



McCleary City Council

PROPOSED AGENDA

November 12, 2008

6:00 Community Meeting about Simpson Sidewalk Design

7:00 Council Meeting

Flag Salute
Roll Call
Minutes
Public Comment
Mayor's Report
Staff Reports:

Busse Nutley, City Administrator
Dan Glenn, City Attorney
Department Heads

Old Business:

New Business: Bid Award – Fire Siren
Contract with BPA for Power 2011-2028
Labor Contract with IBEW-Light & Power
Fault Indicator Purchase
Patch Paving – Work Order Change

Ordinances:

Resolutions: Set 2009 Property Tax Levy

Vouchers
Mayor/Council Comments
Public Comment
Executive Session
Adjournment

Americans with Disabilities Act (ADA)
Accommodation is Provided Upon Request

Please Turn Off Cell Phones – Thank You

CITY OF McCLEARY
October 22, 2008
Public Hearing – 2009 Proposed Revenues
Regular Council Meeting

The Public Hearing on 2009 Proposed Revenues, including Property Tax estimates, was called to order at 6:30 PM. Administrator Nutley gave a power point presentation on the revenue forecasts. The hearing was closed at 6:40 PM.

The regular meeting of the McCleary City Council was called to order at 7:00 PM with the flag salute.

Roll Call: Wallace Bentley, Mayor
Council Members: Hays, Lake, Boling and Vatne

Staff Present: Administrator Nutley, Attorney Chris Coker, Clerk-Treasurer Rostedt, Facilities Manager Baun, Water/Wastewater Manager Merryman, and Engineer John Hinton of Gray & Osborne

It was moved by Councilman Boling, seconded by Councilman Vatne, to excuse Councilman Vessey. Carried.

It was moved by Councilman Vatne, seconded by Councilman Boling, to approve the minutes as distributed. Carried.

Under public comment, Vernon Ross addressed the Council regarding the City's recent vacation of property in the alley behind Beck Street. He questioned City ownership of the property vacated. He and John Carnell (the previous owner) believe that he (Mr. Ross) owns the property. He said he has had a survey done which he says will confirm his ownership. Upon his return from a trip, he was told about that the Council had granted a property vacation to Mr. and Mrs. Greg Arndt. Mr. Ross gave written information to the Mayor and Council. He asked that the City not move ahead on the issue until further research is done. Administrator Nutley said when she heard about the problems involved, she stopped any further action by the City, i.e., the recording of the vacation. She said the City will continue to research this issue and will keep all informed.

Former Councilwoman Pam Ator asked questions about the Proposed 2009 Budget and voiced some concerns about possible expenditures in the new year.

Busse reported that the water rate study currently being done by FCS Group is just about complete and she will share the results with the Council as soon as the study is complete.

Mayor Bentley reported that he received a letter from Michael Lant stating the he is interested in being appointed to the vacant position on the McCleary Civil Service Commission. It was moved by Councilman Boling, seconded by Councilman Vatne, to confirm the Mayor's appointment of Michael Lant to the Civil Service Commission. Carried.

Administrator Nutley reported on the following:

- 1) At their last meeting the Planning Commission took up the issue of sidewalks. They have asked staff to do an inventory of streets, including issues such as width, etc.

- 2) The City did not get the NOVA grant applied for, but the City will reapply.
- 3) Engineer Hinton spoke with the Council regarding possible utility grants that may be available for street improvements. Through COG is a TIB grant that the City could apply for. It would require 15% matching funds from the City. Mr. Hinton went on to say that a Federal STP grant could be used as the 15% dovetail with the TIB grant. It was moved by Councilman Boling, seconded by Councilwoman Lake, to authorize the Mayor to apply for the STP grant. Carried.
- 4) Bids will be on the next agenda to replace the fire siren which was damaged during the winter storm the end of 2007.
- 5) Before the Council meeting on November 12, a public hearing will be held at 6:00 PM to allow public comment and ask questions regarding the Simpson Avenue sidewalk design which is 85% complete. Residents on Simpson Avenue will be notified of the meeting.

Bid calls went out to The Daily World and the Vidette to serve as McCleary's official newspaper. Only one bid was received. It was moved by Councilman Vatne, seconded by Councilman Boling to award the bid to The Vidette at \$8.35 per inch for Open Rate, and \$7.85 per inch for Electronic Rate. Carried.

As information in the Water System Plan is refined in development of new water rates, it appears additional unanticipated work needs to be done by Gray & Osborne. It was moved by Councilman Boling, seconded by Councilman Vatne, to authorize the Mayor to sign Addendum 5 of the contract with Gray & Osborne in an amount not to exceed \$1,750.00. Carried.

A request has been received from the Washington State Patrol to sign a new contract to allow the City to be reimbursed for any work our firefighters might do if mobilized in an emergency. It was moved by Councilman Vatne, seconded by Councilman Boling, to authorize the Mayor to sign the agreement. Carried.

The Children's Advocacy Center provides the City with up to 87 hours per year for any and all investigations, interviews, etc., for child physical and sexual abuse cases. The proposed agreement is identical to our existing contact with a cost of \$4,000.00 for 2009. It was moved by Councilman Vatne, seconded by Councilman Boling, to authorize the Mayor to sign the 2009 agreement with Children's Advocacy. Carried.

It was moved by Councilman Vatne, seconded by Councilman Boling, to approve the vouchers as audited. Carried.

Mayor Bentley thanked Administrator Nutley for all the work she has put into the 2009 Proposed Budget.

It was moved by Councilman Vatne, seconded by Councilman Boling, to hold an executive session on personnel for approximately 10 minutes. Carried.

It was moved by Councilman Vatne, seconded by Councilman Boling, that the meeting be adjourned. Carried.

STAFF REPORT

To: Mayor and City Council
From: Busse Nutley, City Administrator
Date: November 7, 2008
Re: Current Non-Agenda Activity

NOTE: Community Meeting on Simpson Sidewalks – 6:00 pm

Simpson Sidewalks

Jerry Morrissette, our engineer for designing the sidewalks on Simpson will be presenting the design proposal at 6:00 on Wednesday. Property owners have received notice of the meeting and have been encouraged to attend.

As we discussed briefly at the last Council meeting, funding issues for this project have developed. The cost estimates exceed the grant award. Jon Hinton and Nick Bird of Gray & Osborne prepared a grant application for federal funds that recently became available (the Council authorized this application at the last meeting) and Todd drove through the worst of the rain storm to get the paperwork to the COG in Aberdeen before the deadline.

Winter Rain

The first rainstorm of the winter began dumping on us on Thursday afternoon. Overnight the Treatment Plant reported over 6 inches of rain, but the plant made it through without incident. This report is being written on Friday, so if the weekend brings more flooding, we will have a more thorough report at the Council meeting.

Ambulance Service

The Mayor, Dan and I continue to work toward resolving the issues involved with providing good ambulance service at a good price.

Wildcat Creek Aquifer

I have received a first draft document from Jim Arthur that will be the basis for an interlocal agreement with the County for joint management of the aquifer. Jim and I will be working with Lee Napier from the County to add more detail and other further refinements prior to bringing it the Council for your review and approval.

Hawthorn Trees

Merchants across the street from City Hall have been complaining about the existing street trees the City planted some years ago. The Carriere Hawthorn blooms in the spring

with white flowers that turn into orange-red fruit that remains until the winter, when they fall. The tree is bushy and blocks businesses from the view of the traveling public. The fruit attracts birds that sit in the trees and leave deposits on the sidewalk, parking area and cars. Fruit that falls from the trees ferments, releasing a foul odor. People step on the mess, tracking remnants of the fruit into the businesses, staining carpets and leaving the bad odor.

Business owners have been pleading with the City to end their torment and replace the trees. Todd has been working on the issue for a month or so, and after consulting with our engineers about a better tree species, has recommended the following action:

- Remove the existing eight (8) Hawthorn trees
- Replace them with Karpick Red Maples – they grow upright and narrow to 40' x 20' wide; no fruit, just leaves that fall in the winter
- Possibly use the existing root barriers, but will not know until the old trees are removed
- New trees cost \$85 each plus a one-time delivery charge of \$75

Water Rates

The rate consultants have drafted a new set of rates and we have begun our review of their alternative proposals. Before a final set of rates can be drafted, the Council will need to give some general direction about the proposed increase in rates to fund the water utility. The staffing and capital improvements requested are contained in the Mayor's preliminary budget.

MEMORANDUM

TO: MAYOR AND CITY COUNCIL, City of McCleary
FROM: DANIEL O. GLENN, City Attorney
DATE: November 7, 2008
RE: LEGAL ACTIVITIES as of NOVEMBER 12, 2008.

THIS DOCUMENT is prepared by the City Attorney for utilization by the City of McCleary and its elected officials and is subject to the attorney-client privileges to the extent not inconsistent with laws relating to public disclosure.

1. **AD VALOREM ORDINANCE**: Donnie and I have been working on the initial draft of the ordinance which sets the property tax levy for collection in 2009. We have utilized the figures provided by the Assessor's Office. I am assuming that Donnie or Busse will attach the information upon which we have based this draft. If adopted, its intention is to exercise the right to increase the levy by the mandated maximum of 1%. It must be in place and on file with the County prior to the end of this month.

2. **IBEW CONTRACT DISCUSSIONS**: I note this matter is on your agenda under new business. Assuming there may be a desire to discuss the status of negotiations prior to taking any action, RCW 42.30.140(4) authorizes an executive session for those purposes.

3. **BPA CONTRACT**: Ardyce provided me with the draft submitted by BPA. Put bluntly, it does not appear to be one about which we have much negotiating power. If we want their power, we accept their contract.

I should note that I did not notice any major issues within the contract, although it must be recognized I am not an expert on power grids.

4. **CONTRACT MATTERS**: Lakeside Change Order: Based upon the information provided to me by Busse, it appears that during the carrying out of the paving authorized under the bid

awarded last month, it was discovered the site required further excavation and repaving of a larger area. That was done and the bill submitted is larger than the initial bid. Thus, approval of a change order for the differential is necessary for tracking.

As always, this is not meant to be all inclusive. If you have any questions or comments, please direct them to me.

DG/le

STAFF REPORT

To: Council and Mayor
From: Colin Mercer Webmaster 
Date: November 3, 2008
RE: October Website

RE-OCCURRING WEBSITE ACTIVITIES

Council Agenda/ Packet .
Previous Council Meeting approved minutes.
Planning Commission Agenda.
Previous Planning Commission approved minutes.

NEW WEBSITE ACTIVITIES

Ballot drop off location posted.
Public Hearing for revenue sources for the 2009 Budget.
Public Hearing for proposed final 2009 Budget.
Public Hearing for M&M Harbor Properties Comp Plan change and rezone.
Public Hearing for Dryer Timber Harvest SEPA.
Public Hearing for Arndt alley vacation.
Merchant trick or treat announcement.
Lateral Police Officer employment application.
State Route 108 road closure notification.
Street sign recycling and installations.
Removed Officer Bodine from Police Department page.
Add Statutory References for Washington Code Cities
Add Ordinance List & Disposition Table.

WEBSITE TRAFFIC

October 1, 2008 – October 31, 2008

Page Views by Section		
Section	Page Views	Percent of Total
Default Page	1251	22.49%
Events	612	11%
Agendas and Minutes	390	7.01%
City Jobs	304	5.46%
City Staff	274	4.93%
Code, Ordinances & Standards	243	4.37%
City Departments	211	3.79%
FAQ's	190	3.42%
Police	190	3.42%
Home	179	3.22%
Mayor and Council	159	2.86%
City Photos	148	2.66%
Public Facilities	129	2.32%
Search Results	123	2.21%
Helpful Links	119	2.14%
Water / Wastewater	113	2.03%
Light & Power	109	1.96%
Bear Festival	93	1.67%
Chamber of Commerce	85	1.53%
Community Center	84	1.51%
2008 Budget	80	1.44%
Surveys & Questionnaires	79	1.42%
Tell Us What You Think!	78	1.4%
Development Services / Building	74	1.33%
Administration	73	1.31%
Planning Department	58	1.04%
Fire	55	0.99%
Municipal Court	47	0.84%
Water Survey (Ends April 30th)	8	0.14%
Public Facilities Survey (Ends March 7th)	3	0.05%
Surveys	2	0.04%
TOTAL	5563	100%

STAFF REPORT

To: Mayor and City Council
From: Mick Schlenker, Building Official 
Date: November 7, 2008
Re: October Activity

Building Permit Activity

	October		Total 2008	
	Current	Fees	YTD	Fees
Customer Service Building Permits Issued	163		2,303	
Nuisance Letters Inspections Performed	5	\$773.82	74	\$33,015.00
Plan Reviews	7		33	
Stop Work Issued	61		800	
City Projects	2	Inc in Permit	44	
Complaints	2		13	
Demo Permits	0		3	
Court Issues	5		57	
Fire Projects	0		0	
Cars	0		0	
Abatements	1		15	
	0		0	
Total	296	\$39,467.24	3,342.00	\$118,480.42

Summit II

1. No new permits issued at this time.

Cedar Heights/Kingbuilt Homes

1. Neal is doing a feasibility study on the main street lot, to date, do not know when he will apply for a permit.

Beehive

1. Nothing new to report on this project.

McCleary School

1. The stage has been removed and new footing poured
2. Part of the footings has been poured for the new class room area.
3. Some inner framing and plumbing is started.

Rossvale Plat

No new action at this time

Brookside MH Park

Larry talked with Colin and will be in the middle of November to have a pre-construction meeting and apply for permits.

Still working on inspections and finals for small projects around the city.

Thank you

Mick Schlenker
Building Official
City of McCleary
360 495-3667 ext. 5

STAFF REPORT

To: Mayor and City Council
From: Todd Baun 
Date: November 6, 2008
Re: Month of October

Here are the projects I've been working on for October.

- Jerry Morrisette and his associates will be giving a presentation at council on November 12th. He will be showing plans that are 80% complete and explain some of the complications that we are running into with this project. Letters have been sent out to the affected residents and we also have notice published on the website.
- Gray and Osborne and I have been working on Surface Transportation Grant for additional funding on Simpson Avenue sidewalks. The grant is due on November 6th and we will find out the funding results by mid December.
- I have reviewed the rezone application from M&M properties.
- The signs for city facilities have arrived and we have installed several of them. I also have received a price for new redwood signs that will go at the entrances of town. The cost of each sign will be about \$3300 each or all 3 for \$9000
- We have installed several new street signs and stop signs around town. The new signs are in compliance with WSDOT standards and make the streets safer. We sent our old signs to the state to be refurbished. We save the city money by doing this and it also helps the environment by not having the signs go to the land fill.
- Andy Mesojednik has completed his project on Wildcat Drive. With the project we upgraded a water main and added a hydrant.
- Lakeside has completed the street patching. There is a memo that will explain why the final amount is over the original bid amount.
- The resident on E. Oak Street that paved on our ROW has received the engineer's variance that has several conditions that make the project compliant with city standards.
- I'm still working on a new Right of Way form. I have met with Busse and Colin on a couple of occasions to tweak the ROW form so it will fit in with the rest of our forms.
- The Citizen Action Request has been reviewed by the insurance auditor and found to have some minor changes it needed. The changes have been made and the new form is in use.
- I received notice from the State Recreation and Conservation office that we did not receive the NOVA grant. Hopefully we will be applying again next year for a trails planning grant.
- Craig Ackley has completed his new driveway on 1st street.
- The WSDOT was in town to sweep one last time this year on October 20th.

- We had a water leak on November 4th on the 3 inch service line that goes to the Beehive Retirement Community. A piece of the plastic pipe failed and broke the line in half causing the street and sidewalk to flood. We had a 3 hour water outage for the residents surrounding the Beehive while we made the temporary repairs. Permanent repairs will be made on November 10th.
- I will be attending a road and street supervisor conference in SeaTac on December 9-11th. The conference will be having classes on L&I topics, backing safety, vegetation control, asphaltting, construction strategies and winter storm management. I plan on attending many of the classes and learning new things that I can bring back to the city.

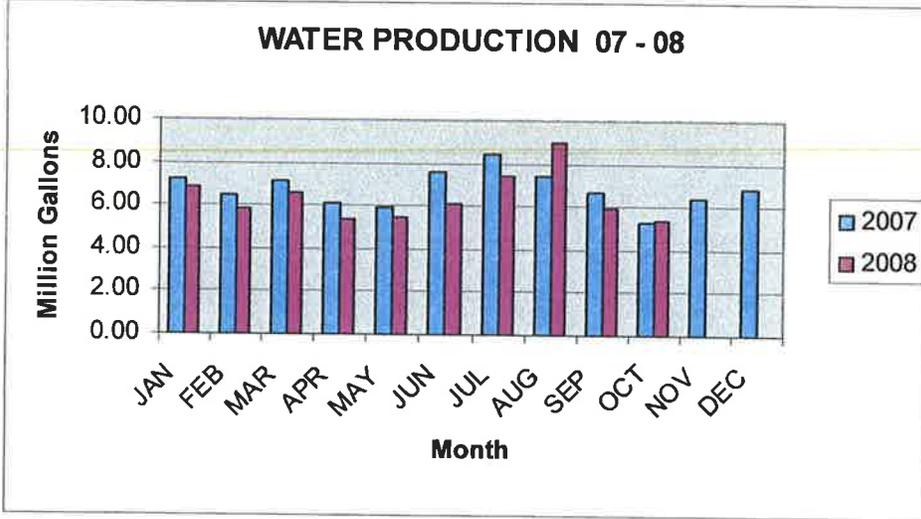
If you have any questions, don't be afraid to ask. If you see something that needs attention or have any ideas that you would like me to pursue, my door is always open, so please come and talk to me.

STAFF REPORT

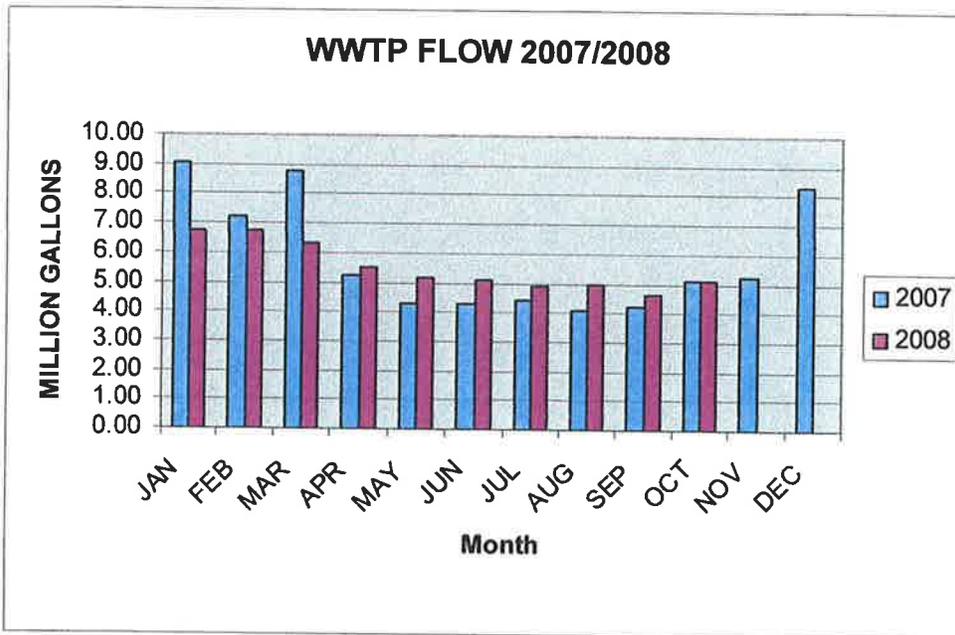


To: Mayor and City Council
From: Water/Wastewater
Date: November 2008
Re: Monthly Council Report

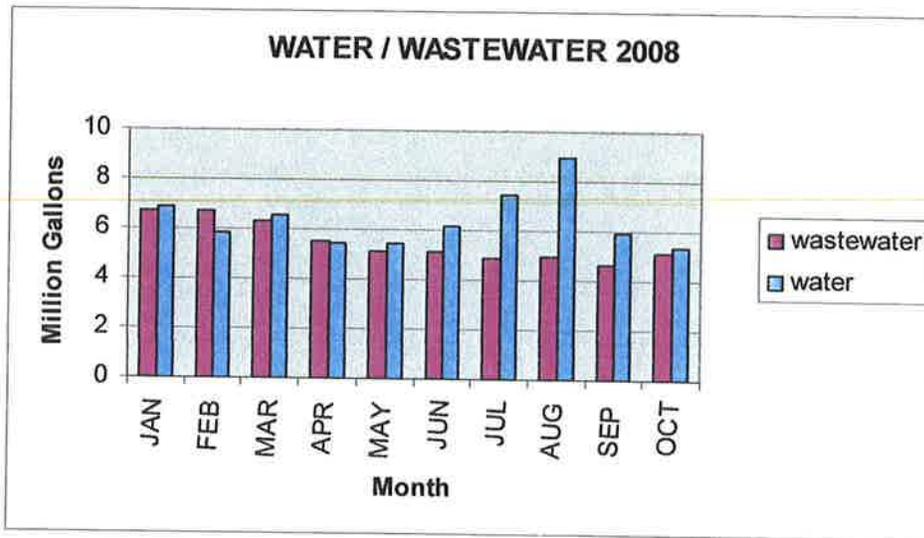
Water consumption is as usual, trending with the seasonal change it has declined as we go into the fall.



Wastewater is showing the trend of the seasonal change also. We can use this chart to help identify groundwater inflow and infiltration by identifying spikes in the monthly flows as was identified in 2007.



This chart can also be used to identify abnormalities that tend to fall outside of the normal trending patterns. To this date, this chart trends very well with the expectations of our system for production and discharge.



With the rapid increase in precipitation at the beginning of November we should be able to look at December flows and identify inflow and infiltration in our wastewater collection system. The ideal chart would show wastewater discharge less than water production.

STAFF REPORT

To: Council and Mayor
 From: John Allardin, Maintenance Crew Foreman 
 Date: November 03, 2008
 RE: October Status Report

TASK	DESCRIPTION	MONTH		YEAR TO DATE	
		NO.	HOURS	NO.	HOURS
Building maintenance	Park, transit station restrooms, city compound, library, float shed & museum.		57.5		665.5
Meetings and appointments	Safety meeting, interviews, public works meetings, outside agencies and contractors.		19		194.5
Training	Joe taking WDM1 test	1	4	5	159
Water leaks	water leaks	2	5	16	152.5
Water complaints	Dirty, smelly or low water pressure.			7	6
Garbage collection	Down town, park, cemetery, city compound and city park trash cans.		8		114
Grounds maintenance	Gardening, hanging baskets, mowing, raking, baseball field maintenance and pressure washing		96		917.5
Motor pool maintenance	Motor pool maintenance in house and contract work		8	18	130
Pot hole program	Had lakeside patching crew in	10	26	150	63.5
Utilities locates	Locating underground utilities	1	.5	36	24.5
Meter reading	Three people task includes meter reading, shut off list and re-reads		60		499
Flagging traffic	Flagging for Light and Power crew			3	14
Citizen requests	Forms generated by requests from citizens	1	10	34	65
Valve exercising program	Checking for valve operation, location, and maintaining proper valve operation	37	20	70	81
Sanding streets and street sweeping	sweeping streets	1	8	3	15
Hydrant flushing program	Maintenance, flushing and exercising hydrants			21	56

STAFF REPORT

To: Mayor and City Council
From: Jennie Reed, Court Administrator *JJR*
Date: November 6, 2008
Re: October Report

	Court Filings		Court Fines Paid	
	October	YTD	October	YTD
Traffic Infractions	8	154	\$1,705.60	\$24,987.48
Non Traffic Infractions	0	3	\$0.00	\$46.00
Criminal Traffic	1	65	\$711.30	\$8,101.46
Criminal Non Traffic	4	43	\$485.84	\$4,854.30
Collection Fees Collected			821.19	\$968.20
TOTAL ISSUED	13	265	\$3,723.93	\$38,957.44

STAFF REPORT

To: City Council
From: Busse Nutley, City Administrator
Date: November 10, 2008
Re: Bid Award – Fire Siren

Eleven months ago the big storm did very little damage in McCleary, but it did destroy the fire siren. Many have missed it.

FEMA and our insurance provider will be paying for all but our \$1,000 deductible for the new siren. Unfortunately, the prices quoted several months ago to comply with FEMA processes and requirements have increased. Therefore, we recently had the bids updated.

In addition to the actual siren and installation, there is additional electrical work that was bid off the Small Works Roster (\$1,074.15 – Schumacher Electric), and the Light & Power crew will provide a pole and its installation (\$3,159.21).

The bids for the fire siren and its installation are as follows:

Day Wireless	\$8,896.36
Kim-Torp-Pedersen, LLC	\$11,000.00
Parker Sales and Marketing	\$12,500.00

Requested Action:

Award the bid for a fire siren and its installation to Day Wireless in the amount of \$8,896.36, including Washington State sales tax.

STAFF REPORT

To: City Council
From: Busse Nutley, City Administrator
Date: November 10, 2008
Re: BPA Contract – 2011-2028

The City's current contract with BPA for power supply is coming to an end. For months, BPA has been conducting a "Regional Dialogue" with its customers about the provisions of these new contracts with its customers.

Our BPA Account Executive, Kirsten Watts, met with Ardyce and me to go over the contract and options open to the City, followed by a meeting with the Council's Finance Committee to review the proposed contract with them, as well. Following this memo is a copy of the Power Point information Kirsten prepared for the Finance Committee meeting, outlining the contract provisions.

Our new contract is for the purchase of Load Following power from October 1, 2011 through September 30, 2028. If McCleary does not sign the contract by December 1, 2008, BPA will rescind its offer.

In general, the contract continues our current rates, called "Tier 1". If the City experiences exponential growth, it is possible that in the future we might have to purchase more expensive power in "Tier 2". In other words, new power will cost more than the power generated by existing sources. If we have to buy additional power beyond the amount set in our contract, then we will have to pay those higher rates for the amount used. Under current projections, McCleary is not expected to require any Tier 2 power before the end of the new contract period.

Requested Action:

Authorize the Mayor to sign the contract with BPA for power purchase for the period 2011 – 2028.



Department of Energy

Bonneville Power Administration
Seattle Customer Service Center
909 First Avenue, Suite 380
Seattle, Washington 98104-3636

October 15, 2008

In reply refer to: PSW/Seattle

Mr. Wallace Bentley
Mayor
100 South Third
P.O. Box 360
McCleary, WA 98554-0360

Dear Mayor Bentley:

Enclosed for your consideration are two originals of Power Sales Agreement, Contract No. 09PB-13069 (Agreement), between the Bonneville Power Administration (BPA) and City of McCleary (McCleary). This new Agreement provides for the purchase of the Load Following product for the period, October 1, 2011 through September 30, 2028.

Please note that McCleary has until November 1, 2009 to make decisions about serving any load above its Contract or Rate Period High Water Mark and reflect such decisions in this Agreement. Also, BPA will add McCleary's Contract High Water Mark to Exhibit B of the contract no later than September 15, 2011.

If you find the Agreement acceptable, please sign and date both originals and return them to me no later than 4:30 p.m., December 1, 2008. When signed, I will return a fully executed original of the Agreement for your record.

If BPA does not receive McCleary's signed Agreement by the deadline above, BPA will rescind its offer.

Please feel free to contact me at 1-800-241-4573, if you have any questions or concerns.

Thank you for your consideration. I look forward to continuing to work with you in the future.

Sincerely,

A handwritten signature in blue ink that reads "R. Kirsten Watts".

R. Kirsten Watts
Power Services Account Executive

cc: Busse Nutley, City Administrator
Ardyce Taylor, Utility Accountant

Enclosure: (2) Regional Dialogue Contract No. 09PB-13069

**Long-Term Regional Dialogue
Policy Implementation**

**Presented to City of McCleary
Finance Committee**

**by R. Kirsten Watts, Power Services Account Executive
October 6, 2008**



Regional Dialogue Overview

The Essentials

- History
- McCleary's Role
- Process Timeline
- Major Changes
- McCleary's Options – Products & How to Serve Load Above the High Water Mark
- McCleary's Learnings to Date
- Timeline for Taking Action



Regional Dialogue - Purpose

Purpose of Regional Dialogue

- Process designed to define BPA's long term power supply role in region
- Help set customers' expectations about and define responsibilities for future load growth coverage
- Encourage conservation and resource development
- Secure regional benefits before change in nation's leadership

McCleary's Role

- Make decision about remaining a BPA customer for next 20 years --current contract expires September 30, 2011
- Decide no later than December 1, 2008 which primary product to purchase from BPA
- Decide by November 1, 2009 how to serve any load above the Tier 1 rate threshold



Regional Dialogue Process General Timeline

- ✓ July 2007 ~ Regional Dialogue Policy and Record of Decision released
- ✓ August 2007 ~ Workshops began
- ✓ October 2007 ~ Master contract template made available for public review
- ✓ December 2007 ~ Regional Dialogue workshops conclude
- ✓ February 2008 ~ 7(1) process begins to establish tiered rate methodology
- ✓ March 2008 ~ Detailed contract templates available for public comment
- August 2008 ~ Start Contract offers**
- December 1, 2008 ~ Deadline for signing contracts**
- November 1, 2009 ~ Customers elect above-HWM treatment for Fiscal Years 2012-2014**
- FY 2011 (early) ~ Rate Case starts (FY 2012 - 2013)**
- FY 2011 (mid) ~ Contract HWM calculated**
- FY 2011 (late) ~ Rate Case ends (FY 2012 - 2013)**
- FY 2011 (end) ~ Customers elect above-HWM treatment for Fiscal Years 2015-2019**
- October 1, 2011 ~ Service under new contracts begins**



Major Changes McCleary Will See in Future

What will NOT change

- Can still buy as much power as needed = net requirement
- Will use power sales contract to capture specifics of relationship

Major changes to expect

- Unlimited augmentation = no more; BPA will sell no more than capability of federal base system plus 300 aMW of augmentation at lowest cost based rates, total of 7,400 aMW
- Customers responsible for covering load growth – will have choices
- 5 Year rate periods will be replaced by **2 year rate periods**
 - Removes need to institute temporary rate increases
 - Will establish rates for FY 2012 in FY 2011
- Melded rate design will be replaced by **tiered rates design**; Tier 1 = lowest cost based rate; Tier 2 = market based rate
 - Tiering rates to ensure there is a clear differentiation between costs of service associated with the capability of the federal base system and costs of service associated with serving power needs beyond the capability of the federal base system



Major Changes McCleary Will See in Future

- Guaranteed lowest cost based rate may no longer apply to a customer's total net requirement; a portion may be subject to a Tier 2 (possibly higher) rate
 - ❖ Net Requirement = total amount of McCleary's load that BPA will serve, less a dedicated resource
 - ❖ **Contract High Water Mark** = maximum portion of McCleary's net requirement that can be served at the lowest cost based rate, based on 2010 actual loads and forecasted resources; **will evolve into a Rate Period High Water Mark**
 - ❖ **Load Above Rate Period High Water Mark** = portion of McCleary net requirement that can be served at a Tier 2 rate
- 10 year contracts replaced by **20 year contracts** – October 1, 2011 – September 30, 2028, but executed in 2008
- Contracts will be more detailed – resources, specified purchase amounts



McCleary's Options

McCleary may enter into a contract to purchase one of these 3 major products to serve its load:

- Load Following (McCleary currently purchases this product)
- Block
- Slice/Block

All products will be take-or-pay.

Costs will be assigned to respective customer pools to avoid cost shifting.



McCleary's Options ~ Load Following Product

- **Purpose:** Would provide all power needed to meet a customer's hourly load minus a customer's dedicated non-Federal resource amounts and any declared metered "behind the meter" non-Federal resource amounts
- **Features:**
 - Reshaping of the FBS to the forecasted monthly shape of the customer's load, minus committed non-Federal resources (same as a Shaped Block)
 - Load variance charges would cover costs associated with customer's actual loads being greater and/or less than forecast during the rate period



McCleary's Options ~ Block Product: Flat and Shaped

- Provides a predefined amount of power to help meet a customer's net requirement load
- Energy and demand shaping charges for the Block product will reflect the projected cost to convert the shape of the critical FBS into the predefined block shape
- Generally purchased by customers with multiple resources and/or relatively flat, predictable loads

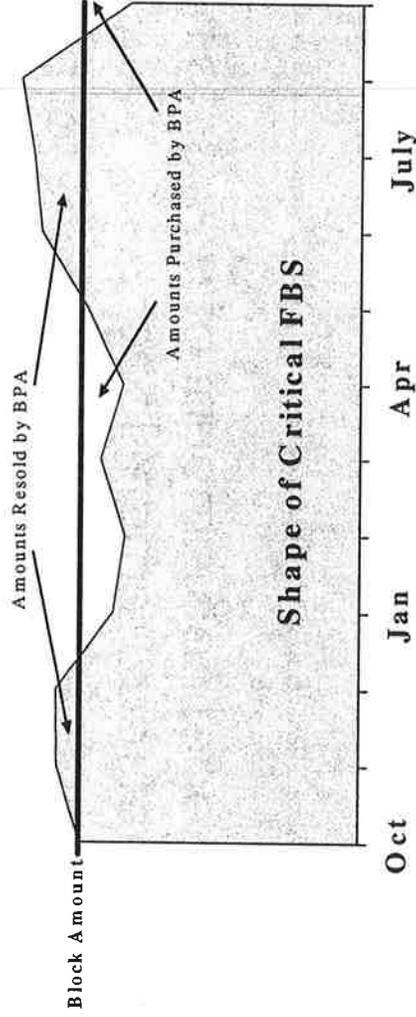


McCleary's Options ~ Flat Block Product

Flat Block

- Delivers an equal amount of power in all hours of the year
- Charges to convert from the shape of the FBS to a flat block will reflect the difference in value between the flat block and the shape of the FBS
- A flat block would likely incur more shaping charges than a critical-water-like shaped block

Shaping Critical FBS Into a Flat Block

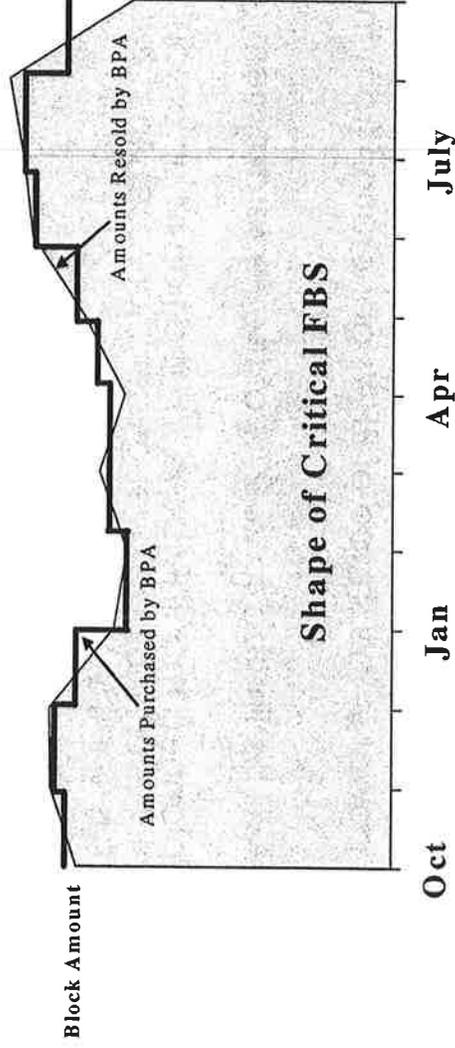


McCleary's Options ~ Shaped Block Product

Block shaped like critical water

- Shaped to the customer's forecast monthly net requirement
- A shaped block that closely resembles the shape of critical water would incur only basic shaping charges included in all Block products
- A Block customer is responsible for meeting their hourly load shape

Shaping Critical FBS Into a Shaped Block



McCleary's Options ~ Slice/Block Product

- The Slice service provides power in the shape of BPA's generation from the Federal system resources over the year
- Aggregate Slice amounts will be limited to 25-27% of the Federal system (currently 22.6%)
- Provides firm power on a planned monthly basis, in addition to an amount of energy based on Federal system energy which can include over-generation, such that this product also includes an advanced sale of surplus energy
- A customer purchasing Slice will be responsible for following their own hourly load
- Slice must be paired with a Block product to meet a customer's total net requirement load.
 - ❖ Minimum block (Tier 1 + Tier 2) will be set at 30% of a customer's net requirement load
 - ❖ Tier 1 block may be flat annual or flat monthly shaped to the customer's monthly net requirement
 - ❖ Tier 2 will be available for load beyond the HWM in the shape of a flat block
- Compared to the current product, the post FY 2011 Slice will have modest reductions in operational flexibility and/or clarification of capacity rights and flexibility
 - ❖ Refinement of delivery limits to better reflect actual capability
 - ❖ Elimination of within-hour services
 - ❖ Elimination of provisions that were never implemented or rarely utilized



McCleary's Options ~ Serving Load Above the Rate Period High Water Mark

How will McCleary serve any load above its Rate Period High Water Mark (aka load exposed to Tier 2 rates)?

1. Can be served with non-federal resources
2. Can be served with power purchased from BPA at Tier 2 rates
3. Can be served with combination of non-federal resources and BPA Tier 2 priced power

Tier 2 Structure:

- **Flat Block:** Power sold at Tier 2 rates will be in the shape of a flat annual block of energy
- **Marginal Cost:** Tier 2 rates will be based on the marginal cost of new BPA purchases and resource acquisitions, including the costs of shaping and/or firming resources to a flat annual block
- **Commitment to Costs:** Customers who choose to purchase power at Tier 2 rates will commit to pay rates tied to the costs of specific resources or market purchases for the specified purchase duration
- **Take-or-Pay:** All Tier 2 purchases will be take-or-pay. Liquidated damages will apply when a customer is unable to take power at the rate they have committed to purchase



McCleary's Options ~ Serving Load Above the Rate Period High Water Mark

If McCleary chooses to have BPA serve all or a portion of its above Rate Period High Water Mark load, it can pay for the load service with . . .

The Tier 2 Load Growth Rate, Tier 2 Short Term Rate, or Tier 2 Vintage Rate(s) (if offered)

Features of Tier 2 Load Growth Rate:

- Only for Load-Following customers
- Commitment required by November 1, 2009 or September 30, 2011, for the full duration of the contract (14-17 years)
- Costs of resources on which the Load Growth Rate is based will remain in that specific cost pool
- Pricing based on best market opportunities and cost pool's future load growth potential ; rate level will vary over time as new resource costs are added to the pool and as the cost of providing support services to resources in the cost pool changes
- Customers do not need to commit to specified quantities
- When selecting the Load Growth Rate, customers can specify amounts of power for the term of the contract that will not be served with power at the Load Growth Rate (i.e. served instead with power at another Tier 2 rate or with non-federal resources)
- Have right to reduce future obligation with notice and possible liquidated damages



McCleary's Options ~ Serving Load Above the Rate Period High Water Mark

Short-term Rate: Rate alternative based on the costs of market purchases and/or resource acquisitions, and requiring a shorter-term commitment than other Tier 2 alternatives but sufficiently long enough to meet resource adequacy standards.

Features:

- Single rate based on the costs of resources and/or market purchases, including the costs of shaping and/or firming the resources to flat annual blocks
- Customers who choose this alternative will be committing to purchase at an unknown price, and over time, the price will vary depending on the costs of resources and support services included in the portfolio
- Can combine Short-Term Tier 2 rate power with non-Federal resources or other BPA Tier 2 alternatives that are made available
- The Short-Term Tier 2 rate includes green attributes
- Customers can specify varying amounts of Short-Term combinations for each year of a commitment period



McCleary's Options ~ Serving Load Above the Rate Period High Water Mark

Specific Resource Tier 2 Vintaged Rates: Periodically offered Tier 2 rate vintages based on specific resource costs for customers that need power to be based on specific resource types (e.g. renewable) or that want to know more about resource costs before they make a long-term commitment.

Features:

- Customers commit to purchase power for a specified duration at a Tier 2 rate based on the costs of long-term resources acquired to supply that specific Tier 2 vintage rate pool
- Costs of resources on which a Tier 2 Vintaged rate is based will remain in the specific Tier 2 vintage cost pool
- To ensure that Tier 2 costs do not affect Tier 1 rates, customers will have to give BPA a binding commitment (with a Statement of Intent) to take service at this rate before BPA will enter into negotiations to finalize the purchase commitment for the resource
- To limit customers' risk, BPA expects to minimize the time between the customers' commitment and BPA's purchase of the resource
- Tier 2 Vintage rates could be based on the costs of renewable resources or non-renewable resources, however initially BPA expects to focus on renewable vintages. BPA would specify the "greenness" of each vintage (e.g., whether RECs are included)



McCleary's Options ~ Serving Load Above the Rate Period High Water Mark

McCleary also has the choice to . . .
 serve load above the Rate Period High Water Mark with Non-Federal Resources, and should know . . .

Load Following:

- Since BPA meets the hourly load of this type of customer, the shape of any non-federal resources applied to meet load beyond the customer's HWM could have an impact on the costs to other customers
- To avoid this BPA, has established a benchmark shape for non-federal purchases

The Benchmark Shape for Load Following Customers:

- The flat annual block required for purchases at the Tier 2 rate is used to establish the value BPA will require from any resources a customer uses to meet its load beyond its HWM
- Customer resources that are not scheduled to customer's load in the benchmark shape will be subject to a Resource Shaping Charge Adjustment

Resource Shaping Charge Adjustment for Load Following Customers:

- Each rate case BPA will assess the value of a customer's resource compared to the benchmark shape to assess what additional charges or credits might apply
- Some resource shapes may not be allowed and the rate design for this service may change over time



**McCleary's Options ~ Serving Load Above the Rate Period High Water Mark
BPA Tier 2 vs. Non-BPA Resources**

Advantages of BPA Tier 2	Advantages of Non-BPA Sources
Range of Tier 2 choices: Short term, Load Growth, Vintage	Maximum freedom of choice and control in resource types and terms
Solid, experienced BPA Power and Transmission staff working for you	No Section 6c or NEPA requirements Less "transparency" required
No need for additional utility staffing	Opportunities to partner and pool with other utilities
Pooled risks (within Tier 2 pools)	Flexibility in marketing surplus generation

* Neutral Factors: Resource Integration Costs and Transmission Costs



McCleary's Options ~ Serving Load Above the Rate Period High Water Mark

If McCleary decides making choices about which Tier 2 rate to apply is too complicated, it can select. . .

The Shared Rates Plan

Purpose: to establish a simple construct that allows customers to pool the costs of their Tier 1 and Tier 2 energy purchases and pay the same energy rate (i.e., melded)

Eligibility: Only available to Load-Following customers who choose to purchase power solely at the Load Growth Tier 2 rate

Features:

- Customers will be offered a one-time right to sign up for the shared rate plan on November 1, 2009
- Customers may opt out at a later date, but no new customers can sign up
 - Opting out converts customers to Load Following applying the Tier 2 Load Growth Rate to their above Rate Period High Water Mark load
 - Customers who entered with "headroom" retain it when they leave
- Acts as an insurance policy that spreads costs for customers that experience load growth because all participants' "headroom" is shared with other participants
- There is no economic impact on customers who do not choose this option
- The quantity is small enough to avoid creating disincentives to engage in conservation activities, 700 aMW limit being considered
- The approach does not grow into a number that undoes the concept of tiered rates



McCleary's Learning to Date

- **Start with Shared Rates Plan (melded Tier 1 and Tier 2 rates)**
- **Then convert to Load Following and use all BPA Tier 2 to cover all above RHWL load.**
 - Options include:
 - **Load Growth Rate:** A more stable rate because...
 - It can be supplied with longer-term resources, and
 - Load-growth within the cost pool is limited only to those utilities that elected into the rate at the first or second Notice Deadlines
 - **Short-Term Rate:**
 - This rate is likely to be more exposed to price volatility, but customers remain eligible to convert to resource specific Vintage Rates (important consideration for RPS affected utilities).
 - Also, customers maintain flexibility to apply non-federal resources in future purchase periods or if they exercise their Short-Term reduction right.



When McCleary Has To Make Decisions

SOONER

- December 1, 2008
 - Product Type

- November 1, 2009
 - Participate in Shared Rates Plan
 - How To Serve Load Above the Rate Period High Water Mark during FY 2012 - 2014

LATER . . .



When McCleary Has To Make Decisions

Later decisions about serving load above the Rate Period High Water Mark have to be made...

Notice Deadline

Purchase Period

September 30, 2011	for	FY 2015 - FY 2019
September 30, 2016	for	FY 2020 - FY 2024
September 30, 2021	for	FY 2025 - FY 2028



STAFF REPORT

To: City Council
From: Busse Nutley, City Administrator 
Date: November 10, 2008
Re: Labor Contract with IBEW – Light & Power

Your negotiators have tentatively agreed to a new contract with the International Brotherhood of Electrical Workers (IBEW) for Light & Power employees. The proposed provisions of the contract will be presented to you during an Executive Session at the end of the regular Council meeting.

Requested Action:

Authorize the Mayor to sign the contract with IBEW for Light & Power.

STAFF REPORT

To: City Council
From: Busse Nutley, City Administrator
Date: November 10, 2008
Re: Fault Indicators – Bid Award

When underground power lines fail, the problem must be isolated to minimize disruption to the system. By installing fault indicators with these lines, the power interruption can more easily be found. The 2008 budget included \$10,000 for these “doohickeys”.

For some unknown reason, I signed a Purchase Order for 50 fault indicators, but there is no evidence that the issue was brought before the Council for its approval. Light & Power followed through with the purchase and the fault indicators have been delivered. We have not yet paid for them, pending Council action.

Although Jeff did receive three bids for the product, as it turns out, only one of them is compatible with our system.

Bids:	General Pacific	did not bid
	Western States	not compatible with system
	Westco	\$9,449.98

Requested Action:

Ratify the purchase of fault indicators from Westco in the amount of \$9,449.98, including Washington State sales tax.

Memo

To: Busse Nutley
From: Todd Baun
CC:
Date: 11/6/2008
Re: Lakeside billing

Lakeside billing

We went out to bid for patching the weeks before the October 6th, 2008 council meeting. At that meeting the council voted to award the bid to Lakeside Industries to install 25.32 tons of asphalt for the amount of \$7000.00. Lakeside completed this task on October 10th by installing 27.47 tons. This is a difference of 2.15 tons from the original bid. The reason for the bid is because during the prepping of the areas to be prepped the city crew found a tree stump in the middle of the road on Hemlock Street. The crew dug out the stump along with the roots and that increased the size of the patch that was originally going to be placed. The final bill from lakeside came to \$7581.

I would like to request the council approve the extra \$581 in charges for the extra 2.15 tons.

STAFF REPORT

To: City Council
From: Busse Nutley, City Administrator 
Date: November 10, 2008
Re: Set 2009 Property Tax Levy

There are several components to establishing the property tax each year. The County Assessor determines the value of property and state law establishes the maximum amount of tax that may be levied by each city, county, special purpose district and the state.

Current state law restricts the increase in local governmental property tax RECEIPTS to 1% per year. Therefore, the levy amount is determined by the previous year's collection, divided by the current assessed valuation of the entire City.

The City has consistently raised the property tax the maximum allowed by law, as it is a major component of the Current Expense revenues that fund police and fire. The property tax is also used for streets and parks and cemetery. The proportion of this tax proposed in the 2009 budget is 65% Current Expense, 30% Parks & Cemetery, and 5% Streets.

Requested Action: Adopt the Resolution

ORDINANCE NO _____

**AN ORDINANCE RELATING TO THE ESTABLISHMENT
OF THE REGULAR TAX LEVY FOR THE YEAR 2008
FOR COLLECTION IN THE YEAR 2009; MAKING
FINDINGS; AND RESERVING RIGHTS.****R E C I T A L S :**

1. The City Council of the City of McCleary, has met and is considering its budget for the calendar year 2009. It has been informed, through a document provided by the Office of the County Assessor, that the highest regular tax which could have been levied for collection in 2008 was \$214,131.00. Utilizing the limits contained within applicable law, the maximum increase allowed, without adjustments for new construction and annexed properties, for the year 2008 for collection in 2009 is estimated to be \$2,141.00 which would raise the maximum figure to \$220,434.00,

2. Further, the Assessor's information indicates that, during the relevant period, new construction and improvements having a value of \$1,384,635.00 have been completed within the City and placed upon the Assessor's records. Such placement will allow the addition of approximately \$3,637.00 to the authorized tax levy. That same source has indicated that no property had been annexed to the City during the relevant period.

3. The City Council of the City of McCleary, following a public hearing duly held on October 22, 2008, and after duly

considering all relevant evidence and testimony presented, has determined the City of McCleary will exercise its authority to increase the regular tax levy by the authorized one percent.

4. The action carried forth by the Ordinance is based upon a Council finding that there is a significant necessity for the property tax revenue to be increased in the next calendar year in order to meet the expenses and obligations of the City.

5. In adopting this ordinance, the City is relying upon the accuracy and completeness of the information provided to it by the Office of the County Assessor.

NOW, THEREFORE, BE IT ORDAINED AS FOLLOWS BY THE CITY COUNCIL OF THE CITY OF McCLEARY:

SECTION I: An increase in the regular property tax levy in the amount of \$2,141.00 is hereby authorized to be levied in 2008 for collection in 2009, which is a percentage increase of one percent from the previous year, or such amount as would represent such a one percent increase, based upon the final calculations developed by the Office of the Grays Harbor County Assessor or the Washington State Department of Revenue.

The increase indicated is exclusive of revenue resulting from the addition of new construction and improvements to property within the City, any increase in the value of state assessed property, any additional amounts resulting from any annexations that have occurred, and any refunds made, those anticipated figures being more fully set forth in Recitals 1 and 2.

According to the information provided by the Assessor, it is anticipated the combination of the elements will result in the imposition of a total of 220,434.00.

SECTION II: This ordinance is based upon the information from the appropriate County officials as to amounts and calculations, as well as advice from County officials that this ordinance can be amended to modify the tax rate established herein by adoption of an appropriate amendatory ordinance. The City specifically reserves the right to take such amendatory action up to and including the last day allowed.

SECTION III: Upon execution by the Mayor, a certified copy of this Ordinance shall be provided to the appropriate officials of the County so as to provide for appropriate assessment.

SECTION IV: If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this Ordinance. The Council hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause, and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases had been declared invalid or unconstitutional, and if for any reason this Ordinance should be declared invalid or unconstitutional, then the original ordinance or ordinances shall be in full force and effect.

SECTION V: This Ordinance shall take effect upon the fifth day following date of publication.

