

CITY OF MCCLEARY
Regular City Council Meeting
Wednesday, January 27, 2016

ROLL CALL AND FLAG SALUTE	Councilmember's Orffer, Peterson, Blankenship and Ator were in attendance.
ABSENT	Councilmember Vessey was absent and requested to be excused. It was moved by Councilmember Orffer, seconded by Councilmember Peterson to excuse Councilmember Vessey's absence. Motion Carried 4-0.
STAFF PRESENT	Present at the meeting were Todd Baun, Wendy Collins, George Crumb, Paul Nott, Randy Bunch and Dan Glenn.
PUBLIC HEARING	None.
PUBLIC COMMENT	The Council held a workshop prior to the regular meeting to discuss the Shoreline Management Plan with Mark Daniels from the Watershed Group.
EXECUTIVE SESSION	Mayor Schiller called for an executive session at 7:05 pm to discuss labor negotiations pursuant to RCW 42.30.140.4(a) for 20 minutes or less. The executive session ended at 7:25 pm.
MINUTES APPROVED	It was moved by Councilmember Orffer, seconded by Councilmember Ator to approve the January 13, 2016 minutes. Motion Carried 4-0.
CITY ATTORNEY REPORT	Dan Glenn provided a written report for the Council and is available if they have any questions.
MAYOR'S COMMENTS	Mayor Schiller informed the Council there will be a couple interns from the University of Washington coming to help the City on creating our vision and mission plan. They will be here on Friday, February 5th to meet with administration and interested residents and Councilmembers.
DIRECTOR OF PUBLIC WORKS REPORT	Todd Baun provided a written report for the Council and is available, if they have any questions.
ELECTRIC RATE STUDY PROPOSALS	Todd Baun met with two companies that provided rate study proposals for the City. After listening to the two presentations, and after further discussion with the company representatives, staff believes FCS Group will provide the best study for the City's needs. It was moved by Councilmember Orffer, seconded by Councilmember Ator to follow the recommendation by to staff to authorize the City to move forward with FCS Group for the electrical rate study. Motion Carried 4-0.
MARIJUANA HEARING EXAMINER REPORT	Tabled.
FRATERNAL ORDER OF POLICE (FOP) CONTRACT	It was moved by Councilmember Ator, seconded by Councilmember Peterson to authorize the Mayor to sign the FOP contract as presented. Carried 4-0.
ORDINANCE 816 DEVELOPMENT AGREEMENT	It was moved by Councilmember Ator, seconded by Councilmember Peterson to adopt Ordinance 816 relating to governmental administration, adding a new chapter to Title 17 of the Municipal Code, providing for severability and an effective date. Roll call taken in the affirmative. Ordinance Adopted 4-0.
ORDINANCE 817 CIVIL SERVICE MODIFICATION	It was moved by Councilmember Ator, seconded by Councilmember Peterson to adopt Ordinance 817 relating to governmental operation, modifying the number of individuals serving upon the civil service commission, amending section 2.56.020 MMC, providing for an effective date and severability. Roll call taken in the affirmative. Ordinance Adopted 4-0.
RESOLUTION 682 PERMISSIVE USE UDPATE	It was moved by Councilmember Ator, seconded by Councilmember Peterson to adopt Resolution 682 in relation to the granting of and fees to be charged for permissive use permits and repealing Resolution 208. Resolution Adopted 4-0.

REVERSE RESOLUTION 682
PERMISSIVE USE UPDATE **It was moved by Councilmember Ator, seconded by Councilmember Peterson to withdraw the adoption of Resolution 682 so that the Council can reconsider the fee amounts. Motion Carried 4-0.**

APPOINT MAYOR PRO TEM **It was moved by Councilmember Ator, seconded by Councilmember Peterson to nominate and appoint Councilmember Orffer as Mayor Pro Tem. Motion Carried 4-0.**

APPROVAL OF VOUCHERS Accounts Payable vouchers/checks approved were 40637 - 40661 including EFT's in the amount of \$30,437.39.

 It was moved by Councilmember Ator, seconded by Councilmember Peterson to approve the vouchers. Motion Carried 4-0.

EXECUTIVE SESSION None.

PUBLIC COMMENT None.

MEETING ADJOURNED **It was moved by Councilmember Ator, seconded by Councilmember Orffer to adjourn the meeting at 8:10 pm. The next meeting will be Wednesday, February 10, 2016 at 7:00 pm. Motion Carried 4-0.**

Approved by Mayor Brent Schiller and Clerk-Treasurer Wendy Collins.

MEMORANDUM

TO: MAYOR AND CITY COUNCIL, City of McCleary
FROM: DANIEL O. GLENN, City Attorney
DATE: February 5, 2016
RE: LEGAL ACTIVITIES as of FEBRUARY 10, 2016

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. **STORM WATER UTILITY RATES**: Pursuant to discussions, I had prepared alternative approaches to the discussion going on as to the adjustment of the current rates for this utility. Mr. Baun has met with the Finance Committee on this matter. Thus, I have prepared what is denominated the "D" draft which seeks to incorporate the basic suggestions of the Committee.

The draft provides for annual adjustments as of December 16 of each year. As you will note, the connection fee is adjusted annually by a percentage process set out in Section 3.2. As to the site specific rates, specific annual adjustments for this year and as of December 16 of 2016 and 2017. Then, if no other specific adjustment is set out, it is adjusted by the percentage process set out in Section 3.2.

2. **LEGISLATION**: As is recognized in the messages you receive from the Association of Washington Cities, the Legislature is back in session and considering a wide range of bills. One relates to affirming that cities may ban retail cannabis locations, an action you have already taken. Two which I would recommend be discussed this evening relate to public records.

A. **HB 2270**: Over the years requests have been received from out of state organizations under the Public Records Act. One which comes specifically to mind is a request for a listing of all contracts covering a broad period of time which was received on more than one occasion, if my memory serves me

correctly, from a firm operating out of Florida. I believe that Ms. Collins can tell you about the time consumed in striving to respond to that type of request.

Under the current provisions of the law, there is no distinction between the response required to a request submitted by a person or entity located in Washington or a person or entity located out of state so a response had to be provided. This bill would make clear that the PRA's responsibilities for a municipality only apply if the request is from a person who resides in Washington, a business or entity licensed and located in Washington, or represents the news media, regardless of location.

B. HB 2576: The provisions of this bill would be even more frequently applicable to McCleary. It has three main components:

1. A local governmental entity such as the City would be allowed to adopt policies to limit the time and resources spent responding to records requests. This ties into the fact that many cities, including McCleary, have restricted staff time. There has been litigation as to whether or not the response of a city or county has been timely. One or more entities have adopted policies covering this issue but since there is not statutory authority, they are subject to challenge. This would allow McCleary to implement a policy recognizing that Wendy, as the public records officer of the City, and Lindsay and Lori Ann, who also sometimes have to work through the requests have a lot of duties in relation to the operations of the City that are more crucial than an immediate response to a request for a record.

2. It would establish a Public Records Commission to be available as a source for an alternative dispute resolution source for public records disputes. As it stands now, all disputes must be decided in court with fees and costs. The resolution by the Commission would be a voluntary act upon the part of the parties but would be far faster and less expensive. It would be funded through the receipt of twenty percent of any penalties imposed by a court for a violation of the PRA. (Penalties can be up to \$100.00 per day.)

3. From an operational standpoint, an even more useful provision would allow the City to achieve recovery of the actual costs of responding to a commercially related request for public records made by a for-profit entity. As it stands now, the recovery is tied to the number of pages provided, if any, since in today's world of scanned records not infrequently the records are transmitted electronically.

AWC has requested that the cities consider formally responding to these submission by directing letters of support to their respective legislators. Mayor Sorensen and the Elma City Count concluded bill mcrited action on their part. That action was the sending of a letter to their District's legislative members asking them to support the bills. Since I have raised the matter to you and action similar to Elma's may be considered by you, the Open Public Meetings Act interpretation suggests that the Public have notice of any such possibility. I have asked Ms. Collins to place the matter on the Agenda so that if any citizen wishes to comment prior to any action, she or he may do so. Also, so that if you wish you make take collective action.

3. **BUILDING DEPARTMENT PROFESSIONAL SERVICES CONTRACT:**

Elma has determined that it currently can not enter into a contract with us for the provision of building official services. Thus, the contract with the firm which was recommended as the most appropriate responding firm is before you for consideration. It includes an attachment which incorporates certain changes I have recommended to clarify a variety of matters.

A basic concern was that the firm is based in Seattle but apparently has a staff member located in Aberdeen. The goal was to confirm that the most cost-effective means of delivery of service a/k/a as local as is possible be utilized. Also, I have suggested that the City have a bit more control over how the charges on particular project are actually implemented. It is my understanding that they have concurred as to the suggestions.

4. **POLE ATTACHMENT AGREEMENTS:** As you are aware, a number of entities use the City's power poles to place their lines and, in today's world, equipment. Recently, the granting to Astound Broadband a/k/a Wave of a franchise for use of the right of way has now resulted in their contacting the City in terms of use of the City's poles.

Their proposed use, an expression of interest by a company which does not use the poles to string lines but rather to place electronic transmitters, and the use by at least two other users (Comcast & Century-Link) has made even more relevant issues about Mr. Nott, Mr. Baun, and I have had a series of discussions. The basic issues we have been discussing are the level of the attachment fee to be paid (It has been at the annual rate of \$7.00 per pole since 1999 while both the GH and Mason County PUDs apparently charge over twice as much.) and the form and content of the agreement setting forth the term under which they are allowed.

A. Rates: Based upon information Paul has obtained, apparently there is litigation going on in relation to how the

rates are determined. To avoid problems, on an interim basis we likely suggest a rate at a level less than that which apparently has been approved by the court in which the litigation involving Pacific County is pending. The rate study, the contract for which is before you this evening, will include undertaking the appropriate analysis for future rate establishment.

B. Contract Provisions: A lot has changed since the existing contract with Timberland Telephone Company, the telephone company's predecessor, was executed in 1973. I have spent quite a bit of time searching out agreements utilized by other municipalities having electrical utilities and have "morphed" together a draft agreement which Paul and Todd are reviewing. The PUD has also been kind enough to provide us the documents they currently utilize although they too are undertaking a review for updating purposes.

Before anything is formally proposed to Astound, we will bring both a proposed interim rate structure and attachment/utilization agreement to you for your review and approval.

5. FCS CONTRACT: It is my memory that this firm previously has provided services in an effective manner to the City. However, I would like to make certain suggestions and comments, including a semantic one as a person who frequently commits phrasing faux pas when Ms. Erickson does not have the opportunity to check my drafting.

General Comments:

1. Normally there is an hourly rate shown for the services to be provided. I do not see such a figure provided but only what are effectively "lump sum" figures for the services to be provided.

2. I am assuming that they meant the scope of work section to read "as defined".

Contract Agreement:

Section 3: Payment: There is a budget attached but the "no more than" provision in the section has no figure. Mr. Baun will have to indicate that his recommendation is in that regard.

Section 6: Termination: Remove the provision for having to pay 10% of the total price in the event the City terminates the agreement.

Section 7: Indemnity: Add to the duty of the Company to hold the City harmless intentionally wrongful actions as well.

Section 8: Work Product: It is implied buy add language to make explicit that copies of all materials generated, whether electronic or printed, will be provided to the City. Also, does the City wish to retain privacy if they utilize the information for other purposes? Also, I would recommend that we match up now the software they intend to utilize with what the City has to insure that whatever product they provide in an electronic format is usable by the City.

EXHIBIT A

1. In terms of the water and sewer items, I would recommend that what will actually be provided be clarified. The language present "{t}he rate design assumes no changes in the rate structures." Does that mean not creating new classes or does it mean that they would recommend specific rates changes for the various classes?

2. As to optional meetings, they are shown at a fixed rate. It would appear appropriate that they be modified so that any such meeting is implemented on a time and materials rate with them capped at these figures. After all, Exhibit B indicates that the initial "Go to Meeting" meeting will be charged at \$540.00, an effective rate of that amount per hour without an indication of how many staff members would participate, etc..

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: Mayor Schiller
From: Todd Baun, Director of Public Works
Date: February 5th, 2016
Re: Current Non-Agenda Activity

City Council Tour Date and Time

The City Council City Tour is scheduled for March 11th at 2:30. We will meet at City Hall to start the tour.

City Wide Clean-Up

The City wide clean-up is scheduled for April 23rd from 8:00 am to 2:00 pm.

STAFF REPORT

To: Mayor Schiller
From: Paul Nott, Light & Power
Date: February 3, 2016
Re: January Report



	Monthly Statistics;	YTD Totals;
New Services;	2	2
System Outages;	4	4
Pole Replacements;	1	1
Maintenance Work Orders;	8	8
Billable Work Orders;	2	2

In January the L&P crew responded to 4 outages, connected two new services, un-decorated the City of Christmas decorations, changed out numerous street lights to the new LED's and began work on Aspen Ln.

The City experienced a City wide outage in mid-January. The cause was a tree that fell between Elma and McCleary, contacted the high line and tripped the breaker. The outage was extended due to numerous other danger trees in the same location that were removed at the time to prevent more outages.

We also had another underground fault on the Elma Hicklin, and two other outages that were due to equipment failure.

The crew has been working the street light replacement project and we are approximately a quarter of the way complete. So far, we have received nothing but good feedback on the new LED street lights.

We have also been completing work behind the new Clinic, last week we energized both services to the Clinic and Pharmacy.

Future projects include, work on the cut over, street light conversion, complete the installation at Aspen Ln. and the general maintenance that we routinely perform.

As always if you have any questions feel free to contact us...

STAFF REPORT

To: Mayor and Council
From: Todd Baun- Director of Public Works
Date: February 5th, 2016
Re: Building Official Contract

We have been in the process of finding a consulting firm to handle our building official needs for several months now.

We have been using the City of Elma's Building Official, Joe Chrystal, since August. Elma is letting us use Joe's services until the end of February.

On November 12th, 2015, the council selected to negotiate with BHC Consultants for the Building Official duties. BHC has accepted the addendum that Dan has requested and they are ready to start working for us.

Action Requested:

Please discuss and allow Mayor to enter into a contract with BHC Consultants.

THIS PROFESSIONAL SERVICES AGREEMENT, which is referred to hereinafter as “this Agreement”, is made and entered by and between BHC Consultants, LLC (“BHC”) and the City of McCleary (“CITY”) and is effective as of the last date written below.

Scope of Services

The scope of services to be performed, and the schedule and compensation for performing those services, shall be as described on Exhibit “A”, attached, and hereby incorporated into this Agreement.

In witness whereof, the parties have made and executed this Agreement.

BHC Consultants, LLC

City of McCleary

(City)

By: Craig Chambers

By: _____

Title: President

Title: _____

Signature: 

Signature: _____

Date: February 1, 2016

Date: _____

GENERAL CONDITIONS

Independent Contractor: BHC is an independent contractor and is not an agent or employee of CITY.

Assignment: Neither party may assign this Agreement or any rights or responsibilities under it, whether during performance or after performance, without first obtaining the other party’s written consent.

Compliance with Laws, Permits and Licenses: BHC shall comply with responsible interpretations of applicable laws, regulations, ordinances and permits that are in effect at the time of performance.

Taxes: BHC shall comply with federal, state, and local tax laws, Social Security Acts, Unemployment Compensation and Workers’ Compensation Acts in so far as applicable to the performance of this Agreement.

Provision of Documents: CITY shall provide BHC with pertinent information concerning the City’s requirements for the Project. This includes providing drawings, specifications, schedules and other information prepared by or available to CITY pertinent to the services.

Authorization: BHC shall begin performance upon receipt of a copy of this Agreement bearing the CITY’s signature unless stated otherwise in writing.

Changes and Additional Services: CITY and BHC may agree to modify the scope of services and may agree to the performance of additional services for additional compensation. All changes shall be in writing and shall take effect only when signed by both parties.

Invoicing: BHC shall submit monthly progress billings to CITY. If services are performed on a lump sum fee basis, progress billings shall be on a percent-complete basis. If services are performed on a time-and-materials basis, progress billings shall itemize actual hours worked, equipment, outside services and a brief description of the services provided; hourly rates shall be in accordance with the current BHC Rate Schedule.

Payment: Payment to BHC for services performed and reimbursable costs incurred shall be made within 30 days of receipt of invoice. All payments shall be delivered to: BHC Consultants, LLC, 1601 Fifth Avenue Suite 500, Seattle WA 98101.

Termination for Convenience: CITY, for its convenience, may terminate the services of BHC in whole or in part at any time by written notice, which shall state the extent and effective date of such termination. CITY shall reimburse BHC for reasonable costs necessarily incurred by BHC following receipt of the notice of termination.

Termination for Default: Either party may terminate this Agreement if the other party substantially fails to meet its obligations under this Agreement. Said termination will become effective upon five (5) business days' written notice unless the defaulting party cures the default or provides satisfactory evidence to the non-defaulting party that such default will be cured within a satisfactory time.

Records: BHC shall maintain all records (fiscal and other) pertaining to the Project for a period of not less than two years.. These shall be available to CITY for its review upon reasonable notice.

Confidentiality: BHC will not disclose any documents, reports, disclosures, plans or other information that CITY identifies as proprietary or confidential to any third party except as necessary to perform services pursuant to this Agreement or except as required by law.

Ownership of Documents: All documents prepared by BHC pursuant to this Agreement are instruments of service intended for use solely with respect to this Project. These instruments of service shall become the property of CITY upon CITY's performance of its payment obligations under this Agreement. Any reuse or modification of such instruments of service by CITY or others without BHC's written consent shall be without liability on the part of BHC or its employees or sub-consultants.

INSURANCE: *BHC SHALL MAINTAIN CONTINUOUSLY DURING THE LIFE OF THIS AGREEMENT THE FOLLOWING MINIMUM INSURANCE REQUIREMENTS:*

- A. Worker's Compensation Insurance with statutory limits
- B. Comprehensive General Liability with limits of not less than \$1,000,000 applicable to bodily injury, sickness, or death in any one occurrence or in the aggregate and not less than \$1,000,000 for loss of, or damage to, property in any one occurrence or in the aggregate. This coverage shall include the following: (1) Comprehensive form; (2) Premises operations; (3) Contractual liability; (4) Broad form property damage; (5) Personal injury.
- C. Automobile Liability covering all owned, non-owned, or hired vehicles used by BHC with limits of not less than \$1,000,000 applicable to bodily injury, sickness, or death of any one person per occurrence and \$10,000 for loss of or damage to property in any one occurrence.
- D. Professional Liability Insurance in the amount of \$1,000,000 per claim and annual aggregate covering BHC's negligent acts, errors, or omissions.
- E. **Additional Insured:** By endorsement to the general liability insurance policy evidenced by BHC, the City of McCleary, Washington, it's officers and employees shall be named as additional insured's for all liability arising from this contract.

BHC will provide CITY with evidence of the above-stated coverages upon written request received.

Except to the extent that it impairs coverage, each party waives all claims for recovery of costs, losses and damages from the other to the extent covered by insurance carried by or for the benefit of the party incurring the costs, losses or damages.

Construction: Only CITY has the right to reject or stop work of its contractors or agents. BHC will notify CITY of non-conforming work performed by the CITY's contractor(s) coming to the attention of BHC, but BHC is not responsible for inspecting the construction work or for performing exhaustive observations of the construction work. BHC is not responsible for, and does not have control or charge of, the specific means, methods, techniques, sequences or procedures employed by the CITY's contractor(s) or for jobsite safety or jobsite safety programs. BHC is not responsible for any failure on the part of the contractor(s) to perform work in accordance with the plans and specifications.

Laws: This Agreement shall be governed by and interpreted in accordance with the internal laws of the State of Washington.

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Force Majeure: BHC shall not be liable for failure to perform when its performance is hindered or prevented by an occurrence beyond the reasonable control of BHC.

No Third Party Rights: All duties and responsibilities undertaken pursuant to this Agreement are for the sole and exclusive benefit of the parties hereto. There shall be no third party beneficiaries of this Agreement.

DISPUTE RESOLUTION: City and BHC agree that all disputes between them arising out of or related to this Agreement, or the breach or alleged breach of this Agreement, that cannot be resolved by direct discussions shall be submitted to and considered in nonbinding mediation before either party may commence litigation. Unless the parties subsequently agree otherwise, the mediation shall be administered by the American Arbitration Association in Seattle acting under its Construction Industry Mediation Rules. Should there be litigation, it shall be resolved in Grays Harbor County, Washington.

Entire Agreement: This Agreement, including attachments incorporated herein by reference, states all of the terms of the agreement between the parties and supersedes all prior and contemporaneous written and unwritten negotiations, proposals, representations, commitments and agreements. This Agreement may be modified only by way of an instrument signed by authorized representatives of both parties.

ATTACHMENT - A

SCOPE OF SERVICES

1. PLAN REVIEW

BHC will review plans submitted with building permit applications for structural and nonstructural code compliance in accordance with the currently adopted construction codes as adopted and amended by the state of Washington and City of McCleary (City), except that BHC will confer with the Building Official and his/her agent on any portion of the review that specifically requires the approval of the Building Official as specified in the code(s).

- A. The specified services to be performed by BHC shall be specified in a letter of Authorization issued by the City.
- B. The BHC will not design for the applicant, make any structural changes on the plans, or make any changes that directly contradict other information on the plans. Significant changes must be made by or under the direction of the applicant or design professional.
- C. Reviews shall be done by BHC, an approved representative, or an outside consultant. The name of the reviewer or outside consultant shall be submitted to the City upon request.
- D. If corrections or additions are required, the Consultant will write a review letter addressed to the applicant. This review letter will be sent to the City's agent. The City will then send the BHC review letter, along with any additional City requirements sent to the applicant. The correction letter will indicate to the applicant that they are required to submit the revisions/additions to the City per the submittal requirements for the permit type under review.
- E. BHC will indicate that the drawings have been reviewed and found to be in substantial compliance with applicable construction codes and ordinances. The reviewer's name and date of compliance will be affixed to each sheet in up to two sets of drawings including the cover sheet.

- F. Complete reviews will include structural, nonstructural, accessibility, energy, and ventilation requirements. Partial reviews will be indicated as either structural or nonstructural or as mutually agreed upon.

2. PROCESS

- A. The City will determine which plans are to be reviewed by the Consultant.
- B. The City will intake, track, and process the permit applications and all revisions per current building and permit administration procedures.
- C. BHC will be responsible for the transportation and cost of returning permit review documents back to the City. The City will be responsible for the transportation and cost of delivering permit review documents to BHC.
- D. The Consultant will complete the initial review and will have either approved the application and notified the City of approval or contacted the applicant and the City with corrections within the time frames listed below:

Project Type	Initial Review	Re-Review
Single-Family	10 days (2 weeks)	5 days (1 week)
Multi-Family	15 days (3 weeks)	10 days (2 weeks)
Commercial	20 days (4 weeks)	15 days (3 weeks)

Turn-around for all other types of permit applications is to be negotiated.

- E. The Consultant will review any revisions or additional information and will either indicate compliance with the code(s) against which it was checked and notify the City of compliance, or if the drawings are still not complete, contact the applicant and the City with additional revision requests within the time frames specified above.
- F. The review time may be negotiated based on the number and complexity of projects to be reviewed. The Consultant will not be held responsible for delays beyond the Consultant's control. During heavy workloads or schedule delays, the Consultant shall notify the City of revisions to estimated target dates.

3. BUILDING INSPECTION SERVICES

BHC will provide a certified building inspector on an “as needed” basis to perform the following services:

- A. Upon authorization by the CITY, inspector will perform building inspection work for the City.
- B. At the request by the CITY, the inspector shall be asked to perform one or more of the following inspection tasks:
 - a. non-structural fire and life safety inspections
 - b. structural inspections
 - c. energy code inspections
 - d. barrier free inspections

- e. mechanical & plumbing inspections
- C. Inspector will provide building inspections in accordance with the currently adopted International Codes, Washington State Building Code (WAC 51-50 and 51-51), and Energy Code (WAC 51-11), and the applicable City Building Codes, except that inspector will confer with the Building Official or his/her agent on any portion of the review that specifically requires an approval of the Building Official under the applicable Code(s), or that involves an unusual interpretation.
- D. Inspections will be done in accordance codes, ordinances and regulations in effect and will be performed in a courteous and professional manner. Up-to-date records of inspection status will be maintained on the job card in the field and on the office copy of the permit.
- E. CITY shall guarantee a minimum of two (2) hours inspection work each day inspection services are provided.

4. ADDITIONAL SERVICES REQUIRED

- A. Building Officials services can be provided for code interpretation and administrative needs such as ordinance review and update, staffing needs and department budget development and review.
- B. Civil/Site plan reviews will be charged at the hourly rates shown in Labor Rate Schedule.
- C. Pre permit plan review meetings to review code requirements and city department permit coordination will be charged at the hourly rates shown in Labor Rate Schedule.
- D. Review of deferred submittals will be charged at the hourly rates shown in Labor Rate Schedule.
- E. Revisions to plans that require additional plan review will be charged at the hourly rates shown in Labor Rate Schedule.
- F. Attendance at meetings when requested by the CITY will be charged at the hourly rates shown in Labor Rate Schedule.
- G. Fire Code, Fire Sprinkler, Fire Alarm plan reviews when requested by the CITY will be charged at the hourly rates shown in Labor Rate Schedule.
- H. Separate (not part of full review) mechanical and plumbing plan reviews will be charged at the hourly rates shown in Labor Rate Schedule.

ATTACHMENT - B
SCHEDULE OF RATES, CHARGES AND FEES

<u>Classification</u>	<u>Hourly Rate</u>
Building Inspector	\$70
Plan Reviewer - nonstructural	\$120
Structural P.E.	\$150
Civil/site plan review (P.E.)	\$130

1. PLAN REVIEW FEES:

(For reviews sent to BHC due to complexity or project size, these fees are not intended for reviews performed at the City of McCleary by onsite inspector).

Residential:

Single Family Dwellings will be charged at 75% of City's collected Plan Review fee (complete review including structural, non-structural, mechanical, plumbing, State Energy, and applicable items in the City's Municipal Code .

At the request of the City and with concurrence by Consultant, plan review fees may be determined to be charged at the hourly rate as identified in labor rate schedule as opposed to the following "fixed fee" rates.

Non-Residential:**A. Complete Plan Review**

IBC Non-structural Fire & Life Safety + Structural, disabled accessibility and/or State Energy Code, *IMC and/or UPC*.

75% of the City collected Plan Review fee.

(\$250 minimum)

B. Partial Review:

Will consist of one of the following:

- IBC Non-structural Fire & Life Safety including mechanical/plumbing when issued as part of a combination building permit, and State Energy and Accessibility review
-OR-
- IBC Structural ONLY

50% of the plan review fee calculated. (\$250 minimum)

C. Mechanical/Plumbing (issued as separate permit)

When permit for such work is issued separately from a building combination permit and permit fee is based on valuation of such work separate from building permit, fee will be assessed at the partial review percentage noted above. If permit fee is based on unit fee per the IMC or UPC, fee will be charged the hourly rate.

D. IF requested, Civil/Site Plan review will be charged at the hourly civil plan review rates.

These fees include the initial plan review plus one (1) recheck. When substantial revisions occur to previously reviewed and /or approved plans, additional fees shall be charged at the hourly rates shown in Labor Rate Schedule.

2. ADDITIONAL:

A. All other review services and reviews in excess of two (the initial review plus one re-check) shall be paid on a time-and-expense basis using the hourly rate.

B. In-house (at City's location) plan review and other services will be provided as directed by the City and agreed upon by the Consultant on a time-and-expense basis using an hourly rate.

- C. Valuation figures used to determine the plan review fees will be calculated based on the City's adopted Fee Schedule or Resolution.
- D. Each billing statement will include the permit application number and owner or project name of the plans reviewed with the fee.
- E. Billing statements will be issued for reviews that receive a complete initial review in the preceding month or other acceptable time period. A complete initial review shall constitute an earned fee for both City and Consultant.
- F. The City shall have the right to withhold payment to the Consultant for any work not completed in a satisfactory manner until such time that the consultant modifies such work to the satisfaction of the City.
- G. The cost of delivering plans for review to BHC will be incurred by the CITY. The cost of delivering reviewed plans back to city will be incurred by BHC.
- H. Mileage travel rates shown are portal to portal from inspector's residence or the Seattle office, whichever is less for on-call services. One hour of travel time will be charged for each day of travel to City's location.
- I. All mileage included by BHC inspector will be reimbursed at the most current IRS rate, currently .575 cents per mile. Mileage will not be assessed on travel using City supplied vehicle.
- J. Consultant staff's normal work days are Monday through Friday (8am~5pm). Office work on Saturdays, Sundays or CITY Holidays will be performed only at specific request of the City. Billing for work performed outside normal work hours are on Saturdays, Sundays, or CITY Holidays shall be at 150% of the rates shown above.
- K. This Schedule of Hourly Rates is effective as of January 1, 2016. Rates are subject to annual review.

ADDENDUM #1 TO CONTRACT

RECITALS

1. The parties have entered into a Professional Services Contract of even date for the provision to the City of professional services by BHC.

2. The Parties have agreed that in order to fully implement the relationship between the Parties, the provisions of this Addendum are appropriate.

3. The referenced contract shall be deemed to be modified in the respects set forth below and otherwise shall remain unaffected: PROVIDED THAT, to the extent there is any inconsistency, the provisions of this addendum shall control.

NOW THEREFORE, in consideration of the commitments made and moneys to be paid under the fundamental agreement to which this constitutes an addendum and the commitments made within this addendum, the parties agree as follows:

SECTION I: Status of Parties: It is recognized that BHC is performing services for the City that historically have been performed by employees of the City. Thus, BHC is authorized to act upon behalf of the City in relation to

performance of responsibilities related to or arising from the call for proposals, a copy of which is attached.

SECTION II: Provision of Documents: It is recognized that there is no project related to the provision of services under this Agreement. The City's responsibility to provide documents is limited to provision of those filed with the City by an applicant and submitted to the Consultant by the City.

SECTION III: Records:

3.1. Termination: Whether terminated for convenience or for cause, upon termination BHC shall provide to the City the originals or copies of all documents received or generated by BHC in the course of its provision of services under this Agreement.

3.2. Record Maintenance: In recognition of the fact that BHC is acting as the agent for the City in provision of the services provided under this Agreement, it shall maintain copies of all records received or generated by it during the course of its performance of duties under this Agreement for such period as may be required by the Public Records Act (RCW 42.56, as now existing or hereafter amended or succeeded.)

SECTION IV: Provisions deleted:

4.1. Insurance: The provisions relating to waiver of claim constituting the last sentence in that section are hereby deleted.

4.2. Construction, Dispute Resolution: The referenced sections shall be deleted and the following provisions substituted for them:

A. Severability: Each provision of this Contract stands independent of all other provisions. If any provision of this Contract or the application thereof to any persons or circumstances is held invalid, such invalidity shall not affect other terms, conditions, or applications which can be given effect without the invalid term, condition, or application. Should any provision be adjudged invalid, that judgment shall not invalidate the total Contract; only provisions judged invalid shall not be enforced.

B. Dispute Resolution & Enforcement:

1. In the event of any dispute arising out of this Agreement, the Parties agree they shall attempt to resolve the dispute by informal discussions. In the event

that such efforts are not successful, they may submit the dispute to non-binding mediation and binding arbitration under the then prevailing rules of the American Arbitration Association: PROVIDED, that, in the event either party objects to the submission of the matter to arbitration within 30 days after demand for arbitration has been filed with an appropriate agency, then the procedure shall be terminated and the matter shall be processed as the Parties deem appropriate through the Courts of the State of Washington.

2. In the event of resolution of a covered dispute by either arbitration or litigation, in addition to any other relief granted to the substantially prevailing party, if any, the arbitrator or court shall award that party reasonable attorneys' fees and costs incurred in prosecuting or defending the matter, as the case may be.

3. Any action at law, suit in equity, or judicial proceeding for the enforcement of this contract or any provisions hereto shall be instituted only in the Courts of competent jurisdiction within Grays Harbor County, Washington.

C. Interpretation: Each party has had the opportunity to have this Agreement reviewed by Counsel of its choice prior to execution. Therefore, the rule of interpretation against the drafter shall not apply.

SECTION V: MODIFICATIONS TO ATTACHMENT A

The following modifications shall be made to the provisions of Attachment A.

5.1. Any reference to the City's "Building Official" or the "City's Agent" shall be deemed to mean the City's Director of Public Works or his designee.

5.2. The following changes shall be made in Section 1, "Plan Review":

B. The last sentence shall be modified by the deletion of the word "Significant".

E. The first sentence shall be modified by the deletion of the word "substantial."

5.3. The following clarification shall be made in Section 2, "Process: Any reference to days shall mean business days which days which are not recognized by the State of Washington as official holidays.

5.4. The following change shall be made in Section 3, Building Inspection Services.

Paragraph E shall be modified to read as follows:

E. Inspection services shall be performed by the Consultant's qualified staff member headquartered in Aberdeen unless that staff member is unavailable. Such services shall be charged at the actual time utilized, including travel time from Aberdeen to the City and return, unless the staff member provides services to other customers of the Consultant.

SECTION VI: MODIFICATIONS TO ATTACHMENT B

6.1. In relation to B.1 "Plan Review Fees", the following modifications shall be made:

A. The introductory sentence is modified by the removal of the comma and its replacement by a period after the word "size". As to both Residential and Non-Residential reviews, the provision requiring the Consultant's concurrence if the City requests that the review be done on an hourly rate basis is deleted.

B. Subparagraphs A and B are modified by deletion of the provision for a \$250.00 minimum charge.

6.2. In relation to B.2 "Additional", the following modifications shall be made:

A. Subparagraph F shall be modified by the addition of the following sentence:

As to any such action, the City shall set out in writing and with reasonable detail the basis for the withholding of any such payment.

B. Subparagraph G shall be deleted as repetitive of a provision set out in Attachment A, Section 2.C.

Subparagraph H is modified to clarify that the one hour is to be assessed only for travel from the Consultant's Seattle offices and not from the inspector's location in Grays Harbor County.

C. Subparagraph K is modified by the addition of the following sentence:

Rates shall not be increased without the mutual approval of the Parties.

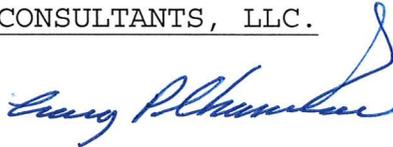
SECTION VII: Incorporation

To the extent not modified by the provisions of this Addendum, the terms of the Contact to which this is an addendum shall govern the relationship between the parties.

Date: February 1, 2016

ENGINEER:

BHC CONSULTANTS, LLC.



By: Craig Chambers

Name/Title: President

Date: 2/1/2016

CITY OF McCLEARY:

BRENT SCHILLER, Mayor

ATTEST:

WENDY COLLINS, Clerk-Treasurer

APPROVED AS TO FORM:

DANIEL O. GLENN, City Attorney

CONTRACT AGREEMENT

BETWEEN

**FINANCIAL CONSULTING SOLUTIONS
GROUP, INC.**

Redmond Town Center
7525 – 166th Ave. NE, Suite D-215
Redmond, Washington 98052

AND

CITY OF MCCLEARY

100 South 3rd Street
McCleary, WA 98557

PROJECT: COST OF SERVICE STUDY AND RATE DESIGN

THIS AGREEMENT combines all understandings between the Parties regarding professional services for the Project named above and supersedes all prior proposals, quotations, solicitations, negotiations, representations, agreements or understandings, whether written or oral.

The performance of the professional services herein described and authorized by **City of McCleary**, as well as payment for such services, shall be in accordance with the terms and conditions presented in this Agreement and the following Sections and Exhibits which are attached and incorporated by reference which, taken together, shall constitute the whole Agreement.

- Section I - Relationship of the Parties**
- Section II - Contract Provisions**
- Exhibit A - Scope of Work and Task Plan**
- Exhibit B - Budget**

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals this _____ day of _____, 20_____.

APPROVED:

**FINANCIAL CONSULTING
SOLUTIONS GROUP, INC.**

APPROVED:

CITY OF MCCLEARY

Angie Sanchez Virnoche
Principal

Date: _____

Date: _____

ATTEST:

SECTION I: RELATIONSHIP OF THE PARTIES

The **City of McCleary** ("Client"), desires to complete a Cost of Service Study and Rate Design ("Project"). In furtherance of the Project, the Client hereby contracts with **Financial Consulting Solutions Group, Inc.** ("FCS GROUP") to perform the professional services described in Exhibit A of this Agreement. All services shall be performed under the joint supervision of the Client's Representative, **Todd Baun**, or a designee or designees identified in writing to FCS GROUP by the Client's Representative.

This Agreement shall inure to the benefit of and be binding upon successors, assigns, and legal representatives of each of the Parties hereto. Any assignment or transfer of an interest in this Agreement by either Party without the written consent of the other shall be void.

SECTION II: CONTRACT PROVISIONS

1. Scope of Work: FCS GROUP shall perform the service for the Client which as defined in Exhibit A of this Agreement.

2. Time for Completion: The Scope of Work for the conduct of the study as set forth above is anticipated to be completed by FCS GROUP within a time frame approximating that shown by the following schedule:

Notice to Proceed: Upon signature of Agreement by both parties
Completion of Project: June 1, 2016

FCS GROUP agrees to perform the work described in the Scope of Work according to the contract schedule. Any delays shall be agreed upon by FCS GROUP and Client prior to the due date. Changes in the schedule caused by Client delays may require additional compensation and a change order.

If FCS GROUP is delayed in the performance of services by conditions which are beyond their control, or by a change in the scope of work, the schedule showing time of performance may be revised. Any revision thereto shall be submitted in writing to the Client for review and approval by the Client Representative. If FCS GROUP's services are temporarily suspended by the Client in the interest of the Project and with written notice to FCS GROUP, and the suspensions last longer than 90 consecutive days, FCS GROUP shall be compensated for any additional labor and direct expenses incurred due to the interruption and resumption of services.

3. Payment: FCS GROUP will be paid by the Client on a time and materials basis as outlined below and in accordance with the budget attached hereto as Exhibit B. Direct expenses will be charged as identified in Exhibit B. FCS GROUP agrees to perform the services as set forth in Exhibit A at a cost not to exceed \$**XXX**. It is understood that FCS GROUP will not exceed this amount without the Client's prior written authorization.

Payment to FCS GROUP for services set forth in Exhibit A shall be: an amount equal to FCS GROUP's standard billing rates included in the budget as set forth in Exhibit B multiplied by the actual hours worked. Should any unforeseen project delays, not caused by FCS GROUP, and/or any requested amendments to the original scope of work, cause this contract to extend more than 90 days past the original contracted schedule date, any work and/or amendments to the work shall be billed at the standard billing rates in effect for the period of time the work is being performed. If said change in billing rates will cause the project to exceed the amount stated in the preceding paragraph, a change order will be prepared and signed by both parties.

FCS GROUP will invoice Client monthly and payment shall be made within 30 days of receipt of invoice.

4. Supplemental Agreements: Supplemental Agreements may be entered into upon mutual written agreement that would increase or decrease the scope and associated costs and payment.

5. Work to be Accomplished: All work accomplished will be performed under the direction of the Client Representative or his/her Designee.

6. Termination: This contract may be terminated by the Client by giving FCS GROUP written notice of such termination no fewer than fifteen (15) days in advance of the effective date of said termination. FCS GROUP shall be entitled to terminate this agreement only in the case of a material breach by the Client, and upon failure of the Client to remedy said breach within fifteen (15) days of said notice. In the event that the contract is terminated before completion, FCS GROUP shall be paid for the services to date on the basis set forth in Paragraph 3, plus 10% of the total compensation earned to time of termination to compensate for FCS GROUP's rescheduling adjustments, reassignment of personnel, and related costs incurred due to termination. The Client shall notify FCS of termination or abandonment in writing.

7. Indemnity: FCS GROUP shall comply with all Federal Government, State and local laws and ordinances applicable to the work to be done under this Agreement.

FCS GROUP hereby agrees to hold the Client harmless from and shall process and defend at its own expense, specific claims, demands or suits at law or equity, arising from FCS GROUP's negligent performance of the provisions of this Agreement; provided that if the Client and FCS GROUP are concurrently negligent, FCS GROUP shall be required to indemnify and defend only in proportion to negligence of FCS GROUP. These indemnity provisions shall not require FCS GROUP to defend or indemnify the Client against any action based solely on the alleged negligence of the Client.

8. All Work Produced is Joint Property of FCS GROUP and the Client: The materials, computer programs, reports, calculations, analyses, etc., generated by FCS GROUP under this contract including the final report shall be the joint property of the Client and FCS GROUP. FCS GROUP may retain copies thereof for work paper documentation and their own use unless specifically restricted in writing by the Client as to use.

Computer models use generally available software, such as Microsoft Excel (TM), and FCS GROUP does not intend or imply any warranty of those programs.

9. Financial Forecasts: Neither FCS GROUP's name nor the report and its financial projections may be referred to or included in any prospectus or as a part of any offering or representation made in connection with the sale of securities or participation interests to the public, whether through a public or private offering.

The information used in developing the forecast assumptions will be derived from published information and other sources FCS GROUP considers appropriate. However, FCS GROUP cannot assume responsibility for the accuracy of such material. Moreover, forecasts are subject to many uncertainties as to the future; therefore, FCS GROUP cannot represent that the projected financial statements will be representative of the results that actually occur. FCS GROUP will endeavor to include appropriate comments drawing the readers' attention to these matters.

10. Integrated Agreement: This agreement together with attachments or addenda, represents the entire and integrated agreement between the Client and FCS GROUP supersedes all prior negotiations, representations, or agreements written or oral. This agreement may be amended by written instrument signed by both the Client and FCS GROUP.

11. Independent Contractor: The parties intend that an independent Contractor/Client relationship will be created by this agreement. No agent, employee, or representative of FCS GROUP shall be deemed to be an agent, employee, or representative of the Client for any purpose. FCS GROUP shall be solely responsible for all acts of its agents, employees, representatives, and subcontractors during the performance of this contract.

12. Equal Opportunity: FCS GROUP is committed to the principles of providing equal employment opportunities for all employees. The performance and diversity of our employees will help us meet the challenges of the present and the future in serving our clients. This policy statement is a reaffirmation of our long-standing commitment to provide equal opportunity on the basis of individual merit and personal qualifications to employees and applicants for employment without regard to race, color, religious creed, sex, sexual orientation or preference, gender identity, genetic characteristics or information of employee or family, age, national origin, ancestry, marital status, citizenship, the presence of sensory, mental, or physical disability, pregnancy/childbirth or related condition, medical condition, membership in the military service, veteran's status, political ideology or any other basis protected by applicable federal, state, or local laws.

13. Notices: Notices to the Client shall be sent to the following address:

City of McCleary
Attention: Todd Baun
100 South 3rd Street
McCleary, WA 98557

Notices to FCS GROUP shall be sent to the following address:

Financial Consulting Solutions Group, Inc.
Attention: Angie Sanchez Virnoche, Principal
Redmond Town Center
7525 – 166th Ave. NE, Suite D-215
Redmond, Washington 98052

EXHIBIT A: SCOPE OF WORK AND TASK PLAN

The following work tasks have been developed to complete a cost-of-service and rate design study. As illustrated in the task plan, we follow a structured method to arrive at rate conclusions, which will enable us to perform the work in an orderly, efficient and results-oriented manner.

Task 1 | Data Collection/Validation

FCS GROUP will provide a data needs list encompassing historical and projected revenue, expenses, load data, power costs, fiscal policies, and planning information. The data will be reviewed, analyzed and validated for inclusion in the study process.

Task 2 | Project Kickoff Meeting

FCS GROUP will schedule a project kickoff meeting with the City project team. Attendees will ideally include representatives from engineering, operations, administration, finance, and customer service. This approach has worked successfully in the past by incorporating multiple views and allowing for issues to be vetted at the beginning of the project. The meeting will introduce the project team, identify study objectives, review methodology and expectations, confirm schedule, and discuss team roles. We recommend this one (1) hour meeting be scheduled as a “Go-To-Meeting”TM

Task 3 | Review and Forecast Sales and Load Information

The development of load data is vital to the rate study as it establishes the foundation from which all other analyses are based: rate revenue, power costs, cost allocations and rate designs. A load forecast will be developed by collecting and reviewing customer billing summaries, by class. With the information gathered, the number of accounts, kWh and kW by customer class, will be validated against revenue collected by conducting a revenue reconciliation. Anomalies and/or adjustments identified will be corrected to develop customer class usage profiles for a “normalized” year. This data will be used to develop a load forecast for the test period identified.

The load forecast developed will be applied to the current City rates to determine the level of existing rate revenue collected by customer class. This revenue forecast will be used in the revenue requirement to evaluate the sufficiency of revenue in meeting total overall utility revenue needs.

The revenue forecast will offer the option to adjust growth in total or to differentiate customer and load growth to reflect the anticipated impacts of price elasticity and conservation, if applicable.

Task 4 | Establish Revenue Requirements

In this task, we will craft analytical spreadsheet models to develop a six-year revenue requirements forecast that analyzes the following:

- ◆ Capital infrastructure costs
- ◆ Expenses incurred to operate, maintain, and manage the system (including power costs)
- ◆ Existing and future debt repayment and reserves
- ◆ Cash flow needs
- ◆ Fiscal policy achievement

We will design the analysis to mirror the City’s own funds and to be flexible and stable enough to

analyze multiple scenarios. Tasks include:

- a) **Operating Forecast.** The operating forecast is intended to identify future annual non-capital costs. Annual escalation factors will be applied for general inflation, labor and benefits. Adjustments will be made for new costs anticipated from additional staffing needs and other operating costs associated with maintaining the system along with initiating new or enhanced program activities such as conservation.
- b) **Power Costs.** Work with City staff and Bonneville Power Administration (BPA) power and transmission representatives to forecast power costs based on the load forecast developed. We have gained efficiency through direct access to the BPA portal. Power costs will be forecast based on the City's power resources – BPA and others if applicable.
- c) **Capital Funding.** The City's capital improvement plan will be used to determine total annual capital needs. The analysis will develop a capital funding plan that will determine an optimal mix of available resources from rate revenues, contributions in aid of construction, existing cash reserves and debt financing to maintain ongoing financial health of the system.
- d) **Debt Service Requirements.** We will include existing and any anticipated new debt service obligations in the revenue requirement along with meeting debt service coverage requirements/targets.
- e) **Reserve Analysis.** We will review existing fund balance policies for compliance and recommend new fund balance targets as warranted.
- f) **Fixed/Variable Costs.** Complete a line item analysis of costs to determine the fixed and variable costs of the system to include power costs. Discuss the BPA composite charge cost split.
- g) **Test of Sufficiency.** We will evaluate the adequacy of current system revenues in meeting both cash flow needs and debt service coverage requirements.
- h) **Annual Rate Strategy.** Develop an annual rate strategy to fully fund all system obligations and smooth rate impacts.
- i) **Sensitivity Analyses.** Offer up to two (2) sensitivity analyses to evaluate the financial and rate impacts of changes to load growth, power costs, project timing and priority, project funding, conservation initiatives or others specified by the City.

Task 5 | Rate Design

Current rate design options for each customer class will be analyzed to determine whether they are sufficient to meet City objectives, and are consistent with current and/or recommended fiscal policies, generate sufficient revenue to meet the required revenue forecast, and begin to address any inequities identified in the cost-of-service findings. If there are gaps in the current rate design, the project team will craft alternative rate designs for consideration based on industry standards and project team expertise and experience. Key tasks include the following:

- a) Identify the rate structure goals/objectives of the City (e.g. conservation, equity, revenue stability).
- b) Review classes of service and existing rate designs for appropriateness. Identify improvements as warranted.

- c) Develop a schedule of rates, by customer class for the approved rate strategy
- d) Provide a comparison of surrounding utility rates.

Task 6 | Pole Attachment Charges

Charges for electric system pole attachments will be analyzed or established to ensure fairness, and in consideration of applicable public policy goals and regulatory requirements, if any. The analysis will consider multiple approaches including the Federal Communications Commission (FCC) telecom rate formula both pre and post-April 7, 2011 as well as an independent formulation. The result will be two to four viable and defensible options that will be provided and explained to the City to assist in developing its strategy concerning pole attachment rates. It is nearly always the case that the FCC formula produces a lower pole attachment rate than an independent analysis due to the public policy goals that have tended to affect the FCC formula (i.e. promotion of broadband). Even though the City is not subject to FCC regulation there may be local public policy goals concerning broadband, or even neighboring utility rates to be factored into its decision on setting pole attachment rates.

Data generally required for the study includes the installed cost and counts of various size poles, depreciation rates, number of attachments, number of attaching parties per pole and other financial information. A project review meeting will be scheduled to review findings and incorporate edits. The overall objectives of the task are to assist the City in implementing pole attachment rates that are defensible and meet the City's goals.

Task 7 | Plan Project Team Review Meetings

It will be important to interact frequently with City staff throughout the project; to make certain that the study develops work products collaboratively, reflecting the industry expertise of the project team and the specific needs and goals of City staff and management.

We recommend the following project team meetings.

- a) Kickoff meeting – included in Task 2
- b) First review meeting via Go-To-Meeting™
- c) Second review meeting on-site

Task 8 | Presentations

Prepare for and facilitate a presentation to the City Council to review findings, conclusions and recommendations. Tasks include:

- a) Develop PowerPoint presentation material on the recommendations of the study for an on-site presentation to the City Council.
- b) Optional second Council meeting will be included separately.

Task 9 | Documentation

The report will be separated under two phases. The first phase will include a Technical memorandum of findings that will identify the key assumptions, results and recommendations of the revenue requirement. This technical memorandum should be sufficient to satisfy the Auditor's request.

The second phase of the documentation will be optional. It will include an extended discussion of the

rate study process, methodology and rate design evaluation and schedules.

Optional Tasks

The City has requested a budget to complete a revenue requirement update for the water and sewer utilities. It appeared that the water and sewer utilities have not been formally reviewed since the last study FCS GROUP conducted in 2007. As requested by the City, we have provided an estimate for a revenue requirement update for each utility. There is cost efficiency in number of meeting required, data coordination and project start up when all three utilities are looked at together.

Optional: Water and Sewer Fiscal Health Review

Fiscal health review would encompass performing a revenue requirement analysis for the additional selected utilities (e.g. Water and Sewer). Elements identified in Task 4 above will be performed. The rate design assumes no changes to the existing rate structures. The rate strategy developed would be applied equally to each rate class and fixed and variable rate component.

Water Fiscal Health Review\$5,560

Sewer Fiscal Health Review\$5,560

Optional: Additional Meetings & Presentations

Depending on City’s needs and budget constraints, additional meetings can be performed either on-site or through conference call and Go-To-Meeting™ software, which allows all parties to view documents via an Internet connection. Presentations to the Council and the public typically require development of presentation materials and some direct expenses for travel.

-Go-To-Meeting™ \$1,080 Per 2 hour Meeting

-Onsite meeting (includes travel no presentation).....\$2,025 Per Meeting

-Onsite meeting with presentation (including travel).....\$2,360 Per Meeting

EXHIBIT B: BUDGET

Task	CONSULTANT HOURS							Total Estimated Hours	Labor Budget
	FCS GROUP			POWER SYSTEM ENGINEERING					
	Sanchez Managing Principal	Tarasov Asst. Proj Manager	Senior Analysts	Macke Project Manager	Gasal Consultant	Nelson Supporting Analyst	Admin. Support		
<i>Hourly Billing Rates:</i>	\$230	\$175	\$135	\$242	\$187	\$143	\$75		
TECHNICAL TASKS									
Task 1 Data Collection/Validation	-	-	4	-	-	-	2	6	\$690
Task 2 Kickoff Meeting (1 GoTo - 1 hour)	1	1	1	-	-	-	-	3	\$540
Task 3 Review and Project Sales and Load	4	12	20	-	-	-	-	36	\$5,720
Task 4 Establish Revenue Requirements	4	8	24	-	-	-	-	36	\$5,560
Task 5 Pole Attachment Charges	-	-	-	4	20	2	-	26	\$4,994
Task 6 Rate Design	2	4	4	-	-	-	-	10	\$1,700
Total Technical Tasks	11	25	53	4	20	2	2	117	\$19,204
PROCESS TASKS									
Meetings									
Task 7 Review Meetings (1 GoTo - 2 hours)	2	2	2	-	-	-	-	6	\$1,080
Review Meetings (1 Onsite Meeting)	6	6	-	-	-	-	-	12	\$2,430
Task 8 Presentations									
1 City Council Meeting	2	10	-	-	-	-	2	14	\$2,360
Task 9 Documentation									
Phase 1: Technical Memo	1	2	8	-	-	-	2	13	\$1,810
Phase 2: Extended Documentation (optional)	1	2	12	-	-	-	2	17	\$2,350
Total Process Tasks	12	22	22	-	-	-	6	62	\$10,030
TOTAL LABOR ALL	23	47	75	4	20	2	8	179	\$29,234
Expenses									
Travel Three (3) Onsite Trips (mileage only)								Estimate, Billed At Cost	\$555
TOTAL PROJECT LABOR AND EXPENSES									\$29,789
OPTIONAL ADDITIONAL TASKS									
Additional City Council Presentation									\$2,360
Water Fiscal Health Review									\$5,560
Sewer Fiscal Health Review									\$5,560

DIRECT EXPENSES

Direct Expenses will not be charged for ordinary project-related expenses. For any client-requested extraordinary expenses, specific terms will be established prior to expenditure and billing.

TECHNOLOGY CHARGE

FCS GROUP charges a \$5 per hour technology charge (included in hourly rate) to cover overhead for IT systems, computers, communication devices and connectivity.

STAFF REPORT

To: Mayor and Council
From: Todd Baun- Director of Public Works
Date: February 5th, 2016
Re: Stormwater Rates 2016

After discussions at the January 13th Council Meeting and the finance committee meeting, we have come up with a different rate increase for the storm water fund. It will break down as follows over the next 3 years. After 3 years the Council can choose to review the rates or an automatic increase will be implemented.

2016: Base shall be \$9.00 for the first 3,000 square feet of impervious surface, or fraction thereof, and \$3.50 for each additional 3,000 square feet, or fraction thereof, of impervious surface area.

December, 2016: Base shall be \$10.40 for the first 3,000 square feet of impervious surface, or fraction thereof, and \$4.00 for each additional 3,000 square feet, or fraction thereof, of impervious surface area.

December, 2017: Base shall be \$12.00 for the first 3,000 square feet of impervious surface, or fraction thereof, and \$4.50 for each additional 3,000 square feet, or fraction thereof, of impervious surface area.

The reason for this increase is to not only keep up with labor, material, and maintenance costs, but also complete Capital Improvement projects outlined in our Stormwater Management Plan.

Action Requested:

Please authorize the Mayor to sign the Resolution.

RESOLUTION NO. _____

**A RESOLUTION ESTABLISHING RATES AND CHARGES
IN RELATION TO THE STORM WATER UTILITY OF
THE CITY; REPEALING RESOLUTION 640; &
PROVIDING AN EFFECTIVE DATE.**

R E C I T A L S:

1. Pursuant to existing Ordinances, the City established a storm water utility.

2. Those Ordinances authorized the establishment by resolution of rates and charges to be paid by those benefitted by and within the area subject to the storm water utility. This was done most recently through the adoption of Resolution 640 in 2012. Since that time, the City has assumed additional responsibilities in relation to the service of additional properties, as well as maintenance of storm water ponds.

3. In setting those rates and charges in 2012, the Council and Mayor considered the factors set forth within the Ordinance, as well as such other information and factors as have been developed since the adoption of the Ordinance.

4. In 2016, the Council and Mayor have received a recommendation from the Public Works Director as to an increase in rates so as to more fully comply with the funding requirement

recommended in the Capital Improvement Plan prepared in relation to the utility. The Council and Mayor find such increases appropriate at this time to the extent they relate to the capital improvement component of that study. They do so recognizing both the impacts of increased costs in terms of operating and maintaining the system and the impact of fee increases upon the utility's customers.

5. In light of those factors, the rates set forth herein are found to be reasonable, necessary, and appropriate to operate the utility.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS BY THE CITY COUNCIL OF THE CITY OF McCLEARY, THE MAYOR CONCURRING:

SECTION I: AUTHORIZATION:

Pursuant to the authority granted by the Ordinance establishing the utility, there is hereby created and imposed in Section II a system of rates and charges on each parcel of real property within the City served by or which is capable of receiving benefit and service by and from the Storm Water Utility established by Ordinance.

SECTION II: RATES AND CHARGES:

The following Utility rates and charges are hereby established for all parcels of real property in the City:

2.1. System Development Charge: The charge assessed to all parcels upon application for development. The System Development Charge shall be a one-time charge of Six Hundred

Thirty-Two Dollars and Seventy Cents (\$632.70) for all applications received on and after the effective date of this resolution. This charge shall be adjusted annually as of December 16, 2016, and each December 16 thereafter as provided in Section III.2 of this resolution.

2.2. Monthly Charges:

2.2.1: The following shall be billed upon the same billing schedule as is provided for the other utility services of the City.

A. Single-Family Parcels: The base single-family residential charge shall be \$9.00 per month for each Equivalent Service Unit (ESU) for a parcel having one residential unit. This uniform rate is based upon each residential unit being equal to or less than 3,000 square feet, or fraction thereof, of impervious surface and \$3.50 for each additional 3,000 square feet, or fraction thereof, of impervious surface area.

B. Multiple Family Parcels (two or more units): The base shall be \$9.00 for the first 3,000 square feet of impervious surface, or fraction thereof, and \$3.50 for each additional 3,000 square feet, or fraction thereof, of impervious surface area.

C. Non-residential Parcels: The base shall be \$9.00 for the first 3,000 square feet of impervious surface, or fraction thereof, and \$3.50 for each additional 3,000 square feet, or fraction thereof, of impervious surface area.

2.2.2: In the event more than one utility account is based

upon services provided to improvements located upon one parcel, the monthly charges set out in subsection 2.2.1 [B] or 2.2.1[C] shall be billed to and be the responsibility of the owner of the parcel.

2.2.3: The charges established in §2.2.1 shall be adjusted annually as of December 16, 2016, and each December 16 thereafter as provided in Section III of this resolution

SECTION III: ANNUAL ADJUSTMENT:

In recognition of the necessity of assuring that the rates established for this service remain consistent with the increase in costs and of the billing period utilized by the City utility, the rates set by Section II of this resolution shall be subject to adjustment as of December 16 of each calendar year.

3.1. Unless otherwise established by action of the Council, the adjustments implemented for the succeeding years shall be as follows:

A. December, 2016: Base shall be \$10.40 for the first 3,000 square feet of impervious surface, or fraction thereof, and \$4.00 for each additional 3,000 square feet, or fraction thereof, of impervious surface area.

B. December, 2017: Base shall be \$12.00 for the first 3,000 square feet of impervious surface, or fraction thereof, and \$4.50 for each additional 3,000 square feet, or fraction thereof, of impervious surface area.

3.2. As to the rate set in Section 2.1 and as to the rates set in Section 2.2, if there is no specific annual monetary adjustment provided in this resolution or by other action of the Council, the following adjustments shall occur as of each December 16 thereafter:

The adjustment shall be the greater of either three percent (3%) or the monetary amount which is the result of the following calculation:

A. Methodology of Calculation: The then existing utility rate multiplied by a figure established as the average of the Seattle-Tacoma-Bremerton Area Bi-Monthly Index CPI-U (June compared with June) and the US All City Average CPI-U for the same period . [Example: S-T-B Area Bi-monthly Index CPI-U is 3.5% and the US All City Average CPI-U for that period is 2.5%. The multiplier to be utilized is 3.0%. If the existing rate is \$4.00, the result would be an increase of \$0.12 for an adjusted rate of \$4.12.]

B. Principals of application:

1. The average for the CPI multiplier, if not an even 1/10th of a percent, shall be rounded upward to the nearest 1/10th of a percent.

2. The resulting product of the calculation carried out pursuant to §A shall be rounded to the next highest 1/10th of a dollar, if the initial calculation does not so result."

SECTION IV: REPEAL & EFFECTIVE DATE:

4.1. This resolution shall take effect at 12:01 a.m. on the day following adoption with the rates established by the provisions of Section II to be applied as to any utility service provided by the City on and after the 15th day of January, 2016.

4.2. Resolution 640 shall be repealed as of the effective date of this resolution: PROVIDED THAT, such repeal shall not affect any obligations which have arisen under the provisions of that resolution, whether fiscal or otherwise.

PASSED THIS ____ DAY OF JANUARY, 2016, by the City Council of the City of McCLEARY, and signed in authentication therewith this _____ day of January, 2016.

CITY OF McCLEARY:

BRENT SCHILLER, Mayor

ATTEST:

WENDY COLLINS, Clerk-Treasurer

APPROVED AS TO FORM:

DANIEL O. GLENN, City Attorney