

bridges and solid waste/recycling systems. The Washington State Public Works Board has administered this and other infrastructure loan programs since 1986. The Public Works Board reports executing over 2,000 agreements for infrastructure projects with cities, counties, special purpose districts and others, with no defaults.

In the past, King County's Wastewater Treatment Division (WTD) has received Public Works Trust Fund loans for Brightwater Reclaimed Water, North Creek Storage, and the Juanita Bay Pump Station. WTD applied for the loan for Ballard Siphon in May of 2010 and was one of 77 funded projects (ranked 7th) out of 137 applications approved by the state legislature for fiscal year 2012 (July 2011 through June 2012).

Proposed Ordinance 2011-0369 would authorize the executive to enter into an agreement with the Washington State Public Works Board for a total of \$10 million in loan financing at 0.5 percent interest over 20 years for costs related to construction of the Ballard Siphon project.¹

ANALYSIS:

Savings

The total loan would save the County an estimated \$14.1 million in interest payments compared to a 40-year bond at 5.5% interest, with a net present value of \$3.7 million in 2011 dollars.

Earlier this year, the Ballard Siphon was the recipient of a \$31,850,000 loan from the Washington State Department of Ecology (DOE) at 2.8 percent interest for a term of 20 years, with estimated savings over time of \$41.7 million (\$9.2 million net present value). If the county were to accept the Public Works Board loan, over 85 percent of the Ballard Siphon project would be financed with low interest loans for total savings of \$55.8 million compared to conventional 40-year bond financing (\$12.9 million net present value).

The funding sources for the Ballard Siphon project are summarized in Table 1 below.

Table 1. Ballard Siphon Project Funding

Source of Funding	Amount	Activities Funded
State DOE Revolving Fund Loans	\$31,850,000	Applied to construction expense only
Public Works Board Loan	\$10,000,000	Applied to all project expenses

¹ Activities eligible for reimbursement from the Public Works Trust Fund Construction Loan are identified in the Washington Administrative Code 399-30-030. For the Ballard Siphon Project this includes project activities such as engineering, environmental, archaeological and cultural work, right of way acquisition, permits, public involvement, bid documents, contingency, and construction.

WTD (bond proceeds and operating revenue)	\$7,030,500	Applied to all project expenses
Total Project Cost	\$48,880,500	Approximately \$33.1 million construction and \$15.8 million non-construction

Legal Review

The Prosecuting Attorney's Office (PAO) has reviewed the terms of the loan agreement. The county is required to complete an Attorney Certification that certifies that the county is eligible to receive the loan, that the county is not in any litigation that will affect its ability to repay the loan, and that accepting the loan will not exceed the county's debt limits. The PAO has reviewed the loan for those issues and will be signing the Attorney Certification (Attachment II to the loan agreement).

The PAO also states that the loan agreement (Attachment A to the proposed ordinance) contains standard language on which the State provides these low-interest loans, and that the terms are standard for this type of loan.

Completion Deadline

The project must be completed in five years. There are incentives for early completion. The project is expected to meet this deadline; its anticipated completion date is mid-2014. Repayment of the loan would commence June 1, 2012 with final payment on or before June 1, 2032.

Local Match

The loan interest rate of 0.5 percent requires a local match of 15 percent of total project funding (or approximately \$7.3 million). WTD will meet the match requirement with a combination of WTD funding sources (sewer rate revenue and bond revenue) and State Revolving Fund loan proceeds, as itemized in Table 1. In Section 1.9 of the loan agreement, King County pledges to use \$38,880,500 in matching funds, which is the sum of these two sources and is well in excess of the required 15 percent local match.

Deadline

The loan agreement must be signed within 60 days after receipt of the loan agreement. The loan agreement was received on August 25, 2011. Therefore, the Executive must sign the loan agreement by October 25, 2011 if the county wants to accept the loan.

AMENDMENT:

Yes, there is a proposed amendment that replaces Attachment A, which was a blank template loan agreement, with a new Attachment A that has loan terms filled in. It also

makes a technical correction changing the name of the state entity from Public Works Trust Fund to Public Works Board.

REASONABLENESS:

Proposed Ordinance 2011-0369 would authorize the Executive to enter into an agreement with the state Public Works Board for \$10 million in loan financing for the Ballard Siphon project at a low interest rate of 0.5 percent. The amount would result in estimated interest payment savings to the County of \$14.1 million over time. Therefore, it appears to be a reasonable and prudent financial and business decision.

INVITED:

1. Christie True, Director, Department of Natural Resources and Parks (DNRP)
2. Pam Elardo, Division Director, Wastewater Treatment Division (WTD), DNRP
3. Dwight Dively, Director, Office of Performance, Strategy and Budget
4. Tom Lienesch, Economist, WTD

ATTACHMENTS:

1. Amendment 1 to Proposed Ordinance 2011-0369 including new Attachment A loan agreement
2. Proposed Ordinance 2011-0369 with Attachment A
3. Transmittal Letter
4. Revised Fiscal Note



9-20-11

at Sponsor: Patterson
Proposed No.: 2011-0369

1 **AMENDMENT TO PROPOSED ORDINANCE 2011-0369, VERSION 1**

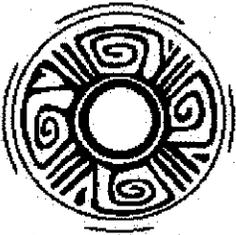
2 On page 1, line 17, after "enter into an agreement with the" strike "Washington State
3 Public Works Trust Fund" and insert "Washington state Public Works Board"

4 On page 2, line 22, after "ordinance" delete ", which is a template of a Public Works
5 Trust Fund loan agreement"

6 Delete Attachment A. 2012 Construction Loan Agreement between Legal Name and
7 Public Works Board, and replace with Attachment A. 2012 Construction Loan
8 Agreement between King County and Public Works Board.

9 **EFFECT:**

- 10 • **Replaces "Public Works Trust Fund" with correct name "Public Works**
- 11 **Board"**
- 12 • **Replaces blank template loan agreement with the loan agreement that has**
- 13 **terms filled in (and removes the description of the template as being the**
- 14 **attachment).**



**Washington State
Public Works Board**

1011 Plum Street SE
Post Office Box 42525
Olympia, Washington 98504-2525

August 25, 2011

Steve Baruso
King County
201 South Jackson Ms Ksc-Nr-0502
Seattle, WA 98104-3855

RE: Public Works Trust Fund (PWTF) Construction Loan Contract: PC12-951-011

Dear Mr. Baruso:

Enclosed are two originals of the Public Works Trust Fund Construction Loan Contract PC12-951-011 between King County and the Public Works Board (Board). This Contract details the terms and conditions that will govern the agreement between us. You will also find the project's Scope of Work and an Attorney's Certification as formal attachments to the contract.

Please review the terms and conditions of the Contract carefully. We recommend consulting with your legal advisor before accepting this loan offer.

When you have obtained the appropriate original signatures (do not use signature stamps), return both original contracts and all the attachments to the Public Works Board office within 60 calendar days of the date of this letter. Failure to return the contracts within this timeline may result in the loan offer being withdrawn.

After the Contracts have been signed by the Board, one fully executed original along with instructions for drawing funds will be mailed to you. We encourage you to store these and all pertinent documents associated with this project and loan offer in a file that is readily accessible to auditors for their periodic review.

If you haven't already completed the required Historical and Cultural Resources Review for your project, please refer to the instructions and EZ1 form attached for your convenience. If you have questions about this Historical and Cultural Review process, please contact your Client Services Representative.

We look forward to working with you over the course of your successful public works project. If you have any questions about this Contract, please contact me at (360) 725-3153 or at Ann.Campbell@commerce.wa.gov.

Sincerely,


Ann E Campbell
Project, Policy, & Performance Coordinator

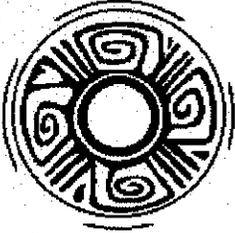
Enclosures

Administrative services provided by the Washington State Department of Commerce

(360) 725-3150

Fax (360) 586-8440

www.pwb.wa.gov



**Washington State
Public Works Board**

1011 Plum Street SE
Post Office Box 42525
Olympia, Washington 98504-2525

2012 Construction Loan Agreement between:

King County

and

Public Works Board

For:

Project Name: Ballard Siphon Replacement

Loan Number: PC12-951-011

Loan Type: Construction

Execution/Start Date: _____

(to be filled by the Public Works Board)

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CONTRACT FACE SHEET

Contract Number: PC12-951-011

Washington State Department of Commerce

PUBLIC WORKS BOARD CONSTRUCTION LOAN CONTRACT

1. Contractor King County 201 South Jackson Ms Ksc-Nr-0502 Seattle, WA 98104-3855		2. Contractor Doing Business As (optional) N/A	
3. Contractor Representative N/A		4. Public Works Board Representative N/A	
5. Contract Amount \$10,000,000.00	6. Funding Source Federal: <input type="checkbox"/> State: <input checked="" type="checkbox"/> Other: <input type="checkbox"/> N/A: <input type="checkbox"/>	7. Contract Start Date Contract Execution Date	8. Contract End Date June 1, 2032
9. Federal Funds (as applicable) N/A		Federal Agency N/A	CFDA Number N/A
10. Tax ID # 0	11. SWV #	12. UBI #	13. DUNS #
14. Contract Purpose Fund a project of a local government for the planning, acquisition, construction, repair, reconstruction, replacement, rehabilitation, or improvement of streets and roads, bridges, drinking water systems, stormwater systems, sanitary sewage systems, and solid waste facilities, including recycling facilities. The Board, defined as the Washington State Public Works Board, and Contractor acknowledge and accept the terms of this Contract and attachments and have executed this Contract on the date below to start as of the date and year last written below. The rights and obligations of both parties to this Contract are governed by this Contract and the following other documents incorporated by reference: Contract Terms and Conditions including Attachment I: Scope of Work, and Attachment II: Attorney's Certification.			
FOR THE CONTRACTOR		FOR PUBLIC WORKS BOARD	
Signature _____		John LaRocque, Executive Director _____	
Print Name _____		Date _____	
Title _____		APPROVED AS TO FORM ONLY	
Date _____		This 7th Day of June, 2011 _____ Rob McKenna Attorney General	
		<i>Signature on file</i> _____ Kathryn Wyatt Assistant Attorney General	

**PUBLIC WORKS BOARD
CONSTRUCTION LOAN PROGRAM**

Part 1. SPECIAL TERMS AND CONDITIONS

1.1. Definitions

As used throughout this Construction Loan Contract the following terms shall have the meaning set forth below:

- A. "Contract" shall mean this Construction Loan Contract.
- B. "Contractor" shall mean the local government identified on the Contract Face Sheet performing service(s) under this Contract and who is a Party to the Contract, and shall include all employees and agents of the Contractor.
- C. "The Board" shall mean the Washington State Public Works Board created in Revised Code of Washington (RCW) 43.155.030, and who is a Party to the Contract.

1.2. Authority

Acting under the authority of Chapter 43.155 RCW, the Board has awarded the Contractor a Public Works Trust Fund construction loan for an approved public works project.

1.3. Purpose

The Board and the Contractor have entered into this Contract to undertake a local public works project that furthers the goals and objectives of the Washington State Public Works Program. The project will be undertaken by the Contractor and will include the activities described in ATTACHMENT I: SCOPE OF WORK. The project must be undertaken in accordance with the loan terms and conditions, and all applicable federal, state and local laws and ordinances, which by this reference are incorporated into this Contract as though set forth fully herein.

1.4. Order of Precedence

In the event of an inconsistency in this Contract, the inconsistency shall be resolved by giving precedence in the following order:

- A. Applicable federal and state of Washington statutes and regulations.
- B. Special Terms and Conditions including attachments.
- C. General Terms and Conditions.

1.5. 5-year deferral for start-up systems

If the project financed by this contract is to develop a system to deliver previously unavailable services, and revenue from those services is to repay the loan, the new system is eligible for a deferral of loan payments for sixty (60) months after the Contract execution date. The Contractor may provide a written request to the Board requesting a 5-year deferral for an eligible system. The Board may approve the deferral request.

Interest accrues for the aforementioned sixty (60) months. The accrued interest only payment is due June 1 of the 6th year of the loan term. Interest and principal payments are due on June 1 of the 7th year of the loan term.

1.6. Competitive Bidding Requirements

The Contractor shall comply with the provisions of RCW 43.155.060 regarding competitive bidding requirements for projects assisted in whole or in part with money from the Public Works Program.

1.7. Default in Repayment

Loan repayments shall be made on the loan in accordance with Section 1.16 of this Contract. A payment not received within thirty (30) days of the due date shall be declared delinquent. Delinquent payments shall be assessed a monthly penalty beginning on the first (1st) day past the due date. The penalty will be assessed on the entire payment amount. The penalty will be one percent (1%) per month or twelve percent (12%) per annum. The same penalty terms shall apply at project completion if the repayment of loan funds in excess of eligible costs are not repaid at the time of the Project Completion Amendment is submitted, as provided for in Section 1.11.

The Contractor acknowledges and agrees to the Board's right, upon delinquency in the payment of any annual installment, to notify any other entity, creditors, or potential creditors of the Contractor of such delinquency.

The Contractor shall be responsible for all legal fees incurred by the Board in any action undertaken to enforce its rights under this section.

1.8. Investment Grade Audit

For projects involving repair, replacement, or improvement of a wastewater treatment plant, or other public works facility for which an investment grade audit is obtainable, Contractor must undertake an investment grade audit.

Costs incurred as part of the investment grade audit are eligible project costs.

1.9. Local Matching Share and Eligible Project Costs

The Contractor pledges to use an amount of matching funds as local project share of not less than **\$38,880,500.00** applied to the total eligible portion of the project cost as identified in ATTACHMENT I: SCOPE OF WORK. State and federal grants are not considered local matching funds. Expenditures on eligible project activities incurred up to twelve (12) months prior to the execution of this Contract may be used as match for local project share.

The amount of local funds used for the project will be verified and the percentage that this figure represents of the total project cost will be calculated at project completion. If and to the extent the actual percentage of local match exceeds the proposed match percentage, the loan amount and/or the interest rate charged may be adjusted. At a minimum, the match provided cannot be less than the original match pledged at the time of contract execution. The interest rate adjustment will apply to the remaining payments beginning the fiscal year of project completion. The Contractor agrees to execute the Project Completion Amendment as an amendment to this Contract adjusting the loan amount or interest rate, as appropriate.

Eligible project costs must consist of expenditures eligible under Washington Administrative Code (WAC) 399-30-030 and be related only to project activities described in ATTACHMENT I: SCOPE OF WORK. Eligible costs for reimbursement shall be construed to mean expenditures incurred and paid, or incurred and payable within thirty (30) days of the reimbursement request. Only costs that have been incurred on or after September 1, 2010, and which are not counted as local share, are eligible for reimbursement under this Contract.

The Contractor assures compliance with WAC 399-30-030, which identifies eligible costs for projects assisted with Public Works Program loans.

These terms supersede the terms in Section 2.2. Allowable Costs.

1.10. Historical and Cultural Resources

Prior to commencing construction, Contractor shall complete the requirements of Governor's Executive Order 05-05, or, as a substitute for completion of Governor's Executive Order 05-05, Contractor shall complete Section 106 of the National Historic Preservation Act. Contractor agrees that the Contractor is legally and financially responsible for compliance with all laws, regulations, and agreements related to the preservation of historical or cultural artifacts and agrees to hold harmless the Board and the State of Washington in relation to any claim related to such historical or cultural artifacts discovered, disturbed, or damaged as a result of the project funded by this Contract.

In addition to the requirements set forth in this Contract, Contractor shall, in accordance with Governor's Executive Order 05-05, coordinate with the Washington State Department of Archaeology and Historic Preservation (DAHP), including any recommended consultation with any affected tribe(s), during project design and prior to construction to determine the existence of any tribal cultural resources affected by the proposed project funded by this Contract. Contractor agrees to avoid, minimize, or mitigate impacts to the cultural resource as a continuing pre-requisite to receipt of funds under this Contract.

The Contractor agrees that, unless the Contractor is proceeding under an approved historical and cultural monitoring plan or other memorandum of agreement, if historical or cultural artifacts are discovered during construction, the Contractor shall immediately stop construction and notify the local historical preservation officer and the state's historical preservation officer at DAHP. If human remains are uncovered, the Contractor shall report the presence and location of the remains to the coroner and local enforcement immediately, then contact DAHP and the concerned tribe's cultural staff or committee.

The Contractor shall require this provision to be contained in all sub-contracts for work or services related to ATTACHMENT I: SCOPE OF WORK.

In addition to the requirements set forth in this Contract, Contractor agrees to comply with RCW 27.44 regarding Indian Graves and Records; RCW 27.53 regarding Archaeological Sites and Resources; RCW 68.60 regarding Abandoned and Historic Cemeteries and Historic Graves; and, WAC 25-48 regarding Archaeological Excavation and Removal Permits.

Completion of the Section 106 of the National Historic Preservation Act shall substitute for completion of Governor's Executive Order 05-05.

In the event that the Contractor finds it necessary to amend ATTACHMENT I: SCOPE OF WORK, the Contractor may be required to re-comply with Governor's Executive Order 05-05 or Section 106 of the National Historic Preservation Act.

1.11. Performance Incentives

The Contractor shall complete the project no later than sixty (60) months after the date of contract execution.

Should the Contractor complete the project within forty-eight (48) months of the date of contract execution, the Contractor may choose one of the two following incentives upon project completion:

- Option A: The repayment period will be increased by twenty-four (24) months, not to exceed the life of the asset, OR;
- Option B: The interest rate will be decreased by one-quarter of one percent (0.25%).

Should the Contractor complete the project within thirty-six (36) months of the date of contract execution, the Contractor may choose one of the following two incentives upon project completion:

- Option C: The repayment period will be increased by sixty (60) months, not to exceed the life of the asset, OR;
- Option D: The interest rate will be decreased by up to one-half of one percent (0.50%).

Once an option is selected, the Contract shall be modified to note the appropriate change and no further adjustment to the Contract for Performance Incentives shall be authorized. Irrespective of the performance incentive chosen, at no point in time shall the minimum loan interest rate be less than 0.25%.

The calculation of interest rate and term adjustments will apply to the remaining payments.

1.12. Project Completion Amendment and Certified Project Completion Report

The Contractor shall complete a Certified Project Completion Report when all activities identified in ATTACHMENT I: SCOPE OF WORK are complete. The Board will supply the Contractor with the Certified Project Completion Report form, which shall include:

- A. A certified statement that the project, as described in ATTACHMENT I: SCOPE OF WORK, is complete and, if applicable, meets required standards.
- B. A certified statement of the actual dollar amounts spent, from all funding sources, in completing the project as described in ATTACHMENT I: SCOPE OF WORK.
- C. Certification that all costs associated with the project have been incurred and have been accounted for. Costs are incurred when goods and services are received and/or contract work is performed.
- D. A final voucher for the remaining eligible funds.

The Contractor will submit the Certified Project Completion Report together with the last Invoice Voucher for a sum not to exceed the balance of the loan amount. The final Invoice Voucher payment shall not occur prior to the completion of all project activities identified in ATTACHMENT I: SCOPE OF WORK and the Board's receipt and acceptance of the Certified Project Completion Report.

The Project Completion Amendment shall serve as an amendment to this Contract determining the final loan amount, local share, term, and interest rate.

1.13. Project Signs

If the Contractor displays, during the period covered by this Contract, signs or markers identifying those agencies participating financially in the approved project, the sign or marker must identify the Washington State Public Works Trust Fund as a participant in the project.

1.14. Rate and Term of Loan

The Board shall loan the Contractor a sum not to exceed **\$10,000,000.00**. The interest rate shall be **0.50%** per annum on the outstanding principal balance. The term of the loan shall not exceed **20** years, with the final payment due **June 1, 2032**.

1.15. Recapture

The right of recapture shall exist for a period not to exceed six (6) years following contract termination. In the event that the Board is required to institute legal proceedings to enforce the recapture provision, the Board shall be entitled to its costs thereof, including attorney's fees.

These terms supersede the terms in Section 2.31. Recapture.

1.16. Reimbursement Procedures and Payment

If funding or appropriation is not available at the time the invoice is submitted, or when this contract is executed, the issuance of warrants will be delayed or suspended until such time as funds or appropriation become available. Therefore, subject to the availability of funds, warrants shall be issued to the Contractor for reimbursement of allowable expenses incurred by the Contractor while undertaking and administering approved project activities in accordance with ATTACHMENT I: SCOPE OF WORK.

The Board shall reimburse the Contractor for eligible project expenditures up to the maximum loan amount under this contract, as identified in Section 1.13. When requesting reimbursement for costs incurred, the Contractor shall submit a signed and completed Invoice Voucher (Form A19), referencing the ATTACHMENT I: SCOPE OF WORK project activity performed, and any appropriate documentation such as bills, invoices, and receipts. The Invoice Voucher must be certified by an official of the Contractor with authority to bind the Contractor.

Each Invoice Voucher must be accompanied by a Project Status Report, which describes, in narrative form, the progress made on the project since the last invoice was submitted, as well as a report of project status to date. The Board will not release payment for any reimbursement request received unless and until the Project Status Report is received. After approving the Invoice Voucher and the Project Status Report, the Board shall promptly remit a warrant to the Contractor.

Requests for reimbursements for costs related to **construction** activities will not be accepted until the Contractor provides:

- Proof of compliance with Governor's Executive Order 05-05 or Section 106 of the National Historic Preservation Act, as described in Section 1.9, and
- An signed Public Works Trust Fund Notice of Contract Award and Notice to Proceed, which follows the formal award of a construction contract.

The Contractor shall submit all Invoice Vouchers and all required documentation to:

Contracts Administration Unit
Department of Commerce
PO Box 42525
Olympia, WA 98504-2525

The Board will pay the Contractor upon acceptance of the work performed and receipt of properly completed invoices. Invoices shall be submitted to the Board not more often than monthly.

Payment shall be considered timely if made by the Board within thirty (30) calendar days after receipt of properly completed invoices. Payment shall be sent to the address designated by the Contractor.

The Board may, at its sole discretion, terminate the contract or withhold payments claimed by the Contractor for services rendered if the Contractor fails to satisfactorily comply with any term or condition of this contract.

No payments in advance or in anticipation of services or supplies to be provided under this contract shall be made by the Board.

Duplication of Billed Costs. If the Contractor is entitled to payment or has been or will be paid by another source for an eligible project cost, then the Contractor shall not be reimbursed by the Board for that cost.

Disallowed Costs. The Contractor is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its subcontractors.

In no event shall the total Public Works loan exceed **100.00%** of the eligible actual project costs. At the time of project completion, the Contractor shall submit, to the Board, a Project Completion Amendment certifying the total actual project costs and local share. The final Public Works loan disbursement shall bring the total loan to the lesser of **100.00%** of the eligible project costs or the total of **\$10,000,000.00**. The Project Completion Amendment shall serve as an amendment to this Contract determining the final loan amount, local share, and interest rate.

In the event that the final costs identified in the Project Completion Amendment indicate that the Contractor has received Public Works Trust Fund monies in excess of **100.00%** of eligible costs, all funds in excess of

100.00% shall be repaid to the Public Works Assistance Account by payment to the Department of Commerce, or its successor, together with the submission of the Project Completion Amendment.

1.17. Repayment

Loan repayment installments are due on June 1st of each year during the 20-year fixed term of the loan. The first loan repayment is due June 1, 2012. Interest only will be charged for this payment if a reimbursement is made prior to this date. All subsequent payments shall consist of principal and accrued interest due on June 1st of each year during the remaining term of the loan.

Repayment of the loan under this Contract shall include an interest rate of 0.50% per annum based on a three hundred and sixty (360) day year of twelve (12) thirty (30) day months. Interest will begin to accrue from the date each warrant is issued to the Contractor. The final payment shall be on or before June 1, 2032, of an amount sufficient to bring the loan balance to zero.

In the event that the Board approves Contractor's request for a 5-year deferral as outlined in Section 1.5, then the first loan repayment is due on June 1, 2016. Interest accrues for the sixty (60) months after contract execution. The accrued interest only payment is due on June 1, 2016. Interest and principal payments are due on June 1 of each year during the remaining term of the loan.

The Contractor has the right to repay the unpaid balance of the loan in full at any time or make accelerated payments without penalty.

The Contractor will repay the loan in accordance with the preceding conditions through the use of a check, money order, or equivalent means made payable to the Washington State Department of Commerce, or its successor.

1.18. Reports

The Contractor shall furnish the Board with:

- A. Project Status Reports with each Invoice Voucher,
- B. Project Reports at the end of each fiscal year,
- C. Certified Project Completion Report at project completion (as described in Section 1.11), and
- D. Other reports as the Board may require.

1.19. Termination for Cause

If the Contractor fails to comply with the terms of this Contract, or fails to use the loan proceeds only for those activities identified in ATTACHMENT I: SCOPE OF WORK, the Board may terminate the Contract in whole or in part at any time. The Board shall notify the Contractor in writing of its determination to terminate, the reason for such termination, and the effective date of the termination. Nothing in this section shall affect the Contractor's obligation to repay the unpaid balance of the loan.

These terms supersede the terms in Section 2.40 Termination for Cause/Suspension.

1.20. Termination for Convenience

The Board may terminate this contract in the event that state funds are no longer available to the Board, or are not appropriated for the purpose of meeting the Board's obligations under this contract. Termination will be effective when the Board sends written notice of termination to the Contractor. Nothing in this section shall affect the Contractor's obligation to repay the unpaid balance of the loan.

These terms supersede the terms in Section 2.41 Termination for Convenience.

1.21. Time of Performance

No later than sixty (60) months after the date of contract execution the Contractor must reach project completion.

Failure to meet Time of Performance shall constitute default of this contract. In the event of extenuating circumstances, the Contractor may request, in writing, that the Board extend the deadline for project completion. The Board may extend the deadline.

The term of this contract shall be for the entire term of the loan, regardless of actual project completion, unless terminated sooner as provided herein.



Part 2. GENERAL TERMS AND CONDITIONS

2.1. DEFINITIONS

As used throughout this Contract, the following terms shall have the meaning set forth below:

- A. "Authorized Representative" shall mean the Public Works Board Chair and/or the designee authorized in writing to act on the Chair's behalf.
- B. "Contractor" shall mean the entity identified on the face sheet performing service(s) under this Contract, and shall include all employees and agents of the Contractor.
- C. "BOARD" shall mean the Washington State Public Works Board created in Revised Code of Washington (RCW) 43.155.030, and which is a Party to the Contract
- D. "Personal Information" shall mean information identifiable to any person, including, but not limited to, information that relates to a person's name, health, finances, education, business, use or receipt of governmental services or other activities, addresses, telephone numbers, social security numbers, driver license numbers, other identifying numbers, and any financial identifiers.
- E. "State" shall mean the state of Washington.
- F. "Subcontractor" shall mean one not in the employment of the Contractor, who is performing all or part of those services under this Contract under a separate contract with the Contractor. The terms "subcontractor" and "subcontractors" mean subcontractor(s) in any tier.

2.2. ALLOWABLE COSTS

Costs allowable under this Contract are actual expenditures according to an approved budget up to the maximum amount stated on the Contract Award or Amendment Face Sheet.

2.3. ALL WRITINGS CONTAINED HEREIN

This Contract contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Contract shall be deemed to exist or to bind any of the parties hereto.

2.4. AMENDMENTS

This Contract may be amended by mutual agreement of the parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.

2.5. AMERICANS WITH DISABILITIES ACT (ADA) OF 1990, PUBLIC LAW 101-336, ALSO REFERRED TO AS THE "ADA" 28 CFR PART 35

The Contractor must comply with the ADA, which provides comprehensive civil rights protection to individuals with disabilities in the areas of employment, public accommodations, state and local government services, and telecommunications.

2.6. APPROVAL

This contract shall be subject to the written approval of the Board's Authorized Representative and shall not be binding until so approved. The contract may be altered, amended, or waived only by a written amendment executed by both parties.

2.7. ASSIGNMENT

Neither this Contract, nor any claim arising under this Contract, shall be transferred or assigned by the Contractor without prior written consent of the Board.

2.8. ATTORNEYS' FEES

Unless expressly permitted under another provision of the Contract, in the event of litigation or other action brought to enforce Contract terms, each party agrees to bear its own attorneys fees and costs.

2.9. AUDIT

A. General Requirements

Contractors are to procure audit services based on the following guidelines.

The Contractor shall maintain its records and accounts so as to facilitate the audit requirement and shall ensure that Subcontractors also maintain auditable records.

The Contractor is responsible for any audit exceptions incurred by its own organization or that of its Subcontractors.

The Board reserves the right to recover from the Contractor all disallowed costs resulting from the audit.

As applicable, Contractors required to have an audit must ensure the audits are performed in accordance with Generally Accepted Auditing Standards (GAAS); Government Auditing Standards (the Revised Yellow Book) developed by the Comptroller General.

Responses to any unresolved management findings and disallowed or questioned costs shall be included with the audit report. The Contractor must respond to the Board's requests for information or corrective action concerning audit issues within thirty (30) days of the date of request.

B. State Funds Requirements

Contractors expending \$100,000 or more in total state funds in a fiscal year must have a financial audit as defined by Government Auditing Standards (The Revised Yellow Book) and according to Generally Accepted Auditing Standards (GAAS). The Schedule of State Financial Assistance must be included. The schedule includes:

- Grantor agency name
- State program name
- BARS account number
- Grantor
- Agency contract number
- Contract award amount including amendments (total grant award)
- Beginning balance
- Current year revenues
- Current year expenditures
- Ending balance
- Program total

If the Contractor is a state or local government entity, the Office of the State Auditor shall conduct the audit. Audits of non-profit organizations are to be conducted by a certified public accountant selected by the Contractor.

The Contractor shall include the above audit requirements in any subcontracts.

In any case, the Contractor's financial records must be available for review by the Board .

C. Documentation Requirements

The Contractor must send a copy of any required audit Reporting Package as described in OMB Circular A-133, Part C, Section 320(c) no later than nine (9) months after the end of the Contractor's fiscal year(s) to:

Department of Commerce
ATTN: Audit Review and Resolution Office
PO Box 42525
Olympia WA 98504-2525

In addition to sending a copy of the audit, when applicable, the Contractor must include:

- Corrective action plan for audit findings within three (3) months of the audit being received by the Board.
- Copy of the Management Letter.

2.10. CODE REQUIREMENTS

All construction and rehabilitation projects must satisfy the requirements of applicable local, state, and federal building, mechanical, plumbing, fire, energy and barrier-free codes. Compliance with the Americans with Disabilities Act of 1990 28 C.F.R. Part 35 will be required, as specified by the local building Department.

2.11. CONFIDENTIALITY/SAFEGUARDING OF INFORMATION

A. "Confidential Information" as used in this section includes:

1. All material provided to the Contractor by the Board that is designated as "confidential" by the Board;
2. All material produced by the Contractor that is designated as "confidential" by the Board; and
3. All personal information in the possession of the Contractor that may not be disclosed under state or federal law. "Personal information" includes but is not limited to information related to a person's name, health, finances, education, business, use of government services, addresses, telephone numbers, social security number, driver's license number and other identifying numbers, and "Protected Health Information" under the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA).

B. The Contractor shall comply with all state and federal laws related to the use, sharing, transfer, sale, or disclosure of Confidential Information. The Contractor shall use Confidential Information solely for the purposes of this Contract and shall not use, share, transfer, sell or disclose any Confidential Information to any third party except with the prior written consent of the Board or as may be required by law. The Contractor shall take all necessary steps to assure that Confidential Information is safeguarded to prevent unauthorized use, sharing, transfer, sale or disclosure of Confidential Information or violation of any state or federal laws related thereto. Upon request, the Contractor shall provide THE BOARD with its policies and procedures on confidentiality. The Board may require changes to such policies and procedures as they apply to this Contract whenever the Board reasonably determines that changes are necessary to prevent unauthorized disclosures. The Contractor shall make the changes within the time period specified by the Board. Upon request, the Contractor shall immediately return to the Board any Confidential Information that the Board reasonably determines has not been adequately protected by the Contractor against unauthorized disclosure.

C. Unauthorized Use or Disclosure. The Contractor shall notify the Board within five (5) working days of any unauthorized use or disclosure of any confidential information, and shall take necessary steps to mitigate the harmful effects of such use or disclosure.

2.12. CONFORMANCE

If any provision of this contract violates any statute or rule of law of the state of Washington, it is considered modified to conform to that statute or rule of law.

2.13. COPYRIGHT PROVISIONS

Unless otherwise provided, all Materials produced under this Contract shall be considered "works for hire" as defined by the U.S. Copyright Act and shall be owned by the Board. The Board shall be considered the author of such Materials. In the event the Materials are not considered "works for hire" under the U.S. Copyright laws, the Contractor hereby irrevocably assigns all right, title, and interest in all Materials, including all intellectual property rights, moral rights, and rights of publicity to the Board effective from the moment of creation of such Materials.

"Materials" means all items in any format and includes, but is not limited to, data, reports, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer programs, films, tapes, and/or sound reproductions. "Ownership" includes the right to copyright, patent, register and the ability to transfer these rights.

For Materials that are delivered under the Contract, but that incorporate pre-existing materials not produced under the Contract, the Contractor hereby grants to the Board a nonexclusive, royalty-free, irrevocable license (with rights to sublicense to others) in such Materials to translate, reproduce, distribute, prepare derivative works, publicly perform, and publicly display. The Contractor warrants and represents that the Contractor has all rights and permissions, including intellectual property rights, moral rights and rights of publicity, necessary to grant such a license to the Board.

The Contractor shall exert all reasonable effort to advise the Board, at the time of delivery of Materials furnished under this Contract, of all known or potential invasions of privacy contained therein and of any portion of such document which was not produced in the performance of this Contract. The Contractor shall provide the Board with prompt written notice of each notice or claim of infringement received by the Contractor with respect to any Materials delivered under this Contract. The Board shall have the right to modify or remove any restrictive markings placed upon the Materials by the Contractor.

2.14. DISALLOWED COSTS

The Contractor is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its Subcontractors.

2.15. DISPUTES

Except as otherwise provided in this Contract, when a dispute arises between the parties and it cannot be resolved by direct negotiation, either party may request a dispute hearing with the Chair of the Board, who may designate a neutral person to decide the dispute.

The request for a dispute hearing must:

- be in writing;
- state the disputed issues;
- state the relative positions of the parties;
- state the Contractor's name, address, and Contract number; and
- be mailed to the Chair and the other party's (respondent's) Representative within three (3) working days after the parties agree that they cannot resolve the dispute.

The respondent shall send a written answer to the requestor's statement to both the Chair or the Chair's designee and the requestor within five (5) working days.

The Chair or designee shall review the written statements and reply in writing to both parties within ten (10) working days. The Chair or designee may extend this period if necessary by notifying the parties.

The decision shall not be admissible in any succeeding judicial or quasi-judicial proceeding.

The parties agree that this dispute process shall precede any action in a judicial or quasi-judicial tribunal.

Nothing in this Contract shall be construed to limit the parties' choice of a mutually acceptable alternate dispute resolution (ADR) method in addition to the dispute hearing procedure outlined above.

2.16. DUPLICATE PAYMENT

The Contractor certifies that work to be performed under this contract does not duplicate any work to be charged against any other contract, subcontract, or other source.

2.17. ETHICS/CONFLICTS OF INTEREST

In performing under this Contract, the Contractor shall assure compliance with the Ethics in Public Service Act (Chapter 42.52 RCW) and any other applicable state or federal law related to ethics or conflicts of interest.

2.18. GOVERNING LAW AND VENUE

This Contract shall be construed and interpreted in accordance with the laws of the state of Washington, and the venue of any action brought hereunder shall be in the Superior Court for Thurston County.

2.19. INDEMNIFICATION

To the fullest extent permitted by law, the Contractor shall indemnify, defend, and hold harmless the state of Washington, the Board, all other agencies of the state and all officers, agents and employees of the state, from and against all claims or damages for injuries to persons or property or death arising out of or incident to the Contractor's performance or failure to perform the Contract. The Contractor's obligation to indemnify, defend, and hold harmless includes any claim by the Contractor's agents, employees, representatives, or any Subcontractor or its agents, employees, or representatives.

The Contractor's obligation to indemnify, defend, and hold harmless shall not be eliminated by any actual or alleged concurrent negligence of the state or its agents, agencies, employees and officers.

Subcontracts shall include a comprehensive indemnification clause holding harmless the Contractor, the Board, the state of Washington, its officers, employees and authorized agents.

The Contractor waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend and hold harmless the state and its agencies, officers, agents or employees.

2.20. INDEPENDENT CAPACITY OF THE CONTRACTOR

The parties intend that an independent contractor relationship will be created by this Contract. The Contractor and its employees or agents performing under this Contract are not employees or agents of the state of Washington or the Board. The Contractor will not hold itself out as or claim to be an officer or employee of the Board or of the state of Washington by reason hereof, nor will the Contractor make any claim of right, privilege or benefit which would accrue to such officer or employee under law. Conduct and control of the work will be solely with the Contractor.

2.21. INDUSTRIAL INSURANCE COVERAGE

The Contractor shall comply with all applicable provisions of Title 51 RCW, Industrial Insurance. If the Contractor fails to provide industrial insurance coverage or fails to pay premiums or penalties on behalf of its employees as may be required by law, the Board may collect from the Contractor the full amount payable to the Industrial Insurance Accident Fund. The Board may deduct the amount owed by the Contractor to the accident fund from the amount payable to the Contractor by the Board under this Contract, and transmit the deducted amount to the Department of Labor and Industries, (L&I) Division of Insurance Services. This provision does not waive any of L&I's rights to collect from the Contractor.

2.22. LAWS

The Contractor shall comply with all applicable laws, ordinances, codes, regulations and policies of local and state and federal governments, as now or hereafter amended including, but not limited to:

Washington State Laws and Regulations

- A. Affirmative action, RCW 41.06.020 (11).
- B. Boards of directors or officers of non-profit corporations – Liability - Limitations, RCW 4.24.264.
- C. Disclosure-campaign finances-lobbying, Chapter 42.17 RCW.
- D. Discrimination-human rights commission, Chapter 49.60 RCW.
- E. Ethics in public service, Chapter 42.52 RCW.
- F. Housing assistance program, Chapter 43.185 RCW
- G. Interlocal cooperation act, Chapter 39.34 RCW.
- H. Noise control, Chapter 70.107 RCW.
- I. Office of minority and women's business enterprises, Chapter 39.19 RCW and Chapter 326-02 WAC.
- J. Open public meetings act, Chapter 42.30 RCW.
- K. Prevailing wages on public works, Chapter 39.12 RCW.
- L. Public records act, Chapter 42.56 RCW.
- M. Relocation assistance - real property acquisition policy, Chapter 8.26 RCW.
- N. Shoreline management act of 1971, Chapter 90.58 RCW.
- O. State budgeting, accounting, and reporting system, Chapter 43.88 RCW.
- P. State building code, Chapter 19.27 RCW and Energy-related building standards, Chapter 19.27A RCW, and Provisions in buildings for aged and handicapped persons, Chapter 70.92 RCW.
- Q. State Coastal Zone Management Program, Publication 01-06-003, Shorelands and Environmental Assistance Program, Washington State Department of Ecology.
- R. State environmental policy, Chapter 43.21C RCW.
- S. State Executive Order 05-05 Archeological and Cultural Resources.

2.23. LICENSING, ACCREDITATION AND REGISTRATION

The Contractor shall comply with all applicable local, state, and federal licensing, accreditation and registration requirements or standards necessary for the performance of this Contract.

2.24. LIMITATION OF AUTHORITY

Only the Authorized Representative or Authorized Representative's designee by writing (designation to be made prior to action) shall have the express, implied, or apparent authority to alter, amend, modify, or waive any clause or condition of this Contract.

2.25. LOCAL PUBLIC TRANSPORTATION COORDINATION

Where applicable, Contractor shall participate in local public transportation forums and implement strategies designed to ensure access to services.

2.26. NONCOMPLIANCE WITH NONDISCRIMINATION LAWS

During the performance of this Contract, the Contractor shall comply with all federal, state, and local nondiscrimination laws, regulations and policies. In the event of the Contractor's non-compliance or refusal to comply with any nondiscrimination law, regulation or policy, this contract may be rescinded, canceled or terminated in whole or in part, and the Contractor may be declared ineligible for further contracts with the Board. The Contractor shall, however, be given a reasonable time in which to cure this noncompliance. Any dispute may be resolved in accordance with the "Disputes" procedure set forth herein.

2.27. POLITICAL ACTIVITIES

Political activity of Contractor employees and officers are limited by the State Campaign Finances and Lobbying provisions of Chapter 42.17 RCW and the Federal Hatch Act, 5 USC 1501 - 1508.

No funds may be used for working for or against ballot measures or for or against the candidacy of any person for public office.

2.28. PREVAILING WAGE LAW

The Contractor certifies that all contractors and subcontractors performing work on the Project shall comply with state Prevailing Wages on Public Works, Chapter 39.12 RCW, as applicable to the Project funded by this contract, including but not limited to the filing of the "Statement of Intent to Pay Prevailing Wages" and "Affidavit of Wages Paid" as required by RCW 39.12.040. The Contractor shall maintain records sufficient to evidence compliance with Chapter 39.12 RCW, and shall make such records available for the Board's review upon request.

2.29. PROHIBITION AGAINST PAYMENT OF BONUS OR COMMISSION

The funds provided under this Contract shall not be used in payment of any bonus or commission for the purpose of obtaining approval of the application for such funds or any other approval or concurrence under this Contract provided, however, that reasonable fees or bona fide technical consultant, managerial, or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as project costs.

2.30. PUBLICITY

The Contractor agrees not to publish or use any advertising or publicity materials in which the state of Washington or the Board's name is mentioned, or language used from which the connection with the state of Washington's or the Board's name may reasonably be inferred or implied, without the prior written consent of the Board.

2.31. RECAPTURE

In the event that the Contractor fails to perform this contract in accordance with state laws, federal laws, and/or the provisions of this contract, the Board reserves the right to recapture funds in an amount to compensate the Board for the noncompliance in addition to any other remedies available at law or in equity.

Repayment by the Contractor of funds under this recapture provision shall occur within the time period specified by the Board. In the alternative, the Board may recapture such funds from payments due under this contract.

2.32. RECORDS MAINTENANCE

The Contractor shall maintain all books, records, documents, data and other evidence relating to this Contract and performance of the services described herein, including but not limited to accounting procedures and practices which sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this Contract. Contractor shall retain such records for a period of six years following the date of final payment.

If any litigation, claim or audit is started before the expiration of the six (6) year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been finally resolved.

2.33. REGISTRATION WITH DEPARTMENT OF REVENUE

If required by law, the Contractor shall complete registration with the Washington State Department of Revenue.

2.34. RIGHT OF INSPECTION

At no additional cost all records relating to the Contractor's performance under this Contract shall be subject at all reasonable times to inspection, review, and audit by the Board, the Office of the State Auditor, and federal and state officials so authorized by law, in order to monitor and evaluate performance, compliance, and quality assurance under this Contract. The Contractor shall provide access to its facilities for this purpose.

2.35. SAVINGS

In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this Contract and prior to normal completion, the Board may terminate the Contract under the "Termination for Convenience" clause, without the ten business day notice requirement. In lieu of termination, the Contract may be amended to reflect the new funding limitations and conditions.

2.36. SEVERABILITY

If any provision of this Contract or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Contract that can be given effect without the invalid provision, if such remainder conforms to the requirements of law and the fundamental purpose of this Contract and to this end the provisions of this Contract are declared to be severable.

2.37. SUBCONTRACTING

The Contractor may only subcontract work contemplated under this Contract if it obtains the prior written approval of the Board.

If the Board approves subcontracting, the Contractor shall maintain written procedures related to subcontracting, as well as copies of all subcontracts and records related to subcontracts. For cause, the Board in writing may: (a) require the Contractor to amend its subcontracting procedures as they relate to this Contract; (b) prohibit the Contractor from subcontracting with a particular person or entity; or (c) require the Contractor to rescind or amend a subcontract.

Every subcontract shall bind the Subcontractor to follow all applicable terms of this Contract. The Contractor is responsible to the Board if the Subcontractor fails to comply with any applicable term or condition of this Contract. The Contractor shall appropriately monitor the activities of the Subcontractor to assure fiscal conditions of this Contract. In no event shall the existence of a subcontract operate to release or reduce the liability of the Contractor to the Board for any breach in the performance of the Contractor's duties.

Every subcontract shall include a term that the Board and the State of Washington are not liable for claims or damages arising from a Subcontractor's performance of the subcontract.

2.38. SURVIVAL

The terms, conditions, and warranties contained in this Contract that by their sense and context are intended to survive the completion of the performance, cancellation or termination of this Contract shall so survive.

2.39. TAXES

All payments accrued on account of payroll taxes, unemployment contributions, the Contractor's income or gross receipts, any other taxes, insurance or expenses for the Contractor or its staff shall be the sole responsibility of the Contractor.

2.40. TERMINATION FOR CAUSE / SUSPENSION

In event the Board determines that the Contractor failed to comply with any term or condition of this Contract, the Board may terminate the Contract in whole or in part upon written notice to the Contractor. Such termination shall be deemed "for cause." Termination shall take effect on the date specified in the notice.

In the alternative, the Board upon written notice may allow the Contractor a specific period of time in which to correct the non-compliance. During the corrective-action time period, the Board may suspend further payment to the Contractor in whole or in part, or may restrict the Contractor's right to perform duties under this Contract. Failure by the Contractor to take timely corrective action shall allow the Board to terminate the Contract upon written notice to the Contractor.

"Termination for Cause" shall be deemed a "Termination for Convenience" when the Board determines that the Contractor did not fail to comply with the terms of the Contract or when the Board determines the failure was not caused by the Contractor's actions or negligence.

If the Contract is terminated for cause, the Contractor shall be liable for damages as authorized by law, including, but not limited to, any cost difference between the original contract and the replacement contract, as well as all costs associated with entering into the replacement contract (i.e., competitive bidding, mailing, advertising, and staff time).

2.41. TERMINATION FOR CONVENIENCE

Except as otherwise provided in this Contract the Board may, by ten (10) business days written notice, beginning on the second day after the mailing, terminate this Contract, in whole or in part. If this Contract is so terminated, the Board shall be liable only for payment required under the terms of this Contract for services rendered or goods delivered prior to the effective date of termination.

2.42. TERMINATION PROCEDURES

After receipt of a notice of termination, except as otherwise directed by the Board, the Contractor shall:

- A. Stop work under the Contract on the date, and to the extent specified, in the notice;
- B. Place no further orders or subcontracts for materials, services, or facilities related to the Contract;
- C. Assign to the State all of the rights, title, and interest of the Contractor under the orders and subcontracts so terminated, in which case the Board has the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts. Any attempt by the Contractor to settle such claims must have the prior written approval of the Board; and
- D. Preserve and transfer any materials, contract deliverables and/or the Board property in the Contractor's possession as directed by the Board.

Upon termination of the Contract, the Board shall pay the Contractor for any service provided by the Contractor under the Contract prior to the date of termination. The Board may withhold any amount due as the Board reasonably determines is necessary to protect the Board against potential loss or liability resulting from the termination. The Board shall pay any withheld amount to the Contractor if the Board later determines that loss or liability will not occur.

The rights and remedies of the Board under this section are in addition to any other rights and remedies provided under this Contract or otherwise provided under law.

2.43. WAIVER

Waiver of any default or breach shall not be deemed to be a waiver of any subsequent default or breach. Any waiver shall not be construed to be a modification of the terms of this Contract unless stated to be such in writing and signed by Authorized Representative of the Board.

ATTACHMENT I: SCOPE OF WORK

PUBLIC WORKS BOARD CONSTRUCTION LOAN PROGRAM

King County
PC12-951-011

Project Title:
Ballard Siphon Replacement

A. PROJECT'S SCOPE OF WORK

The project's scope of work is comprised of the following activities:

This project will replace the 75-year old wood-stave Ballard Siphon pipes buried in the sediment under Salmon Bay and will meet some of the goals of the Puget Sound Partnership Action Agenda by reducing the sources of water pollution into the Ship Canal and Salmon Bay.

Project activities include, but are not limited to, engineering, environmental, archaeological and cultural work, right of way acquisition, permits, public involvement, bid documents, contingency, and construction. The project will allow the County to meet local, state, and federal requirements.

B. ESTIMATED PROJECT COSTS

Cost Category	Amount
Engineering Report	\$25,000.00
Cultural and Historical Resources Review (Section 106 or Executive Order 05-05)	\$15,000.00
Environmental Review	\$10,000.00
Land/Right-of-Way Acquisition	\$2,800,000.00
Permits	\$500,000.00
Public Involvement/Information	\$100,000.00
Bid Documents	\$2,500,000.00
Construction	\$31,755,000.00
Other Fees (Sales or Use Taxes)	\$2,900,000.00
Contingency: 10.00%	\$3,175,500.00
Other: Construction Management Contract	\$1,800,000.00
Other: Services During Construction Contract	\$1,300,000.00
Other: Project Administration/Management (Staff Labor)	\$2,000,000.00
Other:	\$0.00
TOTAL ESTIMATED PROJECT COSTS	\$48,880,500.00

C. ANTICIPATED PROJECT FUNDING

Type of Funding	Source Description	Amount
Grants		
Grant #1		\$0.00
Grant #2		\$0.00
Grant #3		\$0.00
Grant #4		\$0.00
Total Grants		\$0.00
Prior PWTF PreConstruction Loans		
Non-Match Loan #1		
Non-Match #2		
Total Prior PWTF PreConstruction Loans		
Loans		
<i>This PWTF Loan Request</i>	<i>Public Works Board</i>	<i>\$10,000,000.00</i>
Other Loan #1	Ecology SRF Loan	\$31,850,000.00
Other Loan #2		\$0.00
Other Loan #3		\$0.00
Other Loan #4		\$0.00
Total Loans		\$41,850,000.00
Local Revenue		
Local Revenue #1	Rates	\$7,030,500.00
Local Revenue #2		\$0.00
Local Revenue #3		\$0.00
Local Revenue #4		\$0.00
Local Revenue #5		\$0.00
Total Local Revenue		\$7,030,500.00
Other Funds		
Other Funds #1		\$0.00
Other Funds #2		\$0.00
Total Other Funds		\$0.00
TOTAL PROJECT FUNDING		\$48,880,500.00

ATTACHMENT II: ATTORNEY'S CERTIFICATION

**PUBLIC WORKS BOARD
CONSTRUCTION LOAN PROGRAM**

**King County
PC12-951-011**

I, _____, hereby certify:

I am an attorney at law admitted to practice in the State of Washington and the duly appointed attorney of the **King County** (the Contractor); and

I have also examined any and all documents and records which are pertinent to the Contract, including the application requesting this financial assistance.

Based on the foregoing, it is my opinion that:

1. The Contractor is a public body, properly constituted and operating under the laws of the State of Washington, empowered to receive and expend federal, state and local funds, to contract with the State of Washington, and to receive and expend the funds involved to accomplish the objectives set forth in their application.
2. The Contractor is empowered to accept the Public Works Trust Fund financial assistance and to provide for repayment of the loan as set forth in the Contract.
3. There is currently no litigation in existence seeking to enjoin the commencement or completion of the above-described public facilities project or to enjoin the Contractor from repaying the Public Works Trust Fund loan extended by the Public Works Board with respect to such project. The Contractor is not a party to litigation which will materially affect its ability to repay such loan on the terms contained in the Contract.
4. Assumption of this obligation would not exceed statutory and administrative rule debt limitations applicable to the Contractor.

Signature of Attorney

Date

Name

Address



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

September 19, 2011

Ordinance

Proposed No. 2011-0369.1

Sponsors Phillips

1 AN ORDINANCE authorizing the King County executive to
2 enter into an agreement with the Washington state Public
3 Works Board for loan financing for construction costs of the
4 Ballard Siphon project.

5 STATEMENT OF FACTS:

6 1. The Washington state Public Works Board has awarded the King
7 County department of natural resources and parks \$10,000,000 in a Public
8 Works Trust Fund loan in its FY 2012 cycle.

9 2. This low interest loan will save King County \$13,369,861 in interest
10 payments over \$4,057,930 net present value as compared to forty-year
11 conventional bond financing.

12 3. This Public Works Trust Fund loan will help finance construction costs
13 of the Ballard Siphon project that is part of King County's wastewater
14 capital improvement program.

15 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

16 SECTION 1. A. The executive or the executive's designee is hereby authorized
17 to enter into an agreement with the Washington State Public Works Trust Fund for loan
18 financing of capital costs associated with the construction of the Ballard Siphon.

19 B. The maximum loan amount shall be \$10,000,000.

20 C. The loan agreement shall incorporate an annual interest rate of 0.5 percent and
21 a loan term of twenty years and be substantially in the form of Attachment A to this
22 ordinance, which is a template of a Public Works Trust Fund loan agreement.
23

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Larry Gossett, Chair

ATTEST:

Anne Noris, Clerk of the Council

APPROVED this ____ day of _____, _____.

Dow Constantine, County Executive

Attachments: A. 2012 Construction Loan Agreement between Legal Name and Public Works Board



Washington State
Public Works Board
1011 Plum Street SE
Post Office Box 42525
Olympia, Washington 98504-2525
www.pwb.wa.gov

2012 Construction Loan Agreement between:

«LegalName»

and

Public Works Board

For:

Project Name: «ProjectTitle»

Loan Number: «LoanNumber»

Loan Type: **Construction**

Execution/Start Date: _____
(to be filled by the Public Works Board)

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CONTRACT FACE SHEET

Contract Number: «LoanNumber»

Washington State Department of Commerce

PUBLIC WORKS BOARD CONSTRUCTION LOAN CONTRACT

1. Contractor «LegalName» «LoanContactStreet1» «LoanContactStreet2» «Projectcity», «ProjectState», «ProjectZip»		2. Contractor Doing Business As (optional) N/A	
3. Contractor Representative N/A		4. Public Works Board Representative N/A	
5. Contract Amount \$«LoanAmountExec»	6. Funding Source Federal: <input type="checkbox"/> State: <input checked="" type="checkbox"/> Other: <input type="checkbox"/> N/A: <input type="checkbox"/>	7. Contract Start Date Date Contract Execution Date	8. Contract End Date July 1 «LoanEndCalendarYear»
9. Federal Funds (as applicable) N/A		Federal Agency N/A	CFDA Number N/A
10. Tax ID # «FederalTaxID»	11. SWW #	12. UBI #	13. DUNS #
14. Contract Purpose Fund a project of a local government for the planning, acquisition, construction, repair, reconstruction, replacement, rehabilitation, or improvement of streets and roads, bridges, drinking water systems, stormwater systems, sanitary sewage systems, and solid waste facilities, including recycling facilities.			
The Board, defined as the Washington State Public Works Board, and Contractor acknowledge and accept the terms of this Contract and attachments and have executed this Contract on the date below to start as of the date and year last written below. The rights and obligations of both parties to this Contract are governed by this Contract and the following other documents incorporated by reference: Contract Terms and Conditions including Attachment I: Scope of Work, and Attachment II: Attorney's Certification.			
FOR THE CONTRACTOR Signature _____ Print Name _____ Title _____ Date _____		FOR PUBLIC WORKS BOARD John LaRocque, Executive Director _____ Date _____ APPROVED AS TO FORM ONLY This Day of Jun, 2011 Rob McKenna Attorney General _____ Kathryn Wyatt Assistant Attorney General	

CONTRACT TERMS AND CONDITIONS

PUBLIC WORKS BOARD CONSTRUCTION LOAN PROGRAM

Part 1. SPECIAL TERMS AND CONDITIONS

1.1. Definitions

As used throughout this Construction Loan Contract the following terms shall have the meaning set forth below:

- A. "Contract" shall mean this Construction Loan Contract.
- B. "Contractor" shall mean the local government identified on the Contract Face Sheet performing service(s) under this Contract and who is a Party to the Contract, and shall include all employees and agents of the Contractor.
- C. "The Board" shall mean the Washington State Public Works Board created in Revised Code of Washington (RCW) 43.155.030, and who is a Party to the Contract.

1.2. Authority

Acting under the authority of Chapter 43.155 RCW, the Board has awarded the Contractor a Public Works Trust Fund construction loan for an approved public works project.

1.3. Purpose

The Board and the Contractor have entered into this Contract to undertake a local public works project that furthers the goals and objectives of the Washington State Public Works Program. The project will be undertaken by the Contractor and will include the activities described in ATTACHMENT I: SCOPE OF WORK. The project must be undertaken in accordance with the loan terms and conditions, and all applicable federal, state and local laws and ordinances, which by this reference are incorporated into this Contract as though set forth fully herein.

1.4. Order of Precedence

In the event of an inconsistency in this Contract, the inconsistency shall be resolved by giving precedence in the following order:

- A. Applicable federal and state of Washington statutes and regulations
- B. Special Terms and Conditions including attachments
- C. General Terms and Conditions

1.5. 5-year deferral for start-up systems

If the project financed by this contract is to develop a system to deliver previously unavailable services, and revenue from those services is to repay the loan, the new system is eligible for a deferral of loan payments for sixty (60) months after the Contract execution date. The Contractor may provide a written request to the Board requesting a 5-year deferral for an eligible system. The Board may approve the deferral request.

Interest accrues for the aforementioned sixty (60) months. The accrued interest only payment is due July 1 of the 6th year of the loan term. Interest and principal payments are due on July 1 of the 7th year of the loan term.

1.6. Competitive Bidding Requirements

The Contractor shall comply with the provisions of RCW 43.155.060 regarding competitive bidding requirements for projects assisted in whole or in part with money from the Public Works Program.

1.7. Default in Repayment

Loan repayments shall be made on the loan in accordance with Section 1.16 of this Contract. A payment not received within thirty (30) days of the due date shall be declared delinquent. Delinquent payments shall be assessed a monthly penalty beginning on the first (1st) day past the due date. The penalty will be assessed on the entire payment amount. The penalty will be one percent (1%) per month or twelve percent (12%) per annum. The same penalty terms shall apply at project completion if the repayment of loan funds in excess of eligible costs are not repaid at the time of the Project Completion Amendment is submitted, as provided for in Section 1.11.

The Contractor acknowledges and agrees to the Board's right, upon delinquency in the payment of any annual installment, to notify any other entity, creditors, or potential creditors of the Contractor of such delinquency.

The Contractor shall be responsible for all legal fees incurred by the Board in any action undertaken to enforce its rights under this section.

1.8. Investment Grade Audit

For projects involving repair, replacement, or improvement of a wastewater treatment plant, or other public works facility for which an investment grade audit is obtainable, Contractor must undertake an investment grade audit.

Costs incurred as part of the investment grade audit are eligible project costs.

1.9. Local Matching Share and Eligible Project Costs

The Contractor pledges to use an amount of matching funds as local project share of not less than «ndbLocalMatch» applied to the total eligible portion of the project cost as identified in ATTACHMENT I: SCOPE OF WORK. State and federal grants are not considered local matching funds. Expenditures on eligible project activities incurred up to twelve (12) months prior to the execution of this Contract may be used as match for local project share.

The amount of local funds used for the project will be verified and the percentage that this figure represents of the total project cost will be calculated at project completion. If and to the extent the actual percentage of local match exceeds the proposed match percentage, the loan amount and/or the interest rate charged may be adjusted. At a minimum, the match provided cannot be less than the original match pledged at the time of contract execution. The interest rate adjustment will apply to the remaining payments beginning the fiscal year of project completion. The Contractor agrees to execute the Project Completion Amendment as an amendment to this Contract adjusting the loan amount or interest rate, as appropriate.

Eligible project costs must consist of expenditures eligible under Washington Administrative Code (WAC) 399-30-030 and be related only to project activities described in ATTACHMENT I: SCOPE OF WORK. Eligible costs for reimbursement shall be construed to mean expenditures incurred and paid, or incurred and payable within thirty (30) days of the reimbursement request. Only costs that have been incurred on or after September 1, 2010, and which are not counted as local share, are eligible for reimbursement under this Contract.

The Contractor assures compliance with WAC 399-30-030, which identifies eligible costs for projects assisted with Public Works Program loans.

These terms supersede the terms in Section 2.2: Allowable Costs.

1.10. Historical and Cultural Resources

Prior to commencing construction, Contractor shall complete the requirements of Governor's Executive Order 05-05, or, as a substitute for completion of Governor's Executive Order 05-05, Contractor shall complete Section 106 of the National Historic Preservation Act. Contractor agrees that the Contractor is legally and financially responsible for compliance with all laws, regulations, and agreements related to the preservation of historical or cultural artifacts and agrees to hold harmless the Board and the State of Washington in relation to any claim related to such historical or cultural artifacts discovered, disturbed, or damaged as a result of the project funded by this Contract.

In addition to the requirements set forth in this Contract, Contractor shall, in accordance with Governor's Executive Order 05-05, coordinate with the Washington State Department of Archaeology and Historic Preservation (DAHP), including any recommended consultation with any affected tribe(s), during project design and prior to construction to determine the existence of any tribal cultural resources affected by the proposed project funded by this Contract. Contractor agrees to avoid, minimize, or mitigate impacts to the cultural resource as a continuing pre-requisite to receipt of funds under this Contract.

The Contractor agrees that, unless the Contractor is proceeding under an approved historical and cultural monitoring plan or other memorandum of agreement, if historical or cultural artifacts are discovered during construction, the Contractor shall immediately stop construction and notify the local historical preservation officer and the state's historical preservation officer at DAHP. If human remains are uncovered, the Contractor shall report the presence and location of the remains to the coroner and local enforcement immediately, then contact DAHP and the concerned tribe's cultural staff or committee.

The Contractor shall require this provision to be contained in all sub-contracts for work or services related to ATTACHMENT I: SCOPE OF WORK.

In addition to the requirements set forth in this Contract, Contractor agrees to comply with RCW 27.44 regarding Indian Graves and Records; RCW 27.53 regarding Archaeological Sites and Resources; RCW 68.60 regarding Abandoned and Historic Cemeteries and Historic Graves; and WAC 25.48 regarding Archaeological Excavation and Removal Permits.

Completion of the Section 106 of the National Historic Preservation Act shall substitute for completion of Governor's Executive Order 05-05.

In the event that the Contractor finds it necessary to amend ATTACHMENT I: SCOPE OF WORK, the Contractor may be required to re-comply with Governor's Executive Order 05-05 or Section 106 of the National Historic Preservation Act.

1.11. Performance Incentives

The Contractor shall complete the project no later than sixty (60) months after the date of contract execution.

Should the Contractor complete the project within forty-eight (48) months of the date of contract execution, the Contractor may choose one of the two following incentives upon project completion:

Option A: The repayment period will be increased by twenty-four (24) months, not to exceed the life of the asset, OR:

Option B: The interest rate will be decreased by one-quarter of one percent (0.25%).

Should the Contractor complete the project within thirty-six (36) months of the date of contract execution, the Contractor may choose one of the following two incentives upon project completion:

Option C: The repayment period will be increased by sixty (60) months, not to exceed the life of the asset, OR;

Option D: The interest rate will be decreased by up to one-half of one percent (0.50%).

Once an option is selected, the Contract shall be modified to note the appropriate change and no further adjustment to the Contract for Performance Incentives shall be authorized. Irrespective of the performance incentive chosen, at no point in time shall the minimum loan interest rate be less than 0.25%.

The calculation of interest rate and term adjustments will apply to the remaining payments.

1.12. Project Completion Amendment and Certified Project Completion Report

The Contractor shall complete a Certified Project Completion Report when all activities identified in ATTACHMENT I: SCOPE OF WORK are complete. The Board will supply the Contractor with the Certified Project Completion Report form, which shall include:

- A. A certified statement that the project, as described in ATTACHMENT I: SCOPE OF WORK, is complete and, if applicable, meets required standards.
- B. A certified statement of the actual dollar amounts spent, from all funding sources, in completing the project as described in ATTACHMENT I: SCOPE OF WORK.
- C. Certification that all costs associated with the project have been incurred and have been accounted for. Costs are incurred when goods and services are received and/or contract work is performed.
- D. A final voucher for the remaining eligible funds.

The Contractor will submit the Certified Project Completion Report together with the last Invoice Voucher for a sum not to exceed the balance of the loan amount. The final Invoice Voucher payment shall not occur prior to the completion of all project activities identified in ATTACHMENT I: SCOPE OF WORK and the Board's receipt and acceptance of the Certified Project Completion Report.

The Project Completion Amendment shall serve as an amendment to this Contract determining the final loan amount, local share, term, and interest rate.

1.13. Project Signs

If the Contractor displays, during the period covered by this Contract, signs or markers identifying those agencies participating financially in the approved project, the sign or marker must identify the Washington State Public Works Trust Fund as a participant in the project.

1.14. Rate and Term of Loan

The Board shall loan the Contractor a sum not to exceed \$«LoanAmountExec». The interest rate shall be «InterestRatePctExec»% per annum on the outstanding principal balance. The term of the loan shall not exceed «TermInYears» years, with the final payment due June 1, «LoanEndCalendarYear».

1.15. Recapture

The right of recapture shall exist for a period not to exceed six (6) years following contract termination. In the event that the Board is required to institute legal proceedings to enforce the recapture provision, the Board shall be entitled to its costs thereof, including attorney's fees.

These terms supersede the terms in Section 2.31. Recapture.

1.16. Reimbursement Procedures and Payment

If funding or appropriation is not available at the time the invoice is submitted, or when this contract is executed, the issuance of warrants will be delayed or suspended until such time as funds or appropriation become available. Therefore, subject to the availability of funds, warrants shall be issued to the Contractor for reimbursement of allowable expenses incurred by the Contractor while undertaking and administering approved project activities in accordance with ATTACHMENT I: SCOPE OF WORK.

The Board shall reimburse the Contractor for eligible project expenditures up to the maximum loan amount under this contract, as identified in Section 1.13. When requesting reimbursement for costs incurred, the Contractor shall submit a signed and completed Invoice Voucher (Form A19), referencing the ATTACHMENT I: SCOPE OF WORK project activity performed, and any appropriate documentation such as bills, invoices, and receipts. The Invoice Voucher must be certified by an official of the Contractor with authority to bind the Contractor.

Each Invoice Voucher must be accompanied by a Project Status Report, which describes, in narrative form, the progress made on the project since the last invoice was submitted, as well as a report of project status to date. The Board will not release payment for any reimbursement request received unless and until the Project Status Report is received. After approving the Invoice Voucher and the Project Status Report, the Board shall promptly remit a warrant to the Contractor.

Requests for reimbursements for costs related to construction activities will not be accepted until the Contractor provides:

- Proof of compliance with Governor's Executive Order 05-05 or Section 106 of the National Historic Preservation Act, as described in Section 1.9, and
- An signed Public Works Trust Fund Notice of Contract Award and Notice to Proceed, which follows the formal award of a construction contract.

The Contractor shall submit all Invoice Vouchers and all required documentation to:

Contracts Administration Unit
Department of Commerce
PO Box 42525
Olympia, WA 98504-2525

The Board will pay the Contractor upon acceptance of the work performed and receipt of properly completed invoices. Invoices shall be submitted to the Board not more often than monthly.

Payment shall be considered timely if made by the Board within thirty (30) calendar days after receipt of properly completed invoices. Payment shall be sent to the address designated by the Contractor.

The Board may, at its sole discretion, terminate the contract or withhold payments claimed by the Contractor for services rendered if the Contractor fails to satisfactorily comply with any term or condition of this contract.

No payments in advance or in anticipation of services or supplies to be provided under this contract shall be made by the Board.

Duplication of Billed Costs. If the Contractor is entitled to payment or has been or will be paid by another source for an eligible project cost, then the Contractor shall not be reimbursed by the Board for that cost.

Disallowed Costs. The Contractor is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its subcontractors.

In no event shall the total Public Works loan exceed «LoanPctOfProjectExec»% of the eligible actual project costs. At the time of project completion, the Contractor shall submit, to the Board, a Project Completion Amendment certifying the total actual project costs and local share. The final Public Works loan disbursement shall bring the total loan to the lesser of «LoanPctOfProjectExec»% of the eligible project costs or the total of \$«LoanAmountExec». The Project Completion Amendment shall serve as an amendment to this Contract determining the final loan amount, local share, and interest rate.

In the event that the final costs identified in the Project Completion Amendment indicate that the Contractor has received Public Works Trust Fund monies in excess of «LoanPctOfProjectExec»% of eligible costs, all funds in excess of «LoanPctOfProjectExec»% shall be repaid to the Public Works Assistance Account by payment to the Department of Commerce, or its successor, together with the submission of the Project Completion Amendment.

1.17. Repayment

Loan repayment installments are due on June 1st of each year during the «TermInYears»-year fixed term of the loan. The first loan repayment is due June 1, 2012. Interest only will be charged for this payment if a reimbursement is made prior to this date. All subsequent payments shall consist of principal and accrued interest due on June 1st of each year during the remaining term of the loan.

Repayment of the loan under this Contract shall include an interest rate of «InterestRatePctExec»% per annum based on a three hundred and sixty (360) day year of twelve (12) thirty (30) day months. Interest will begin to accrue from the date each warrant is issued to the Contractor. The final payment shall be on or before June 1, «LoanEndCalendarYear», of an amount sufficient to bring the loan balance to zero.

In the event that the Board approves Contractor's request for a 5-year deferral as outlined in Section 1.5, then the first loan repayment is due on June 1, 2016. Interest accrues for the sixty (60) months after contract execution. The accrued interest only payment is due on June 1, 2016. Interest and principal payments are due on June 1 of each year during the remaining term of the loan.

The Contractor has the right to repay the unpaid balance of the loan in full at any time or make accelerated payments without penalty.

The Contractor will repay the loan in accordance with the preceding conditions through the use of a check, money order, or equivalent means made payable to the Washington State Department of Commerce, or its successor.

1.18. Reports

The Contractor shall furnish the Board with:

- A. Project Status Reports with each Invoice Voucher;
- B. Project Reports at the end of each fiscal year,
- C. Certified Project Completion Report at project completion (as described in Section 1.11), and
- D. Other reports as the Board may require.

1.19. Termination for Cause

If the Contractor fails to comply with the terms of this Contract, or fails to use the loan proceeds only for those activities identified in ATTACHMENT I: SCOPE OF WORK, the Board may terminate the Contract in whole or in part at any time. The Board shall notify the Contractor in writing of its determination to terminate, the reason for such termination, and the effective date of the termination. Nothing in this section shall affect the Contractor's obligation to repay the unpaid balance of the loan.

These terms supersede the terms in Section 2.40 Termination for Cause/Suspension.

1.20. Termination for Convenience

The Board may terminate this contract in the event that state funds are no longer available to the Board, or are not appropriated for the purpose of meeting the Board's obligations under this contract. Termination will be effective when the Board sends written notice of termination to the Contractor. Nothing in this section shall affect the Contractor's obligation to repay the unpaid balance of the loan.

These terms supersede the terms in Section 2.41 Termination for Convenience.

1.21. Time of Performance

No later than sixty (60) months after the date of contract execution the Contractor must reach project completion.

Failure to meet Time of Performance shall constitute default of this contract. In the event of extenuating circumstances, the Contractor may request, in writing, that the Board extend the deadline for project completion. The Board may extend the deadline.

The term of this contract shall be for the entire term of the loan, regardless of actual project completion, unless terminated sooner as provided herein.

Part 2. GENERAL TERMS AND CONDITIONS

2.1. DEFINITIONS

As used throughout this Contract, the following terms shall have the meaning set forth below:

- A. "Authorized Representative" shall mean the Public Works Board Chair and/or the designee authorized in writing to act on the Chair's behalf.
- B. "Contractor" shall mean the entity identified on the face sheet performing service(s) under this Contract, and shall include all employees and agents of the Contractor.
- C. "BOARD" shall mean the Washington State Public Works Board created in Revised Code of Washington (RCW) 43.155.030, and which is a Party to the Contract.
- D. "Personal Information" shall mean information identifiable to any person, including, but not limited to, information that relates to a person's name, health, finances, education, business, use or receipt of governmental services or other activities, addresses, telephone numbers, social security numbers, driver license numbers, other identifying numbers, and any financial identifiers.
- E. "State" shall mean the state of Washington.
- F. "Subcontractor" shall mean one not in the employment of the Contractor, who is performing all or part of those services under this Contract under a separate contract with the Contractor. The terms "subcontractor" and "subcontractors" mean subcontractor(s) in any tier.

2.2. ALLOWABLE COSTS

Costs allowable under this Contract are actual expenditures according to an approved budget up to the maximum amount stated on the Contract Award or Amendment Face Sheet.

2.3. ALL WRITINGS CONTAINED HEREIN

This Contract contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Contract shall be deemed to exist or to bind any of the parties hereto.

2.4. AMENDMENTS

This Contract may be amended by mutual agreement of the parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.

2.5. AMERICANS WITH DISABILITIES ACT (ADA) OF 1990, PUBLIC LAW 101-336, ALSO REFERRED TO AS THE "ADA" 28 CFR PART 35

The Contractor must comply with the ADA, which provides comprehensive civil rights protection to individuals with disabilities in the areas of employment, public accommodations, state and local government services, and telecommunications.

2.6. APPROVAL

This contract shall be subject to the written approval of the Board's Authorized Representative and shall not be binding until so approved. The contract may be altered, amended, or waived only by a written amendment executed by both parties.

2.7. ASSIGNMENT

Neither this Contract, nor any claim arising under this Contract, shall be transferred or assigned by the Contractor without prior written consent of the Board.

2.8. ATTORNEYS' FEES

Unless expressly permitted under another provision of the Contract, in the event of litigation or other action brought to enforce Contract terms, each party agrees to bear its own attorneys fees and costs.

2.9. AUDIT

A. General Requirements

Contractors are to procure audit services based on the following guidelines.

The Contractor shall maintain its records and accounts so as to facilitate the audit requirement and shall ensure that Subcontractors also maintain auditable records.

The Contractor is responsible for any audit exceptions incurred by its own organization or that of its Subcontractors.

The Board reserves the right to recover from the Contractor all disallowed costs resulting from the audit.

As applicable, Contractors required to have an audit must ensure the audits are performed in accordance with Generally Accepted Auditing Standards (GAAS), Government Auditing Standards (the Revised Yellow Book) developed by the Comptroller General.

Responses to any unresolved management findings and disallowed or questioned costs shall be included with the audit report. The Contractor must respond to the Board's requests for information or corrective action concerning audit issues within thirty (30) days of the date of request.

B. State Funds Requirements

Contractors expending \$100,000 or more in total state funds in a fiscal year must have a financial audit as defined by Government Auditing Standards (The Revised Yellow Book) and according to Generally Accepted Auditing Standards (GAAS). The Schedule of State Financial Assistance must be included. The schedule includes:

- Grantor agency name
- State program name
- BARS account number
- Grantor
- Agency contract number
- Contract award amount including amendments (total grant award)
- Beginning balance
- Current year revenues
- Current year expenditures
- Ending balance
- Program total

If the Contractor is a state or local government entity, the Office of the State Auditor shall conduct the audit. Audits of non-profit organizations are to be conducted by a certified public accountant selected by the Contractor.

The Contractor shall include the above audit requirements in any subcontracts.

In any case, the Contractor's financial records must be available for review by the Board.

C. Documentation Requirements

The Contractor must send a copy of any required audit Reporting Package as described in OMB Circular A-133, Part C, Section 320(c) no later than nine (9) months after the end of the Contractor's fiscal year(s) to:

Department of Commerce
ATTN: Audit Review and Resolution Office
PO Box 42525
Olympia WA 98504-2525

In addition to sending a copy of the audit, when applicable, the Contractor must include:

- Corrective action plan for audit findings within three (3) months of the audit being received by the Board.
- Copy of the Management Letter

2.10. CODE REQUIREMENTS

All construction and rehabilitation projects must satisfy the requirements of applicable local, state, and federal building, mechanical, plumbing, fire, energy and barrier-free codes. Compliance with the Americans with Disabilities Act of 1990 28 C.F.R. Part 35 will be required, as specified by the local building Department.

2.11. CONFIDENTIALITY/SAFEGUARDING OF INFORMATION

A. "Confidential Information" as used in this section includes:

1. All material provided to the Contractor by the Board that is designated as "confidential" by the Board;
2. All material produced by the Contractor that is designated as "confidential" by the Board; and
3. All personal information in the possession of the Contractor that may not be disclosed under state or federal law. "Personal information" includes but is not limited to information related to a person's name, health, finances, education, business, use of government services, addresses, telephone numbers, social security number, driver's license number and other identifying numbers, and Protected Health Information under the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA).

B. The Contractor shall comply with all state and federal laws related to the use, sharing, transfer, sale or disclosure of Confidential Information. The Contractor shall use Confidential Information solely for the purposes of this Contract and shall not use, share, transfer, sell or disclose any Confidential Information to any third party except with the prior written consent of the Board or as may be required by law. The Contractor shall take all necessary steps to assure that Confidential Information is safeguarded to prevent unauthorized use, sharing, transfer, sale or disclosure of Confidential Information or violation of any state or federal laws related thereto. Upon request, the Contractor shall provide THE BOARD with its policies and procedures on confidentiality. The Board may require changes to such policies and procedures as they apply to this Contract whenever the Board reasonably determines that changes are necessary to prevent unauthorized disclosures. The Contractor shall make the changes within the time period specified by the Board. Upon request, the Contractor shall immediately return to the Board any Confidential Information that the Board reasonably determines has not been adequately protected by the Contractor against unauthorized disclosure.

C. Unauthorized Use or Disclosure: The Contractor shall notify the Board within five (5) working days of any unauthorized use or disclosure of any confidential information, and shall take necessary steps to mitigate the harmful effects of such use or disclosure.

2.12. CONFORMANCE

If any provision of this contract violates any statute or rule of law of the state of Washington, it is considered modified to conform to that statute or rule of law.

2.13. COPYRIGHT PROVISIONS

Unless otherwise provided, all Materials produced under this Contract shall be considered "works for hire" as defined by the U.S. Copyright Act and shall be owned by the Board. The Board shall be considered the author of such Materials. In the event the Materials are not considered "works for hire" under the U.S. Copyright laws, the Contractor hereby irrevocably assigns all right, title, and interest in all Materials, including all intellectual property rights, moral rights, and rights of publicity to the Board effective from the moment of creation of such Materials.

"Materials" means all items in any format and includes, but is not limited to, data, reports, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer programs, films, tapes, and/or sound reproductions. "Ownership" includes the right to copyright, patent, register and the ability to transfer these rights.

For Materials that are delivered under the Contract, but that incorporate pre-existing materials not produced under the Contract, the Contractor hereby grants to the Board a nonexclusive, royalty-free, irrevocable license (with rights to sublicense to others) in such Materials to translate, reproduce, distribute, prepare derivative works, publicly perform, and publicly display. The Contractor warrants and represents that the Contractor has all rights and permissions, including intellectual property rights, moral rights and rights of publicity, necessary to grant such a license to the Board.

The Contractor shall exert all reasonable effort to advise the Board, at the time of delivery of Materials furnished under this Contract, of all known or potential invasions of privacy contained therein and of any portion of such document which was not produced in the performance of this Contract. The Contractor shall provide the Board with prompt written notice of each notice or claim of infringement received by the Contractor with respect to any Materials delivered under this Contract. The Board shall have the right to modify or remove any restrictive markings placed upon the Materials by the Contractor.

2.14. DISALLOWED COSTS

The Contractor is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its Subcontractors.

2.15. DISPUTES

Except as otherwise provided in this Contract, when a dispute arises between the parties and cannot be resolved by direct negotiation, either party may request a dispute hearing with the Chair of the Board, who may designate a neutral person to decide the dispute.

The request for a dispute hearing must:

- be in writing;
- state the disputed issues;
- state the relative positions of the parties;
- state the Contractor's name, address, and Contract number; and
- be mailed to the Chair and the other party's (respondent's) Representative within three (3) working days after the parties agree that they cannot resolve the dispute.

The respondent shall send a written answer to the requestor's statement to both the Chair or the Chair's designee and the requestor within five (5) working days.

The Chair or designee shall review the written statements and reply in writing to both parties within ten (10) working days. The Chair or designee may extend this period if necessary by notifying the parties.

The decision shall not be admissible in any succeeding judicial or quasi-judicial proceeding.

The parties agree that this dispute process shall precede any action in a judicial or quasi-judicial tribunal.

Nothing in this Contract shall be construed to limit the parties' choice of a mutually acceptable alternate dispute resolution (ADR) method in addition to the dispute hearing procedure outlined above.

2.16. DUPLICATE PAYMENT

The Contractor certifies that work to be performed under this contract does not duplicate any work to be charged against any other contract, subcontract, or other source.

2.17. ETHICS/CONFLICTS OF INTEREST

In performing under this Contract, the Contractor shall assure compliance with the Ethics in Public Service Act (Chapter 42.52 RCW) and any other applicable state or federal law related to ethics or conflicts of interest.

2.18. GOVERNING LAW AND VENUE

This Contract shall be construed and interpreted in accordance with the laws of the state of Washington, and the venue of any action brought hereunder shall be in the Superior Court for Thurston County.

2.19. INDEMNIFICATION

To the fullest extent permitted by law, the Contractor shall indemnify, defend, and hold harmless the state of Washington, the Board, all other agencies of the state and all officers, agents and employees of the state, from and against all claims or damages for injuries to persons or property or death arising out of or incident to the Contractor's performance or failure to perform the Contract. The Contractor's obligation to indemnify, defend, and hold harmless includes any claim by the Contractor's agents, employees, representatives, or any Subcontractor or its agents, employees, or representatives.

The Contractor's obligation to indemnify, defend, and hold harmless shall not be eliminated by any actual or alleged concurrent negligence of the state or its agents, agencies, employees and officers.

Subcontracts shall include a comprehensive indemnification clause holding harmless the Contractor, the Board, the state of Washington, its officers, employees and authorized agents.

The Contractor waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend and hold harmless the state and its agencies, officers, agents or employees.

2.20. INDEPENDENT CAPACITY OF THE CONTRACTOR

The parties intend that an independent contractor relationship will be created by this Contract. The Contractor and its employees or agents performing under this Contract are not employees or agents of the state of Washington or the Board. The Contractor will not hold itself out as or claim to be an officer or employee of the Board or of the state of Washington by reason thereof, nor will the Contractor make any claim of right, privilege or benefit which would accrue to such officer or employee under law. Conduct and control of the work will be solely with the Contractor.

2.21. INDUSTRIAL INSURANCE COVERAGE

The Contractor shall comply with all applicable provisions of Title 51 RCW, Industrial Insurance. If the Contractor fails to provide industrial insurance coverage or fails to pay premiums or penalties on behalf of its employees as may be required by law, the Board may collect from the Contractor the full amount payable to the Industrial Insurance Accident Fund. The Board may deduct the amount owed by the Contractor to the accident fund from the amount payable to the Contractor by the Board under this Contract, and transmit the deducted amount to the Department of Labor and Industries, (L&I) Division of Insurance Services. This provision does not waive any of L&I's rights to collect from the Contractor.

2.22. LAWS

The Contractor shall comply with all applicable laws, ordinances, codes, regulations and policies of local and state and federal governments, as now or hereafter amended including, but not limited to:

Washington State Laws and Regulations

- A. Affirmative action, RCW 41.06.020 (11).
- B. Boards of directors or officers of non-profit corporations— Liability - Limitations, RCW 4.24.264.
- C. Disclosure-campaign finances-lobbying, Chapter 42.17 RCW.
- D. Discrimination-human rights commission, Chapter 49.60 RCW.
- E. Ethics in public service, Chapter 42.52 RCW.
- F. Housing assistance program, Chapter 43.185 RCW.
- G. Interlocal cooperation act, Chapter 39.34 RCW.
- H. Noise control, Chapter 70.107 RCW.
- I. Office of minority and women's business enterprises, Chapter 39.19 RCW and Chapter 326-02 WAC.
- J. Open public meetings act, Chapter 42.30 RCW.
- K. Prevailing wages on public works, Chapter 39.12 RCW.
- L. Public records act, Chapter 42.56 RCW.
- M. Relocation assistance - real property acquisition policy, Chapter 8.26 RCW.
- N. Shoreline management act of 1971, Chapter 90.58 RCW.
- O. State budgeting, accounting, and reporting system, Chapter 43.88 RCW.
- P. State building code, Chapter 19.27 RCW and Energy-related building standards, Chapter 19.27A RCW, and Provisions in buildings for aged and handicapped persons, Chapter 70.92 RCW.
- Q. State Coastal Zone Management Program, Publication 01-06-003, Shorelands and Environmental Assistance Program, Washington State Department of Ecology.
- R. State environmental policy, Chapter 43.21C RCW.
- S. State Executive Order 05-05 Archeological and Cultural Resources.

2.23. LICENSING, ACCREDITATION AND REGISTRATION

The Contractor shall comply with all applicable local, state, and federal licensing, accreditation and registration requirements or standards necessary for the performance of this Contract.

2.24. LIMITATION OF AUTHORITY

Only the Authorized Representative or Authorized Representative's designee by writing (designation to be made prior to action) shall have the express, implied, or apparent authority to alter, amend, modify, or waive any clause or condition of this Contract.

2.25. LOCAL PUBLIC TRANSPORTATION COORDINATION

Where applicable, Contractor shall participate in local public transportation forums and implement strategies designed to ensure access to services.

2.26. NONCOMPLIANCE WITH NONDISCRIMINATION LAWS

During the performance of this Contract, the Contractor shall comply with all federal, state, and local nondiscrimination laws, regulations and policies. In the event of the Contractor's non-compliance or refusal to comply with any nondiscrimination law, regulation or policy, this contract may be rescinded, canceled or terminated in whole or in part, and the Contractor may be declared ineligible for further contracts with the Board. The Contractor shall, however, be given a reasonable time in which to cure this noncompliance. Any dispute may be resolved in accordance with the "Disputes" procedure set forth herein.

2.27. POLITICAL ACTIVITIES

Political activity of Contractor employees and officers are limited by the State Campaign Finances and Lobbying provisions of Chapter 42-17 RCW and the Federal Hatch Act, 5 USC 1501 - 1508.

No funds may be used for working for or against ballot measures or for or against the candidacy of any person for public office.

2.28. PREVAILING WAGE LAW

The Contractor certifies that all contractors and subcontractors performing work on the Project shall comply with state Prevailing Wages on Public Works, Chapter 39.12 RCW, as applicable to the Project funded by this contract, including but not limited to the filing of the "Statement of Intent to Pay Prevailing Wages" and "Affidavit of Wages Paid" as required by RCW 39.12.040. The Contractor shall maintain records sufficient to evidence compliance with Chapter 39.12 RCW, and shall make such records available for the Board's review upon request.

2.29. PROHIBITION AGAINST PAYMENT OF BONUS OR COMMISSION

The funds provided under this Contract shall not be used in payment of any bonus or commission for the purpose of obtaining approval of the application for such funds or any other approval or concurrence under this Contract provided, however, that reasonable fees or bona fide technical consultant, managerial, or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as project costs.

2.30. PUBLICITY

The Contractor agrees not to publish or use any advertising or publicity materials in which the state of Washington or the Board's name is mentioned, or language used from which the connection with the state of Washington or the Board's name may reasonably be inferred or implied, without the prior written consent of the Board.

2.31. RECAPTURE

In the event that the Contractor fails to perform this contract in accordance with state laws, federal laws, and/or the provisions of this contract, the Board reserves the right to recapture funds in an amount to compensate the Board for the noncompliance in addition to any other remedies available at law or in equity.

Repayment by the Contractor of funds under this recapture provision shall occur within the time period specified by the Board. In the alternative, the Board may recapture such funds from payments due under this contract.

2.32. RECORDS MAINTENANCE

The Contractor shall maintain all books, records, documents, data and other evidence relating to this Contract and performance of the services described herein, including but not limited to accounting procedures and practices which sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this Contract. Contractor shall retain such records for a period of six years following the date of final payment.

If any litigation, claim or audit is started before the expiration of the six (6) year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been finally resolved.

2.33. REGISTRATION WITH DEPARTMENT OF REVENUE

If required by law, the Contractor shall complete registration with the Washington State Department of Revenue.

2.34. RIGHT OF INSPECTION

At no additional cost all records relating to the Contractor's performance under this Contract shall be subject at all reasonable times to inspection, review, and audit by the Board, the Office of the State Auditor, and federal and state officials so authorized by law, in order to monitor and evaluate performance, compliance, and quality assurance under this Contract. The Contractor shall provide access to its facilities for this purpose.

2.35. SAVINGS

In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this Contract and prior to normal completion, the Board may terminate the Contract under the "Termination for Convenience" clause, without the ten business day notice requirement. In lieu of termination, the Contract may be amended to reflect the new funding limitations and conditions.

2.36. SEVERABILITY

If any provision of this Contract or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Contract that can be given effect without the invalid provision, if such remainder conforms to the requirements of law and the fundamental purpose of this Contract and to this end the provisions of this Contract are declared to be severable.

2.37. SUBCONTRACTING

The Contractor may only subcontract work contemplated under this Contract if it obtains the prior written approval of the Board.

If the Board approves subcontracting, the Contractor shall maintain written procedures related to subcontracting, as well as copies of all subcontracts and records related to subcontracts. For cause, the Board in writing may: (a) require the Contractor to amend its subcontracting procedures as they relate to this Contract; (b) prohibit the Contractor from subcontracting with a particular person or entity; or (c) require the Contractor to rescind or amend a subcontract.

Every subcontract shall bind the Subcontractor to follow all applicable terms of this Contract. The Contractor is responsible to the Board if the Subcontractor fails to comply with any applicable term or condition of this Contract. The Contractor shall appropriately monitor the activities of the Subcontractor to assure fiscal conditions of this Contract. In no event shall the existence of a subcontract operate to release or reduce the liability of the Contractor to the Board for any breach in the performance of the Contractor's duties.

Every subcontract shall include a term that the Board and the State of Washington are not liable for claims or damages arising from a Subcontractor's performance of the subcontract.

2.38. SURVIVAL

The terms, conditions, and warranties contained in this Contract that by their sense and context are intended to survive the completion of the performance, cancellation or termination of this Contract shall so survive.

2.39. TAXES

All payments accrued on account of payroll taxes, unemployment contributions, the Contractor's income or gross receipts, any other taxes, insurance or expenses for the Contractor or its staff shall be the sole responsibility of the Contractor.

2.40. TERMINATION FOR CAUSE / SUSPENSION

In event the Board determines that the Contractor failed to comply with any term or condition of this Contract, the Board may terminate the Contract in whole or in part upon written notice to the Contractor. Such termination shall be deemed "for cause." Termination shall take effect on the date specified in the notice.

In the alternative, the Board upon written notice may allow the Contractor a specific period of time in which to correct the non-compliance. During the corrective action time period the Board may suspend further payment to the Contractor in whole or in part, or may restrict the Contractor's right to perform duties under this Contract. Failure by the Contractor to take timely corrective action shall allow the Board to terminate the Contract upon written notice to the Contractor.

"Termination for Cause" shall be deemed a "Termination for Convenience" when the Board determines that the Contractor did not fail to comply with the terms of the Contract or when the Board determines the failure was not caused by the Contractor's actions or negligence.

If the Contract is terminated for cause, the Contractor shall be liable for damages as authorized by law, including, but not limited to, any cost difference between the original contract and the replacement contract, as well as all costs associated with entering into the replacement contract (i.e., competitive bidding, mailing, advertising, and staff time).

2.41. TERMINATION FOR CONVENIENCE

Except as otherwise provided in this Contract the Board may, by ten (10) business days written notice, beginning on the second day after the mailing, terminate this Contract, in whole or in part. If this Contract is so terminated, the Board shall be liable only for payment required under the terms of this Contract for services rendered or goods delivered prior to the effective date of termination.

2.42. TERMINATION PROCEDURES

After receipt of a notice of termination, except as otherwise directed by the Board, the Contractor shall:

- A. Stop work under the Contract on the date, and to the extent specified, in the notice;
- B. Place no further orders or subcontracts for materials, services, or facilities related to the Contract;
- C. Assign to the State all of the rights, title, and interest of the Contractor under the orders and subcontracts so terminated, in which case the Board has the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts. Any attempt by the Contractor to settle such claims must have the prior written approval of the Board; and
- D. Preserve and transfer any materials, contract deliverables and/or the Board property in the Contractor's possession as directed by the Board.

Upon termination of the Contract, the Board shall pay the Contractor for any service provided by the Contractor under the Contract prior to the date of termination. The Board may withhold any amount due as the Board reasonably determines is necessary to protect the Board against potential loss or liability resulting from the termination. The Board shall pay any withheld amount to the Contractor if the Board later determines that loss or liability will not occur.

The rights and remedies of the Board under this section are in addition to any other rights and remedies provided under this Contract or otherwise provided under law.

2.43. WAIVER

Waiver of any default or breach shall not be deemed to be a waiver of any subsequent default or breach. Any waiver shall not be construed to be a modification of the terms of this Contract unless stated to be such in writing and signed by Authorized Representative of the Board.

ATTACHMENT I: SCOPE OF WORK

**PUBLIC WORKS BOARD
CONSTRUCTION LOAN PROGRAM**

«LegalName»

«LoanNumber»

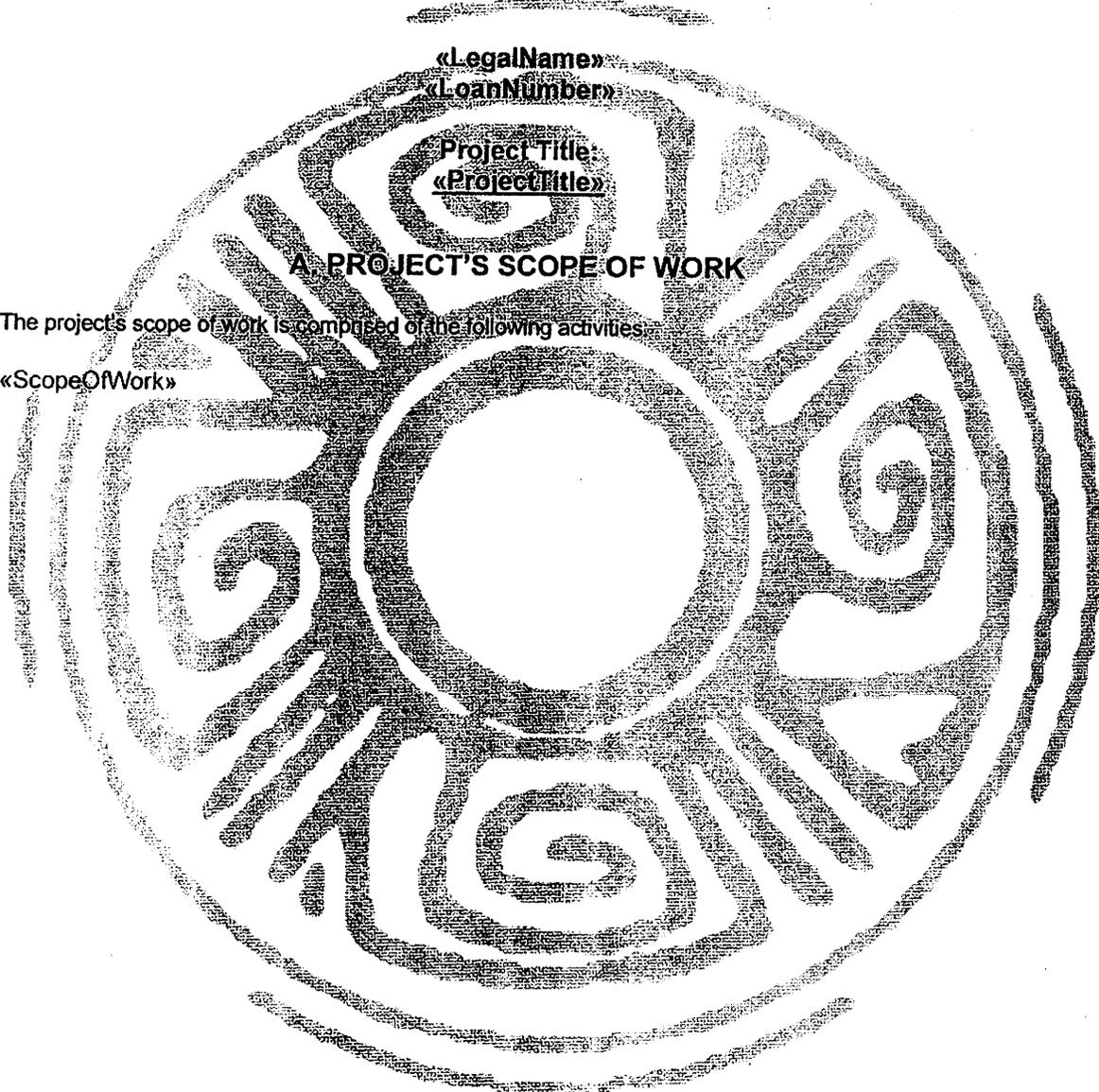
Project Title:

«ProjectTitle»

A. PROJECT'S SCOPE OF WORK

The project's scope of work is comprised of the following activities:

«ScopeOfWork»



B. ESTIMATED PROJECT COSTS

Cost Category	Amount
Engineering Report	\$«EngineeringReportEstCostExec»
Cultural and Historical Resources Review (Section 106 or Executive Order 05-05)	\$«CulturalHistoricalReviewEstCostExec»
Environmental Review	\$«EnvironmentalReviewEstCostExec»
Land/Right-of-Way Acquisition	\$«LandROWAcquisitionEstCostExec»
Permits	\$«PermitsObtainedEstCostExec»
Public Involvement/Information	\$«PublicInvolvementEstCostExec»
Bid Documents	\$«PrepareBidsEstCostExec»
Construction	\$«ConstructionEstCostExec»
Other Fees (Sales or Use Taxes)	\$«OtherFeesEstCostExec»
Contingency: «ContingencyPct»%	\$«ContingencyEstCostExec»
Other: «OtherActivity1CostDesc»	\$«OtherActivity1EstCostExec»
Other: «OtherActivity2CostDesc»	\$«OtherActivity2EstCostExec»
Other: «OtherActivity3CostDesc»	\$«OtherActivity3EstCostExec»
Other: «OtherActivity4CostDesc»	\$«OtherActivity4EstCostExec»
TOTAL ESTIMATED PROJECT COSTS	\$«ndbTotalEstimatedCostExec»

C. ANTICIPATED PROJECT FUNDING

Type of Funding	Source Description	Amount
Grants		
Grant #1	«Grant1SourceDesc»	\$«Grant1AmountExec»
Grant #2	«Grant2SourceDesc»	\$«Grant2AmountExec»
Grant #3	«Grant3SourceDesc»	\$«Grant3AmountExec»
Grant #4	«Grant4SourceDesc»	\$«Grant4AmountExec»
Total Grants		\$«ndbTotalGrantExec»
Loans		
This PWWF Loan Request	Public Works Board	\$«LoanAmountExec»
Other Loan #1	«OtherLoan1SourceDesc»	\$«OtherLoan1AmountExec»
Other Loan #2	«OtherLoan2SourceDesc»	\$«OtherLoan2AmountExec»
Other Loan #3	«OtherLoan3SourceDesc»	\$«OtherLoan3AmountExec»
Other Loan #4	«OtherLoan4SourceDesc»	\$«OtherLoan4AmountExec»
Total Loans		\$«ndbTotalLoansExec»
Local Revenue		
Local Revenue #1	«LocalRev1SourceDesc»	\$«LocalRev1AmountExec»
Local Revenue #2	«LocalRev2SourceDesc»	\$«LocalRev2AmountExec»
Local Revenue #3	«LocalRev3SourceDesc»	\$«LocalRev3AmountExec»
Local Revenue #4	«LocalRev4SourceDesc»	\$«LocalRev4AmountExec»
Local Revenue #5	«LocalRev5SourceDesc»	\$«LocalRev5AmountExec»
Total Local Revenue		\$«ndbTotalLocalRevExec»
Other Funds		
Other Funds #1	«OtherFunds1SourceDesc»	\$«OtherFunds1AmountExec»
Other Funds #2	«OtherFunds2SourceDesc»	\$«OtherFunds2AmountExec»
Total Other Funds		\$«ndbTotalOtherFundsExec»
TOTAL PROJECT FUNDING		\$«ndbTotalFundingExec»

ATTACHMENT II: ATTORNEY'S CERTIFICATION

PUBLIC WORKS BOARD
CONSTRUCTION LOAN PROGRAM

«LegalName»

«LoanNumber»

I, _____ hereby certify:

I am an attorney at law admitted to practice in the State of Washington and the duly appointed attorney of the «LegalName» (the Contractor); and

I have also examined any and all documents and records which are pertinent to the Contract, including the application requesting this financial assistance.

Based on the foregoing, it is my opinion that:

1. The Contractor is a public body, properly constituted and operating under the laws of the State of Washington, empowered to receive and expend federal, state and local funds, to contract with the State of Washington, and to receive and expend the funds involved to accomplish the objectives set forth in their application.
2. The Contractor is empowered to accept the Public Works Trust Fund financial assistance and to provide for repayment of the loan as set forth in the Contract.
3. There is currently no litigation in existence seeking to enjoin the commencement or completion of the above-described public facilities project or to enjoin the Contractor from repaying the Public Works Trust Fund loan extended by the Public Works Board with respect to such project. The Contractor is not a party to litigation which will materially affect its ability to repay such loan on the terms contained in the Contract.
4. Assumption of this obligation would not exceed statutory and administrative rule debt limitations applicable to the Contractor.

Signature of Attorney

Date

Name

Address

«LegalName»
«LoanNumber»

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Construction Loan Contract

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August 23, 2011

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

Dear Councilmember Gossett:

This letter transmits an ordinance to finance the replacement of the Wastewater Treatment Division's Ballard Siphon, an important project for protecting our region's water quality.

The ordinance authorizes a loan agreement with the Washington State Public Works Board for \$10 million with an annual interest rate of 0.5 percent and a term of 20 years. This low-interest loan will save King County \$13.4 million in interest compared to conventional bond financing with a higher interest rate and longer term. In addition to this loan, the Ballard Siphon project has also received a loan from the Washington State Department of Ecology State Revolving Fund.

The existing Ballard Siphon is undersized and has reached the end of its expected useful life. The siphon conveys wastewater from northwest Seattle to the wastewater conveyance system south of the Ship Canal. The wastewater is then conveyed for treatment to the West Point Treatment Plant.

Replacing and increasing the capacity of the Ballard Siphon will help eliminate potential wastewater spills. The project is also designed to reduce combined sewer overflow (CSO) events. When complete, the project will protect and improve water quality in the Ship Canal and Salmon Bay. This project supports King County's agreement with the Environmental Protection Agency to reduce sewer overflows and supports King County's objective to protect Puget Sound.

The Ballard Siphon project also meets the goals of the Puget Sound Partnership Action Agenda by reducing the sources of water pollution into the Ship Canal and Salmon Bay. The completion of this project will address two of the six primary objectives of the Action:

- Prevent pollutants from being introduced into the Puget Sound ecosystem to decrease the loadings from toxics, nutrients, and pathogens; and

The Honorable Larry Gossett

August 23, 2011

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- Prioritize and complete upgrades to wastewater treatment facilities to reduce pollutant loading.

If you would like additional information, please feel free to contact Pam Elardo, P.E., Division Director of the Wastewater Treatment Division in the Department of Natural Resources and Parks, at 206-684-1236, or at pam.elardo@kingcounty.gov.

Thank you for your consideration. I urge you to support this proposed ordinance.

Sincerely,

Dow Constantine
King County Executive

Enclosures

cc: King County Councilmembers
 ATTN: Acting Chief of Staff
 Anne Noris, Clerk of the Council
Carrie Cihak, Director of Policy and Strategic Initiatives, King County Executive
 Office
Dwight Dively, Director, Office of Performance, Strategy and Budget
Christie True, Director, Department of Natural Resources and Parks (DNRP)
Pam Elardo, P.E., Division Director, Wastewater Treatment Division, DNRP

FISCAL NOTE

Ordinance/Motion No. 2011-0369
 Title: Ballard Siphon Public Works Trust Fund (PWTF) Loan Funding
 Affected Agency and/or Agencies: Wastewater Treatment Division, Department of Natural Resources and Parks
 Note Prepared By: Steve Baruso
 Note Reviewed By: Tom Lienesch

Impact of the above legislation on the fiscal affairs of King County is estimated to be:

Revenue:

Fund/Agency	Fund Code	Revenue Source	2011	2012	2013	2014-2053
Water Quality Capital Improvement Fund/Wastewater	4616	WA State Public Works Trust Fund Loan	300,000	4,500,000	4,500,000	700,000
Water Quality Capital Improvement Fund/Wastewater	4616	Revenue Bond Proceeds	(300,000)	(4,500,000)	(4,500,000)	(700,000)
TOTAL			0	0	0	0

Expenditures:

Fund/Agency	Fund Code	Department Code	2011	2012	2013	2014-2051
Water Quality Fund - PWTF Debt Service	4616	DNRP	0	1,500	252,500	10,253,091
Water Quality Fund - Sewer Revenue Bond Debt Service Reduction	4616	DNRP	(18,453)	(316,688)	(608,394)	(23,647,470)
TOTAL			(18,453)	(315,188)	(355,894)	(13,394,379)

Expenditures by Category

	2011	2012	2013	2014-2051
Salaries & Benefits				
Supplies and Services				
Capital Outlay				
Other: Debt Service Payments	(18,453)	(315,188)	(355,894)	(13,394,379)
TOTAL	(18,453)	(315,188)	(355,894)	(13,394,379)

Assumptions: