

INTERAGENCY AGREEMENT
BETWEEN THE
DEPARTMENT OF ECOLOGY
AND
KITTTITAS COUNTY

This Agreement is made and entered into by and between the Department of Ecology, PO Box 47600, Olympia WA 98504-7600, hereinafter referred to as ECOLOGY and Kittitas County, 205 W 5th Ave, Ellensburg, WA 98926-2887, hereinafter referred to as the KITTTITAS COUNTY.

PURPOSE

It is the purpose of this Agreement to provide KITTTITAS COUNTY with funds from ECOLOGY to implement an ***Integrated Water Resource Management Plan Ecosystem and Habitat Restoration and Enhancement Land Use and Economic Analysis Project.***

THEREFORE, IT IS MUTUALLY AGREED THAT:

STATEMENT OF WORK

KITTTITAS COUNTY shall furnish the necessary personnel, equipment, material and/or services and otherwise do all things necessary for or incidental to the performance of work set forth in the Exhibit "A" which is incorporated herein.

PERIOD OF PERFORMANCE

The period of performance of this Agreement shall commence on September 1, 2011, and be completed on April 30, 2012, unless terminated sooner as provided herein.

PAYMENT

This is a performance-based contract, in which payment to the RECIPIENT is based on the successful completion of expected deliverables. Compensation for the work provided in accordance with Governor's Executive Order 10-07. The parties have determined that the cost of accomplishing the work herein will not exceed \$ 99,834. Payment for satisfactory performance of the work shall not exceed this amount unless the parties mutually agree to a higher amount. Compensation for services shall be based on the terms set forth in accordance with the tasks listed in the scope of work and budget which is attached hereto and incorporated herein. ECOLOGY will not make payment until it has reviewed and accepted the completed work.

BILLING PROCEDURES

KITTITAS COUNTY shall submit invoices quarterly. Payment to KITTITAS COUNTY for approved and completed work will be made by warrant or account transfer by ECOLOGY within 30 days of receipt of the invoice. Upon expiration of the contract, any claim for payment not already made shall be submitted within 30 days after the expiration date or the end of the fiscal year, whichever is earlier.

RECORDS MAINTENANCE

KITTITAS COUNTY shall maintain books, records, documents and other evidence, which sufficiently and properly reflect all direct and indirect costs expended by KITTITAS COUNTY in the performance of the services described herein. These records shall be subject to inspection, review, or audit by personnel of the Agency, other personnel duly authorized by the Agency, the Office of the State Auditor, and federal officials so authorized by law. All books, records, documents, and other material relevant to this Agreement will be retained for six years after expiration and the Office of the State Auditor, federal auditors, and any persons duly authorized by the parties shall have full access to and the right to examine any of these materials during this period.

Records and other documents, in any medium furnished by one party to this agreement to the other party, will remain the property of the furnishing party, unless otherwise agreed. The receiving party will not disclose or make available this material to any third parties without first giving notice to the furnishing party and giving it a reasonable opportunity to respond. Each party will utilize reasonable security procedures and protections to assure that records and documents provided by the other party are not erroneously disclosed to third parties.

RIGHTS IN DATA

Unless otherwise provided, data which originates from this Agreement shall be "works for hire" as defined by the U.S. Copyright Act of 1976 and shall be owned equally. Data shall include, but not be limited to reports, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer programs, films, tapes, and/or sound reproductions. Ownership includes the right to use, copyright, patent, register and the ability to transfer these rights.

INDEPENDENT CAPACITY

The employees or agents of each party who are engaged in the performance of this agreement shall continue to be employees or agents of that party and shall not be considered for any purpose to be employees or agents of the other party.

AGREEMENT ALTERATIONS AND AMENDMENTS

This Agreement 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.

TERMINATION

Either party may terminate this Agreement upon 30 days prior written notification to the other party. If this Agreement is so terminated, the terminating party shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement rendered prior to the effective date of termination.

TERMINATION FOR CAUSE

If for any cause, either party does not fulfill in a timely and proper manner its obligations under this Agreement, or if either party violates any of these terms and conditions, the aggrieved party will give the other party written notice of such failure or violation. The responsible party will be given the opportunity to correct the violation or failure within 15 working days. If the failure or violation is not corrected, this Agreement may be terminated immediately by written notice of the aggrieved party to the other.

DISPUTES

In the event that a dispute arises under this Agreement, it shall be determined by a dispute board in the following manner: Each party to this agreement shall appoint a member to the dispute board. The members so appointed shall jointly appoint an additional member to the dispute board. The dispute board shall evaluate the facts, contract terms and applicable statutes and rules and make a determination of the dispute. The determination of the dispute board shall be final and binding on the parties hereto. As an alternative to this process, either of the parties may request intervention by the Governor, as provided by RCW 43.17.330, in which event the Governor's process will control.

GOVERNANCE

This contract is entered into pursuant to and under the authority granted by the laws of the State of Washington and any applicable federal laws. The provisions of this agreement shall be construed to conform to those laws.

In the event of an inconsistency in the terms of this Agreement, or between its terms and any applicable statute or rule, the inconsistency shall be resolved by giving precedence in the following order:

1. Applicable State and federal statutes and rules;
2. *Statement of Work*; and
3. Any other provisions of the agreement, including materials incorporated by reference.

ASSIGNMENT

The work to be provided under this Agreement, and any claim arising thereunder, is not assignable or delegable by either party in whole or in part, without the express prior written consent of the other party, which consent shall not be unreasonably withheld.

WAIVER

A failure by either party to exercise its rights under this agreement shall not preclude that party from subsequent exercise of such rights and shall not constitute a waiver of any other rights under this Agreement unless stated to be such in a writing signed by an authorized representative of the party and attached to the original Agreement.

SEVERABILITY

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

ALL WRITINGS CONTAINED HEREIN

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

CONTRACT MANAGEMENT

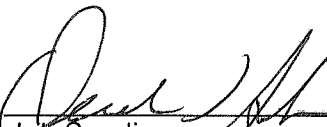
The Project Coordinator for each of the parties shall be responsible for and shall be the contact person for all communications and billings regarding the performance of this Agreement.

The Project Coordinator for ECOLOGY is :	The Project Coordinator for KITTITAS COUNTY is:
Department of Ecology Al Josephy PO Box 47600 OLYMPIA WA 98504-7600 Phone: (360) 407-6456	Kittitas County Kirk Holmes 205 W 5th Ave. Ellensburg, WA 98926-2887 (509) 962-7692

IN WITNESS WHEREOF, the parties have executed this Agreement.

DEPARTMENT OF
ECOLOGY

KITTITAS COUNTY

By:  10/18/11
 Derek I. Sandison Date
 Director, Office of Columbia River

By:  10/18/11
 Paul Jewell Date
 Chair, County Commission

APPROVED AS TO FORM ONLY BY
THE ASSISTANT ATTORNEY GENERAL

Exhibit A

Scope of Work

Integrated Water Resource Management Plan Ecosystem and Habitat Restoration and Enhancement Land Use and Economic Analysis Project

Kittitas County

BACKGROUND

The Yakima Basin Integrated Water Resource Management Plan (IWRMP) has been developed by the Washington State Department of Ecology (Ecology) and the US Bureau of Reclamation (USBR) with the involvement of numerous stakeholders. The IWRMP seeks to improve the reliability of water supplies in the Yakima River Basin in combination with improvements to fish and wildlife habitat and water conservation measures. The IWRMP includes a habitat and ecosystem restoration and enhancement component with proposals that impact Kittitas County and its citizens. As a component of the IWRMP, these proposals include potential land acquisition and conservation actions:

- 46,000 acres in middle/lower Teanaway River Basin
- 15,000 acres in Yakima River Canyon
- 10,000 acres in headwaters of Little Naches River, Taneum Creek, Manastash Creek
- Floodplain Restoration and Conservation
- Wilderness Designations
- Wild & Scenic River Designations
- Other Conservation Designations

The bulk of the mitigation actions in the ecosystem restoration and enhancement component of the IWRMP are located in Kittitas County and are expected to have significant direct and indirect benefits and costs to County government, businesses, and citizens. However no analysis of land use and economic effects has been conducted to date. It is critical to identify these benefits and costs so that they can be properly considered and any costs to the County which are greater than the value of the benefits can be compensated as the IWRMP plan is implemented. Therefore Kittitas County is initiating a project to:

1. Form and operate a Yakima River Watershed Proposal Citizens Advisory Committee (CAC);
2. Identify land use changes and economic issues that arise from the IWRMP ecosystem and habitat restoration and enhancement component;
3. Conduct a formal analysis of land use changes and economic impacts of the IWRMP ecosystem and habitat restoration and enhancement component;
4. Identify and quantify IWRMP ecosystem and habitat restoration and enhancement component related benefits and costs to Kittitas County;
5. Develop recommended methods for the IWRMP to compensate for economic costs to Kittitas County;
6. Develop recommended policies for the Kittitas County Board of County Commissioners (BOCC) to use in discussions with Ecology and USBR about the impacts of the IWRMP ecosystem and habitat restoration

and enhancement component;

7. Produce formal comments on behalf of Kittitas County and the BOCC regarding the ecosystem restoration and enhancement component of the IWRMP for inclusion in the programmatic Environmental Impact Statement (EIS) being developed by Ecology and USBR for the overall IWRMP.

This stakeholder involvement, land use analysis, economic analysis, and policy development project must occur in a streamlined and timely manner in order to effectively link to the ongoing IWRMP environmental analysis process.

The subsequent scope of work is intended to complete the following steps:

Step 1. Form a Kittitas County Yakima River Watershed Proposal CAC (by County).

Step 2. Hold an Initial Strategy Session with County.

Step 3. Develop Brief CAC Work Plan.

Step 4. Hold One CAC Meeting to Review IWRMP Background Information.

Step 5. Hold Two CAC Meetings to Identify Primary Land Use Changes and Preliminary Economic Issues Associated with the IWRMP Ecosystem and Habitat Restoration and Enhancement Component, and Potential Impacts and benefits to Kittitas County.

Step 6. Conduct Formal Land Use and Economic Analyses.

Step 7. Hold One CAC Meeting to Review Land Use Change and Economic Analyses Results and Obtain Feedback, and Discuss Possible Economic Impact Compensation Approaches.

Step 8. Finalize Land Use and Economic Analyses.

Step 9. Develop a Preliminary Economic Impact Compensation Policy Matrix.

Step 10. Hold One CAC Meeting to Review and Evaluate the Economic Impact Mitigation Policy Matrix and Obtain CAC Recommendations on the Preferred Compensation Approaches.

Step 11. Present a Revised Economic Impact Compensation Policy Matrix and CAC Recommendations to the BOCC and County Staff.

Step 12. Develop Final Policy and Economic Compensation Recommendations in Report Form.

Step 13. Complete the BOCC Policy Adoption Process (by County).

Step 14. Support the County in a meeting with Ecology, USBR, and/or an IWRMP subcommittee.

SCOPE OF WORK

Task 1 – Initiate Kittitas County Yakima River Watershed Proposal Citizens Advisory Committee

1.1 Initial Strategy Session. Schedule a meeting to discuss with County staff (and designated County IWRMP leader) the desired topics of the strategy session to guide the development of a CAC work plan.

1.2 Develop a CAC Work Plan. Based on the strategy session results, Kittitas will prepare a draft CAC Work Plan. The work plan will describe: the mission and limits of the CAC; the relationship between the

CAC and the BOCC policy formulation and adoption process; the estimated meeting topics; the number of meetings per topic; the approximate types of “homework” expected of CAC members between meetings; estimated meeting lengths and times; the meeting schedule; CAC structure and operating ground rules; decision making protocol; and conflict resolution pathway. A draft work plan will be developed early for review/approval by County leaders after which it will guide the CAC process. It is expected that only minor changes will be necessary following review by the County.

Task 1 Products

- o Draft and final CAC work plan (electronic format in Adobe Acrobat).

Task 2 - Citizens Advisory Committee Meetings

2.1 *Hold CAC Meetings.* It is expected that the following meetings will be held:

One CAC meeting to cover IWRMP background information;

Two CAC meetings to discuss the IWRMP Ecosystem and Habitat Restoration and Enhancement Component, it’s direct and indirect positive and negative impacts to Kittitas County, and identify key land use and economic issues (those that need further land use and economic impact analysis by consultant and economic analysis team member);

One CAC meeting to review land use and economic impact analyses results, obtain CAC feedback, and discuss possible economic compensation strategies;

One CAC meeting to review and evaluate an Economic Compensation Policy Matrix and obtain CAC recommendations on the preferred compensation approaches (preferred alternative).

Task 2 Products

- o CAC meeting presentations and notes (electronic format in Adobe Acrobat and/or PowerPoint).
- o CAC meeting minutes (hard copy and electronic format in Adobe Acrobat).
- o CAC work products (electronic format in Adobe Acrobat).

Task 3 – Kittitas County Board of County Commissioner (BOCC) Study Sessions

3.1 Additional updates to the BOCC will take the form of two study sessions where a brief presentation will be provided followed by discussion and, if needed, direction. It is estimated that the following BOCC and County Staff updates will occur:

Preliminary land use and economic impact analyses

Preferred compensation policy alternative.

Task 3 Products

- o Study session presentations (electronic format in Adobe Acrobat and/or PowerPoint).

Task 4 – Land Use and Economic Analysis of Selected IWRMP Ecosystem and Habitat Restoration and Enhancement Component Actions

4.1 *Conduct a Land Use Analysis of Selected IWRMP Ecosystem and Habitat Restoration and Enhancement Component Actions.* Based on input from the County, CAC will complete a land use analysis. The land use analysis will describe the changes in Kittitas County land use associated with the IWRMP Mitigation Component Actions. The analysis will review the current land ownership, zoning, and likely activities; and discuss the changes associated with proposed actions (timber harvest, logging, mills, ranching, farming,

public services, support industries, rural development, recreation, etc.). The land use analysis will be summarized in a brief memo and will form the basis to conduct the economic impact analysis. The draft land use analysis and economic analysis will be combined and reviewed by the County and CAC prior to finalization.

4.2 Conduct an Economic Impact Analysis of IWRMP Ecosystem and Habitat Restoration and Enhancement Component Related Land Use Changes. Based on the results of the land use analysis, the team will estimate the economic impacts associated with the identified land use changes. The economic sectors analyzed will be similar to those mentioned in 4.1 above and will also include impacts on County revenues. The economic analysis will apply standard defensible methods and each technique will be clearly referenced. The analysis will result in estimated economic benefits and costs in dollar values, presented over time by sector analyzed. The analysis will be summarized in a brief memo. The draft land use analysis and economic analysis will be combined and reviewed by the County and CAC prior to finalization.

Task 4 Products

- o Draft and final land use analysis memorandum (electronic format in Adobe Acrobat).
- o Draft and final economic impact analysis memorandum (electronic format in Adobe Acrobat).

Task 5 – Develop Recommended Economic Impact Mitigation Approaches and Policies

5.1 Identify Preliminary Economic Impact Compensation Alternatives and Policies. The team will develop an array of potential methods to compensate for any economic impacts that are determined to be created by the IWRMP Ecosystem and Habitat Restoration and Enhancement Component. The preliminary compensation methods and policy statements will be presented in a matrix format and will be based on economic mitigation strategies that have been used in other similar situations, particularly by state and federal agencies. The source or example of each mitigation method will be referenced. The preliminary compensation matrix will be presented to the BOCC and County Staff in a study session (covered in Task 3), then presented to the CAC (covered in Task 2) for review and evaluation. The CAC will develop a recommended overall preferred compensation alternative to be presented to the BOCC in another study session (also covered by Task 3).

5.2 Develop Final Economic Impact Compensation and Policy Recommendations in Report Form for BOCC Review/Adoption. Based on feedback from the CAC and the BOCC, the team will develop the final economic impact compensation alternative and policy statements. The compensation product will be combined with the land use and economic impact products and prepared as a final report. The report will also summarize the CAC process and membership.

Task 5 Products

- o Preliminary economic impact compensation alternatives and policies in matrix format (electronic format in Adobe Acrobat).
- o Final economic impact compensation alternatives and policies in report format (electronic format in Adobe Acrobat).

Task 6 – Meet with Ecology and USBR.

6.1 Meet with Ecology, USBR, and an IWRMP committee. Kittitas will attend one meeting with Ecology and USBR, and an IWRMP subcommittee, to support Kittitas County and answer questions that may arise about the analysis process and recommended economic compensation methods.

Task 6 Products

o None.

EXHIBIT B**BUDGET**

TASK	BUDGET
Initiate Yakima River Watershed Proposal Citizens Advisory Committee	\$4,917
Citizen Advisory Committee Meetings	\$37,790
Kittitas County BOCC Study Sessions	\$9,529
Land Use and Economic Impact Analysis	\$26,820
Develop Economic Impact Compensation Approaches	\$18,027
Meeting with USBR/ Ecology	\$2,751
TOTAL BUDGET	\$99,834

INVOICE IDENTIFICATION & INFORMATION

Each invoice voucher submitted to ECOLOGY by KITTITAS COUNTY will clearly reference
"Contract Number **ECOLOGY # C1200141.**"