

Special Meeting Agenda

PUD Board of Commissioners

Tuesday, March 14, 2023 10:00 AM
310 Four Corners Rd.
Port Townsend, WA 98368
and online via Zoom



To join online go to: <https://zoom.us/my/jeffcopud>. Follow the instructions to login. Meetings will open 10 minutes before they begin. TOLL FREE CALL IN #: 833-548-0282, Meeting ID# 4359992575#. Use *6 to mute or unmute. *9 to raise a hand to request to begin speaking.

1. Call to Order

JPUD will be offering both virtual on-line meetings as well as in-person meetings, unless advance notice is provided. In person attendance will be limited to provide sufficient space and masking is encouraged. Online participant audio will be muted upon entry. Please unmute at the appropriate time to speak. If you are calling in, use *6 to mute and unmute and *9 to raise a hand to request to speak.

2. Agenda Review

Recommended Action: Approve a Motion to adopt agenda as presented

3. Broadband Business Model Review

2 - 17

[Broadband Projects Business Model Review.pdf](#) 

4. 5 Way Agreement Approval

18 - 40

[_2023 02 01 Revised and Simplified Multi-Party Agreement with EDC Team Jefferson - Version 5.docx](#) 

5. Manager's Report

6. Adjourn



**Jefferson County
Public Utility District**

Broadband Business Model Review

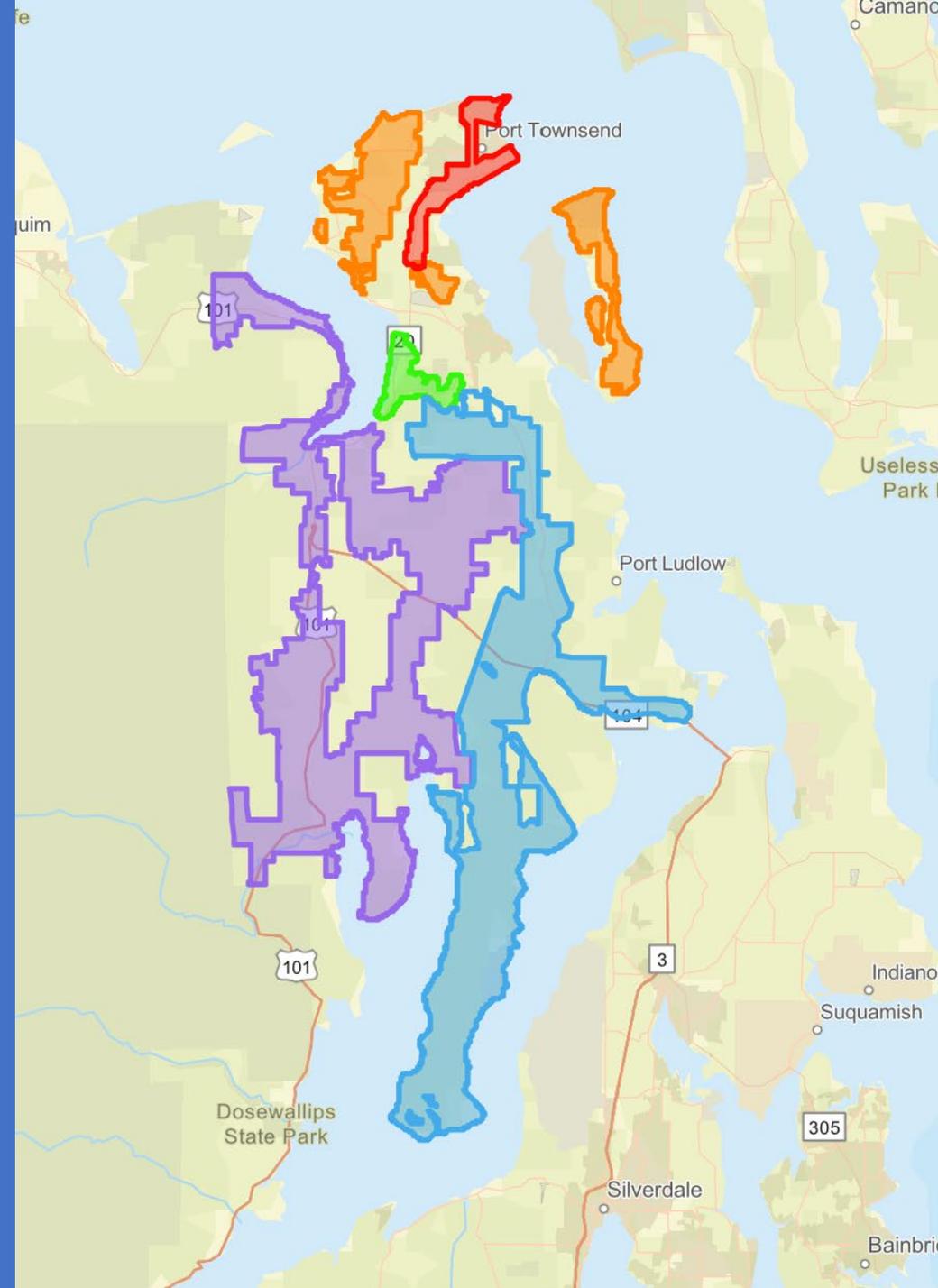
Will O'Donnell

Broadband and Communications Director

Doug Dawson

President, CCG Consulting

March 14 2023



Presentation Summary

Grant Projects Summary

Business Model Projections

Loan Payback Schedule

Rate and Policy Changes

Project Areas	Discovery Bay East	Olympic Fiber	Jefferson North	PT Business District	SE Jeff Co	Inbetweens	funded subtotal	Total [projects
FUNDER	PWB	NTIA/WSBO	WSBO	PWB Loan	USDA RUS/WSBO	WSBO		
status	Awarded, contract signed	Awarded, contract signed	Awarded, contract signed	Awarded, contract signed	Submitted Nov 22	submitted Jan 23		
Residential Passings	74	1,558	1,071	0	941	719	2703	4363
Business Passings	0	37	6	375	3		418	421
Est. Take Rate	70%	60%	60%	60%	65%	60%	63%	63%
Customers	52	935	646	225	653	431	1857.8	2,942
Miles of Fiber	8.3	240	100	47	100	48.6	395.3	543.9
Fed/State Grant	\$1,096,046	\$3,411,426	\$9,718,934	0	\$9,202,232	\$6,087,687	\$14,226,406	\$25,444,517
State/Local Match	0	\$8,150,966	\$750,000	0	\$4,601,116	0	\$8,900,966	\$10,397,021
Loan	0	0	0	\$1,839,295	\$4,601,116	0	\$1,839,295	\$6,440,441
PUD Cash match	0	\$629,085	\$965,106	\$204,366	0	0	\$1,798,557	\$1,798,557
Total Funding	\$1,096,046	\$12,191,477	\$11,434,040	\$2,043,661	\$18,404,464	\$6,087,687	\$26,765,224	\$51,257,375

Item	Discovery Bay East	Olympic Fiber Corridor	Jefferson North	PT Business District	Southeast Jefferson County	Inbetweens	funded subtotal	total all
Abbreviation	DBE	OFC	JN	PTB	SJC	IBT		
Pre-costs	\$0	\$110,000	\$0	\$0	\$60,000		\$110,000	\$170,000
Engineering	\$232,938	\$1,254,310	\$1,112,329	\$146,335	\$2,226,583	\$931,094	\$2,745,912	\$5,903,589
Fiber Distribution	\$472,139	\$7,385,121	\$7,415,530	\$1,288,258	\$10,566,289	\$4,138,466	\$16,561,048	\$31,265,803
Fiber Drops	\$132,240	\$1,046,457	\$1,423,784	\$308,934	\$1,992,358	\$616,761	\$2,911,415	\$5,520,534
Customer Electronics	\$52,560	\$856,992	\$394,060	\$90,000	\$485,683	\$174,986	\$1,393,612	\$2,054,281
Core Electronics	\$106,831	\$284,137	\$150,000	\$210,134	\$306,232	\$50,857	\$751,102	\$1,108,191
Core Buildings	\$0	\$163,506	\$0	\$0	\$115,000		\$163,506	\$278,506
Admin	\$28,217	\$222,840	\$0	\$0	\$0		\$251,057	\$251,057
Contingency	\$71,121	\$868,114	\$938,337	\$0	\$2,652,319	\$175,523	\$1,877,572	\$4,705,414
subtotal	\$1,096,046	\$12,191,477	\$11,434,040	\$2,043,661	\$18,404,464	\$6,087,687	\$26,765,224	\$51,257,375

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State/Local Match	0	\$8,150,966	\$750,000	0	\$4,601,116	0	\$8,900,966	\$10,397,021
Loan	0	0	0	\$1,839,295	\$4,601,116	0	\$1,839,295	\$6,440,441
PUD Cash match	0	\$629,085	\$965,106	\$204,366	0	0	\$1,798,557	\$1,798,557
Total Funding	\$1,096,046	\$12,191,477	\$11,434,040	\$2,043,661	\$18,404,464	\$6,087,687	\$26,765,224	\$51,257,375
Reimbursements			\$750,000					\$ 750,000
12/16/2022		\$907,770.01	\$266,677.19					\$ 1,174,447
3/10/2023		\$586,799.83	\$ 42,814.19	\$206,640.69				\$ 836,255
								\$ -
								\$ -
Total Billed		\$ 1,494,570	\$1,059,491	\$206,640.69				\$ 2,760,702
Total Received		\$907,770.01	\$1,016,677					\$ 1,924,447
Balance	\$1,096,046	\$10,696,907	\$10,374,549	\$1,837,020	\$18,404,464	\$6,087,687	\$26,765,224	\$48,496,673

FTTP Registrations as of 3/10/23

SP Areas	Passings	TR Goal	Sign-Ups	% Passings
OFC	1558	935	719	46%
JN	1071	646	512	48%
DBE	74	52	61	82%
PTB	375	225	160	42%
Total	3078	1858	1452	47%

BUSINESS PLAN REVENUE PROJECTIONS

	2022	2023	2024	2025	2026	2027
<u>Operating Revenue</u>						
Telephone Revenue	0	3,820	61,920	119,700	150,360	170,280
Broadband Revenue	0	61,750	1,080,540	2,260,062	3,032,382	3,511,191
Open Access Revenue	0	30,620	231,210	343,550	390,680	418,960
Installation Revenue	0	57,600	144,000	0	0	0
Miscellaneous Revenue	0	1,445	6,460	4,165	3,145	1,615
Existing Revenue	13,056	13,056	13,056	13,056	13,056	13,056
Total Revenues	13,056	168,291	1,537,186	2,740,533	3,589,623	4,115,102
Less Bad Debt:	0	(2,010)	(34,468)	(71,518)	(95,577)	(110,493)
Net Revenues	13,056	166,281	1,502,718	2,669,015	3,494,046	4,004,609

BUSINESS PLAN EXPENSE PROJECTIONS

<u>Operating Expenses</u>	2022	2023	2024	2025	2026	2027
Cost of Goods Sold	0	1,444	25,308	50,103	62,146	70,661
Vehicle Expense	0	6,663	13,658	14,000	14,350	14,708
Tools & Equipment	0	680	2,081	2,122	2,165	2,208
Building Maintenance	400	1,000	1,500	1,750	2,000	2,250
Computer	0	2,380	4,203	4,308	4,415	4,526
Network Maintenance	0	374,939	482,725	554,253	606,025	657,541
Maintenance Contracts	0	314	6,755	14,278	20,225	23,457
Interconnection Expense	0	768	2,874	1,564	1,194	654
Internet Backbone	0	4,263	18,963	12,288	9,263	76,713
Help Desk Expense	0	2,396	52,800	112,224	156,527	181,791
Advertising	0	68,200	303,400	196,600	148,200	67,700
Customer Service	0	20,815	52,481	53,793	55,138	56,516
Billing	0	1,758	21,428	41,487	56,112	65,498
Software Maintenance	2,220	4,561	4,675	4,792	4,912	5,035
General Accounting	0	15,000	15,450	15,914	16,391	16,883
Consultants	90,000	90,000	40,000	30,000	25,000	25,750
Allocated PUD Overheads	0	20,900	432,814	869,847	1,137,158	1,294,505
State B&O Tax	235	3,029	27,434	49,095	64,378	73,837
Total Operating Expenses	92,855	619,109	1,508,549	2,028,416	2,385,598	2,640,232

YEARLY VS CUMULATIVE EBITDA



Statement of Cash Flow

	2022	2023	2024	2025	2026	2027
Net Cash Provided by Operations:	(72,952)	(434,986)	(107,946)	440,492	885,200	1,163,997
Capital Assets	(4,477,141)	(16,400,525)	(18,056,669)	(8,303,284)	(4,928,816)	(1,084,114)
Capitalized Software	(76,500)	0	0	0	0	0
Federal Grants	859,587	1,826,838	4,129,465	3,702,707	2,112,251	0
State Grants	3,102,955	11,622,276	11,242,532	2,671,933	1,056,125	0
County Grants	80,960	329,880	311,811	27,348	0	0
PWB Loan	24,389	1,733,815	133,514	0	0	0
Reconnect Federal Loan	0	60,178	1,670,665	1,814,148	1,056,125	0
PUD Matching Funds	262,693	739,177	546,577	48,914	0	0
Principal Payments	0	0	(141,886)	(280,713)	(331,407)	(339,541)
Customer Connections	0	0	0	2,025	85,000	172,500
Property Tax Revenue	237,307	0	0	451,086	500,000	500,000
Net Increase (Decrease) in Cash	(58,701)	(523,346)	(271,937)	574,657	434,477	412,842
Cash, beginning of period	0	(58,701)	(582,047)	(853,984)	(279,328)	155,150
Cash, end of period	(58,701)	(582,047)	(853,984)	(279,328)	155,150	567,992

Balance Sheet

Assets

	2022	2023	2024	2025	2026	2027
Operating Cash Fund	(58,701)	(582,047)	(853,984)	(279,328)	155,150	567,992
Accounts Receivable	1,088	54,662	128,099	228,378	299,135	342,925
Land	0	0	0	0	0	0
Vehicles	170,000	344,250	344,250	344,250	344,250	366,589
Tools and Inventory	25,000	75,000	75,000	75,000	75,000	75,000
Buildings	163,506	163,506	278,506	278,506	278,506	278,506
Furniture	0	7,500	7,500	7,500	7,500	7,500
Computers	0	12,875	12,875	12,875	12,875	12,875
Customer CPE	0	0	0	0	0	0
Core Fiber Electronics	434,137	801,959	1,108,191	1,108,191	1,108,191	1,108,191
ONTs	0	284,531	1,316,367	1,853,392	2,326,226	2,568,074
Fiber Drops	0	518,105	3,111,741	4,868,422	6,139,082	6,789,009
Fiber Network	3,684,498	18,669,940	32,679,905	38,689,483	41,874,806	41,874,806
Capitalized Software	76,500	76,500	76,500	76,500	76,500	76,500
Less Accumulated Amortization	0	(7,650)	(15,300)	(22,950)	(30,600)	(38,250)
Less Accumulated Depreciation	(64,058)	(622,241)	(2,439,794)	(4,632,440)	(7,060,065)	(9,377,177)
Total Assets	4,431,970	19,796,889	35,829,856	42,607,780	45,606,556	44,652,540

Liabilities

Loan Liability	24,389	1,818,382	3,480,675	5,014,110	5,738,829	5,399,288
Accounts Payable	7,948	83,644	132,144	181,464	214,239	234,780
Total Liabilities	32,337	1,902,026	3,612,819	5,195,574	5,953,067	5,634,068

Owners' Equity

Paid-in Capital	500,000	1,239,177	1,785,754	2,287,779	2,872,779	3,545,279
Grants	4,043,503	17,822,497	33,506,305	39,908,294	43,076,670	43,076,670
Retained Earnings	(143,870)	(1,166,810)	(3,075,022)	(4,783,868)	(6,295,960)	(7,603,477)
Total Owners' Equity	4,399,633	17,894,864	32,217,037	37,412,206	39,653,489	39,018,472

PWB Loan 1 – 15 Years - 0.42% Interest rate

Year	Amount Borrowed	Interest Expense	Principal	Remaining Balance
2022	24,389	13	0	24,389
2023	1,733,815	4,278	0	1,758,204
2024	133,514	7,945	141,886	1,749,832
2025	133,514	7,349	142,482	1,607,351
2026		6,751	143,080	1,464,271
2027		6,150	143,681	1,320,590
2028		5,546	144,284	1,176,306
2029		4,940	144,890	1,031,415
2030		4,332	145,499	885,916
2031		3,721	146,110	739,806
2032		3,107	146,724	593,083
2033		2,491	147,340	445,743
2034		1,872	147,959	297,784
2035		1,251	148,580	149,204
2036		627	149,204	(0)

USDA ReConnect Loan – 20 Years – 4% Interest Rate				
Year	Amount Borrowed	Interest Expense	Principal	Remaining Balance
2023	60,178	501	0	60,178
2024	1,670,665	69,234	0	1,730,843
2025	1,814,148	141,800	138,231	3,406,760
2026	1,056,125	178,515	188,327	4,274,558
2027		170,982	195,860	4,078,698
2028		163,148	203,695	3,875,003
2029		155,000	211,842	3,663,160
2030		146,526	220,316	3,442,844
2031		137,714	229,129	3,213,716
2032		128,549	238,294	2,975,422
2033		119,017	247,826	2,727,596
2034		109,104	257,739	2,469,857
2035		98,794	268,048	2,201,809
2036		88,072	278,770	1,923,039
2037		76,922	289,921	1,633,118
2038		65,325	301,518	1,331,600
2039		53,264	313,579	1,018,021
2040		40,721	326,122	691,900
2041		27,676	339,167	352,733
2042		14,109	352,733	0

Rate Changes Since Last Meeting

Remove Language
“Point to Point” “Optical”

Transport Priced Per Port

Port Speed for Mesh Router

Policy Changes Since Last Meeting

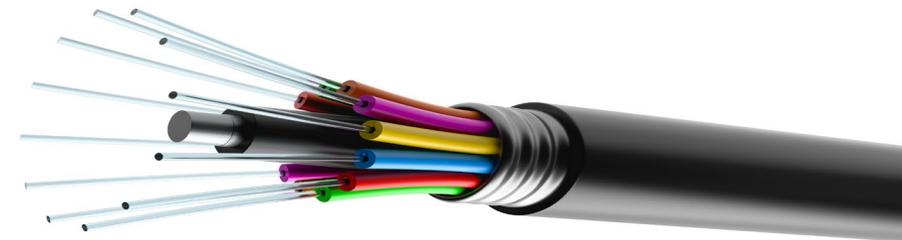
Added, Refined Eligibility
Items

Defined process/purpose for
Master Service Agreement

Added Service Standards
Section

Placeholder Added for
Service Order Section

Questions?



AGREEMENT FOR ECONOMIC DEVELOPMENT SERVICES

EDC TEAM JEFFERSON, JEFFERSON COUNTY, PORT OF PORT TOWNSEND, CITY OF PORT TOWNSEND, AND JEFFERSON COUNTY PUBLIC UTILITY DISTRICT #1

This Agreement for Economic Development Services (“this Agreement”) is entered into between Jefferson County, having its principal offices at P.O. Box 1220, Port Townsend, WA 98368 (“County”), the Port of Port Townsend, having its principal offices at 2701 Jefferson Street, Port Townsend, WA 98368 (“Port”), the City of Port Townsend, having its principal offices at 250 Madison Street, Port Townsend, WA 98368 (“City”), Jefferson County Public Utility District No. 1, having its principal offices at 210 4 Corners Rd, Port Townsend, WA 98368 (“PUD”), and Economic Development Council of Jefferson County (UBI Number: 603 095 546), a 501(c)(6) tax exempt organization registered with Washington State as a non-profit corporation, having its principal offices at 385 Benedict Street, Suite 2A, Port Townsend, WA 98368 (“EDC Team Jefferson”), collectively “the Parties.” The County, Port, City and PUD shall collectively be called “the Government Parties.”

Upon execution of this Agreement by all of the parties, EDC Team Jefferson and the County agree that the AGREEMENT FOR ECONOMIC DEVELOPMENT SERVICES EDC Team Jefferson, Years 2020-2024 between the County and EDC Team Jefferson shall terminate.

- 1. TERM.** This Agreement shall commence , beginning January 1, 2023 (the “effective date”) and continuing until December 31, 2027, unless amended pursuant to Section 8 or terminated earlier pursuant to Section 12. To facilitate philanthropic fund raising a review will be conducted during year three of this Agreement to determine whether a new five-year agreement should be executed.
- 2. SCOPE OF SERVICES TO BE PERFORMED BY EDC TEAM JEFFERSON.** Consistent with total revenue and in-kind support, EDC Team Jefferson shall provide economic development services during the term of this Agreement as described in “**ATTACHMENT 1: SCOPE OF SERVICES**,” which is attached and is incorporated by reference.
- 3. GOVERNANCE STRUCTURE.**
 - A. EDC Team Jefferson Board of Directors.
 - ☐ The EDC Team Jefferson Board of Directors shall have at least 13 and up to 15 members, comprised of at least 9 business seats, and at least 4 government seats including one each for the County, Port, City and PUD. The parties agree that:
 - Each of the 4 government party seats shall be appointed by its respective legislative body;
 - The members of the EDC Team Jefferson Board appointed by the legislative body of a government party (“government board members”) shall not be

subject to any term limits that may otherwise be established by EDC Team Jefferson's Bylaws;

- The 9 or more remaining seats of the EDC Team Jefferson Board shall be business seats appointed by the EDC Team Jefferson Board, consistent with EDC Team Jefferson's Bylaws.

☐ The EDC Team Jefferson Board shall appoint the 9 or more business seats to represent diverse business sectors or experience and skills to support the mission and success of EDC Team Jefferson.

☐ By way of example, initial sectors on the EDC Team Jefferson Board might be drawn from, but not be limited to:

- Marine Trades;
- Technology;
- Broadband/Information Technology;
- Real estate development;
- Entrepreneurs;
- Healthcare;
- Chamber of Commerce;
- Non-profit organizations;
- Agriculture; or,
- Aquaculture.

☐ In appointing the 9 or more business seats, the EDC Team Jefferson Board shall strive for geographic diversity, and shall have at least 2 seats from each Jefferson County Commissioner District filled by individuals whose residence or place of business is in that District.

☐ The EDC Team Jefferson Board shall strive for racial and gender diversity in the makeup of the EDC Team Jefferson Board.

B. Public Sector Cabinet. The Government Parties shall maintain a Public Sector Cabinet, including the chief administrative officers of the Government Parties, plus the EDC Team Jefferson's Executive Director and Board President. The Public Sector Cabinet may be expanded to include other public sector entities, as may mutually be agreed by the parties.

The Public Sector Cabinet may:

- ☐ Help EDC Team Jefferson staff develop and modify work programs and economic development strategies;
- ☐ Help staff to project revenues and expenditures, and develop budget proposals;
- ☐ Make recommendations to the EDC Team Jefferson Board;
- ☐ Recommend metrics to track and report;
- ☐ Monitor the effectiveness of EDC Team Jefferson’s economic development services;
- ☐ Monitor performance under this Agreement; or,
- ☐ Perform other functions as mutually agreed, or as requested by the EDC Team Jefferson Board.

EDC Team Jefferson shall provide the necessary personnel to staff the Public Sector Cabinet. The Public Sector Cabinet shall be chaired by the Jefferson County Administrator, or other government party’s member of the Cabinet that the County Administrator may designate from time to time. Upon the request of any member of the Public Sector Cabinet, a meeting of the Public Sector Cabinet should be convened within 10 business days, unless scheduling conflicts require more time.

4. METRICS, COMMUNICATION AND ACCOUNTABILITY. The parties agree on the need for performance and outcome metrics of EDC Team Jefferson’s Associate Economic Development (“ADO”) and economic development work, effective communications about EDC Team Jefferson’s activities and metrics, and enhanced accountability so adjustments can be timely made to strengthen EDC Team Jefferson’s economic development services.

A. Metrics. EDC Team Jefferson shall track and report on a variety of metrics including those that track EDC Team Jefferson’s services and their effectiveness, and another set of metrics that track the health of Jefferson County’s economy over time. Metrics shall be selected and periodically adjusted in consultation with the Public Sector Cabinet. By way of example, such metrics may include a number of the following:

- ☐ Metrics on EDC Team Jefferson Activities and Effectiveness, including but not limited to:
 - Metrics reported to the Washington State Department of Commerce;
 - List and outcomes of Business Retention and Expansion (“BRE”) activities;
 - List and outcomes of Business Assistance activities;

- List and outcomes of meetings/activities with community partners;
- List of Classes offered, attendance rates, feedback reports/rates;
- List of Active Business Leads; and,
- Surveys of business owners/managers regarding needed services by EDC Team Jefferson, and effectiveness of services provided;

☐ Metrics on the health of Jefferson County’s Economy, including but not limited to:

- Special studies of Jefferson County’s overall economy, or of particular business sectors, as may be commissioned by EDC Team Jefferson or others;
- An annual Economic Vitality Index report, if available;
- State, federal, local, and industry association data on employment, unemployment rates, historical labor force, historical employment, historical unemployed and unemployment rate, residential and commercial building permit activity, per capita personal income, taxable retail sales by sector, median resale home price, housing affordability index, etc.; and,
- In gathering this information, particular effort shall be made to track trends in family-wage jobs, economic disparities, structural impediments to economic development (such as housing affordability, availability of childcare, infrastructure, etc.) and how the community is doing in maintaining and improving its economy, community well-being, and environmental quality.

B. Communication. EDC Team Jefferson shall periodically gather input as may be provided in its annual work program, and shall regularly report out its activities and the state of the economy as follows:

☐ On a semi-annual basis, or more frequently, as may be determined in consultation with the Public Sector Cabinet, EDC Team Jefferson shall provide the County, Port, City and PUD with written reports on the metrics of EDC Team Jefferson’s activities as determined above and the reports shall be available to the public on the EDC’s web site within 5 business days after the date they are provided to the governments, or earlier;

☐ EDC Team Jefferson shall provide the County, Port, City and PUD with copies of its annual report to Commerce in July of each year, and post them on EDC’s web site within 5 business days after the date they are provided to the governments, or earlier;

- ☐ At least annually, and no later than November 30th, EDC Team Jefferson shall present and discuss EDC Team Jefferson’s past and coming years’ work programs and performance metrics to the legislative bodies of the government parties, demonstrating to the public the return on investment;
- ☐ Annually, or as requested by the Public Infrastructure Fund (PIF) Board, EDC Team Jefferson shall meet with the PIF Board Chair to present and discuss EDC Team Jefferson’s past and coming years’ work programs, performance metrics, and staffing (including identifying all staff financed in part with the PIF funds); and,
- ☐ EDC Team Jefferson shall provide the Public Sector Cabinet with semi-annual financial reports financial reports, including a financial statement detailing actual versus budgeted revenues and expenses and a staffing summary. These reports shall be due on July 31st for the first six months of the year and January 31st for the previous six months.

C. **Accountability.** EDC Team Jefferson shall be accountable for the effectiveness of its economic development services. The metrics selected, coupled with their communication, both as described above, provide regular opportunities for the government parties, and others, to give constructive feedback and to establish value for the economic investments made by the parties.

In addition, the Public Sector Cabinet shall conduct annual evaluations regarding EDC Team Jefferson’s economic development strategy and services, whether staffing, structure, and budget are effective, and whether any adjustments need to be made before entering into the subsequent year.

If, despite EDC Team Jefferson’s best efforts, the economic development services provided through this Agreement should prove unsatisfactory, Jefferson County retains the ability to consider designating another organization as the County’s ADO.

5. FINANCIAL SUPPORT. The parties recognize that EDC Team Jefferson, as the ADO designated by the County to the Washington State Department of Commerce (“Commerce”), receives a limited amount of state funding under a contract with Commerce for ADO services in each year of the state’s biennium. EDC Team Jefferson also receives Jefferson County Public Infrastructure Fund (PIF) funding to help finance personnel in economic development offices pursuant to RCW [82.14.370](#), pursues grants, and earns some revenue from class offerings and other activities. The parties recognize that, together, these funding sources are not nearly sufficient to operate an economic development organization, nor to fund an effective economic development program in Jefferson County.

It is in the interests and missions of the government parties to fund targeted, proactive and effective economic development activities to support each government’s missions and services, strengthen the economic base upon which the government parties’ services rely, and enhance the welfare of all people and businesses in Jefferson County. In particular, by

supporting economic development programs, the PUD recognizes the possible increase in the sale of electricity, increases in efficient use of electric services, as well as gains in the efficiency and economies of scale of the PUD's services in water, wastewater and broadband. Accordingly, the parties agree local government financial support shall be provided as follows:

A. Funding for January 1, 2023 through December 31, 2023; the government parties shall provide funding to EDC Team Jefferson for economic development services under this Agreement as follows:

? County: \$91,563

? Port: \$40,000

? City: \$40,000

? PUD: \$40,000

? Funding in subsequent years will be increased by three (3) percent per year.

B. Funding by Other Local Public Entities. Additional local public entities, such as Jefferson Healthcare and others, may also provide financial support for EDC Team Jefferson and its economic development activities. This may be done by separate agreement of the additional local public entity with EDC Team Jefferson, or by negotiating the terms of a written amendment to this Agreement, executed by all of the parties.

C. Additional Funding Permitted by Local Public Entities. Nothing in this Agreement shall prevent any local public entities from offering to support the work of EDC Team Jefferson with an amount of funding greater than the amounts above, either as a one-time supplement, or as part of on-going funding, and the parties agree to amend this Agreement to reflect such increase.

D. Funding Payment Schedule. Except as otherwise provided above, each government party shall pay their respective funding amounts to EDC Team Jefferson in equal one-quarter installments, with any First Quarter payment due no later than January 31, any Second Quarter payment due no later than April 30, any Third Quarter payment due no later than July 31, and any Fourth Quarter payment due no later than October 31 of that year.

E. All Payments Are Contingent on EDC Team Jefferson's Providing Required Reports. All payments by the government parties shall be contingent on EDC Team Jefferson being current in providing the government parties with all written reports or making presentations that may be required and due pursuant to Section 4, and payment to EDC Team Jefferson may be withheld if any required written report from EDC Team Jefferson is outstanding.

- 6. PROJECTED BUDGET AND STAFFING PLAN.** In July of each year, concurrent with presenting their July semi-annual report, EDC staff shall coordinate with the Public Sector Cabinet to propose a budget and staffing for the following calendar year for subsequent consideration and adoption by EDC Team Jefferson's Board of Directors.
- 7. AGREEMENT REPRESENTATIVES.** As of the time of executing this Agreement, the parties' representatives for administering this Agreement are:

EDC Team Jefferson

Ben Bauermeister, President
385 Benedict Street, Suite 2A, Port Townsend, WA 98368
ben@bauermeister.com
(206) 226-3280

Jefferson County

Mark McCauley, County Administrator
P.O. Box 1220, Port Townsend, WA 98368
MMcCauley@co.jefferson.wa.us
(360) 385-9130

Port of Port Townsend

Eron Berg, Director
P.O. Box 1180, Port Townsend, WA 98368
Eron@portofpt.com
(360) 379-4969

City of Port Townsend

John Mauro, City Manager
250 Madison Street, Port Townsend, WA 98368
JMauro@cityofpt.us
(360) 379-5043

Jefferson County PUD No. 1

Kevin Streett, General Manager
191 Otto Street, Port Townsend, WA 98368
kstreett@jeffpud.org
(360) 385-8360

A party may change their representative for administering this Agreement at any time, simply by notifying all the other parties in writing.

8. AMENDMENTS. This Agreement may be amended at any time only by written amendment, approved and executed by the governing bodies of all parties.

9. HOLD HARMLESS AND INDEMNIFICATION

- A. Under this Agreement, the government parties are providing funding to EDC Team Jefferson that supports EDC Team Jefferson’s own economic development mission as an Associate Development Organization, and do not assume any liability for EDC Team Jefferson’s work. EDC Team Jefferson shall hold harmless, indemnify and defend the government parties, their officers, officials, employees, volunteers and other agents (and their marital communities) , from and against any and all claims, actions, suits, liability, loss, expenses, damages and judgments of any nature whatsoever, including reasonable costs and attorneys’ fees in defense thereof, for injury, sickness, disability or death to persons or damage to property or business, caused by or arising out of EDC Team Jefferson’s acts, errors or omissions in the performance of this Agreement.
- B. EDC Team Jefferson’s obligations under these provisions include, but are not limited to, investigating, adjusting and defending all claims alleging loss from action, error or omission, or breach of any common law, statutory or other delegated duty by EDC Team Jefferson, its employees, agents or subcontractors.
- C. The requirements in this section shall survive termination of this Agreement.

10. INSURANCE

- A. EDC Team Jefferson shall obtain and keep in force during the terms of this Agreement, policies of insurance as follows:
 - 1) Worker’s Compensation Insurance in an amount or amounts that are not less than the required statutory minimum(s) as established by the State of Washington.
 - 2) Commercial Automobile Liability Insurance providing bodily injury and property damage liability coverage for all owned vehicles assigned to or used in the performance of the work for a combined single limit of not less than \$1,000,000 each occurrence with each of the government parties named as additional insureds in connection with EDC Team Jefferson's performance of this Agreement.
 - 3) General Commercial Liability Insurance in an amount not less than a single limit of one million dollars (\$1,000,000) per occurrence and an aggregate of not less than two (2) times the occurrence amount (\$2,000,000 minimum) for bodily injury, including death and property damage, unless a greater amount is specified in this Agreement specifications. The insurance coverage shall contain no limitations on the scope of the protection provided and include the following minimum coverage:
 - a. Broad Form Property Damage, with no employee exclusion;
 - b. Personal Injury Liability, including extended bodily injury;

- c. Broad Form Contractual/Commercial Liability – including completed operations;
- d. Premises – Operations Liability (M&C);
- e. Independent Contractors and subcontractors; and,
- f. Blanket Contractual Liability.

B. Miscellaneous Insurance Provisions.

- 1) Such insurance coverage shall be evidenced by one of the following methods:
 - Certificate of Insurance; or,
 - Self-insurance through an irrevocable Letter of Credit from a qualified financial institution.
- 2) Certificates of coverage as required by this section shall be delivered to the County within fifteen (15) days of the effective date.
- 3) Any deductibles or self-insured retention shall be declared to and approved by the County prior to the approval of this Agreement by the parties. At the option of the County, EDC Team Jefferson’s insurer shall reduce or eliminate deductibles or self-insured retention or EDC Team Jefferson shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.
- 4) EDC Team Jefferson shall include all subcontractors as insured under its insurance policies or shall furnish separate certificates and endorsements for each subcontractor. All insurance provisions for subcontractors shall be subject to all of the insurance requirements stated in this Agreement.
- 5) Failure of EDC Team Jefferson to take out and/or maintain any required insurance shall not relieve EDC Team Jefferson from any liability under this Agreement, nor shall the insurance requirements be construed to conflict with or otherwise limit the obligations concerning indemnification.
- 6) It is agreed by the parties that insurers shall have no right of recovery or subrogation against the government parties (including their employees, volunteers, and other agents and agencies [and their marital communities]), it being the intention of the parties that the insurance policies so affected shall protect both parties and be primary coverage for any and all losses covered by the above described insurance. It is further agreed by the parties that insurance companies issuing the policy or policies shall have no recourse against the government parties (including their employees, volunteers, and other agents and agencies[and their marital communities]) for payment of any premiums or for assessments under any form of

policy. It is further agreed by the parties that any and all deductibles in the above described insurance policies shall be assumed by and be at the sole risk of EDC Team Jefferson.

- 7) It is agreed by the parties that judgments for which any of the government parties may be liable, in excess of insured amounts provided herein, or any portion thereof, may be withheld from payment due, or to become due, to EDC Team Jefferson until such time as EDC Team Jefferson shall furnish additional security covering such judgment as may be determined by the County.
- 8) The County reserves the right to request additional insurance on an individual basis for extra hazardous contracts and specific service agreements.
- 9) Any coverage for third party liability claims provided to the any government party by a "Risk Pool" created pursuant to Ch. 48.62 RCW or by a private insurer shall be non-contributory with respect to any policy of insurance EDC Team Jefferson must provide in order to comply with this Agreement.
- 10) If the proof of insurance or certificate indicating a government party is an "additional insured" to a policy obtained by EDC Team Jefferson refers to an endorsement (by number or name) but does not provide the full text of that endorsement, then it shall be the obligation of EDC Team Jefferson to obtain the full text of that endorsement and forward that full text to the County.
- 11) The government parties may, upon EDC Team Jefferson's failure to comply with all provisions of this Agreement relating to insurance, withhold payment or compensation that would otherwise be due to EDC Team Jefferson.

11. DISPUTES. Differences, disputes and disagreements between EDC Team Jefferson and the government parties arising under or out of this Agreement shall be brought to the attention of the Public Sector Cabinet at the earliest possible time so that the matter may be settled or other appropriate action promptly taken. Any dispute relating to the quality or acceptability of performance or compensation due EDC Team Jefferson shall be decided by the consensus of the government members of the Public Sector Cabinet. All rulings, orders, instructions and decisions by the government members of the Public Sector Cabinet shall be final and conclusive.

12. TERMINATION

- A. If all four government parties to this Agreement collectively determine that EDC Team Jefferson has breached any of its obligations under this Agreement, they shall notify EDC Team Jefferson in writing of the breach, and provide EDC Team Jefferson 30 days to cure the breach or to submit a plan and timeline acceptable to a majority of the government parties to cure the breach. If EDC Team Jefferson fails to cure the breach within 30 days of written notice to do so, or within the timeframe of a plan and timeline that was accepted by a majority of the government parties, the government parties may

terminate this Agreement. In the event of a termination under this paragraph, each government party's financial support described in Section 5 shall be prorated to the effective date of the termination, and the prorated amount paid to EDC Team Jefferson by the date established in Section 5 of this Agreement. No costs incurred after the effective date of the termination shall be paid. Within 30 days after the effective date of the termination, EDC Team Jefferson shall account for all revenues and expenditures, and return any remaining funds to the government parties, proportionate to the financial support that each provided.

- B. If EDC Team Jefferson's designation as Associate Development Organization is terminated, the parties may immediately terminate this Agreement notwithstanding any other termination provision in this Agreement. Termination under this provision shall be effective upon the date specified in the written notice of ADO designation termination sent by County to EDC Team Jefferson. Within 30 days after the effective date of the termination, EDC Team Jefferson shall account for all revenues and expenditures, and return any remaining funds to the government parties, proportionate to the financial support that each provided.
- C. Any party may terminate their participation in this Agreement at its sole discretion upon giving the other parties at least 180 days' written notice. In the event of a termination under this paragraph by a government party, that party's financial support described in Section 5 shall be prorated to the effective date of that party's termination, and the prorated amount paid to EDC Team Jefferson by the date established in Section 5 of this Agreement. Within 30 days after the effective date of a government party's termination, EDC Team Jefferson shall account for all revenues and expenditures, and return any remaining funds contributed by that party, proportionate to the financial support that party contributed. In the event of a termination under this paragraph by EDC Team Jefferson, all government parties' financial support described in Section 5 shall be prorated to the effective date of EDC Team Jefferson's termination and the prorated amount paid to EDC Team Jefferson by the date established in Section 5 of this Agreement. No costs incurred after the effective date of the termination shall be paid. Within 30 days after the effective date of EDC Team Jefferson's termination, EDC Team Jefferson shall account for all revenues and expenditures, and return any remaining funds contributed by the government parties to the government parties, proportionate to the financial support that each government party provided.

13. ASSIGNMENT, DELEGATION AND SUBCONTRACTING

- A. EDC Team Jefferson shall perform under this Agreement using only its bona fide employees, Board members, volunteers, or agents, and the obligations and duties of EDC Team Jefferson under this Agreement shall not be assigned, delegated or subcontracted to any other person or firm without first notifying the other parties to this agreement.

- B. EDC Team Jefferson warrants that it has not paid, nor has it agreed to pay, any company, person, partnership or firm, other than a bona fide employee working exclusively for EDC Team Jefferson, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement.

14. INDEPENDENT CONTRACTOR

- A. EDC Team Jefferson's services shall be furnished by EDC Team Jefferson as an independent contractor and not as an agent, an employee or a servant of any of the government parties.
- B. EDC Team Jefferson specifically has the right to direct and control EDC Team Jefferson's own activities in providing the agreed services in accordance with the specifications set out in this Agreement.
- C. EDC Team Jefferson shall perform all the services required by this Agreement.
- D. No subcontractor, employee, agent or representative of EDC Team Jefferson will be or be deemed to be, or act or purport to act, as an employee, agent or representative of any of the government parties.
- E. EDC Team Jefferson shall file all necessary governmental documents, including appropriate tax returns, reflecting income status as an independent contractor for services rendered under this Agreement.
- F. Should any governmental agency audit any of the files and request information on any party, every other party agrees to furnish immediately the requesting party with any records, including tax returns, relating to the services rendered under this Agreement.
- G. EDC Team Jefferson acknowledges that the entire compensation for this Agreement is set forth in the compensation provisions of this Agreement and no employee or volunteer of EDC Team Jefferson is entitled to any benefits from any government party, including, but not limited to: vacation pay; holiday pay; sick leave pay; medical, dental or other insurance benefits; fringe benefits; or any other rights or privileges afforded to County, Port, City or PUD employees.
- H. EDC Team Jefferson shall have and maintain complete responsibility and control over all of its subcontractors, employees, agents and representatives. No subcontractor, employee, agent or representative of EDC Team Jefferson shall be or be deemed to be, or act or purport to act, as an employee, agent or representative of any of the government parties.

15. NONDISCRIMINATION. EDC Team Jefferson, its assignees, delegates or subcontractors shall not discriminate against any person in performance of services under this Agreement or in the selection and retention of employees or procurement of materials or supplies on

the basis of age, sex, marital status, sexual orientation, religion, creed, race, color, national origin, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability, unless based upon a bona fide occupational qualification.

16. PATENT/COPYRIGHT INFRINGEMENT. EDC Team Jefferson shall hold harmless, indemnify and defend all of the government parties, their officers, officials, employees, volunteers, and other agents (and their marital communities), from and against any claimed action, cause or demand brought against any of the government parties, where such action is based on the claim that information supplied by EDC Team Jefferson or subcontractor infringes any patent or copyright. EDC Team Jefferson shall be notified promptly in writing by any government party whose risk manager has received notice of any such claim.

17. CONFIDENTIALITY

The Government Parties are subject to Ch. 42.56 RCW, the Public Records Act, which requires disclosure of non-exempt documents and records possessed by local governments to a person or entity that requests such documents or records.

18. CHOICE OF LAW, JURISDICTION AND VENUE

- A. It is understood and agreed that this Agreement is entered into in the State of Washington. This Agreement shall be governed by and construed in accordance with the laws of the United States, the State of Washington and the County of Jefferson, as if applied to transactions entered into and to be performed wholly within Jefferson County, Washington between Jefferson County residents. No party shall argue or assert that any state law other than Washington law applies to the governance or construction of this Agreement.
- B. Should any party bring any legal action, each party in such action shall bear the cost of its own attorney's fees and court costs.
- C. The venue for any legal action shall be solely in the appropriate state court in Jefferson County, Washington, subject to the venue provisions for actions against counties in RCW 36.01.050.

19. MISCELLANEOUS

- A. **No Waiver.** The parties agree that the excuse or forgiveness of performance, or waiver of any provisions of this Agreement, does not constitute a waiver of such provision or future performance, or prejudice the right of the waiving party to enforce any of the provisions of this Agreement at a later time. No term or provision of this Agreement will be considered waived by any party, and no breach excused by any party, unless such waiver or consent is in writing signed on behalf of the party against whom the waiver is asserted. Failure of a party to declare any breach or default immediately upon the

occurrence thereof, or delay in taking any action in connection with, shall not waive such breach or default.

- B. **Tax Payments.** EDC Team Jefferson shall pay all applicable federal, state and local taxes, fees (including licensing fees) and other amounts including, but not limited to, the employer's portion of any taxes that arise from compensation owed or paid to employees, agents or representatives of EDC Team Jefferson or are otherwise mandated by Title 26 U.S.C.
- C. **Personnel Removal Upon Request by the Public Sector Cabinet.** EDC Team Jefferson agrees to remove within 30 days any of its subcontractors, employees, agents or representatives from assignment to perform services under this Agreement upon receipt of a written request by at least three members of the Public Sector Cabinet.
- D. **Legal Compliance.** EDC Team Jefferson and its subcontractors, employees, agents and representatives shall comply with all applicable federal, state and local laws, rules and regulations in their performance under this Agreement.
- E. **Records Inspection and Retention.** The government parties may, at reasonable times, inspect the books and records of EDC Team Jefferson relating to the performance of this Agreement. EDC Team Jefferson shall retain for audit purposes all Agreement-related records for at least six years after termination of this Agreement.
- F. **Binding on Successors and Assigns.** The government parties, to the extent permitted by law, and EDC Team Jefferson each bind themselves, their partners, successors, executors, administrators and assigns to the other parties to this Agreement and to the partners, successors, administrators and assigns of such other party in respect to all covenants to this Agreement.
- G. **Severability.** If a court of competent jurisdiction holds any provision of this Agreement to be illegal, invalid or unenforceable, in whole or in part, the validity of the remaining provisions shall not be affected, and the parties' rights and obligations shall be construed and enforced as if this Agreement did not contain the particular provision held to be invalid. If any provision of this Agreement conflicts with any statutory provision of the State of Washington, the provision shall be deemed inoperative to the extent of the conflict or modified to conform to statutory requirements.
- H. **Entire Agreement.** The parties acknowledge that this Agreement and its attachments is the complete expression of their agreement regarding the subject matter of this Agreement. Any oral or written representations or understandings not incorporated in this Agreement are specifically excluded. This Agreement supersedes all prior or simultaneous representations, discussions, negotiations, and agreements, whether written or oral, within the scope of this Agreement.
- I. **Notices.** Any notices shall be effective if personally served upon the other party or if mailed by registered or certified mail, return receipt requested, to the addresses set out

in the representatives provision of this Agreement. Notice may also be given by facsimile with the original to follow by regular mail. Notice shall be deemed to be given three days following the date of mailing, or immediately if personally served. For service by facsimile, service shall be effective at the beginning of the next working day.

- J. **Modification of this Agreement Must Be in Writing.** This Agreement may be amended or supplemented only by a writing that is signed by duly authorized representatives of all the parties.
- K. **Signature in Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which counterparts together shall constitute the same instrument which may be sufficiently evidenced by one counterpart. Execution of this Agreement at different times and places by the parties shall not affect the validity of this Agreement, so long as all the parties execute a counterpart of this Agreement.
- L. **Facsimile and Electronic Signatures.** The parties agree that facsimile and electronic signatures shall have the same force and effect as original signatures.
- M. **Arms-Length Negotiations.** The parties agree that this Agreement has been negotiated at arms-length, with the assistance and advice of competent, independent legal counsel.
- N. **Public Records Act.** Notwithstanding any provisions of this Agreement to the contrary, to the extent any record, including any electronic, audio, paper or other media, is required to be kept or indexed as a public record in accordance with the Washington Public Records Act, Chapter 42.56 RCW (as may be amended), EDC Team Jefferson agrees to maintain all records constituting public records and to produce or assist the government parties in producing such records, within the time frames and parameters set forth in state law. EDC Team Jefferson also agrees that upon receipt of any written public record request potentially applicable to any government party, the it shall, within two business days, notify the government party by providing a copy of the request per the notice provisions of this Agreement.

(SIGNATURES FOLLOW ON NEXT PAGES)

ECONOMIC DEVELOPMENT COUNCIL OF JEFFERSON COUNTY (“EDC TEAM JEFFERSON”)

Ben Bauermeister, Board President Date

PORT OF PORT TOWNSEND

Eron Berg, Executive Director

Date

Approved as to form only:

Port Attorney

Date

**JEFFERSON COUNTY
BOARD OF COMMISSIONERS**

Greg Brotherton, Chair

Date

Attest:

Carolyn Gallaway
Clerk of the Board

Date

Approved as to form only:

Philip C. Hunsucker
Chief Civil Deputy Prosecuting Attorney

Date

CITY OF PORT TOWNSEND

David Faber, Mayor Date _____

Attest:

Alyssa Rodrigues _____
City Clerk Date

Approved as to form only:

Heidi Greenwood _____
City Attorney Date

**JEFFERSON COUNTY PUBLIC UTILITY
DISTRICT NO. 1**

Ken Collins, Chair

Date

Approved as to form only:

Joel Paisner
Ascent Law Partners

Date

ATTACHMENT 1 – SCOPE OF WORK

PHASES:

During the 2023 and in each subsequent State Biennium, and consistent with total revenue and in-kind support from the Washington State Department of Commerce (“Commerce”), Jefferson County including its Public Infrastructure Fund, the Port of Port Townsend (“Port”), Jefferson County PUD No. 1 (“PUD”), the City of Port Townsend (“City”) (collectively “the government parties”), and other sources, EDC Team Jefferson shall provide services as shown and described below:

To create the vital and proactive economic development office that is desired in Jefferson County, an enhanced organization shall be built and housed. Input shall be gathered from the County’s public agencies and economic stake holders to produce a well-supported and actionable economic development work program. Throughout all phases, EDC Team Jefferson shall continue to perform basic economic development services consistent with its designation and contract as Associate Development Organization with the Commerce.

Budget, Work Program, Metrics and Communications Plan

- ❓ **Annually share with Public Sector Cabinet: Budget, Workplan, Metrics & Communications Plan:** EDC Team Jefferson shall share with the Public Sector Cabinet the budget, metrics and communications plan for the upcoming year when presenting their July semi-annual report.
- ❓ **Review and Adoption of Budget, Work Program, Metrics & Communications Plan:** The EDC Team Jefferson Board shall review and adopt the final Budget, Work Program, Metrics and Communications Plan. Upon adoption, EDC Team Jefferson shall immediately begin implementation.

WORK PROGRAM ELEMENTS:

As EDC Team Jefferson performs economic development services and collaborates with the Public Sector Cabinet to develop a work program for each year, it shall design them to be consistent with and help implement the Economic Development Framework when adopted (and any successor framework or economic development strategy), to address emerging needs, and shall scale the services and work plan to fit realistically within the revenues and in-kind supports that power EDC Team Jefferson’s work.

Guided by the considerations in the paragraph above, EDC Team Jefferson shall include or strive to include as many of the following elements in its scope of work as possible:

- A. **Activities required by RCW 43.330.080 and by the Washington State Department of Commerce.** EDC Team Jefferson shall include the activities required by law and per the State’s contract with EDC Team Jefferson as a designated Associate Development Organization, such as Business Retention and Expansion (“BRE”) meetings, for example.
- B. **Administer Potential COVID stimulus grants** to local businesses. If federal, state or local government grants or loans to businesses get directed through EDC Team Jefferson, EDC Team Jefferson shall include administration of the grants or loans in its work program.
- C. **Business Service Target Areas:** EDC Team Jefferson’s work plan should include directed efforts and measures for each of the following business service areas:
 - **Entrepreneurs and Start-ups;**
 - Retaining & Expanding **Existing Businesses;**
 - **Business Recruitment, Marketing & Advertising;** and,
 - Assistance to Businesses **Relocating** to Jefferson County.
- D. **Business Classes:** Coordinate with the Chamber, CIE, and others, on an expanded portfolio of class offerings among the different organizations, to serve a variety of local business needs and opportunities.
- E. **Economic Development Resources and Data Access:** Coordinate with local libraries and other organizations to provide easy access to business information resources and current local business economic data.
- F. **Proactive Services.** Add proactive services in addition to existing on-demand services consistent with the Economic Development Framework when adopted, such as (but not limited to):
 - **Pursue opportunities to actively attract or incubate businesses** in existing buildings or on developable land;
 - Convene, encourage and support partners to pursue **developing sites and associated infrastructure** to promote economic development;
 - **Identify growth impediments and growth opportunities** within different business sectors, and help find solutions;
 - Proactively contact retiring or closing businesses to **help find new owners;**

- Convene related businesses to **improve local supply chains**;
- **Promote value-added processing** of local products;
- **Recommend actions that public agencies can take** to support economic development;
- **Administer & seek to expand the Local Investing Opportunities Network (LION)**, work to provide access and **expand other financing options** through banks, CRAFT 3, and others;
- **Develop & implement plans to expand business infrastructure, supports & services**;
- **Create a network with other partners** - catalyze an economic development network of organizations working in coordination with each other to foster economic development in Jefferson County; and,
- **Economic development advocacy** to local, state and federal governments.