnifying Party's breach of applicable law, except, in either of (i) or (ii), to the extent such matter is otherwise addressed under the indemnification obligations set forth in Article 9 of this Agreement.

Section 10.02 NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, OTHER THAN A PARTY'S INDEMNIFICATION OBLIGATIONS SET FORTH IN ARTICLES 9 AND 10, AND A PARTY'S RIGHTS TO EQUITABLE RELIEF AS MAY BE EXPRESSLY SET FORTH IN THIS AGREEMENT, A PARTY'S LIABILITY FOR BREACH OF ANY PROVISION OF THIS AGREEMENT SHALL BE LIMITED TO DIRECT DAMAGES. EXCEPT AS SET FORTH IN THE PRECEDING SENTENCE, (i) SUCH DIRECT DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY OF THE NON-BREACHING PARTY AND ALL OTHER REMEDIES AT LAW OR EQUITY ARE HEREBY WAIVED, AND (ii) NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY, OR INDIRECT DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE.

ARTICLE 11 DISPUTE RESOLUTION AND APPLICABLE LAW

Section 11.01 Venue for any suit, legal action, or other legal proceeding arising out of or relating to this Agreement shall lie either in the Superior Court of Washington for King County or in the United States District Court for the Western District of Washington, both of which are located in Seattle, Washington. Each Party consents to the jurisdiction of these two courts in any such suit, action, or proceeding involving this Agreement. 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. Each Party shall pay its own attorneys' fees and costs in connection with any legal action hereunder.

Section 11.02 Except as otherwise expressly provided in this Agreement and before any Party initiates any lawsuit or legal proceedings pursuant to this Article 11, the Parties will attempt in good faith to resolve through negotiations any dispute, claim or controversy arising out of or relating to this Agreement; 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 set forth in this Article 11. Either Party may initiate negotiations by providing notice to the other Party, setting forth the subject of the dispute and the relief requested. The recipient of such notice shall respond within seven (7) days with a written statement of its position on, and recommended solution to, the dispute. If the dispute is not resolved by this exchange of correspondence, then representatives of each Party with full settlement authority will meet at a mutually agreeable time and place within ten (10) days of the initial notice in order to exchange relevant information and perspectives, and to attempt to resolve the dispute. If the Parties do not resolve such dispute within twenty (20) days of the initial notice, then either Party shall at any time thereafter have the right to exercise any of its rights and remedies provided to it hereunder or otherwise available at law or in equity (subject to the limitations set forth herein).

Section 11.03 The laws of the State of Washington shall govern the interpretation and application of this Agreement, without regard to any State's choice of law principles.

ARTICLE 12 INSURANCE

Section 12.01 Throughout the term of this Agreement, King County shall, at King County's expense, maintain Commercial General Liability insurance with minimum per occurrence limits of ten million dollars (\$10,000,000), providing coverage for any and all costs, including defense costs, losses, and damages resulting from personal injury, bodily injury (including death), and property damage. Such insurance shall include products liability, completed operations, and blanket contractual liability coverage, as well as coverage for XCU (Explosion, Collapse, and Underground) hazards. These requirements for insurance coverage limits may be satisfied by a combination of Primary and Excess Commercial General Liability policies. In the event that any policy is written on a "claims made" basis, and such policy is not renewed during the Term of this Agreement, King County shall obtain for such policy the broadest basic and supplemental extended reporting period coverage commercially available on reasonable terms and conditions in the commercial insurance market and provide PSE with proof that such basic and supplemental extended reporting period coverage has been obtained.

Section 12.02 All insurance policies as provided above shall (i) be endorsed to include PSE, its officers, directors, employees, and agents as additional insureds, (ii) not be reduced, canceled, or otherwise materially changed without thirty (30) days' prior written notice to PSE, (iii) be primary with respect to PSE, and any other insurance or self-insurance maintained by PSE shall be excess of and not contributing insurance with King County's insurance, (iv) apply severally and not collectively to each insured against which or whom a claim is made or suit is brought, except that the inclusion of more than one insured shall not operate to increase the insurance company's limits of liability as set forth in the insurance policy, and (v) be endorsed as necessary to waive all subrogation rights against PSE. To the extent permitted by its insurance policies, King County hereby waives all rights of subrogation against PSE, its officers, directors, employees, and agents.

Section 12.03 Prior to delivering any Pipeline Quality Gas to the PSE Facilities, and throughout the Term of this Agreement, King County shall provide PSE with (a) evidence of insurance policies, showing the policy effective dates, limits of liability, and the schedule of terms, conditions, and endorsements, and (b) a copy of the endorsement naming PSE, its officers, directors, employees, and agents as additional insureds, showing the policy number(s), and signed by an authorized representative of the insurance company. Unless PSE notifies King County in writing within five business days of receipt, PSE shall be deemed satisfied with the coverage summarized in the certificate of coverage provided by King County to PSE. All insurance coverage pursuant hereto shall be issued by an insurer with a Best's Rating of not less than "A-VII."

Section 12.04 Notwithstanding anything in Article 12, King County represents that it is self-funded for its liability exposures. King County agrees to provide PSE with a certificate of self-insurance as adequate proof of coverage. King County further represents that it does not purchase Commercial General Liability insurance and is a self-insured governmental entity. Therefore, King County does not have the ability to add PSE as an additional insured. PSE acknowledges and accepts the foregoing as satisfaction of the insurance requirements set forth in this Article 12. However, if King County elects to cease self-insuring its liability exposures and to

purchase Commercial General Liability Insurance, King County agrees to add PSE as an additional insured and satisfy all other insurance requirements in Sections 12.01, 12.02, and 12.03.

ARTICLE 13 SEVERABILITY AND SURVIVAL

Section 13.01 If any article, paragraph, clause, or provision of this Agreement shall be finally adjudicated by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall be unaffected by such invalidity or unenforceability and all remaining provisions shall remain in full force and effect as if such article, paragraph, clause, or provision of any part thereof so adjudicated had not been included herein and the Parties shall exercise their best efforts to correct the article, paragraph, clause, or provision giving rise to such invalidity or unenforceability and substitute appropriate provisions to achieve the intent of this Agreement.

Section 13.02 Articles 9, 10, and 11, and the obligations to make payments hereunder shall survive termination of this Agreement.

ARTICLE 14 INDEPENDENT CONTRACTORS

Section 14.01 Each Party shall furnish its own facilities, contractors, and employees to fully perform its obligations under this Agreement. Neither Party shall, by virtue of this Agreement, have (i) any responsibility for the payment or performance of any obligations of the other Party, (ii) any right, power, or authority to act as the agent of, to enter into any contract, to make any representation or warranty, or to incur any obligation or liability of the other Party. This Agreement shall not be interpreted or construed to create any association, joint venture, or partnership between the Parties or to impose any partnership obligation or liability upon either Party.

ARTICLE 15 NO THIRD PARTY BENEFICIARIES

Section 15.01 This Agreement is for the benefit of, and will be enforceable by, the Parties only. This Agreement is not intended to confer any right or benefit on any third party (including, but not limited to, any employee of any party). No action may be commenced or prosecuted against a Party by any third party claiming as a third-party beneficiary of this Agreement or any of the transactions contemplated by this Agreement.

ARTICLE 16 INTERPRETATION

Section 16.01 This Agreement will be construed without regard to any presumption or other rule regarding construction against the Party causing this Agreement to be drafted.

ARTICLE 17 ASSIGNMENT

Section 17.01 King County may not assign this Agreement without PSE's prior written consent, which consent shall not be unreasonably withheld, provided the proposed assignee (the "King County Assignee") is capable of performing this Agreement in accordance with its terms and assumes all liability hereunder. PSE shall purchase Pipeline Quality Gas from the King County Assignee pursuant to this Agreement. Notwithstanding the preceding, this Agreement shall be fully assignable by King County, without the consent of PSE, provided such assignment is in connection with an assignment of all or any part of King County's rights or obligations under this Agreement as collateral security for amounts payable under any financing arrangement in connection with the Cedar Hills Landfill Gas Processing Facility. This Agreement shall also be fully assignable by PSE, subject to King County's written consent, which consent shall not be unreasonably withheld, provided the proposed assignee is capable of performing this Agreement in accordance with its terms. Subject to the foregoing restrictions on assignment, this Agreement shall inure to the benefit of, and shall be binding upon, the respective successors and assigns of the Parties.

ARTICLE 18 ACCESS TO RECORDS

Section 18.01 In addition to meter and gas testing records, the Parties shall, in accordance with generally accepted accounting principles consistently applied, maintain books, records, documents and other accounts necessary for the performance of this Agreement. Each Party and its duly authorized representatives shall have access to such books, records, documents and accounts as relate to matters covered by this Agreement for purposes of inspection, review and copying for a period of three (3) years after completion of the work or services that are the subject of such books, records, documents and accounts.

ARTICLE 19 NOTICES, COMPUTATION OF TIME AND HOLIDAYS

Section 19.01 Any notice required by this Agreement to be given to either Party shall be effective when it is received by such Party, and in computing any period of time related to such notice, such period shall commence at 12:01 p.m. prevailing time at the place of receipt on the date of receipt of such notice.

Section 19.02 All notices required or appropriate under this Agreement shall be given in writing by hand, by overnight courier, by first-class postage prepaid mail return receipt requested, by registered or certified mail return receipt requested, or by emails which are confirmed by first class mail addressed to the applicable Party, directed to the following addresses, as maybe amended by written notice:

PUGET SOUND ENERGY, INC.
355 110th Ave NE.
Bellevue, WA 98004-9734
Attention: Mike Ostrowski

Email address: mike.ostrowski@pse.com

KING COUNTY, WASHINGTON
King County Department of Natural Resources and Parks
Attention: Solid Waste Division Deputy Director
201 S Jackson, Suite 6400
Seattle, WA 98104
Email address: commctr.swd@kingcounty.gov

Section 19.03 If the date for making any payment or performing any act is a day on which banking institutions are closed in the place where the payment is to be made or a legal holiday, payment may be made or the act performed on the next succeeding day which is neither a legal holiday nor a day when banking institutions are closed.

ARTICLE 20

ENTIRETY OF AGREEMENT

Section 20.01 This Agreement, including the Appendices A and B, supersedes all prior negotiations, representations, and agreements between the Parties relating to the subject matter hereof and constitutes the entire agreement between the Parties.

Section 20.02 This Agreement may be executed in two or more counterpart copies, each of which when so executed shall be considered for all purposes an original. Executed counterparts transmitted by facsimile or other electronic means shall be binding on the Parties.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Transfer Line Transportation Agreement to be signed by their duly authorized representatives as of the Effective Date referred to above.

PUGET SOUND ENERGY, INC.

BY _____

NAME:

TITLE:

DATE _____

KING COUNTY, WASHINGTON

BY _____

NAME:

TITLE:

DATE _____

TRANSFER LINE INTERCONNECTION AND TRANSPORTATION AGREEMENT
BETWEEN
PUGET SOUND ENERGY, INC.
AND
KING COUNTY, WASHINGTON

APPENDIX A
Description of Services

King County shall own, operate and maintain the King County Facilities.

PSE shall own, operate and maintain the PSE Facilities, including the Measurement Devices, Odorization Equipment and the Transfer Line for the transportation of Pipeline Quality Gas from the interconnect of the King County Facilities and the Transfer Line at the Point of Delivery, to the interconnect of the Transfer Line and NWP at the Point of Measurement, and shall provide for reasonable renewals and replacements thereof during the term of this Agreement.

Each Party shall provide the other Party reasonable access to its respective facilities to the extent necessary for the performance of this Agreement.

PSE shall monitor the electronic data transmitted to it regarding the quality and quantity of gas delivered, and may, subject to and in accordance with a plan to be mutually agreed upon by the Parties, such agreement to not be unreasonably withheld; periodically review and inspect the King County Facilities to ensure the proper operation of the King County Facilities and compliance with any applicable codes and safety requirements at a date and time mutually agreed upon by the Parties; provided, however, nothing herein shall be construed to impose any obligation on PSE to periodically review and inspect the King County Facilities; nor shall PSE's undertaking to review or inspect any portion of the King County Facilities relieve or diminish King County's obligation to review and inspect the King County Facilities for proper operation and compliance with any applicable codes and safety requirements.

TRANSFER LINE INTERCONNECTION AND TRANSPORTATION AGREEMENT
BETWEEN
PUGET SOUND ENERGY, INC.
AND
KING COUNTY, WASHINGTON

APPENDIX B
Pricing Schedule

King County shall pay to PSE a facilities charge (the “Facilities Charge”) in the amount of \$0.12 (12 cents) per Dth for each Dth of Pipeline Quality Gas delivered to the Point of Measurement. The Facilities Charge shall be designed to reimburse PSE for ownership, operation, and maintenance of the PSE Facilities.



King County

Metropolitan King County Council Budget and Fiscal Management Committee

REVISED STAFF REPORT

Agenda Item:	7	Name:	Wendy K. Soo Hoo
Proposed No.:	2025-0236	Date:	August 27, 2025

COMMITTEE ACTION

Proposed Substitute Ordinance 2025-0236.2 passed out of the Budget and Fiscal Management Committee on August 27, 2025 with a “Do Pass” recommendation. The Proposed Ordinance was amended in committee with Amendment 1 to:

- ***Remove language in the Statement of Facts that states that revenues will be used to stabilize rates and reduce greenhouse gas emissions and states instead that revenues will be used for other solid waste division purposes;***
- ***Remove language in Section 3 stating that revenues may be used to stabilize rates and states instead that revenues may be used for other originating division purposes;***
- ***Add phrase in Attachment A that "notwithstanding anything in this RNG Transaction Confirmation" to clarify that King County retains the right to all environmental attributes for all biogas above the estimated contract quantity.***

SUBJECT

Proposed Ordinance 2025-0236 would authorize the Executive to enter into a new agreement with Puget Sound Energy (PSE) for the sale of biomethane produced by the Cedar Hills Regional Landfill, as well as the associated environmental attributes.

SUMMARY

Landfill gas is generated through the decomposition of waste buried in the County's Cedar Hills Regional Landfill. Prior to 2023, this gas was captured by a gas control system on site at Cedar Hills and sold under contract¹ to Bio Energy Washington (BEW), which processed the landfill gas into pipeline-quality gas; BEW then sold the processed gas to PSE. BEW ceased operating its Cedar Hills processing plant in 2023.

¹ Ordinance 15872

Under state law, landfill gas is classified as a "renewable resource."² Associated with landfill gas, therefore, are environmental attributes (also referred to as emissions credits) that reflect the reduced environmental impacts from processed gas. Per its contract with BEW, the County retained the rights to the environmental attributes associated with the landfill gas production and, under a separate agreement, sold the environmental attributes directly to PSE.³

In July 2025, the Council adopted Ordinance 19959, which authorized the Solid Waste Division to purchase the BEW processing plant. At the time, Executive staff indicated an intent to bring on a third-party operator to operate the former BEW plant and for the county to sell the processed landfill gas, or biomethane, directly to PSE, along with the environmental attributes.

Proposed Ordinance 2025-0236 would authorize a new agreement with PSE for the sale of both the biomethane and the environmental attributes for the period from September 1, 2025 through October 31, 2035. According to Executive staff, the agreement with PSE would generate \$3.5 million in revenue to the Solid Waste Division in the last four months of this year, and then more than \$10 million annually in future years. The Solid Waste Division also estimates expenditures of approximately \$150,000 per year based on 12 cents per MMBTU for the use of PSE's pipeline and related facilities.

Note that some of the provisions of the agreement are blank in accordance with a confidentiality agreement between the County and PSE; these provisions will be discussed in executive session in accordance with RCW 42.30.110.

BACKGROUND

Cedar Hills Landfill Gas Generation and Collection. The Cedar Hills Regional Landfill ("Cedar Hills"; "landfill"), owned by the County and located in unincorporated Maple Valley, is the single operating landfill in King County and receives garbage from the cities and unincorporated areas in the County's regional solid waste system.⁴ Landfill gas is generated through the decomposition of waste buried in the landfill and as required by state and federal law, is captured by a gas control system operated by the Solid Waste Division to reduce emissions escaping through the ground or air.

Pre-2023 Contractual Arrangements for the Processing and Sale of the County's Landfill Gas. A series of agreements have governed the processing of the landfill gas generated at Cedar Hills into renewable natural gas and its subsequent sale, as well as the sale of the environmental attributes associated with the landfill gas. Figure 1 provides a graphical depiction of the pre-2023 arrangements between the County, Bio Energy Washington ("BEW"), and Puget Sound Energy ("PSE").

Under state law, landfill gas is classified as a "renewable resource" and therefore,

² RCW 19.285.030(21)

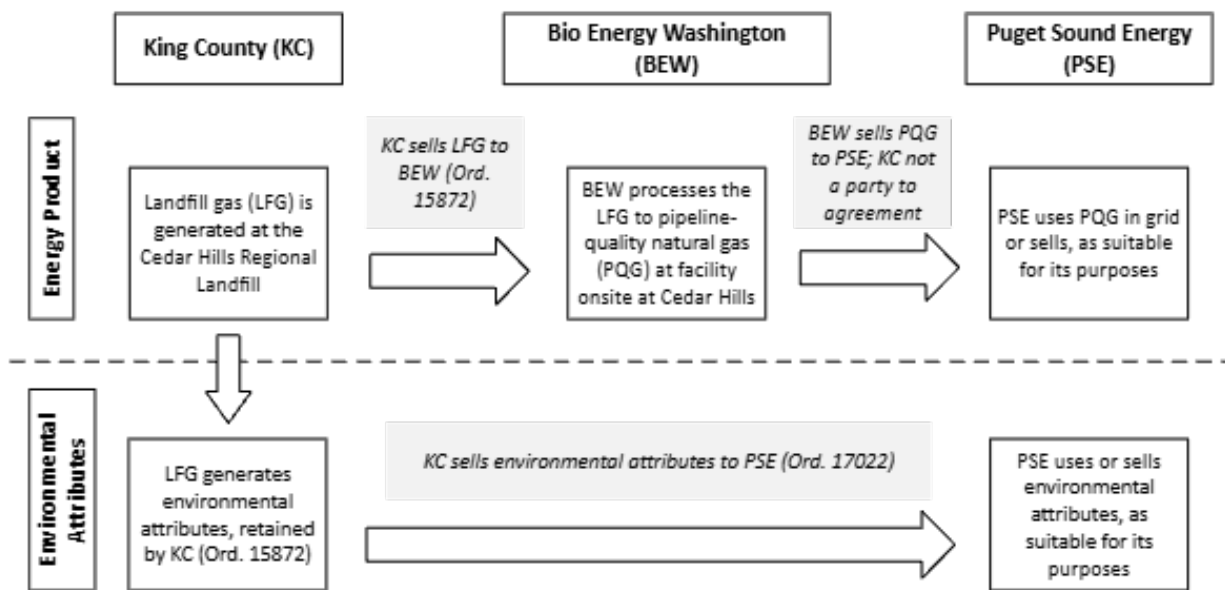
³ Ordinance 17022

⁴ Includes all cities in King County except for Seattle and Milton

associated with the landfill gas are environmental attributes, which can be sold or used as offset credits.⁵

Prior to the arrangement shown in Figure 1, the County “flared” the landfill gas, which refers to burning the gas at a high temperature to reduce, but not eliminate, volumes of greenhouse gases by converting the landfill gas methane into less impactful carbon dioxide.

Figure 1.
Pre-2023 Contractual Arrangements for the Collection, Processing and Sale of County's Landfill Gas (and Associated Environmental Attributes)



Past County Arrangement with BEW. In 2003, the Council approved legislation that authorized the King County Executive to enter into agreements with BEW, a private company for the sale and conversion of landfill gas into energy.⁶ In accordance with the original project agreements, BEW developed, built, and owned the landfill gas processing plant located at Cedar Hills on property leased to BEW by the County.

In 2007, the Council authorized the Executive to execute amended and updated agreements related to the project development, gas sales, and site lease that are in effect until 2030 with the possibility of extension.⁷ Until 2023 when the processing plant ceased operations, BEW had been processing the landfill gas to pipeline-quality, renewable natural gas at its processing plant.

Past BEW Arrangement with PSE. BEW had an agreement with PSE, to which the County was not a party, through which BEW sold PSE the processed pipeline-quality gas. This gas was routed through a nearby gas line into the PSE grid.

⁵ RCW 19.285.030(21)

⁶ Ordinance 14723

⁷ Ordinance 15872

Past County Arrangement with PSE. Under the agreement between the County and BEW, the County retained any and all rights to the environmental attributes that are associated with the landfill gas.⁸ Between 2011 and when the last agreement with PSE expired in mid-2023, the County sold the environmental attributes to PSE, which resulted in PSE having the rights to both the processed landfill gas and the environmental attributes.⁹

Current Situation. In 2023, BEW notified the County that it was ceasing operation of the landfill gas processing plant and subsequently filed suit against the County in U.S. District Court, claiming the County breached its contractual obligations to BEW, claiming in part the County was not following good engineering practices in gas collection and in determining responsibility for disposal of hazardous waste residuals after gas processing.¹⁰ The County countersued with multiple claims against BEW. The parties reached and executed a Settlement Agreement earlier this year, wherein the County and BEW would, among other things, negotiate an agreement for the County to acquire the processing plant from BEW. In July 2025, the Council adopted Ordinance 19959 approving the acquisition.

Since BEW ceased operation of the processing plant, Executive staff indicate that the Solid Waste Division has been flaring the landfill gas, as required by the landfill's operational permits, which require flaring during periods when landfill gas cannot be sent to BEW.

ANALYSIS

Proposed Ordinance 2025-0236 would authorize the Executive to execute a new agreement with PSE for the sale of biomethane and environmental attributes produced at the Cedar Hills Regional Landfill to Puget Sound Energy. Some of the provisions of the agreement are blank in accordance with a confidentiality agreement between the County and PSE; these provisions will be discussed in executive session in accordance with RCW 42.30.110.

King County Code Requirements. The proposed agreement was developed as a negotiated direct sale to PSE. King County Code (KCC) Chapter 4.56 outlines the requirements concerning the County's real and personal property. Under KCC 4.56.250, the sale of rights, title, or interests in emissions credits held by the County are exempt from the standard real and personal property requirements "when unique circumstances are present." Code allows such sales to be made in the best interests of the public to a person or entity through a direct sale negotiated by the Executive and approved by the Council.

According to the Statement of Facts in the proposed ordinance, unique circumstances exist for this agreement "because the market for the sale of biomethane and the environmental attributes associated with biomethane is highly specialized and is subject to market variability... Puget Sound Energy is a logical purchaser of [renewable natural

⁸ Ordinance 15782

⁹ Ordinance 17022; Ordinance 19562

¹⁰ U.S. District Court, Case No. 2:23-cv-00542-LK

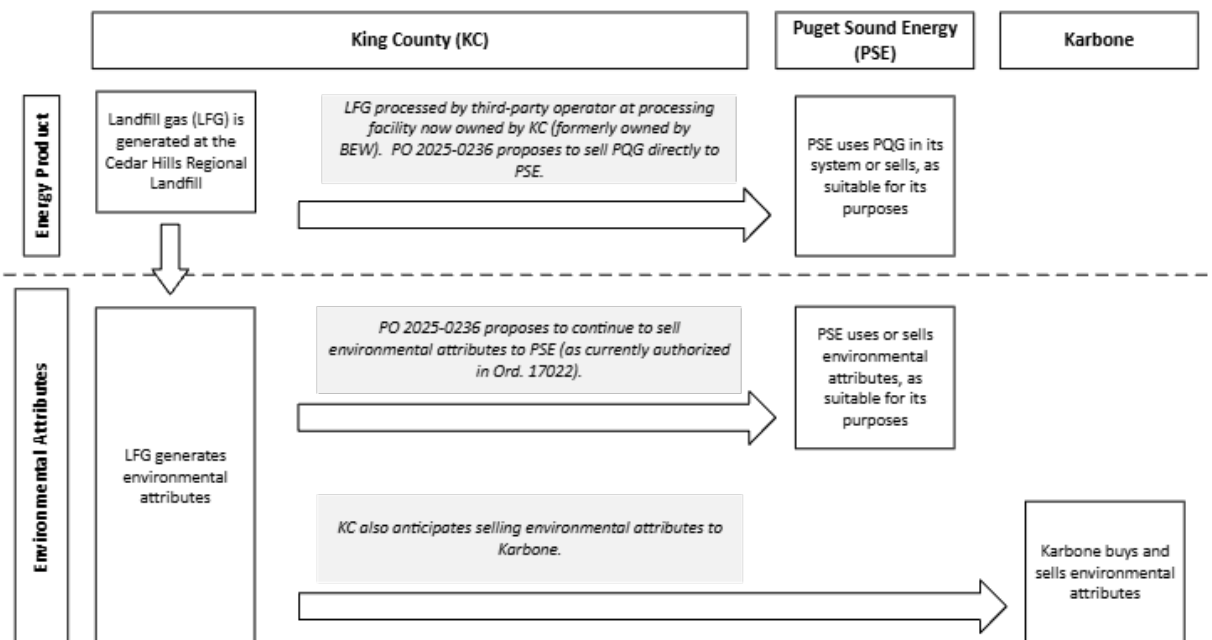
gas] produced by the Cedar Hills biogas processing facility... The sale of the biomethane and environmental attributes provide public benefit by increasing the revenue generated through the sale of the renewable natural gas resource.”

By adopting the ordinance, the Council would agree that unique circumstances are present and that it is in the best interest of the public to allow the direct negotiated sale of the biomethane and environmental attributes to PSE.

Proposed Agreement Terms. The proposal would allow for the sale of all of the biomethane generated at Cedar Hills Regional Landfill and a portion of the environmental attributes to PSE. The proposed agreement covers the period from September 1, 2025 through October 31, 2035.

Base Contract for Sale and Purchase of Natural Gas (Attachment A to Proposed Ordinance 2025-0236). Attachment A to Proposed Ordinance 2025-0236 covers the sale of all of the pipeline-quality gas and a portion of the associated environmental attributes to PSE. Some of the terms, including the volumes to be sold and rates, are not specified due to an agreement between the Solid Waste Division and PSE to keep these terms confidential. The Solid Waste Division anticipates selling the remainder of the environmental attributes through a separate agreement with Karbone, Inc. The proposed contractual arrangements are shown in Figure 2.

Figure 2.
Proposed and Planned Contractual Arrangements for the Collection, Processing and Sale of County's Landfill Gas (and Associated Environmental Attributes)



To be able to sell the biomethane to PSE, the Solid Waste Division is working to bring on a third-party processor to operate the gas processing plant and anticipates completing that agreement by late August.

Transfer Line Interconnection and Transportation Agreement (Attachment B to Proposed Ordinance 2025-0236). As part of the agreement, the County would compensate PSE at 12 cents per MMBTU for the use of its pipeline and related facilities and equipment that connect the Cedar Hills gas processing plant and interstate pipeline facilities operated by Northwest Pipeline.

Fiscal Impact. According to Executive staff, the agreement with PSE would generate \$3.5 million in revenue to the Solid Waste Division in the last four months of this year, and then more than \$10 million annually in future years. The majority of the revenue would be generated from the sale of the environmental attributes.

Proposed Ordinance 2025-0236 requires that revenue from the sale of the gas and the environmental attributes be allocated to the Solid Waste Division and used to offset debt and operating costs associated with operating the Cedar Hills biogas processing plant. The Proposed Ordinance further states that revenue in excess of debt and operating costs for the processing plant may be used to stabilize Solid Waste Division rates; however, the Solid Waste Division requests that the Council amend the legislation to state that any excess revenue may be used for other Solid Waste Division purposes.

Note that the Solid Waste Division estimates expenditures of approximately \$150,000 per year based on 12 cents per MMBTU for the use of PSE's pipeline and related facilities that connect the Cedar Hills gas processing plant and interstate pipeline facilities operated by Northwest Pipeline.

AMENDMENT

Council staff is drafting an amendment that would make technical corrections/clarifications and the amendment will be distributed before the Budget and Fiscal Management Committee meeting.



Signature Report

Motion

Proposed No. 2025-0204.1

Sponsors Quinn and Perry

1 A MOTION accepting the King County 30-Year Forest

2 Plan in accordance with Ordinance 19881, Section 377.

3 WHEREAS, the 2015 Strategic Climate Action Plan thirty-year plan for
4 maximizing the percentage of tree cover in both urban and rural King County while
5 accommodating population and economic growth and meeting goals and needs for local
6 agriculture and food production, wildfire prevention, and working forests, and

7 WHEREAS, to meet this requirement the King County department of natural
8 resources and parks developed the King County 30-Year Forest Plan with input from
9 nonprofits, municipalities, tribes, forestland owners and managers, and community
10 members, and

11 WHEREAS, the King County 30-Year Forest Plan was finalized in February 2021
12 and provides a shared county-wide vision, while providing a roadmap for the department
13 of natural resources and parks to better manage our forests by identifying priority goals,
14 strategies, and actions, and

15 WHEREAS, Ordinance 19881, Section 377, requires the executive to transmit the
16 thirty-year forest plan;

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

- 18 The King County council hereby accepts the King County 30-Year Forest Plan,
19 Attachment A to this motion.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Girmay Zahilay, Chair

ATTEST:

Melani Hay, Clerk of the Council

Attachments: A. King County 30-Year Forest Plan

In an effort to save paper and not print the 85 pages of this attachment,
please select the following link:

[2025-0204 A](#)



King County

Metropolitan King County Council Local Services and Land Use Committee

STAFF REPORT

Agenda Item:	6	Name:	Brandi Paribello
Proposed No.:	2025-0204	Date:	August 20, 2025

SUBJECT

Proposed Motion 2025-0204 would accept the King County 30-Year Forest Plan, which has been transmitted in accordance with the requirements of the adopted 2024 Comprehensive Plan Update.

SUMMARY

King County developed a 30-Year Forest Plan as required in the adopted 2015 Strategic Climate Action Plan; it was finalized in 2021. The adopted 2024 Comprehensive Plan Update required that it be transmitted in 2025, along with a motion accepting the plan.

The 30-Year Forest Plan contains sections on seven priority areas and goals for each, strategies within each of those priority areas, and details regarding implementation actions for each of those strategies. Additionally, within each of the priority area sections, the 30-Year Forest Plan describes how goals and strategies are aligned to other King County plans and initiatives, including Clean Water Healthy Habitat, the Land Conservation Initiative, the 2025 Strategic Climate Action Plan, and the Equity and Social Justice Strategic Plan.

BACKGROUND

In 2015, the King County Council adopted the Strategic Climate Action Plan (SCAP) which included the 1 Million Trees initiative, a commitment to plant at least one million trees with county partners in King County by 2020. The SCAP also included a commitment to work with partners to develop a 30-Year Forest Plan (the Plan) to guide efforts to maintain and enhance the county's forest cover from 2020-2050.¹

In 2019, the County began to solicit input on priorities, goals, and strategies for the Plan by beginning outreach efforts with nonprofits, Indian tribes, and city governments that also participated in the 1 Million Trees initiative. Outreach was conducted through one-on-one meetings, workshops, community events, and email correspondence.

¹ [Motion 14419](#)

Additionally, an online public input survey was distributed to other stakeholders, including forest landowners and managers. The Plan was ultimately finalized by the Executive in 2021; however, the adopted 2024 Comprehensive Plan Update requires that the Plan be transmitted in 2025, along with a motion.²

Ordinance 19881, Section 377 states:

No later than June 30, 2025, the executive shall transmit the thirty-year forest plan, clean water healthy habitat strategic plan, and wildfire risk reduction strategy to the council, along with motions accepting each document. The documents and motions required by this section shall be filed with the clerk of the council, who shall retain an electronic copy and provide an electronic copy to all councilmembers, the council chief of staff, and the lead staff to the transportation, economy, and environment committee or its successor.

The Chairs of the Transportation, Economy, and Environment (TrEE) and Local Services and Land Use (LSLU) committees agreed that the Plan and proposed motion should be referred to LSLU.

ANALYSIS

Priority Areas and Goals. The Plan identifies seven priority areas relating to the value and benefits of forests. Within each priority area, the Plan identifies goals that relate to forests and tree cover, including specific goals related to cultural resources and equity. The identified priorities and goals include:

1. *Climate:* Contribute to climate change mitigation by increasing carbon sequestration and storage in King County forests and increase resilience and preparedness for climate change effects on forests.
 - a. Increase the amount of carbon stored in forests in King County to the greatest extent practicable while protecting biodiversity and improving forest health.
 - b. Increase the resilience of existing forests and newly planted trees to the effects of climate change.
 - c. Improve the preparedness of communities near forests for any potential increase in fire risk caused by climate change.
 - d. Equity and cultural resources: Maintain western red cedar, which may be susceptible to drought stress associated with climate change, and other species of cultural significance that provide cultural resources and values to area Indian tribes.
2. *Forest Health:* Improve and restore forest health, including increasing resilience to disease, invasive species, drought, and climate change; sustaining biodiversity, improving wildlife habitat, and restoring connectivity; and maintaining or improving ecological functions.

² [Ordinance 19881](#), Section 377

- a. Increase the area of healthy and resilient forestland.
 - b. Increase connectivity of protected forestland to improve wildlife habitat.
 - c. Equity and cultural resources: Create a broader public understanding of pre-settlement forest stewardship by the Coast Salish peoples and the resulting forest conditions as a baseline for healthy, complex, and biodiverse forests; improve forest conditions that support the ability of Indian tribes to exercise treaty rights and cultural practices; and improve forest health in forests close to under-served communities.
- 3. *Urban Forest Canopy*: Increase tree canopy in urban areas, with a focus on areas with the lowest canopy cover and maintain and improve the health of existing urban forests.
 - a. Maintain and increase existing tree canopy in urban areas, prioritizing areas with low canopy cover.
 - b. Maintain urban trees and improve urban forest health.
 - c. Equity and cultural resources: Increase tree canopy above current baseline in urban unincorporated areas with low canopy cover and support urban forest projects as a foundation for youth training to develop tomorrow's forestry leaders.
- 4. *Human Health*: Prioritize tree canopy improvements and increased access to forested spaces to improve human health outcomes and advance health equity.
 - a. Increase tree canopy with improvements focused in geographic areas and communities with residential areas subject to high levels of summer heat and/or pollution, or other human health disparities.
 - b. Improve access to forested spaces, prioritize communities where the needs are greatest, and support outdoor recreation opportunities that can provide physical and mental health benefits.
 - c. Equity and cultural resources: Increase use, engagement, and sense of belonging in forested parks where access to or use of parks and green space is below the regional average
- 5. *Salmon Habitat*: Increase and improve forest cover and condition in areas where it can enhance salmon habitat.
 - a. Protect, increase, and improve the extent and health of riparian forests.
 - b. Protect, increase, and improve the extent and forest health in the headwaters of salmon streams to improve ecological function and protect water quality and quantity.
 - c. Equity and cultural resources: Align salmon habitat restoration with Indian tribal priorities and use culturally important plant species in salmon habitat restoration.
- 6. *Water Quality and Quantity*: Maintain and expand forest canopy where it provides the most benefit for improving water quality and quantity, reducing stormwater runoff, and reducing flooding.
 - a. Maintain and expand forest cover in areas identified as having poor water quality or high pollutant loads to streams and rivers, where forest cover improvement can provide benefits.
 - b. Maintain and expand forest cover to improve water quantity conditions in areas identified as having high potential to mitigate flooding or where protecting groundwater is a priority.
 - c. Equity and cultural resources: Integrate equity considerations into prioritization of stormwater projects involving forest cover.

7. **Sustainable Timber.** Support an ecologically sustainable and economically viable timber industry that promotes maintenance of ecological functions in working forests and local economic development.
- Maintain healthy working forests and prevent forest fragmentation and the conversion of working forests to non-forested uses.
 - Increase the use of forestry practices that improve ecological functions (such as carbon sequestration, fish and wildlife habitat, and hydrologic cycling) in working forests.
 - Improve access to and condition of infrastructure and markets that support sustainable forestry practices.
 - Equity and cultural resources: Increase equity in the timber industry and diversity of forestry professionals, particularly those trained in ecological forest management practices and the cultural importance of forests.

Strategies. The Plan provides tables under each priority and goals that set out strategies to achieve those goals, as well as the DNRP action required to implement the strategies. The tables additionally indicate whether any other priorities within the Plan or other countywide strategic plans are related to each strategy. Figure 1 below is an example of these tables within the Plan, specifically related to Priority 1, Climate, Goals 1-3 and 1-4.³

Figure 1. Strategy Table Example

1-3 Strategies to Improve Preparedness of Communities

Strategies	DNRP-Led Actions	Related Priorities	Related Plans	Additional Resources Needed
Improve preparedness for potential increase in wildfire, including identification of forested areas and communities most at risk.	<ul style="list-style-type: none"> Work with the Office of Emergency Management to develop a Wildfire Strategy for King County, including identification of areas at risk; how to expand education and wildfire resilience strategies; forest resilience strategies; coordination with other public forest landowners; and response to a large fire event. 	FH HH ST	SCAP	

1-4 Strategies Focused on Equity and Cultural Resources

Strategies	DNRP-Led Actions	Related Priorities	Related Plans	Additional Resources Needed
Experiment with climate-adapted seed sources for culturally important species.	<ul style="list-style-type: none"> Engage with regional Tribes to determine key tree species to include in trials. 	FH SH	ESJ	
Identify vulnerable and suitable areas in the county for key species, including culturally important species, such as western red cedar.	<ul style="list-style-type: none"> Work with partners to initiate research and mapping. 	FH	ESJ	Funding needed

³ King County 30-Year Forest Plan, page 27.

Implementation. The Plan includes information on actions DNRP will take in implementing the strategies laid out in the Plan. The implementation period is from 2021 through 2026 and includes actions such as:

1. *A set of pilot projects, all of which will be initiated in the first year of the plan.*⁴ According to Executive staff, six pilot projects were planned and initiated. As of transmittal, four were completed (forest health assessment, climate-adapted planting, tree giveaway, and urban tree planting using City Forest Credits), one is in progress (demonstration forest at Taylor Mountain), and one has been discontinued (the riparian planting project using City Forest Credits). Staff state the last project was discontinued because “changes to the carbon credit rules meant the credits would be based on future tree growth, not actual carbon already removed from the air. Present day crediting for offsets potentially generated in the future is not allowed under policies that govern the County's forest carbon program, so there was no longer a valid way to use the credits for small tree planting projects.”
2. *A set of actions that directly align with the 2020 SCAP.*⁵ The document indicates these will be completed by the end of 2025. Connections to the SCAP are noted within each of the priority sections within the Plan.
3. *A set of DNRP-led actions to be initiated in the next five years.* Actions identified in the plan will be prioritized based on the following criteria: ability to provide multiple benefits (i.e. contribute to multiple priorities); contribution to other plans and initiatives; and availability of funding. Executive staff state the following actions have been advanced and a full progress report will be available in 2026:
 - Wildfire Strategy: released in 2022; Community Wildfire Protection Plan in development.
 - Climate-Adapted Planting Trial: implemented and monitored.
 - Assisted Migration Paper: published in 2024.
 - Forest Health: 1,000 acres treated; prioritization and stewardship planning underway.

⁴ According to Executive staff, these projects are:

- Forest Health: Parks forestlands assessed and prioritized; 977 acres high priority.
- Urban Canopy & Human Health: Tree planting project evaluated via Impact Certification; useful for funders, but time intensive.
- Water Quality: Tree giveaway piloted in White Center and Skyway with community partnerships; 200 trees distributed in 2024.
- Climate: Trial plantings of climate-adapted seedlings at four sites; monitoring underway.
- Sustainable Timber: Taylor Mountain selected as demonstration site; interpretive signage and tours planned.
- Salmon Habitat: City Forest Credits project deemed infeasible due to carbon credit protocol issues.

⁵ According to the transmittal letter accompanying the Plan and motion, “Although finalized in 2021, the Forest Plan is being transmitted now as called for in the 2024 Comprehensive Plan Update. Developed to implement the 2015 Strategic Climate Action Plan (SCAP), the Forest Plan responded to SCAP directives to plant at least one million trees by 2020 and to create a 30-year strategy for expanding tree canopy in urban and rural areas while supporting growth, agriculture, wildfire resilience, and working forests. A new SCAP has since been transmitted to the Council, and the Forest Plan’s objectives remain aligned with the updated SCAP.”

- Urban Forestry Forum and Street Tree Working Group: launched.
- Tree Planting Projects: completed in Skyway and White Center.
- Youth Engagement and community programming expanded.
- Multiple Actions Underway spanning climate resilience, urban canopy, water quality, and sustainable forestry.

The document states that the Plan will be revisited every five years to evaluate progress and identify priority actions for the next five-year period.

Alignment with Other County Initiatives or Plans. The Plan describes the ways in which it aligns with the following County initiatives and plans in each of the priority sections. In general, the Plan aligns with the following:

- Clean Water Healthy Habitat: aligns by highlighting healthy forests and more green space as one of its six goal areas.
- Land Conservation Initiative (LCI): aligns with the LCI goals of protecting additional forests and providing more equitable access to forested areas.
- 2025 Strategic Climate Action Plan: aligns by incorporating all the forestry-related SCAP actions.
- Equity and Social Justice Strategic Plan:⁶ aligns by using the ESJ goal that “All county residents should have equitable access to clean air and water, and the health and recreation benefits of King County’s extensive network of regional trails, open spaces, and working farms and forests” to inform the Plan.

Policymaker Input on the Plan. Executive staff indicate that a progress report on implementation of the contents of the Plan will be available in the second quarter of 2026. Should Council wish to provide input on the next phase of five-year action identification and implementation, it may make sense to wait to provide that direction until after it receives the report.

INVITED

- Josh Baldi, Division Director, Water and Land Resources Division, Department of Natural Resources and Parks

ATTACHMENTS

1. Proposed Motion 2025-0204 and its attachment
2. Transmittal Letter
3. Fiscal Note

⁶ The ESJ Strategic Plan is an Executive initiative not adopted by the Council. The ESJ Strategic Plan expired in 2022.



Signature Report

Motion

Proposed No. 2025-0205.1

Sponsors Perry

1 A MOTION acknowledging receipt of a Critical Areas
2 Monitoring and Adaptive Management Program plan, in
3 response to the 2025 Annual Budget Ordinance, Ordinance
4 19861, Section 16, Proviso P1.

5 WHEREAS, the 2025 Annual Budget Ordinance, Ordinance 19861, Section 16,
6 Proviso P1, states that \$100,000 of the appropriation "shall not be expended or
7 encumbered until the executive transmits a Critical Areas Monitoring and Adaptive
8 Management Program plan and a motion that should acknowledge receipt of the plan, and
9 a motion acknowledging receipt of a plan is passed by the council. The motion should
10 reference the subject matter, the proviso's ordinance, ordinance section, and proviso
11 number in both the title and body of the motion.

12 The plan shall include, but not be limited to, discussion and analysis of what
13 would be needed to develop and implement a critical areas monitoring and adaptive
14 management program consistent with guidance from Washington State Department of
15 Commerce in chapter 7 of the critical areas ordinance handbook. Accordingly, the plan
16 should address three types of monitoring: permit implementation, effectiveness, and
17 ecological validation. Specifically, the plan shall include:

18 A. An analysis of the one-time monetary and staffing resources needed to
19 develop the program;

20 B. An analysis of the ongoing monetary and staffing resources needed to
21 implement the program;

22 C. Based on the needs analysis completed in response to subsections A. and B. of
23 this proviso, a detailed timeline for developing and implementing the program;

24 D. An analysis of whether all permits and critical areas or a subset of permits and
25 critical areas should be monitored through the program; and

26 E. An analysis of how phasing implementation of the program, such as applying
27 it to streams and wetlands first, and to other types of critical areas later, would impact the
28 needed resources and the timeline, as well as any impacts to the environment that might
29 result from phasing the work," and

30 WHEREAS, additionally, the proviso states that the executive should
31 electronically file the plan and a motion required by this proviso by June 30, 2025, with
32 the clerk of the council, who shall retain an electronic copy and provide an electronic
33 copy to all councilmembers, the council chief of staff, and the lead staff for the local
34 services and land use committee or its successor, and

35 WHEREAS, the King County executive prepared a Critical Area Monitoring and
36 Adaptive Management Program plan that includes discussion and analysis of what would
37 be needed to develop and implement a critical areas monitoring and adaptive
38 management program consistent with guidance from Washington state Department of
39 Commerce in chapter 7 of the critical areas ordinance handbook and the plan addresses
40 three types of monitoring: permit implementation, effectiveness, and ecological
41 validation, and

42 WHEREAS, the King County executive hereby transmits to the council the
43 Critical Areas Monitoring and Adaptive Management Program plan required in
44 Ordinance 19861, Section 16, Proviso P1;
45 NOW, THEREFORE, BE IT MOVED by the Council of King County:

- 46 The King County council hereby acknowledges receipt of the Critical Areas
47 Monitoring and Adaptive Management Program plan, Attachment A to this motion.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Girmay Zahilay, Chair

ATTEST:

Melani Hay, Clerk of the Council

Attachments: A. Critical Areas Monitoring and Adaptive Management Program Plan, June 30, 2025

Critical Areas Monitoring and Adaptive Management Program Plan

June 30, 2025



I. Contents

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	C. Based on the needs analysis completed in response to subsections A and B of this proviso, a detailed timeline for developing and implementing the program	22
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VI.	Summary and Next Actions	28
VII.	Acknowledgements	Error! Bookmark not defined.

II. Proviso Text

Ordinance 19861, Section 16, Office of Performance, Strategy, and Budget, P1¹

P1 PROVIDED THAT:

Of this appropriation, \$100,000 shall not be expended or encumbered until the executive transmits a Critical Areas Monitoring and Adaptive Management Program plan and a motion that should acknowledge receipt of the plan, and a motion acknowledging receipt of a plan is passed by the council. The motion should reference the subject matter, the proviso's ordinance, ordinance section, and proviso number in both the title and body of the motion.

The plan shall include, but not be limited to, discussion and analysis of what would be needed to develop and implement a critical areas monitoring and adaptive management program consistent with guidance from Washington State Department of Commerce in chapter 7 of the critical areas ordinance handbook. Accordingly, the plan should address three types of monitoring: permit implementation, effectiveness, and ecological validation. Specifically, the plan shall include:

- A. An analysis of the one-time monetary and staffing resources needed to develop the program;
- B. An analysis of the ongoing monetary and staffing resources needed to implement the program;
- C. Based on the needs analysis completed in response to subsections A. and B. of this proviso, a detailed timeline for developing and implementing the program;
- D. An analysis of whether all permits and critical areas or a subset of permits and critical areas should be monitored through the program; and
- E. An analysis of how phasing implementation of the program, such as applying it to streams and wetlands first, and to other types of critical areas later, would impact the needed resources and the timeline, as well as any impacts to the environment that might result from phasing the work.

The executive should electronically file the plan and a motion required by this proviso by June 30, 2025, with the clerk of the council, who shall retain an electronic copy and provide an electronic copy to all councilmembers, the council chief of staff, and the lead staff for the local services and land use committee or its successor.

¹ [Link to Ordinance 19861](#)

III. Executive Summary

This report responds to Ordinance 19861, Section 16, prepared by the King County Office of Performance, Strategy and Budget (PSB), the Department of Natural Resources and Parks (DNRP) Water and Land Resources Division (WLRD), and the Department of Local Services (DLS) Permitting Division. The content includes a discussion and analysis of what would be needed to develop and implement a critical areas monitoring and adaptive management program consistent with guidance from the Washington State Department of Commerce in Chapter 7 of the Critical Areas Ordinance Handbook.

Background

- Office of Performance, Strategy and Budget (PSB): PSB is the central authority for planning, management, and performance oversight.
- Department of Natural Resources and Parks (DNRP) Water and Land Resources Division (WLRD): DNRP actively protects the county's water and land resources.
- Department of Local Services (DLS) Permitting Division: DLS-Permitting provides comprehensive land use planning and rigorous permit review across rural and urban unincorporated areas, focusing on critical areas.

King County's history of environmental regulation is rooted in progressive policies. Pre-dating the Growth Management Act (GMA), the County initially adopted the Sensitive Areas Ordinance in 1979, which evolved into the Critical Areas Ordinance (CAO) with significant revisions in the 1980s, 1990, and again in 2004. Present-day efforts within DNRP and DLS-Permitting aim to evaluate permit implementation, ecological validation, and trend assessments. Integrating and expanding these efforts would inform adaptive management actions, ensuring that regulations effectively safeguard ecosystems, public health, and long-term sustainable development.

The Washington State Department of Commerce outlines how to develop and implement a monitoring and adaptive management program in Chapter 7 of the Critical Areas Handbook. In short, a successful program integrates three core monitoring elements — permit implementation, permit effectiveness, and ecological validation — to diagnose and address gaps in critical area protection. Each monitoring component informs adaptive management actions that drive continuous improvement.

This program plan focuses on unincorporated King County at a level of detail between conceptual planning and 30 percent design, leaving the rest to be fleshed out during the development of a program. This planning-level analysis outlines both one-time monetary and staffing resource commitments necessary to design and implement the program.

At its core, the program would integrate multiple monitoring components, including permit implementation monitoring, permit effectiveness monitoring, and ecological validation monitoring. The integration of these monitoring elements is intended to provide continuous data-driven evaluations of whether permitted projects are carried out in accordance with regulations and whether the critical area functions and values are maintained over time. The program could operate on a five-year cycle, aligning with other essential cycles, such as biennial budget cycles, five-year National Pollutant Discharge Elimination System (NPDES) permit reviews, and ten-year Comprehensive Plan (Comp Plan) updates.

This synchrony could minimize budgetary volatility and staffing disruptions, thereby ensuring the consistent execution and reporting of monitoring activities.

Report requirements:

A. An analysis of the one-time monetary and staffing resources needed to develop the program;

Overall, the planning-level estimate to develop the program sums to nearly 16,000 labor hours and a labor cost of approximately \$1.4 million for the different monitoring activities, highlighting the significant commitment of staff time across various categories. Although no additional one-time monetary expenditures beyond labor are projected, the one-time staffing resource requirements are detailed for each major task.

Task 1: Develop Permit Implementation Monitoring: Task 1 focuses on building a system that verifies that permits are issued in compliance with existing code and regulations and that projects, as built, adhere to the conditions set by these permits. This task, led by DLS-Permitting with DNRP support, is estimated to require one-time staffing resources of \$482,000 over a two-year development phase.

Task 2: Develop Permit Effectiveness Monitoring: Task 2 seeks to develop systems that ensure ongoing compliance after permits have been issued and monitored. With DLS-Permitting taking the lead and DNRP supporting, Task 2 is projected to require one-time staffing resources of \$290,000 over a two-year development period.

Task 3: Develop Ecological Validation Monitoring: Task 3 is dedicated to developing systems for verifying that the ecological functions and values of critical areas are being protected. WLRD leads this effort with support from DLS-Permitting and estimates one-time staffing resources of \$374,000 over a two-year period.

Task 4: Develop Adaptive Management: Task 4 establishes a framework for prioritizing and implementing recommendations from permit implementation, permit effectiveness, and ecological validation monitoring. The goal is to ensure that permits are issued and executed in accordance with regulations, that projects meet ongoing permit conditions, and that County actions achieve no net loss of critical area values and functions. Led by DLS-Permitting with WLRD support, this initiative requires a one-time staffing investment of \$286,000, with no additional monetary costs.

In summary, while no extra nonlabor monetary costs are anticipated, the successful development of this program will require a collective one-time staffing investment of approximately \$1.4 million.

B. An analysis of the ongoing monetary and staffing resources needed to implement the program;

This analysis outlines the ongoing monetary and staffing resources required to implement a comprehensive monitoring and adaptive management program for King County's critical areas. Developed at a planning level with built-in subtask contingencies, these estimates provide a framework for one complete implementation cycle (e.g., repeated once every five years).

Task 1 – Implement Permit Implementation Monitoring: This task focuses on verifying that permits accurately reflect current code requirements and that project as-built conditions comply with permit conditions. The ongoing resource needs are modest in monetary terms — \$10,000 per cycle — but substantial in labor, with staffing resources estimated at approximately \$1.5 million per cycle. Total cost is approximately \$1.5 million.

Task 2 – Implement Permit Effectiveness Monitoring: This element ensures that, after the initial permitting phase, projects continue to meet established requirements over time. Led primarily by DLS-Permitting — with WLRD taking responsibility for monitoring frequently flooded areas — this task demands ongoing monetary costs of about \$450,000 per cycle and staffing resources close to \$967,000. Total cost is approximately \$1.4 million.

Task 3 – Implement Ecological Validation Monitoring: Task 3 evaluates whether critical area functions and values are maintained at both the permit and countywide scales. This task, led by WLRD with support from DLS-Permitting, carries ongoing monetary costs of about \$350,000 per cycle and requires staffing resources estimated at \$1.6 million. Total cost is approximately \$2 million.

Task 4 – Implement Adaptive Management Actions: The final task implements the recommendations generated from the monitoring activities. Short-cycle adaptive management actions require approximately \$1 million in monetary resources for mapping, and \$955,000 in staffing resources per cycle. Total cost is approximately \$2 million. The 10-year strategic updates — such as those for Best Available Science (BAS), the CAO, and comprehensive resource mapping — entail an additional \$360,000 in nonlabor and approximately \$2.63 million in labor per cycle. Total cost is approximately \$3 million. Combining the routine costs of this task (\$2 million) with the 10-year cycle for strategic updates (\$3 million) results in a total cost of \$5 million.

Overall, ongoing implementation of the program demands significant resource commitments totaling \$6.6 million. Aggregated costs across tasks not only reflect substantial annual staffing investments (\$4.8 million) but also encompass targeted monetary expenditures (\$1.8 million) necessary to drive comprehensive environmental oversight.

C. Based on the needs analysis completed in response to subsections A. and B. of this proviso, a detailed timeline for developing and implementing the program;

This section outlines a detailed timeline and strategic analysis for developing and implementing King County’s integrated monitoring and adaptive management program for critical areas.

Development Phase: During the initial development phase, as set out in Table 2, planning-level deliverables could be scheduled to be completed in the 2028-29 biennium. This phased schedule ensures that, by the end of the development period, all foundational systems and protocols are in place.

Implementation Phase: Following development, Table 3 details a planning-level timeline for the ongoing implementation of the monitoring and adaptive management program, assumed to operate indefinitely in repeated cycles (e.g., five and 10 years). Each task’s deliverables are

scheduled across biennia, ensuring coordinated progression from development to full implementation. The proposed timeline sets forth a stepwise approach: initial development during 2028-29, followed by a shortened test cycle to align reporting with other key efforts (i.e., the Comp Plan), then perpetual cyclic implementation, ensuring continuous improvement.

D. An analysis of whether all permits and critical areas or a subset of permits and critical areas should be monitored through the program;

Priority permits and critical areas:

The Critical Areas Handbook advises that no single approach fits every community and recommends enhanced monitoring and adaptive management when a jurisdiction deviates from BAS or when information is inadequate. A key insight from King County's 2024 Best Available Science Report is the opportunity for enhanced protections for riparian and wetland areas due to departures from BAS. Although the 2025 CAO update proposed increased protections for these areas, certain County proposals have intentionally deviated from BAS to also meet additional GMA goals. Such departures may carry a heightened risk of adverse impacts on riparian and wetland environments. The analysis concludes that these areas should be prioritized. Permits that most impact riparian areas and wetlands — such as clearing and grading, building, and commercial/industrial permits — are identified as the primary candidates for monitoring.

In contrast, literature reviewed during the 2024 BAS update revealed that the science underlying geologically hazardous and frequently flooded areas, critical aquifer recharge areas, and non-riparian Fish and Wildlife Habitat Conservation Areas (FWHCAs) remains largely unchanged from previous assessments, indicating that existing regulations closely align with BAS and continue to provide adequate protection. These areas are recommended to be deprioritized.

E. An analysis of how phasing implementation of the program, such as applying it to streams and wetlands first, and to other types of critical areas later, would impact the needed resources and the timeline, as well as any impacts to the environment that might result from phasing the work.

A phased approach is recommended to optimize resource use and technical expertise. This staggered rollout minimizes up-front costs and resource demands while leveraging existing expertise and data. Initially applying the program to streams, riparian, and wetland areas will address the most vulnerable and high-risk zones. Monitoring these areas can yield a range of positive outcomes: enhanced protection of fragile ecosystems, improved education for permit applicants, streamlined permitting processes, and more-effective data collection for mitigation monitoring. The benefits associated with such improvements plausibly justify the allocation of resources. Additionally, delaying monitoring implementation for geologically hazardous and frequently flooded areas, critical aquifer recharge areas, and non-riparian FWHCAs — where protection measures are already robust — will likely have minimal additional environmental impact due to current restrictions and hazard and migration mapping.

By focusing on permits with the most significant impact on riparian and wetland areas — such as clearing and grading, building, and commercial/industrial permits — King County can attain a more cost-effective and impactful monitoring program.

Conclusions and Future Actions

This report outlines a Critical Areas Monitoring and Adaptive Management Program plan for King County that aligns with the Washington State Department of Commerce Critical Areas Handbook and advances Comp Plan policies as well as County Code directives. It lays out evidence-based, cyclical recommendations (e.g., every five and 10 years) to continuously improve permitting and protection processes by upgrading the permit tracking system and extending and integrating monitoring efforts across departments. It also proposes a phased approach, targeting wetlands and riparian areas that minimizes disruptions to existing work programs. Ultimately, it supports integrated, outcome-driven environmental stewardship across multiple critical areas.

Total Development Costs: The estimated labor cost to develop the program is \$1.4 million over two years, with no monetary resource required unless the labor was performed by consultants instead of King County staff.

Total Implementation Costs: The estimated labor cost to implement one five-year cycle of monitoring and adaptive management is \$6.6 million, with an additional cost of \$3 million every 10 years. Over a 10-year period, completing five-year tasks two times and 10-year cycle tasks once, the total cost of the program would be \$16.2 million, or approximately \$1.62 million per year or \$3.24 million per biennium.

IV. Background

Department Overview:

This report was prepared by the Office of Performance, Strategy and Budget (PSB), the Department of Natural Resources and Parks (DNRP) Water and Land Resources Division (WLRD), and the Department of Local Services (DLS) Permitting Division.

The King County PSB provides comprehensive planning, management, budgeting, and performance assessment for King County government. PSB's work is guided by best practices in financial stewardship and performance management, which includes enhancing accountability and transparency, and integrating strategic planning, business planning, resource allocation, and continuous improvement into a systematic approach throughout the county. The office includes the Regional Planning section, which works with County agencies to support King County communities through equitable, comprehensive, countywide, and regional planning.

DNRP employs scientists, engineers, policy experts, ecologists, and project managers dedicated to protecting the health and integrity of King County's natural resources, so that they can be enjoyed today and for generations to come. As a department, DNRP protects and restores the natural environment for the people, fish, and wildlife of King County, promoting resilient, sustainable, equitable communities. DNRP restores habitat, builds and operates major infrastructure that protects Puget Sound, transforms waste management to reduce carbon emissions, and expands and enhances regional parks and trails, all of which contribute to the region's unique quality of life. WLRD safeguards King County's water and land resources by providing services that protect public health and safety and yield significant environmental benefits.

The DLS promotes the well-being of residents and communities in unincorporated King County by seeking to understand their needs and delivering responsive government services. DLS-Permitting provides land use planning services and development permit review to the residents of rural and urban unincorporated King County. Permitting services include building and land use permit review; this involves review of critical areas impacts when these areas are present on the subject properties.

Key Historical Context:

The state Growth Management Act (GMA) requires King County to designate and protect critical areas, which — together with Washington Administrative Code (WAC) provisions that implement the GMA — provide the basis and requirements for the County's current critical area regulations.^{2, 3} "Critical areas" include wetlands, areas with a critical recharging effect on aquifers used for potable water, fish, and wildlife habitat conservation areas (including riparian areas), frequently flooded areas, and geologically hazardous areas.⁴ Protecting critical areas protects public health and safety (e.g., from hazards like

² RCW 36.70A.060(2), <http://app.leg.wa.gov/RCW/default.aspx?cite=36.70A.060>

³ RCW 36.70A.170, <https://app.leg.wa.gov/RCW/default.aspx?cite=36.70A.170>

⁴ RCW 36.70A.030(11), [RCW 36.70A.030: Definitions.](#)

floods and landslides), protects environmental quality (e.g., clean water for swimming or drinking) and benefits the economy through resource industries like salmon and shellfish harvesting.⁵

King County has a long history of implementing development regulations that protect the environment, which predates the GMA. The precursor to the Critical Areas Ordinance (CAO) was the Sensitive Areas Ordinance (SAO), first adopted by the County in 1979 and implemented in 1983, with substantial revisions completed in 1990.^{6, 7} The County substantively updated its regulations again to adopt the CAO in 2004.⁸

According to Commerce's Critical Areas Handbook, a monitoring and adaptive management (M&AM) program is required only when risks to critical areas are largely unknown or, in some circumstances, when regulations deviate from BAS. Where required, Commerce notes the need for a permit monitoring system to ensure permits were issued and implemented correctly and consistently and to determine whether ecological losses are due to problems with local regulations. A monitoring and adaptive management program provides a method for verifying that critical areas regulations and complementary programs are achieving no net loss of ecological function, which is required by WAC 365-196-830.⁹ Critical areas monitoring is also supported by policies and code adopted by the County. King County Comp Plan policies relating to monitoring and adaptive management include, but are not limited to, E-326, E-903, E-904, and I-202. These policies encourage, and sometimes require, making decisions (including how and whether to update code, policies, work program priorities, and resource allocation) based on the findings from critical areas monitoring. Critical areas monitoring is also required by K.C.C. 21A.24.515, which states: "The department of natural resources and parks, in consultation with the department [of local services], shall conduct monitoring to evaluate the effect of this chapter on protecting the functions and values of critical areas."¹⁰

Critical areas monitoring currently takes multiple forms. King County's permit implementation monitoring is currently done for issued permits where the cost of mitigation is over \$1,000. In these cases, DLS-Permitting requires the applicant to submit a financial guarantee, released when the applicant completes two components: 1) installation of mitigation (typically vegetation plantings); and 2) a three- to five-year maintenance period (which may be extended, under certain circumstances), during which the applicant monitors the health of the mitigation. Requiring a financial guarantee incentivizes landowners to successfully maintain required critical areas mitigation, promoting the successful implementation of critical areas code requirements to mitigate impacts.

King County's past adaptive management efforts based on permit implementation monitoring have included:

⁵ Critical Areas Handbook, <https://deptofcommerce.box.com/s/rlysjrfvrpxwnm9jvbc3lc7ji19ntp>

⁶ Ord. 4365, <https://aqua.kingcounty.gov/council/clerk/OldOrdsMotions/Ordinance%2004365.pdf>

⁷ Ord. 9614, <https://aqua.kingcounty.gov/council/clerk/OldOrdsMotions/Ordinance%2009614.pdf>

⁸ Ord. 15051, <https://mkcclegisearch.kingcounty.gov/LegislationDetail.aspx?ID=551895&GUID=12288D96-273A-426B-8589-A3BB68B9CD47&Options=Advanced&Search=&FullText=1>

⁹ WAC 365-196-830, <https://app.leg.wa.gov/wac/default.aspx?cite=365-196-830>

¹⁰ K.C.C. 21A.24.515, https://aqua.kingcounty.gov/council/clerk/code/24-30_Title_21A.htm#_Toc49425444

1. A 1998 study conducted by DLS-Permitting's predecessor agency, the Department of Development and Environmental Services, which examined sites on which critical areas mitigation had been installed following permit issuance. Findings and analysis from this study led to the development of new mitigation guidelines for permittee use.
2. A 2006 study of critical areas mitigation sites resulted in multiple recommendations to update workflow processes (such as identifying one approved site plan to be used for inspections, improving permit file management so that all relevant information could be located easily, and standardizing the language used in permit conditions) to improve outcomes.

For decades, King County has performed various forms of ecological validation monitoring, initially focused on understanding the net effect of wastewater and stormwater management. More recent efforts increasingly focus on understanding the effects of development and forest clearing. For example, King County performs status and trend monitoring that includes stream health (e.g., health of stream bug populations); water quality in streams, lakes, and Puget Sound; sediment quality; streamflow and temperature; aquatic food webs, and limited work on groundwater quality. In addition to monitoring programs, the County undertakes targeted studies focused on the causes of change in environmental conditions, particularly in streams and lakes. The County conducts flood hazard mapping (both riverine and coastal), assesses and develops strategies to address flood risk in repetitive-loss areas, and maps channel migration and landslide hazards. Finally, King County completed two time series studies of land cover change and environmental responses in nine lowland streams in rural, developing unincorporated King County. The first of these was primarily funded by an EPA grant. This study demonstrated the value of integrating permitting information with ecological monitoring to directly inform BAS and development regulations.

With some exceptions, the County's ecological validation (or status and trends) monitoring work was not originally designed to integrate with permit implementation and permit effectiveness monitoring. This is mostly because the majority of the funding originates from wastewater fees and because permit-related monitoring was insufficient. Consequently, executive department programs often provide broad insight into trends in environmental conditions. For example, DNRP science staff know that stream health has been improving countywide over the last 20 years and that streams in watersheds developed more recently tend to stay healthier for a given level of development. At the same time, monitoring and recent mapping efforts continue to show ongoing degradation of riparian areas and wetlands in King County. DNRP has used long-term monitoring datasets to inform and improve watershed models to find optimal locations and combinations of projects to make stormwater cleaner and more controlled. But when examining the effectiveness of regulations, science staff typically lack the diagnostic information needed to make specific recommendations for change. The previously mentioned time series studies aimed to address this gap, but the rate of development has been too slow to strongly test the hypothesis that the County's regulations protect streams from harm. This year, King County acted on lessons learned from recent studies by forming the Integrated Streams Program. Many of the County's stream monitoring programs were built in isolation, so the data was not collected in the same places and times. The Integrated Streams Program addresses these shortcomings by consolidating the County's various monitoring efforts at the same set of locations. This simple change will enable the County to better diagnose and explain the changes staff observe and make specific and actionable

recommendations. In addition, project-focused effectiveness monitoring has provided numerous specific recommendations that have improved the design and maintenance of capital projects.

Key Current Context:

The Department of Commerce, which assists local governments with meeting GMA requirements, provides guidance on designing and implementing monitoring and adaptive management programs in its Critical Areas Handbook, published in 2023.¹¹ The budget proviso request specifically refers to this document, stating: “The plan shall include, but not be limited to, discussion and analysis of what would be needed to develop and implement a critical areas monitoring and adaptive management program consistent with guidance from Washington State Department of Commerce in chapter 7 of the critical areas ordinance handbook.”¹²

Components of monitoring and adaptive management, as discussed in chapter 7 of the handbook, include the following components:

1. **Monitoring**, which is broken down into three elements:
 - a. Permit Implementation monitoring, which confirms that: 1) permits are issued consistent with adopted regulations and policies, and 2) projects, as built, comply with the issued permit.
 - b. Permit Effectiveness monitoring, which the Critical Areas Handbook describes as ensuring that regulations are implemented consistently over time. This may address compliance issues (i.e., checking to see if permittees made unpermitted changes after DLS-Permitting staff completed their inspections).
 - c. Ecological validation monitoring, which evaluates critical areas functions and values at a county, watershed, and/or regional scale, demonstrating the aggregate effect of property-by-property changes.
2. **Adaptive management**, which involves acting on the results of monitoring and addressing any weaknesses found by the monitoring. The specific adaptive management measure would depend on the findings of the monitoring. Examples of adaptive management measures could include: creating a revised training program for staff to promote consistent application of the County’s code; educating applicants and property owners about permit processes; improving the application process and forms; improving the monitoring reporting process, or updating development regulations.¹³

All three elements of monitoring are important for determining the appropriate adaptive management measures. The need for some types of adaptive management might be apparent with, for example, solely permit implementation monitoring, which provided valuable insights, as shown in the 1998 and 2006 DLS predecessor agency studies. Other issues need all three elements to diagnose them. To give a hypothetical example, if permit implementation monitoring were to show high rates of applicant compliance with issued permits, but ecological validation monitoring showed declining ecological

¹¹ Critical Areas Handbook, <https://deptofcommerce.box.com/s/rlysjrfvrpxwnm9jvbcd3lc7ji19ntp>

¹² Ordinance 19861, lines 96-99,
<https://mkcclegisearch.kingcounty.gov/LegislationDetail.aspx?ID=6872221&GUID=984B4D1E-D397-4497-85A8-C886918ED955&Options=Advanced&Search=&FullText=1>

¹³ Critical Areas Handbook, <https://deptofcommerce.box.com/s/rlysjrfvrpxwnm9jvbcd3lc7ji19ntp>

health, it would not be apparent what the adaptive management measures should be. Possible reasons for declining ecological health could be: 1) code standards that were insufficiently protective, or 2) work being done by property owners without permits. In this example, permit effectiveness monitoring would provide the key information needed to diagnose the root problem, and therefore the appropriate adaptive management measure. King County is currently only conducting a small portion of this monitoring and most of the County's permit information is not digitized in electronic maps, which makes analysis of trends very difficult.

Report Methodology:

This report was compiled by PSB, in coordination with WLRD and DLS-Permitting. A core team of staff from WLRD and DLS-Permitting reviewed chapter 7 of the Department of Commerce's Critical Areas Handbook, referenced in the proviso text, to provide the basis for a desired end state that would be consistent with this guidance, as required by the proviso, together with existing Comp Plan policies and King County Code provisions.

The core team then reviewed existing monitoring and adaptive management actions already being done by WLRD and DLS-Permitting (the divisions responsible for critical areas monitoring work) by surveying frontline staff on existing workflows. Comparing the desired end state with existing workflows revealed where there were opportunities to add discrete program elements that would create a critical area monitoring and adaptive management program consistent with the Critical Areas Handbook. Frontline staff were further surveyed to identify known shortcomings of existing workflows, informing where effective investments of resources could be made to create an efficient monitoring and adaptive management program. The core team then developed cost estimates for the identified program elements in consultation with the chief financial officers from WLRD and DLS-Permitting.

V. Report Requirements

Conceptually, a monitoring and adaptive management program resembles a three-legged stool; three types of monitoring inform adaptive management, forming an integrated whole.

- Each type of monitoring is a distinct, important leg of the stool. Monitoring compares actual outcomes to desired outcomes (or benchmarks). By diagnosing the causes or contributing factors to the gap between actual and desired conditions, the monitoring agency can recommend effective actions to improve outcomes.
- The seat embodies the most useful part of the program: adaptive management actions. The seat is what makes the three types of monitoring useful for continuous improvement. Adaptive management is a systematic way to turn the lessons learned or diagnostics into actions that improve outcomes.

The Critical Areas Handbook provides general guidance to local government. This includes a recommendation to include the three program components described in the Key Current Context section above, together with example methods of monitoring each type of critical area. A monitoring and adaptive management program could be tailored to both the need and resources available; however, the minimum level of effort necessary will vary across components.

The least scalable component of a monitoring and adaptive management program is probably the permit implementation monitoring. This type of monitoring requires a relatively high level of effort or investment to provide value, even when addressing a single critical area or a subset of critical areas. The other three components — permit effectiveness, ecological validation monitoring, and adaptive management — can provide value at multiple levels of effort or investment. For example, ecological validation monitoring could be as minimal as a desktop GIS analysis of free data to evaluate changes in landcover across a larger number of critical areas. However, more information may be needed for diagnosing and addressing problems with adaptive management actions.

The Critical Areas Handbook is clear that a functional program requires all four components. For this analysis, all components are assumed to be part of the monitoring and adaptive management program, but by targeting a subset of critical areas, the program could take various forms, significantly affecting the resources needed.

A. An analysis of the one-time monetary and staffing resources needed to develop the program

The following analysis assumes King County may choose to develop a monitoring and adaptive management program addressing all or some critical areas, at a level commensurate with guidance from the Critical Areas Handbook (Table 1).

The analysis is based on planning-level assumptions about the scope of a future program. These assumptions are informed estimates of the monetary and staffing resources needed to develop, implement, and operate the program. Using terminology from capital project work, the level of detail falls between “conceptual” and “30 percent design.” Accordingly, estimated costs include contingencies at the subtask level. If the County elects to develop a monitoring and adaptive management program, the team developing the program would add the necessary details to improve the precision and accuracy of the resource estimates presented here.

Though less important to the cost of developing a program, a primary driver of the total program cost will be the frequency of monitoring and reporting. The frequency, or cycle, of the program should consider the timing of several important factors:

- Two-year budget cycles: Matching the biennial budget cycle could simplify budgeting, staffing, and reporting, especially for funding sources that cannot be carried over to the next biennium.
- Five-year NPDES permit cycles and Surface Water Management fees: Every five years, Stormwater Services is required to evaluate changes in tree canopy and impervious surfaces. This is also required for surface water management fee analysis.
- Ten-year Comp Plan updates, which are required by the GMA:
- Ten-year updates for BAS and CAO, which are required by the GMA, and associated resource maps of streams, wetlands, etc.

King County operates on a biennial funding cycle, meaning that program budgets will be developed and approved once every two years. If the program instead were only activated once every three, five, or 10 years, this would cause high variability in budget needs among budget cycles and would create formidable gaps in staffing. However, the recommendation in this plan is to work on a five-year cycle, further detailed in Section C. of this report.

Table 1. Planning-level estimate of resources needed to develop a monitoring and adaptive management program for critical areas.

Category	Permit implementation monitoring	Permit effectiveness monitoring	Ecological Validation Monitoring	Adaptive Mgmt	Subtotals (labor hours)	Labor Cost
General	4,056	1,656	1,152	2,400	9,264	\$882,898
Wetlands	360	-	1,152	-	1,512	\$133,708
FWHCA (Aquatic & Riparian)	618	-	1,296	-	1,914	\$169,257
Frequently Flooded Areas	216	1,506	-	-	1,722	\$152,279
Critical Aquifer Recharge Areas	-	-	-	-	-	\$0
Geologic Hazard Areas	-	-	96	-	96	\$8,489
Shorelines	-	-	384	-	384	\$33,958
Subtotals (Labor Hours)	5,250	3,162	4,080	3,120	15,612	\$1,432,844
Labor Cost	\$ 481,836	\$ 290,203	\$ 374,456	\$ 286,349		

Task 1. Develop a system for permit implementation monitoring and adaptive management: Develop the capacity to determine whether permits correctly and consistently reflect code. Subtasks include:

- 1.1 Modify the existing permit tracker to enable a user to verify what was permitted.
- 1.2 Develop a protocol to determine whether issued permits were consistent with regulations and policies.
- 1.3 Develop a protocol to verify project as-builts complied with all conditions noted in the permit and deviations were approved and documented.
- 1.4 Develop or, when possible, use existing protocols for completing critical-areas-specific analyses.
- 1.5 Create a protocol and templates for analyzing and reporting the results.

Deliverables

- Improvements to existing permit tracking system. The improved system would provide users with information, through queries, on critical areas present, whether there were impacts or whether the work that was approved avoided onsite critical areas, and whether mitigation, restoration, or enhancement was required. The system would automatically trigger a flag for overdue mitigation reports. Users would be trained on these new capabilities
- Protocols for making GIS maps of permitted impacts and critical areas determinations, to be stored with site plan info in GIS layers and queried by a user

- GIS maps of critical areas boundaries and protocols to verify and validate them
- Protocols for annually verifying whether development occurring in frequently flooded areas is permitted and whether permitted projects follow permit conditions for elevations, setbacks, and similar variables
- Protocols and workflow for completing an internal audit based on a sample of approximately 50 permits, drawn at random, completed at a specified interval. The Critical Areas Handbook recommends a focusing on a “sample” of permits to represent the larger “population” of permits
- Protocols and workflows for completing critical-areas-specific analyses, and templates for creating a summary report including any audit findings and recommendations for adaptive management

Assumptions

- DLS-Permitting leads this task, DNRP supports
- Development/design costs are 30 percent of estimated implementation costs
- Developing the program requires two years

Resource needs

- Additional one-time monetary nonlabor costs: \$0
- Additional one-time staffing resources: \$482,000

Task 2. Develop system for Permit Effectiveness Monitoring: Develop a system for determining whether permitted projects continue to meet permit requirements after the monitoring period ends. Subtasks include:

- 2.1 Establish a protocol to verify the condition of a required mitigation in the period after the required monitoring by the applicant has ended.
- 2.2 Establish a protocol to determine whether critical areas were unexpectedly impacted in sites where they were to be avoided.
- 2.3 Create or, when possible, use existing protocols for analyzing and reporting the results.

Deliverables

- Protocols for completing an internal audit of approximately 50 permits, drawn at random, completed at a specified interval
- Updated protocols for mapping floodplains, floods, and flood damages; development trends; comparing observed coastal flooding to predictions; mapping high-water marks relative to 100-year recurrence intervals, channel migration zones (CMZs), urban flooding, and groundwater flooding
- Protocols and templates for creating a summary report, including audit findings and recommendations for adaptive management, issued every five years

Assumptions

- DLS-Permitting leads this task, which DNRP supports — with the exception of flood risk monitoring, which DNRP leads
- Development/design costs are 30 percent of estimated implementation costs

- Developing the program requires two years

Resource needs

- One-time monetary costs: \$0
- One-time staffing resources: \$290,000

Task 3. Develop system for Ecological Validation Monitoring: Determine whether critical areas functions and values are being protected in unincorporated King County and at the scale of individual permits for wetlands and riparian areas. Subtasks include:

- 3.1 Develop protocols to compare the extent of (percentage of area) and rate of change (acres/year) in forest cover and impervious surfaces within and outside critical areas.
- 3.2 Develop protocols to diagnose the root cause of change; permitted, unpermitted, or natural.
- 3.3 Make full use of existing ecological monitoring programs and adopt and train staff to use existing critical area specific protocols to assess impacts at approximately 50 randomly selected permit sites per critical area type.
- 3.4 For most critical areas that lack established protocols for assessing impacts, develop new ones, and train staff to use them.

Deliverables

- Protocols for mapping forest cover and impervious surfaces for unincorporated King County
- Maps of critical areas boundaries for unincorporated King County
- Protocols to estimate percent cover for each landcover type; rate of change in forest cover and impervious surfaces since last assessment for unincorporated King County, plus assessment of the causes of landcover change
- Protocols and templates for assessing permit-scale estimates of impacts to critical areas (i.e., authorized and unauthorized projects and their cumulative impacts)

Assumptions

- WLRD leads this task, DLS-Permitting supports
- Development/design costs are 30 percent of estimated implementation costs
- Developing the program requires two years

Resource needs

- One-time monetary costs: \$0
- One-time staffing resources: \$374,000

Task 4. Develop system for Adaptive Management: Develop a framework for prioritizing and implementing recommendations from permit implementation, permit effectiveness, and ecological validation monitoring. Propose and test improvements designed to ensure permits implement code accurately and consistently, that permitted projects continue to meet requirements over time, and that County actions effectively meet no net loss of critical area values and functions. Subtasks include:

- 4.1 Develop a framework for implementing improvements to internal processes and resources.
- 4.2 Identify ways to prevent or address unpermitted development through enforcement.

- 4.3 Identify options for addressing compliance issues and improve procedures to make permitting processes more efficient.
- 4.4 Identify options for programmatic actions to correct unforeseen losses, voluntary restoration to offset losses, and update or replace Best Management Practices (BMPs), which are the most effective and practical methods for preventing or reducing pollutants from non-point sources.

Deliverables

- Viable framework for implementing improvements internally
- Options for addressing problems with noncompliance
- Options for deploying programmatic actions and offsets

Assumptions

- DLS-Permitting leads this task, WLRD supports
- Adaptive management actions are refreshed on a five-year cycle, implementation of recommendations is ongoing
- Adaptive management based on Ecological Validation Monitoring is timed to inform each GMA-required 10-year BAS/CAO update, as well as interim monitoring to evaluate progress and potential updates between 10-year updates

Resource needs

- One-time monetary costs: \$0
- One-time staffing resources: \$286,000

B. An analysis of the ongoing monetary and staffing resources needed to implement the program

Planning level assumptions about the scope of a future program informed estimates of the monetary and staffing resources needed to develop, implement, and operate the program. The estimates apply contingencies at the subtask level. If the County elects to develop a monitoring and adaptive management program, the team developing the program would add the necessary details to improve the precision and accuracy of the resource estimates presented here (Table 2).

Table 2. Estimated resources needed to implement one 5-year cycle of a monitoring and adaptive management program. Costs can be annualized by dividing total costs by the number of years between cycles.*

	Permit implementation monitoring		Permit effectiveness monitoring		Ecological Validation Monitoring		Adaptive Management					
Category	Labor	Nonlabor	Labor	Nonlabor	Labor	Nonlabor	Labor (short cycle)	Nonlabor	Subtotal Labor	Labor Cost	Nonlabor Cost	All Costs
General	13,520	\$10,000	5,520	0	3,840	\$300,000	10,400		33,280	2,942,992	310,000	\$3,252,992
Wetlands	0	0	n/a	n/a	3,840	\$50,000			3,840	339,576	50,000	\$389,576
FWHCA (Aquatic & Riparian)	2,060	0	n/a	n/a	4,320	0			6,380	564,191	0	\$564,191
Frequently Flooded Areas	720	0	5,020	450,000	0	0		\$1,000,000	5,740	507,595	\$1,450,000	\$1,957,595
Critical Aquifer Recharge Areas	0	0	n/a	n/a	3,840	0			3,840	339,576	0	\$339,576
Geologic Hazard Areas	0	0	n/a	n/a	320	0			320	28,298	0	\$28,298
Shorelines	0	0	n/a	n/a	1,280	0			1,280	113,192	0	\$113,192
Subtotal Labor	16,300		10,540		17,440		10,400*		54,680*	\$4,835,421*	\$1,810,000*	\$6,645,421*
Labor Cost	\$1,495,987		\$967,344		\$1,600,615		\$954,495*					
Nonlabor Cost	\$10,000		\$450,000		\$350,000		\$1,000,000*					
All Costs	\$1,505,987		\$1,417,344		\$1,950,615		\$1,954,495*					

* Adaptive management tasks do not include long-cycle efforts, such as comprehensive review and updates to BAS, Comprehensive Plan, CAO, resource maps and the like; estimated total cost for long-cycle adaptive management is an additional \$3 million per 10-year cycle; \$2.6 million in labor and \$360,000 in monetary costs.

Task 1. Perform Permit implementation monitoring: Determine whether permits correctly and consistently reflect code, with special emphasis on wetlands and riparian areas. Subtasks include:

- 1.1. Verify what was permitted.
- 1.2. Determine whether issued permits were consistent with regulations and policies.
- 1.3. Verify project as-builts complied with all conditions noted in the permit and that deviations were approved and documented.
- 1.4. Complete critical-areas-specific analyses.
- 1.5. Analyze and report the results.

Outcomes and Deliverables

- Tracking system that provides users with information, through queries, on the type of critical areas present, whether mitigation, restoration, or enhancement was required, and indicates whether there were impacts or whether the work that was approved avoided onsite critical areas
- For each critical area, perform internal audit of approximately 50 permits, drawn at random, completed at a specified interval
- Summary report including audit findings and recommendations for adaptive management, issued on a five-year cycle

Assumptions

- DLS-Permitting owns this task
- Action steps to develop the program have already been completed

Resource needs

- Ongoing monetary costs: \$10,000 per cycle
- Ongoing staffing resources: \$1.51 million per cycle

Task 2. Perform Permit Effectiveness Monitoring: Determine whether permitted projects continue meeting permit requirements after the monitoring period ends. Subtasks include:

- 2.1. Verify condition of required mitigation in the period after the required monitoring by applicant has ended.
- 2.2. Determine whether critical areas were unexpectedly impacted in sites where they were intended to be avoided.
- 2.3. Analyze and report the results.

Outcomes and Deliverables

- For each critical area, complete an internal audit of approximately 50 permits, drawn at random, completed at a specified interval. For example, half of these would be permits with mitigation periods that ended in the last year permit effectiveness monitoring was analyzed
- Maps of flood damages, CMZs, and urban flooding
- Summary report including audit findings and recommendations for adaptive management, issued at the end of each five-year cycle

Assumptions

- DLS-Permitting owns this task, with the exception of Frequently Flooded Areas to be led by WLRD
- Action steps to develop the program have already been completed

Resource needs

- Ongoing monetary costs: \$450,000 per cycle
- Ongoing staffing resources: \$967,000 per cycle

Task 3. Perform Ecological Validation Monitoring: Determine the degree to which critical area functions and values are being protected, at the scale of unincorporated King County and at the scale of individual permits for wetlands and riparian areas. Subtasks include:

- 3.1. Compare the extent of (percentage of area) and rate of change (acres/year) in forest cover and impervious surfaces within and outside critical areas, and other useful comparisons.
- 3.2. Diagnose the root cause of change; permitted, unpermitted, or natural.
- 3.3. Assess impacts to each critical area and their buffers, where applicable, at 50 randomly selected permit sites.
- 3.4. Assess trends in overall stream health, water quality, and riparian conditions through the County's Integrated Streams Program.

Deliverables

- Map of forest cover and impervious surfaces for unincorporated King County; geographic extent to be determined during program development
- Maps of critical area boundaries and their buffers
- Estimated percent cover for each landcover type; rate of change in forest cover and impervious surfaces since last assessment, plus assessment of the causes of landcover change
- Permit-scale estimates of impacts to critical areas and their buffers
- Status and trends of in-stream health, water quality, and riparian condition at a representative sample of stream sites and marine shorelines

Assumptions

- WLRD leads this task, DLS-Permitting supports
- Integrated Streams Program continues at the current level of effort and scope; DLS gets four new inspectors in 2026, not included in this estimate

Resource needs

- Ongoing monetary costs: \$350,000 per cycle
- Ongoing staffing resources: \$1.95 million per cycle

Task 4. Perform Adaptive Management: Implement recommendations from permit implementation, permit effectiveness, and ecological validation monitoring. Make improvements to ensure that permits implement code accurately and consistently, that permitted projects continue to meet requirements over time, and that County actions effectively meet no net loss of critical area values and functions. Subtasks include:

- 4.1. Implement improvements to internal processes and resources.

- 4.2. Prevent or address unpermitted development through enforcement.
- 4.3. Address compliance issues and improve procedures to make permitting processes more efficient.
- 4.4. Establish programmatic actions to correct unforeseen losses, voluntary restoration to offset losses, and update or replace BMPs.
- 4.5. On five-year cycle, update floodplain maps; update CAO codes, if warranted.
- 4.6. On 10-year cycle, update BAS and revise CAO codes and policies; update stream and wetland maps.

Outcomes and Deliverables

- Improved permit process, staff training, applicant education, permit monitoring, establish new permits for monitoring mitigation, and similar
- Improved enforcement of existing codes and regulations
- Improved compliance with mitigation conditions
- Improved data to inform updates to BAS and CAO codes and policies
- Routinely updated resource maps

Assumptions

- Adaptive management actions are refreshed on a five-year cycle, implementation of recommendations is often ongoing, and each department takes the lead on actions in their respective departments.

Resource needs

- Ongoing monetary costs:
 - Subtasks 4.1-4.5: \$1 million per five-year cycle
 - Subtask 4.6b: \$360,000 per 10-year cycle
- Ongoing staffing resources:
 - Subtasks 4.1-4.5: \$700,000 per five-year cycle
 - Subtask 4.6: \$2.63 million per 10-year cycle

C. Based on the needs analysis completed in response to subsections A and B of this proviso, a detailed timeline for developing and implementing the program

The detailed timeline for developing and implementing a monitoring and adaptive management program follows. In the first table, planning-level estimated completion dates are listed for deliverables produced by completing the tasks described above (Table 3).

Table 3: Planning-level timeline for developing monitoring and adaptive management program. Shading indicates work is underway; X indicates the biennium in which deliverables would be complete.

Task	Name	Deliverable	26/27
1	Develop Permit Implementation monitoring	Improvements to permit tracker	X
		Protocols for internal audit	X
		Protocols for reporting	X
2	Develop Permit effectiveness monitoring	Protocols for internal audit	X
		Protocols for reporting	X
3	Develop Ecological validation monitoring	Protocols for mapping landcover, flood damages	X
		Critical area boundaries (GIS)	X
		Protocols for rates and causes of landcover change	X
		Protocols and templates for assessing permit scale impacts per critical area	X
		Protocols for reporting	X
4	Develop Adaptive Management	Framework for implementing recommendations	X
		Options for addressing noncompliance	X
		Options for informing programmatic actions	X

The next table follows the same format as above but presents a detailed schedule for the deliverables produced by implementing the monitoring and adaptive management program (Table 4).

Table 4: Planning-level timeline for implementing the monitoring and adaptive management program, assuming the program continues indefinitely. Cycle 1 would need to be shortened to align with Comp Plan timing in later years but, starting in Cycle 2, each would last five years, with the 10-year tasks happening every other cycle.

Task	Name	Deliverable	'28	'29	'30	'31	'32	'33	'34	'35
			Cycle 1 (test)			Cycle 2 (5 year)				
1	Perform Permit Implementation monitoring	Query necessary info from tracker	X	X		X	X			
		Internal audit completed		X			X			
		Summary report issued			X					X
2	Perform Permit effectiveness monitoring	Internal audit completed		X		X	X	X	X	
		Summary report issued			X					X
3	Perform Ecological validation monitoring	Landcover, flood maps		X			X			
		Updated critical area boundaries		X				X		
		Landcover change results		X				X		
		Permit-scale results for selected critical areas	X	X				X		
		Integrated Streams Program & Shorelines		X					X	
		Summary report issued			X					X
4	Perform Adaptive management	Permitting improvements				X	X			
		Enforcement improvements				X	X			
		Compliance improvements				X	X			
		Updated resource maps						X		
		Updated BAS, CAO, Comp. Plan				X	X	X	X	
		Adopt Comp Plan							X	

D. An analysis of whether all permits and critical areas or a subset of permits and critical areas should be monitored through the program

As explained by the Critical Areas Handbook, there is “no single best approach to critical areas protection for all communities,” therefore the Handbook’s recommendations are not mandatory. Jurisdictions must choose the best approach to apply and be sure it is consistent with GMA and the policies of that jurisdiction. King County's policies contained in the Comp Plan, and policies relating to monitoring and adaptive management, encourage: conducting environmental monitoring and assessment to track changes to environmental quality indicators in order to evaluate the effectiveness of County policies and regulations; utilizing data from monitoring to inform adaptive management

measures; and updating regulations to enhance their effectiveness in protecting and restoring habitat.¹⁴ Additionally, there is a code requirement to "conduct monitoring to evaluate the effect of [K.C.C. Chapter 21A.24] on protecting the functions and values of critical areas."¹⁵

The analysis falls into several categories, including departures from BAS, feasibility, and cost-benefit.

Departures from Best Available Science

The Critical Areas Handbook recommends monitoring and adaptive management "in cases of deviation from best available science or inadequate information." King County's October 2024 Best Available Science Report identified riparian areas and wetlands as needing increased regulatory protections to meet BAS. Though increased riparian and wetland protections were proposed in the 2025 CAO update, in some instances, the County proposed to deviate from BAS to meet additional important GMA goals. These departures from BAS may create a risk of impacts to riparian areas and wetlands, specifically. Based on the Critical Areas Handbook's guidance, it follows that riparian areas and wetlands are the highest-priority critical areas for monitoring due to these departures from BAS. During BAS review for the 2025 CAO update, literature review indicated that the science related to geologically hazardous and frequently flooded areas, critical aquifer recharge areas, and non-riparian FWHCAs had not changed significantly since the last code update. This indicates that the existing codes were still sufficiently protective and the County is not departing from BAS. Therefore, monitoring for these other critical areas is recommended to be deprioritized.

Feasibility

The County currently has staff expertise in riparian area and wetland monitoring. The County also has historic data layers for riparian areas and wetlands and, although they may not contain the quality or type of information needed for comprehensive analysis, they can offer some comparative insight. WLRD has also completed two intensive studies looking at how impacts to riparian areas impact stream temperature and other environmental variables. Leveraging the County's expertise and previous studies will make development of a long-term riparian and wetland monitoring program more feasible. While the County has gathered important data on other critical areas, such as critical aquifer recharge areas, landslide hazard maps, and channel migration maps, as well as developed the 2024 King County Flood Management Plan, the County has not developed comprehensive monitoring programs for critical aquifer recharge areas, non-riparian FWHCAs, frequently flooded areas, or geologically hazardous areas. This lack of resources and expertise creates feasibility challenges to develop a new monitoring program for these other critical areas.

Cost Effectiveness

There are several factors that contribute to a cost-effective program. Focusing on critical areas where the County departed from BAS (e.g., riparian areas and wetlands), ensures that the monitoring funding will focus on areas where critical areas may be at risk of impacts. Monitoring of these areas will lead to improvement in critical area protections, creating certain benefits. For example, benefits may include stronger critical area protections, improved education of permit applicants, streamlined permitting

¹⁴ 2024 King County Comprehensive Plan, <https://cdn.kingcounty.gov/-/media/king-county/depts/executive/performance-strategy-budget/regional-planning/2024-kccp-update/2024-adopted/2024-comprehensive-plan.pdf?rev=8c9147c220064060a86a47a02bf96243&hash=81804AF1C5C32245756C43DE92173FB0>

¹⁵ K.C.C. 21A.24.515, https://aqua.kingcounty.gov/council/clerk/code/24-30_Title_21A.htm#_Toc122352145

processes, and improved data collection leading to better mitigation monitoring. Focusing on critical areas where the County has not departed from BAS does not lead to a high likelihood of benefits to critical areas. Therefore, the investment in riparian area and wetland monitoring is more cost-effective due to the reduced risk and the creation of significant critical area protection benefits.

Examples of permits that are recommended to be prioritized in the monitoring program related to riparian areas and wetlands include:

- Clearing and grading permits
- Building permits
- Commercial/industrial permits

These are the permits expected to most impact these critical areas.

The feasibility of developing this new program, combined with the likely benefit of protecting these critical areas, suggest that wetlands and riparian areas are the subset the County should be monitoring in the short term. Below is a table describing the various critical areas and a recommendation as to whether to conduct monitoring now or later (Table 5).

Table 5. Descriptions of critical areas.

Critical Area	Details excerpted from Critical Areas Handbook	Recommendation
Wetlands	Wetlands are fragile ecosystems that serve a number of important beneficial functions. Wetlands assist in the reduction of erosion, siltation, flooding, and ground- and surface-water pollution, and provide wildlife, plant, and fisheries habitats. Wetlands destruction or impairment may result in increased public and private costs or property losses.	<i>Include</i>
Fish and Wildlife Habitat Conservation Areas	Fish and wildlife habitat conservation is the management of land for maintaining species in suitable habitats within their natural geographic distribution, so that isolated subpopulations are not created.	<i>Include riparian areas only</i>
Critical Aquifer Recharge Area	Much of Washington’s drinking water comes from groundwater supplies. The quality of groundwater in an aquifer is inextricably linked to its recharge area. Once groundwater is contaminated, it is difficult, costly, and sometimes impossible to clean up. Preventing contamination is necessary to avoid exorbitant costs, hardships, and potential physical harm to people.	<i>Do not include now</i>
Geologically Hazardous Areas	Geologically hazardous areas include areas susceptible to erosion, sliding, earthquakes, or other geological events. They pose a threat to the health and safety of citizens, fish, and wildlife, when incompatible commercial, residential, or industrial development is sited in areas of significant hazard.	<i>Do not include now</i>

Frequently Flooded areas	Floodplains and other areas subject to flooding perform important hydrologic functions and may present a risk to persons and property. Historic losses to salmon habitat have occurred as a result of development encroaching into floodplains. In addition to minimizing adverse effects to human health, safety, and infrastructure, floodplains are ideal locations for salmon habitat restoration.	<i>Do not include now, beyond existing flood risk monitoring and the flood hazard management plan</i>
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The recommended phased monitoring and adaptive management program addresses state requirements while also balancing short-term feasibility and resource impacts. It also initiates implementation of the related County policies and codes. As the program further develops in the second phase, the program will more fully align with policy and code requirements and be able to inform the next 10-year update to BAS, CAO, and the Comp Plan.

E. An analysis of how phasing implementation of the program, such as applying it to streams and wetlands first, and to other types of critical areas later, would impact the timeline, as well as any impacts to the environment that might result from phasing the work

Based on the Critical Areas Handbook guidance, the County’s departures from BAS, feasibility, and cost-effectiveness, a phased approach to monitoring critical areas is recommended (Table 6). This report recommends phasing implementation of critical areas, beginning with the highest-priority critical areas: riparian areas and wetlands. The recommendation focuses on these critical areas in the near term since these areas have the highest risk of environmental impacts and potential for benefits due to adaptive management.

After the 2034 BAS, CAO, and Comp Plan updates, the County may have better information to develop monitoring programs for other critical areas, depending on available resources and the scope of the update. This would allow sufficient time to conduct additional planning, mapping, and analysis needed as the basis for developing monitoring programs for these new areas. The Critical Areas Handbook states that, if local governments are incorporating BAS, then the environment will be protected. The recommendations prioritize critical areas monitoring where the County has departed from BAS, directing resources to areas where the risk of environmental impact is greatest. During BAS review for the 2024 CAO update, literature review indicated that the science had not changed significantly since the last code update, indicating the existing codes were still sufficiently protective. Therefore, monitoring for these other critical areas is recommended to be deprioritized or phased in later.

This phased approach is also beneficial since the County wouldn't need as many resources up front and could spread the costs over a longer period. Delaying development of monitoring and adaptive management programs for other critical areas may create minimal impacts to the environment because our current regulatory protections are assumed to be protective. Delaying these other critical areas monitoring program will also benefit from any future state guidance provided. With landslide hazard and channel migration mapping already in place, development is currently restricted, reducing potential for future impacts. The main downside of the phased approach is the delay in securing monitoring

expertise in these areas and potentially delaying the County’s ability to adaptively manage these other critical areas protection programs.

Table 6. Phased approach to developing a monitoring and adaptive management program, by element and critical area.

Critical Areas	Program Elements			
	Permit implementation monitoring	Permit effectiveness monitoring	Ecological validation monitoring	Adaptive management actions
Wetlands	Phase 1	Phase 1	Phase 1	Phase 1
Fish and Wildlife Habitat Conservation Areas (<i>riparian areas only</i>)	Phase 1	Phase 1	Phase 1	Phase 1
Other FWHCA Areas	Phase 2	Phase 2	Phase 2	Phase 2
Critical Aquifer Recharge Areas	Phase 2	Phase 2	Phase 2	Phase 2
Frequently Flooded Areas	Phase 2	Phase 2	Phase 2	Phase 2
Geological Hazard Areas	Phase 2	Phase 2	Phase 2	Phase 2

Note: This report only describes resources need for Phase 1 actions. Additional funding and resources will be needed for Phase 2 actions. Phase 2 actions would potentially begin after the 2034 BAS, CAO, and Comp Plan update.

VI. Summary and Next Actions

The plan described above provides a Critical Areas Monitoring and Adaptive Management Program plan consistent with the Washington State Department of Commerce Critical Areas Handbook. The plan also advances King County Comprehensive Plan policies relating to monitoring and adaptive management and carries out the King County Code directive to evaluate the effect of the CAO on critical area functions and values. Features of the approach described in this plan include the following:

King County would make evidence-based recommendations every cycle, guiding continuous improvement in permitting and protection. At a high level, improvements would result from modifying the existing permit tracking system to be user-friendly and more informative and by tracking permitted projects longer. Ecological monitoring would focus on wetlands and riparian areas and track landcover change, setting the geographic extent to optimize available resources. Actionable recommendations from each type of monitoring would lead to action and continuous improvement.

The program would inform routine and required CAO and BAS updates. Establishing a monitoring and adaptive management program strengthens the County’s ability to make targeted updates to CAO and BAS. The program would establish an integrated foundation of county-specific evidence and provide

deeper insights into how code is translated into permits and implemented (or not) on the ground. In combination, these improvements would ensure updates are both necessary and effective.

Additional resources would be needed. The analysis presented here is at the conceptual to 30 percent design level, meaning that many details still need to be worked out. Existing programs will meet some of the need with adjustments, but developing an integrated approach that reliably collects, analyzes, and reports data from all three forms of monitoring, then allocates resources to fulfill the recommended actions, requires additional resources.

The program aligns with the Clean Water Health Habitat Strategic Plan. A program would demonstrate the principles of integration, systems change, and outcome-driven decision-making. It would support each of the six goals:

1. Healthy Forests and More Green Space: Ensuring forest cover and functions are protected.
2. Cleaner, Controlled Stormwater Runoff: Ensuring critical areas are healthy for aquatic life.
3. Better Fish Habitat: Ensuring native, wild fish populations are thriving.
4. Functional River Floodplains: Ensuring floodplains are connected and vegetated.
5. Reduced Toxics and Fecal Pathogens: Ensuring pollutants and contaminants are minimized.
6. Resilient Marine Shorelines: Ensuring marine shorelines have clean water and healthy beaches.

In summary, this report lays out evidence-based, cyclical recommendations (e.g., every five and 10 years) to continuously improve permitting and protection processes by upgrading the permit tracking system and extending and integrating monitoring efforts across departments. The program plan aims to effectively allocate resources and drive actionable improvements. It proposes a phased approach targeting wetlands and riparian areas that, while requiring additional resources and further design details, minimizes disruptions to existing work programs.

Total Development Costs: The estimated labor cost to develop the program is \$1.4 million over two years, with no monetary resource required unless the labor was performed by consultants instead of King County staff.

Total Implementation Costs: The estimated labor cost to implement one five-year cycle of monitoring and adaptive management is \$6.6 million, with an additional cost of \$3 million every ten years. Over a ten-year period, completing five-year tasks two times and 10-year cycle tasks once, the total cost of the program would be \$16.2 million, or approximately \$1.62 million per year, or \$3.24 million per biennium.



King County

Metropolitan King County Council Local Services and Land Use Committee

STAFF REPORT

Agenda Item:	8	Name:	Erin Auzins
Proposed No.:	2025-0205	Date:	August 20, 2025

SUBJECT

Proposed Motion 2025-0205 would acknowledge receipt of the Critical Areas Monitoring and Adaptive Management Program plan, as required by a proviso in the 2025 Annual Budget.

SUMMARY

In response to a 2025 Annual Budget proviso, the Executive has transmitted Proposed Motion 2025-0205 that acknowledges receipt of a plan to implement a Critical Areas Monitoring and Adaptive Management (M&AM) Program. Monitoring and adaptive management is encouraged by the Growth Management Act and King County Comprehensive Plan policies.

The proviso report recommends that a M&AM Program be implemented first riparian areas and wetlands. It is stated, at a design level to cost \$1.4 million in staff hours to develop the M&AM Program, and to implement the program would cost \$6.6 million and 6.5 new FTEs in labor cost, plus non labor costs of \$1.8 million for each cycle.

The proviso response appears to be responsive to the requirements of the proviso.

BACKGROUND

Growth Management Act (GMA). Under RCW 36.70A.060 and RCW 36.70A.130, the County is required to adopt development regulations that protect critical areas and periodically take action to review and revise these regulations. State law requires the County utilizes Best Available Science (BAS) when developing policies and regulations to conserve and protect the functions and values of critical areas. The County must also give special consideration to conservation and protection measures necessary to preserve or enhance anadromous fisheries.

The GMA requires that critical area regulations include BAS in developing policies and development regulations to protect the functions and values of critical areas; give special consideration to conservation or protection measures necessary to preserve or enhance anadromous fisheries; ensure no net loss of ecological functions and values; and update critical areas regulations as part of the 10-year statutory review.

Under WAC 365-195-905(3), the Council is responsible for including BAS in the development and implementation of critical areas or regulations. State law encourages the BAS review to include consultation with qualified scientific experts to determine the BAS and assess its applicability to each critical area. State law provides guidelines to determine what constitutes BAS, including data obtained through a valid scientific process. Information from local, state, or federal natural resource agencies that have been determined to represent best available science may be used.

To demonstrate that the BAS was used in developing policies and development regulations, the County is required to address each of the following:

1. Identify the specific policies and development regulations adopted to protect the functions and values of the critical areas at issue;
2. Identify the relevant sources of the best available scientific information used;
3. When departing from BAS, any nonscientific information used as a basis for critical area policies and regulations. When departures from BAS occur, the County should identify the information that supports the departure, explain the rationale for the departure, and identify potential risk to critical area functions and values and any measures to limit risk; and
4. Include the BAS in deciding critical area alteration exceptions and reasonable use exceptions.

King County Comprehensive Plan. In 2024, the Council adopted the 10-year, GMA-mandated periodic update to the King County Comprehensive Plan (KCCP).¹ This update included policy changes to reflect BAS and critical area protections. It also included policies related to evaluation and monitoring. These policies encourage evaluation and monitoring, as well as an adaptive management framework.

E-106 King County should take precautionary action informed by best available science where there is risk of damage to the environment. Precautionary action should be coupled with monitoring and adaptive management.

E-901 King County should conduct a comprehensive and coordinated program of environmental monitoring and assessment to track long-term changes in climate (such as precipitation and temperature), water quality and quantity, toxics in fish and shellfish, land use, land cover and aquatic and terrestrial habitat, natural resource conditions, and biological resources as well as the effectiveness of policies, programs, regulations, capital improvement projects, and stormwater treatment facility design. This monitoring program should be coordinated with Indian tribes, other jurisdictions, state and federal agencies, and universities to ensure the most efficient and effective use of monitoring data.

¹ Ordinance 19881

E-902 King County should seek to develop and maintain a publicly accessible geo-spatial database on environmental conditions to inform policy decisions, support technical collaboration, and inform the public.

E-903 King County should establish a decision-support system suitable for adaptive management that uses data from its environmental monitoring programs.

E-904 King County should continue to collect data on key natural resource management and environmental parameters for use in environmental monitoring programs. Findings should be reported to the public, partner agencies, and decision-makers. The information collected should be used to inform decisions about policies, work program priorities and resource allocation.

I-202 King County should implement a monitoring and adaptive management framework to:

- a. Evaluate the effectiveness of County policies, regulations, and programs in achieving no net loss of critical areas functions and values; and**
- b. Inform future regulatory updates.**

K.C.C. 21A.24.515 also requires the Department of Natural Resources and Parks, in consultation with the Department of Local Services to "conduct monitoring to evaluate the effect of this chapter on protecting the functions and values of critical areas."

Department of Commerce Guidance. The Washington State Department of Commerce has issued guidance on developing critical areas regulations.² Chapter 7 of the guidance includes guidance on monitoring and adaptive management of critical areas. The guidance describes M&AM as "the process of monitoring and improving permits, regulations, and programs to ensure the protection of critical areas." The guidance "focuses on monitoring and adaptive management of permit systems to ensure permits are consistently issued and implemented according to the code." It does not focus on other parts of adaptive management, such as ecological monitoring.

2025 Budget. King County's 2025 Budget includes the following proviso³:

P1 PROVIDED THAT:

Of this appropriation, \$100,000 shall not be expended or encumbered until the executive transmits a Critical Areas Monitoring and Adaptive Management Program plan and a motion that should acknowledge receipt of the plan, and a motion acknowledging receipt of a plan is passed by the council. The motion should reference the subject matter, the proviso's ordinance, ordinance section, and proviso number in both the title and body of the motion.

The plan shall include, but not be limited to, discussion and analysis of what would be needed to develop and implement a critical areas monitoring and

² [Critical Areas Protection – Washington State Department of Commerce](#)

³ Ordinance 19861, Section 16, Proviso P1

adaptive management program consistent with guidance from Washington State Department of Commerce in chapter 7 of the critical areas ordinance handbook. Accordingly, the plan should address three types of monitoring: permit implementation, effectiveness, and ecological validation. Specifically, the plan shall include:

A. An analysis of the one-time monetary and staffing resources needed develop the program;

B. An analysis of the ongoing monetary and staffing resources needed to implement the program;

C. Based on the needs analysis completed in response to subsections A. and B. of this proviso, a detailed timeline for developing and implementing the program;

D. An analysis of whether all permits and critical areas or a subset of permits and critical areas should be monitored through the program; and

E. An analysis of how phasing implementation of the program, such as applying it to streams and wetlands first, and to other types of critical areas later, would impact the needed resources and the timeline, as well as any impacts to the environment that might result from phasing the work.

The executive should electronically file the plan and a motion required by this proviso by June 30, 2025, with the clerk of the council, who shall retain an electronic copy and provide an electronic copy to all councilmembers, the council chief of staff, and the lead staff for the local services and land use committee or its successor.

ANALYSIS

Proposed Motion 2025-0205 was transmitted in response to Proviso P1, Section 16 in the 2025 Annual Budget and would acknowledge receipt of the Critical Areas Monitoring and Adaptive Management Program plan.

The Critical Areas Monitoring and Adaptive Management Program plan is responsive to the requirements outlined in the proviso, including:

- The monetary and staffing resources needed to develop and implement a critical areas monitoring and adaptive management program;
- Consistency with the Department of Commerce guidance;
- Three types of monitoring: permit implementation, effectiveness, and ecological validation; and
- One time and ongoing costs, timeline for development and implementation, types of permits to monitoring, and phasing of the program.

Discussion and analysis of what would be needed to develop and implement a critical areas monitoring and adaptive management program. The report describes and analyzes what is needed to develop and implement a critical areas M&AM program in detail. The details of development and implementation are described in the sections below.

Consistency with guidance from Washington State Department of Commerce in chapter 7 of the critical areas ordinance handbook. The report cites the handbook several times, including in the description of M&AM and the description of the methodology of the report.

Three types of monitoring: permit implementation, effectiveness, and ecological validation. In one part, the report describes permit implementation, effectiveness, and ecological validation as the three legs in the adaptive management stool. "Each type of monitoring is a distinct, important leg of the stool. Monitoring compares actual outcomes to desired outcomes (or benchmarks). By diagnosing the causes or contributing factors to the gap between actual and desired conditions, the monitoring agency can recommend effective actions to improve outcomes." The tasks to develop and implement a M&AM program are based on the three types of monitoring, and discussed throughout the report.

Permit implementation, as stated in the report, "focuses on building a system that verifies that permits are issued in compliance with existing code and regulations and that projects, as built, adhere to the conditions set by these permits."

Permit effectiveness includes "develop[ing] systems that ensure ongoing compliance after permits have been issued and monitored."

Ecological validation involves "developing systems for verifying that the ecological functions and values of critical areas are being protected."

A. An analysis of the one-time monetary and staffing resources needed develop the program. The report outlines a planning level estimate of the one-time costs associated with developing the M&AM program. This includes establishing systems for permit implementation, permit effectiveness, and ecological validation monitoring, and associated deliverables. It also includes developing an adaptive management program. The total labor costs are estimated at just over \$1.4 million.

B. An analysis of the ongoing monetary and staffing resources needed to implement the program. The report includes an estimate of the implementation costs associated with the M&AM program. This includes the same tasks as development of the program (the three monitoring components plus adaptive management). The total labor costs are estimated at \$6.6 million,⁴ plus non labor costs of \$1.8 million. The report assumes that these costs are done on a 5-year cycle, which aligns with other reporting requirements (NPDES permit, KCCP midpoint or 10-year updates).

C. Based on the needs analysis completed in response to subsections A. and B. of this proviso, a detailed timeline for developing and implementing the program. The report shows, in Table 3, a planning level timeline for developing the program in the 2026-2027 biennium. Table 4 shows a planning level timeline for implementation of the M&AM program, with a test cycle in 2028 through 3030, and the first 5-year cycle in 2031 through 2035.

⁴ The report notes that 4 inspector FTEs are assumed, and are an additional new cost.

D. An analysis of whether all permits and critical areas or a subset of permits and critical areas should be monitored through the program. The report states that M&AM programs are encouraged by the Department of Commerce guidance, and either strongly recommended or required when regulations depart from BAS. The 2025 critical areas regulations currently under review by the Council,⁵ show departures from BAS in regards to riparian area and wetland protections. The M&AM plan recommends focusing on those critical areas first.

Because of this focus, the report recommends that permits associated strongly with potential to impact riparian areas and wetlands: clearing and grading permits, building permits, and commerce/industrial permits.

E. An analysis of how phasing implementation of the program, such as applying it to streams and wetlands first, and to other types of critical areas later, would impact the needed resources and the timeline, as well as any impacts to the environment that might result from phasing the work. The report states that riparian area and wetland M&AM is the highest priority and has the most potential benefit from adaptive management. The report also states that monitoring programs for other critical areas (other fish and wildlife habitat conservation areas, critical aquifer recharge areas, geologically hazardous areas, frequently flooded areas) could be developed as part of or after the 2034 KCCP/CAO update.

INVITED

- Josh Baldi, Division Director, Water and Land Resources Division, Department of Natural Resources and Parks
- Jim Chan, Division Director, Permitting Division, Department of Local Services
- Lauren Smith, Director of Regional Planning, Office of Performance, Strategy and Budget

ATTACHMENTS

1. Proposed Motion 2025-0205 and its attachment
2. Transmittal Letter

⁵ Proposed Ordinance 2024-0408