

## Exhibit I

### SETTLEMENT AGREEMENT BETWEEN CITY OF TACOMA, KING COUNTY AND FRIENDS OF GREEN RIVER

Whereas, City of Tacoma Water Division ("Tacoma") is proposing to build a water transmission pipeline that will divert water from the Green River, which project includes headworks modifications, raising the diversion dam, thirty-three mile long pipeline and related facilities, and is known as the Second Supply Project ("Project"), and Whereas, King County issued a Shoreline Substantial Development Permit ("Permit") to Tacoma on about May 9, 1995, which permit was appealed by the Friends of Green River ("FOG"; a non-profit association) to the State Shoreline Hearings Board; and Whereas, after several settlement meetings between the parties which included participation by representatives from other interested environmental! recreation interest groups including Rivers Council of Washington (RCW) and Washington Environmental Council (WEC), the parties hereto have reached agreement upon a comprehensive settlement as further set forth herein:

1. Green-Duwamish River Basin Water Use and Availability Study-Tacoma agrees to provide funding of \$83,000 for a water use and availability study for part of the Green-Duwamish River Basin. The proposed study will be administered by the Washington State Department of Ecology ("Ecology"). Tacoma and FOG will work with Ecology to develop the scope of work for the study and will participate in the contractor selection process if Ecology elects to contract out the study. It is the intent of Tacoma and FOG that the study be of an area, such as the Soos Creek basin area, which will provide Ecology, King County planners, the Muckleshoot Indian Tribe, Tacoma and others with useful information on future water and land use decisions. Tacoma also agrees to endorse and participate in a comprehensive watershed plan for the Green-Duwamish River basin similar to that envisioned by the Chelan Agreement. The parties agree that the River Basin Study funded above should function as a strong first step toward a comprehensive watershed plan for the Green-Duwamish River System.

#### 2. Conservation -

a) Tacoma will provide an annual Conservation Report. The Conservation Report will include information on Tacoma's Conservation Plan (as updated) implementation and any necessary curtailment or other use restrictions imposed on customers. The report will also include information on major conservation measures (known to Tacoma) taken by wholesale customers and any curtailment or other use restrictions imposed on such customers. This Report will be provided to FOG, RCW, WEC when it becomes available. The Tacoma Comprehensive Water Plan which is periodically updated will be provided to FOG when it is available.

b) Newspaper Cooperation - Tacoma agrees to work with The News Tribune to publish daily information on water usage and Green River flows at the Auburn River Gauge during summer and fall periods.

c) Environmental Group Participation - Tacoma agrees that for its future Customer Advisory Panel(s) on water issues, to invite at least one representative to be from an environmental group, which representative(s) resides in Tacoma's service area. Tacoma will notify FOG, RCW and WEC of the formation of such advisory panels and the need for representative(s), and will provide reasonable notice of Public Utility Board meetings at which water matters will be on the agenda.

3. Watershed Management - Tacoma will provide an annual report regarding - Upper Green River Watershed Management. This report will provide information on (1) Watershed activities, (2) implementation and updates to Tacoma's Watershed Forest Management Plan, and (3) Watershed Analyses, Watershed Analysis Units (WAUs) or similar studies prepared by other entities if Tacoma has received such studies. Tacoma agrees to not cut its old growth timber in the Green River Watershed, which is located on an area of about 29 acres, and many of the trees are more than 250 years old. Tacoma will continue to implement improvements in the Watershed relating to road construction, erosion control and stream protection. Copies of this report will be provided to FOG, RCW, WEC when it becomes available.

4. Public Education/Involvement -

a) Tacoma agrees to provide \$20,000 for public education/involvement for Green River basin projects. A project committee comprised of a representative from King County Conservation District, Trout Unlimited, FOG and Tacoma will provide overall direction for which project(s) the funds will be spent. Tacoma will administer, or administer jointly with the Conservation District, the project(s) agreed upon by the project committee. Projects using volunteer workers will be encouraged. The funding will be used for actual project costs excluding any administration or overhead costs.

b) Tacoma agrees to encourage its wholesale customers to participate in conservation education programs. Development and planning of these programs should involve appropriate agencies and environmental groups including FOG.

5. Enhanced Flow Condition - Tacoma is agreeable to the Corps of Engineers and the Washington State Department of Ecology stating on the Section 404 and 401 permits (issued by said respective agency) that said permits include a condition that Tacoma satisfy the terms and conditions of the minimum flow provisions in the agreement with the Muckleshoot Indian Tribe dated August 24, 1995.

6. Study of Instream Flow Needs and Benefits of Recreation - Tacoma agrees to provide \$70,000 for a study of the instream flow needs and benefits of recreation on the Green River. The study will gather information on (1) the river's historic flow ranges before construction and operation of the Howard Hanson Dam; (2) present, existing flows; (3) flows that would result from the Muckleshoot Agreement of August 1995; (4) and flow changes that may occur if the Howard Hanson Dam enhanced storage project is implemented. The study will identify the range of instream flows necessary for different

types of recreational river uses including (at least) whitewater rafting, kayaking and canoeing. The study will also identify the economic benefits from these uses. This study will also compare recreational flow requirements to the flow needs of anadromous fish. Tacoma, FOG and RCW agree to work together to pursue additional funds for this study from the King County CMP and FOG/RCW will separately pursue additional funds from other sources. To the extent such other funds become available, Tacoma agrees to deduct a like amount of the \$70,000 earmarked for the recreation study and make it available to support recreation caucus participation in the Comprehensive Watershed Plan for the Green-Duwamish River Basin referenced in Paragraph I of this agreement. If Tacoma funds are used for this study, then Tacoma will administer the study and the scope of work will be jointly agreed upon by Tacoma, FOG and RCW. The independent consultant selected by Tacoma for this study would be from a list of qualified consultants mutually agreed upon by the parties.

7. Recreation Flows - Tacoma agrees to work with recreational organizations and the Army Corps of Engineers and fisheries interests to implement changes in the operation of Howard Hanson Dam to increase the number of days throughout the year for recreational boating (e.g., whitewater rafting, kayaking and canoeing) on the Green River downstream of Tacoma's Headworks. If agreement can be reached with the resource agencies, Muckleshoot Indian Tribe and recreation interests with regard to providing recreation flows at certain times of the year, Tacoma will support the provision of adequate instream flows for at least four pre-schedule-weekends during the spring or other agreed-upon times. Tacoma will provide temporary funding to the Corps for a Corps staff person to assist in providing weekend recreational flows with the goal of recreation flows on at least four such weekends per year. Tacoma's temporary funding commitment would arise only if the Corps is unable to make staffing work hour changes to accommodate this matter, and will extend only for one Corps budget period.

8. Recreation Access - Tacoma agrees to construct and maintain a river access point for river recreationists, including recreational and commercial whitewater boaters (rafters, kayakers and canoeists), on Tacoma's property immediately downstream of (and along the same side of the river as) Tacoma's treatment buildings and Palmer U.S.G.S. Gauge, in the following manner:

- i) River recreation interests shall have substantial involvement in the design of the access site and the manner in which it is operated.
- ii) FOG and other River Recreation Interest groups will periodically clear the site of litter and debris, and provide volunteer workers as may be occasionally necessary for care and maintenance of vegetation and habitat.
- iii) Tacoma shall maintain any mechanical and physical aspects of the access site until Tacoma and the River Recreation Interests agree in writing that maintenance of the site is no longer necessary or desirable;
- iv) Tacoma shall exert good faith efforts to obtain an easement to allow members of the general public to access the road to the above-described site by road from 292nd Avenue S.E. or the nearest public road In the event Tacoma is not successful in obtaining an

appropriate easement, Tacoma will defend (if necessary) any litigation contesting public access rights to use this said roadway. No prior notice or user or access fee shall be required;

v) Tacoma shall provide and maintain adequate parking (to be defined and mutually agreed upon by the parties) and portable sanitation facilities in the vicinity of the access site.

vi) Tacoma shall provide adequate signage identifying the access site and encouraging users to respect their surroundings. Signage shall be designed and placed in consultation with the River Recreation Interests.

For purposes of this section, the term \*River Recreation Interests includes but is not limited to the Friends of the Green River, the Paddle Trails Canoe Club, the Rivers Council of Washington, the Washington Kayak Club, the Washington Recreational River Runners and other river recreational clubs or organizations including commercial river outfitter organizations.

9. Additional Public Access Funding/Whitewater Slalom Course - Tacoma commits to support FOG, RCW and other recreational interest groups in requesting King County to provide at least \$100,000 from Tacoma's funding of King County's Comprehensive Mitigation Plan for the Second Supply Project, for river recreation access acquisition or improvement on the Green River. In the event that this effort is not successful, Tacoma agrees to provide \$20,000 for river recreation access acquisition/improvement on the Green River or a whitewater slalom course on the Green River, at the option of FOG and RCW. Tacoma agrees to work out the details relating to a slalom course with appropriate user groups.

10. It is the intent, stipulation and agreement of the parties that this Agreement constitutes a full and complete disposition of the issues raised and arising from SHB No. 95-29 and King County Substantial Shoreline Permit L94H128 (the Shoreline Permit) and that Friends of the Green River, Tacoma and King County have authority to execute and bind their respective entities to this Agreement. The parties agree and covenant that there are no known, reasonably ascertainable or suspected and unasserted claims of any kind or character arising from the issuance of the Shoreline Permit, there is no reason the Permit should not be issued and that each party mutually and reciprocally, fully and completely waives and releases the other party from such claims.

11. Friends of the Green River, the Rivers Council of Washington, IMAPAL and the Washington Environmental Council agree that they will not oppose, challenge, comment on or appeal any approval or permit required for the Project, including but not limited to the Army Corps of Engineers' 404 Permit and the Department of Ecology 401 Certification. These organizations further agree that they will not submit comments that oppose, challenge, or otherwise reflect negatively on any aspect of the Project to any

government agency responsible for issuing or granting a permit or approval for the Project. These organizations have advised that they submitted appropriate no objection letters. However, if their said letter(s) are deemed insufficient (by the agency involved), said organization(s) agree to send another letter advising that they now have no objections to the Project and they are not requesting any additional studies or hearings.

12. Notwithstanding anything to the contrary herein, all of Tacoma's obligations and responsibilities set forth in this agreement are conditional on Tacoma's proceeding to construct and commence operation of the Second Supply. Project. In addition, in the event that an officer or-director of FOG violates this agreement, this agreement is voidable at the option of Tacoma. This provision does not intend nor imply that there shall be any personal liability for violating this agreement.

13. This agreement may be enforced only by the parties signatory hereto by non- binding mediation and/or arbitration. Provided that issue(s) decided by an arbitrator shall be final and binding only if a party affected by the decision does not initiate a legal action in Superior Court within sixty days of the date of the written arbitration decision on such issue(s). The Superior Court action shall be de novo, and Chapter 7.04 RCW is not applicable to the finality of the arbitration decision.

Dated this 6th day of December 1995.

APPROVED AND AGREED BY:

CITY OF TACOMA, Director of Utilities

FRIENDS OF GREEN RIVER

KING COUNTY