RESOLUTION NO. 17-045

A RESOLUTION AUTHORIZING AMENDMENT NO. 1 TO THE METHOW FISH HATCHERY CHELAN-DOUGLAS INTERLOCAL COOPERATIVE AGREEMENT

RECITALS:

1) Resolution 15-109 approved a new Interlocal Cooperative Agreement with Public Utility District No. 1 of Chelan County (Chelan) for fish rearing at Methow Fish Hatchery. This Agreement did not include the use of the Chewuch Acclimation Pond.

2) Chelan has determined that they need to acclimate their spring Chinook in the Chewuch Acclimation Pond and the District is not currently using that pond. District staff has negotiated Amendment No. 1 to the Interlocal Cooperative Agreement that is in the best interests of both utilities.

3) It is in the best interest of the District to approve Amendment No. 1 to the Methow Fish Hatchery Chelan-Douglas Interlocal Cooperative Agreement.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Douglas County, Washington, that the District's General Manager is hereby authorized and directed to issue Amendment No. 1 to the Methow Fish Hatchery Interlocal Cooperative Agreement.

ADOPTED this 27th day of March, 2017.

Ronald E. Skagen, President

Aaron J. Viebrock, Vice President

ATTEST:

Molly Simpson, Secretary

MEMORANDUM

TO: Bill Dobbins

FROM: Shane Bickford

DATE: March 15, 2017

SUBJECT: Chelan-Douglas Interlocal Cooperative Agreement – Methow Fish Hatchery – Amendment No. 1

Resolution 15-109 approved a new Interlocal Cooperative Agreement with Public Utility District No. 1 of Chelan County (Chelan). This new Agreement allows Chelan PUD to reimburse Douglas PUD for the rearing of their spring Chinook at the District's Methow Hatchery. However, this Agreement did not include the use of the District's three acclimation ponds. Chelan has now determined that they also need to acclimate their spring Chinook at the Chewuch Acclimation Pond. The District is currently not acclimating any of its or Grant PUD's fish in that pond. Chelan's use of the Chewuch Pond will reduce the District's costs through reimbursement of the Chewuch Canal Company annual fee, will maintain a valid use for the water rights in place for that pond, will not encumber the District with additional maintenance, operation or capital construction costs, and will provide stability to the spring Chinook hatchery programs in the Methow Basin.

In order to allow Chelan to acclimate their fish in the District's Chewuch Acclimation Pond, at no cost to the District and with the District regaining full ownership rights of the pond, an amendment to the 2015 Interlocal Cooperative Agreement is required. District staff has negotiated Amendment No. 1 to the Interlocal Cooperative Agreement that is in the best interests of both utilities.

It is in the best interest of the District to approve Amendment No. 1 to the Chelan-Douglas Methow Fish Hatchery Interlocal Cooperative Agreement.

AMENDMENT NO. 1 TO CHELAN-DOUGLAS METHOW HATCHERY INTERLOCAL COOPERATIVE AGREEMENT

Public Utility District No. 1 of Douglas County, Washington ("Douglas PUD"), and Public Utility District No. 1 of Chelan County ("Chelan PUD"), hereby amend certain portions of the Chelan-Douglas Methow Hatchery Interlocal Cooperative Agreement dated June 16, 2015 by Chelan PUD, and June 22, 2015 by Douglas PUD (the "Agreement"), on the terms and conditions set forth, below (the "Amendment").

Pursuant to Section 13 of the Chelan-Douglas Methow Hatchery Interlocal Cooperative Agreement, the following amendment are hereby incorporated into this Agreement. Except as modified herein, all other terms and conditions of the Agreement shall remain unchanged.

1. PURPOSE.

The purpose of this Amendment No. 1 is to allow Chelan PUD to final acclimate spring Chinook at the Douglas PUD-owned Chewuch Acclimation Pond, located on the Chewuch River. Notwithstanding any other provisions of this Amendment, Douglas shall retain full ownership of the Chewuch Acclimation Pond.

2. TERM AND TERMINATION.

The term of this Amendment shall be consistent with the term of the Agreement, unless this Amendment is terminated earlier as set forth in Section 2.1 or Section 2.2, below.

2.1 Mutual Agreement to Terminate.

By mutual written agreement, the Parties may terminate this Amendment at any time provided that fish health and welfare is not compromised at the Chewuch Acclimation Pond.

2.2 Unilateral Termination.

Either Party may terminate the provisions of this Amendment with at least 1 year notice.

3. SERVICES PROVIDED BY DOUGLAS.

Douglas PUD will maintain the agreement "Easement Agreement with Chewuch Canal Company Regarding Ditch Facilities and Water Supply" between the Public Utility District No. 1 of Douglas County, Washington and the Chewuch Canal Company, a Washington Corporation, to provide water to the pond.

4. PRICE.

Chelan PUD shall reimburse Douglas PUD for the annual fee charged by the Chewuch Canal Company to provide water to the pond.

5. ACCLIMATION POND IMPROVEMENTS, MAINTENANCE, AND DAMAGE

Douglas retains full ownership of the Chewuch Acclimation Pond. Douglas shall have no obligation to make any infrastructure improvements to accommodate Chelan PUD's program. Any physical modifications, maintenance, and/or additions to the Douglas-owned Chewuch Acclimation Pond and desired by Chelan PUD will be the responsibility of Chelan PUD and will require pre-approval, in writing, from Douglas PUD prior to any improvements being made. Any permanent improvements made to the Chewuch Acclimation Pond shall become the property of Douglas, subject to Chelan PUD's rights to use the improvements under the terms of the Agreement and this Amendment. Any non-permanent Improvements shall be removed by Chelan PUD on or before the earlier of: (i) termination of this Amendment, or (ii) termination of the Agreement.

Notwithstanding anything to the contrary in Section 11 of the Agreement, Chelan PUD will be responsible for all maintenance and repairs to any damage arising from Chelan PUD's activities at the Chewuch Acclimation Pond, shall keep it in good working order throughout the term of this Amendment, and shall return the same in its like condition at termination. Chelan PUD shall notify Douglas PUD of damage or proposed modifications prior to implementing said actions. Douglas PUD shall have no obligation to maintain the Chewuch Acclimation Pond during the term of this Amendment other than as set forth in Section 3 of this Amendment.

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

PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON	PUBLIC UTILITY DISTRICT NO. 1 OF DOUGLAS COUNTY, WASHINGTON
By: _____	By: _____
Title: Fish and Wildlife Manager	Title: General Manager
Date: 3/21/17	Date: March 27, 2017