

MEMORANDUM OF UNDERSTANDING
between
PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY
and
CITY OF WENATCHEE

Related to
ROLES AND RESPONSIBILITIES ASSOCIATED WITH THE
CITY'S PROPOSED CONFLUENCE PARKWAY PROJECT

I. RECITALS

- A. The City of Wenatchee ("City") is the project proponent for the Wenatchee Confluence Parkway Project ("Project"). The City is proposing the Project on behalf of the greater Wenatchee area to address regional traffic congestion and safety challenges on North Wenatchee Avenue. Specifically, the Project includes constructing a 2.5 mile two-lane arterial street parallel to North Wenatchee Avenue. The bypass, known as Confluence Parkway, is the preferred solution chosen by the Chelan Douglas Transportation Council based on North Wenatchee Transportation Master Plan, adopted by council in 2011.
- B. Public Utility District No. 1 of Chelan County (Chelan PUD) holds a license from the Federal Energy Regulatory Commission (FERC) for the Rock Island Hydroelectric Project No. 943 (the "Rock Island License"), Chelan, Washington (the "Rock Island Project") granted to the District. The Project is expected to overlap with lands within the project boundary of the Rock Island Project. Thus, FERC approval will be necessary for some aspects of the Project. FERC approval for certain uses within the project boundary has been delegated to Chelan PUD through the Rock Island License, Article 412. In order to be approved, all such uses must be consistent with the purposes of carrying out the license requirements associated with the Rock Island Project.
- C. The Federal Highway Administration ("FHWA"), the Washington State Department of Transportation ("WSDOT") and the City of Wenatchee are initiating an Environmental Assessment ("EA") for the Wenatchee Confluence Parkway project in Chelan County, Washington pursuant to the National Environmental Policy Act ("NEPA"). FERC is a Participating Agency for purposes of NEPA. FERC delegated its participation in the NEPA process to Chelan PUD under Article 412 of the Rock Island Project license.
- D. FHWA is the lead federal agency and must make the 4(f) determination. Section 4(f) of the U.S. Department of Transportation Act of 1966 provides for consideration of park and recreation lands, wildlife and waterfowl refuges, and historic sites during transportation project development. Before approving a project that uses Section 4(f) property, the FHWA must determine that there is no feasible and prudent alternative that avoids the Section 4(f) properties and that the project includes all possible planning to

minimize harm to the Section 4(f) properties; unless FHWA makes a finding that the Project has a *de minimis* impact or provides *net benefit* to the Section 4(f) properties. 49 USC §§ 303, 138; 23 CFR 774.

- E. Specific 4(f) properties that have been identified within the Project area include:
 - a. Wenatchee Confluence State Park/Chelan PUD
 - b. Horan Natural Area/Chelan PUD
 - c. Apple Capital Recreation Loop Trail/Chelan PUD and City of Wenatchee
 - d. Wenatchee Flats Site (45CH209)/Department of Archeological and Historical Preservation (DAHP)
 - e. Southbound SR 285 Bridge/DAHP
 - f. Northbound SR 285 Bridge/DAHP
Burlington Northern Santa Fe Railroad rail corridor/DAHP
- F. DAHP properties are not addressed in this agreement. The City is consulting DAHP through the Section 106 process, which overlaps with the 4(f) process.
- G. Washington State Parks and Recreation Commission (State Parks) leases and operates Wenatchee Confluence State Park on property owned by Chelan PUD. Chelan PUD and State Parks have executed a MOU that memorializes the roles and responsibilities and cooperative approach between State Parks and Chelan PUD to address the impacts and NEPA review process for the City's Project.
- H. WSDOT and the City are the joint lead agencies for the EA under NEPA. WSDOT coordinates with, or acts on behalf of, the FHWA consistent with the Stewardship and Oversight Agreement and other programmatic agreements that set forth the agreement between FHWA and WSDOT on the roles and responsibilities of FHWA and WSDOT
- I. The City understands the Project has important environmental implications to address and is conducting outreach as part of the NEPA and the 4(f) processes. The City intends to ensure that impacts are minimal and unavoidable impacts will be fully mitigated by the City as the Project Proponent.
- J. Chelan PUD chose to be a cooperating agency for the proposed Wenatchee Confluence Parkway Project NEPA EA subject to Chelan PUD and the City reaching agreement on roles and responsibilities in this agreement with concurrence from WSDOT.
- K. The Wenatchee Confluence Parkway Project is not part of Chelan PUD's FERC relicensing of its Rock Island Hydroelectric Project. FERC approvals will be required through a non-capacity amendment to remove land from Rock Island Hydroelectric Project Boundary, amend the Rock Island Hydroelectric Project Boundary, and Amend Exhibit R, Recreation Plan.
- L. The parties recognize that cooperating on behalf of the public serves the community well by addressing public needs associated with transportation, recreation, and environmental

and cultural stewardship including protecting and enhancing the existing parks and natural areas.

- M. The parties recognize that Chelan PUD's participation in this process provides value to the City and supports Chelan PUD's efforts to obtain a renewed license for the Rock Island Hydroelectric Project with a term of 50 years.

II. TERM

1. This agreement is effective upon execution by both parties and being publicly filed or posted pursuant to RCW 39.34.040. This agreement will terminate on January 31, 2024. Either party may terminate this agreement by providing 30 days advance written notice. After termination, Chelan PUD may elect to change its status in the EA process to that of participating agency or another status.

III. CITY OF WENATCHEE RESPONSIBILITIES

1. The City as the Project Proponent is responsible for funding the NEPA process including retaining and paying for the consultants to prepare the studies, technical analysis and reports in support of the NEPA and 4(f) processes.
2. The City will conduct all studies on properties owned by Chelan PUD in accordance with permits obtained from Chelan PUD. Chelan PUD will endeavor to draft permits for studies within 60 days of a request from the City.
3. The City is responsible for funding the necessary studies to facilitate Chelan PUD's FERC filing for a non-capacity amendment to remove land from Rock Island Hydroelectric Project Boundary, amend the Rock Island Hydroelectric Project Boundary, and Amend Exhibit R, Recreation Plan.
4. The City will work with Chelan PUD to develop a Public Outreach Plan that comports with Chelan PUD practices as well as the FERC process thus allowing FERC to adopt the City's EA in support of the required non-capacity amendment. The outreach will include, at a minimum, timely public outreach as recommended by Chelan PUD to ensure customer-owner participation, and consultation with appropriate Federal, state, and local government agencies, Tribes and interested non-governmental organization (NGOs) as advised by Chelan PUD for purposes of a FERC amendment submittal. The City and its consultant will review the FERC requirements and process provided by Chelan PUD to update the City's permitting schedule. At a minimum, the Public Outreach Plan will include:
 - o Identification of the appropriate Federal, state and local governmental agencies, tribes and interested NGOs to be consulted. The City will confer with Chelan PUD on the entities to be consulted.
 - o An initial NEPA kick off meeting(s) for the City to provide: (1) the public, and appropriate Federal, state and local governmental agencies, tribes and interested

NGOs with the history of the City's process and selection of the preferred alternative, (2) the NEPA schedule and opportunities for public involvement and (3) review of the studies and solicitation of any additional needed studies.

- A meeting(s) for the City to present to the public, Federal, state and local governmental agencies, tribes and interested NGOs the study reports, impact analysis and mitigation options related to the 4(f) process under consideration.
 - A plan for how the City will provide to Chelan PUD documentation of meetings and consultation and correspondence with the public, and appropriate Federal, state and local governmental agencies, tribes and interested NGOs.
5. The City will provide an overview of NEPA status, project schedule, and upcoming events, studies, written documents at each regularly scheduled monthly coordination meeting.
 6. The City will coordinate with Chelan PUD and WSDOT to address 4(f) impacts and provide the necessary mitigation.
 7. The City will implement the EA Coordination Plan for Agency and Public Involvement and will draft the schedule for FHWA review and input.
 8. The City will provide to Chelan PUD all documents and information reasonably necessary for Chelan PUD to prepare and submit any submissions to FERC and for any decision delegated by FERC to Chelan PUD. The City will provide information necessary for Chelan PUD to determine what FERC approval is required.

IV. CHELAN PUD RESPONSIBILITIES

1. Chelan PUD will participate in the NEPA process as a cooperating agency and attend bi-weekly coordination meetings. Chelan PUD will review the City's Public Outreach Plan developed pursuant to Section III.4. Chelan PUD will confer with FERC to assess whether the plan is likely to provide adequate outreach to support submittal of an application for FERC approval. The City acknowledges that Chelan PUD is not guaranteeing that the plan will result in a record sufficient for submittal to FERC, ultimate approval by FERC, or any other outcome from the process.
2. Chelan PUD, as an official with jurisdiction under 4(f), acknowledges that the City intends to work towards a *de minimis* impact determination with respect to 4(f). However, the City will also prepare documentation in support of an Individual Evaluation of the project's impacts to Section 4(f) properties in the event that a *de minimis* determination is unachievable. Chelan PUD will make a good faith effort to consider proposals from the City including measures to minimize harm (such as avoidance, minimization, mitigation or enhancement measures). Chelan PUD reserves its rights to concur with a *de minimis* impact determination, if any, and to determine the adequacy of minimization measures, and all other rights under 4(f) and as a landowner and FERC licensee. If the PUD concurs with a *de minimis* effect determination, the PUD will issue a

written letter to that effect after public review of avoidance, minimization, mitigation and enhancement measures, and prior to publishing the EA.

3. Chelan PUD will review and comment on technical reports, the internal review version of the Draft Section 4(f) Individual Evaluation and the first internal review version of the draft EA within 60 days and will identify impacts and significant issues to be addressed in the EA pertaining to the Wenatchee Confluence State Park, the Horan Natural Area and the Apple Capital Recreation Loop Trail. The Chelan PUD will endeavor to review technical reports in 30 days.
4. Chelan PUD may at its discretion provide staff support to enhance the lead agency's interdisciplinary capability, but Chelan PUD does not anticipate providing written work product, studies or reports because these are commitments of the Project Proponent and outside Chelan PUD's scope of involvement.
5. Chelan PUD will handle all formal communications with the City and WSDOT regarding the Project and impacts to the Wenatchee Confluence State Park.
6. Chelan PUD will handle all formal communications with FERC regarding the Project impacts to the Wenatchee Confluence State Park and Chelan PUD's FERC license. Chelan PUD will decide what filings to FERC are appropriate and will endeavor to make such filings in a timely fashion.

V. SIGNATURES

IN WITNESS WHEREOF, the Parties have set their hands effective as of dates set forth below the signature blocks and authorized signatures, and state that they are authorized to execute this Memorandum of Understanding.

CITY OF WENATCHEE

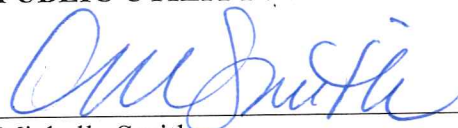


Frank Kuntz
Mayor

2/14/2020

Date

PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY



Michelle Smith
Director of Hydro Licensing and Compliance

2-6-2020

Date