



# McCleary City Council

## AGENDA

**November 12, 2015**

- **Flag Salute**
- **Roll Call**
- **Public Hearings** - Preliminary Budget
  
- **Public Comment**
- **Executive Session**
- **Minutes:** -
- **Mayor's Comments:** -
  
- **Staff Reports:** - Dan Glenn, City Attorney (Tab A)
  
- **Old Business:** - Building Official (Tab B)
  
- **New Business:**
  - Appoint Council Position #1
  - Sunset Air Energy Conservation Measures (Tab C)
  - Dept. of Enterprise Interagency Agreement (Tab D)
  - Appointments for REED & Finance Committees
  
- **Ordinances:** - Development Agreement (Tab E)
  
- **Resolutions:**
  
- **Approval of Vouchers**
- **Mayor/Council Comments**
- **Public Comment**
- **Executive Session**
- **Adjournment or Recess Meeting**

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

Please Turn Off Cell Phones – Thank You

The City of McCleary is an equal opportunity provider and employer.  
La ciudad de McCleary es un proveedor de igualdad de oportunidades y el empleador.

**CITY OF MCCLEARY**  
**Regular City Council Meeting**  
**Wednesday, October 28, 2015**

ROLL CALL AND FLAG SALUTE	Councilmember's Reed, Ator, Schiller, and Peterson were in attendance.
ABSENT	Mayor Dent was absent.
STAFF PRESENT	Present at the meeting were Todd Baun, Wendy Collins, George Crumb, Paul Nott, Jeffrey Catterlin, Randy Bunch, John Graham, Jon Ehresmann and Dan Glenn.
EXECUTIVE SESSION	<p>At 7:00 pm the Councilmember Pam Ator called for an executive session that will last no more than ten minutes per RCW 42.30.110 1[g].</p> <p>At 7:09 pm the executive session ended. Councilmember Ator read a letter written and signed by Mayor Gary Dent stating he was resigning today as Mayor due to medical problems.</p> <p>Mayor Pro Tem Schiller thanked Mayor Dent for his service for over 22-years. He added that the Council will accept Mayoral applications until December 1st. Their goal is to appoint a new Mayor by the first meeting in December. The position does not have to be filled by a current councilmember.</p>
PUBLIC HEARING	<p>Mayor Pro Tem Schiller opened the public hearing at 7:14 pm on revenue sources and the property tax levy. No comments were made. The public hearing closed at 7:15 and the public hearing on the tax levy was recessed until the next meeting.</p> <p>The public hearing on the preliminary budget opened at 7:16 pm. No comments were made. The hearing was recessed at 7:17 pm.</p>
PUBLIC COMMENT	<p><b>It was moved by Councilmember Ator, seconded by Councilmember Reed to recess this meeting when it is over until Tuesday, November 3, 2015 at 7:00 pm and to also change the scheduled meeting set for November 18, 2015 to Thursday, November 12, 2015 at 7:00 pm, due to scheduling conflicts.</b></p> <p>Dru Garson from Greater Grays Harbor, Inc. gave a presentation on what is happening on the harbor.</p>
MINUTES APPROVED	<b>It was moved by Councilmember Ator, seconded by Councilmember Reed to approve the minutes from both the September 23, 2015 and the October 14, 2015 meetings.</b>
CITY ATTORNEY REPORT	Dan Glenn provided a written report for the Council and is available, if they have any
MAYOR'S COMMENTS	None.
DIRECTOR OF PUBLIC WORKS REPORT	Todd Baun provided a written report for the Council and is available, if they have any questions.
IBEW CONTRACT	<b>It was moved by Councilmember Ator, seconded by Councilmember Peterson to authorize the Chair to sign the IBEW union contract. Motion Carried 3-0.</b>
IBEW BUILDING OFFICIAL MOU	<b>It was moved by Councilmember Reed, seconded by Councilmember Peterson to authorize the Chair to sign the IBEW MOU for building official services. Motion Carried 3-0.</b>
GREATER GRAYS HARBOR INC. SERVICE CONTRACT	<b>It was moved by Councilmember Reed, seconded by Councilmember Peterson to authorize the Chair to sign the service contract with the Greater Grays Harbor Inc. in the amount of \$1,000. Motion Carried 3-0.</b>
JAIL SERVICES CONTRACT WITH CHEHALIS TRIBE	Tabled.

FD 5 CONTRACT EXTENSION	<b>It was moved by Councilmember Peterson, seconded by Councilmember Reed to authorize the Chair to sign the interlocal agreement with Fire District 5. Motion Carried 3-0.</b>
ITRON CONTRACT EXTENSION	<b>It was moved by Councilmember Ator, seconded by Councilmember Reed to authorize the Chair to sign the Itron contract extension. Motion Carried 3-0.</b>
DEPARTMENT OF ECOLOGY AMENDMENT NO. 1	<b>It was moved by Councilmember Ator, seconded by Councilmember Peterson to authorize the Chair to sign the contract amendment #1 with the Department of Ecology. Motion Carried 3-0.</b>
HARBOR MACHINE & FABRICATING SETTLEMENT	<b>It was moved by Councilmember Reed, seconded by Councilmember Ator to authorize the Chair to sign the settlement agreement between the City of McCleary and Harbor Machine &amp; Fabrication in the amount of \$2,500. Motion Carried 3-0.</b>
PROPERTY TAX LEVY ORDINANCE	Tabled.
RESOLUTION 681 IN APPRECIATION OF JEFFREY CATTERLIN, SR.	Dan Glenn prepared a resolution honoring the service and dedication of Councilmember Jeffrey Catterlin, Sr. Mr. Glenn read the emotional tribute to the audience. <b>It was moved by Councilmember Ator, seconded by Councilmember Peterson to adopt Resolution 681, honoring Jeffrey Catterlin, Sr. Resolution Adopted 3-0.</b>
APPROVAL OF VOUCHERS	Accounts Payable vouchers/checks approved were 40177 - 40232 including EFT's in the amount of \$169,852.83.  <b>It was moved by Councilmember Peterson, seconded by Councilmember Reed to approve the vouchers. Motion Carried 3-0.</b>
EXECUTIVE SESSION	None.
MEETING ADJOURNED	<b>It was moved by Councilmember Ator, seconded by Councilmember Reed to recess the meeting at 7:47 pm. The next meeting will be Tuesday, November 3, 2015 at 7:00 pm. Motion Carried 3-0.</b>

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

**CITY OF MCCLEARY**  
**Regular City Council Meeting**  
**Wednesday, November 3, 2015**

ROLL CALL AND FLAG SALUTE	Councilmember's Reed, Ator, and Peterson were in attendance.
ABSENT	None.
STAFF PRESENT	Present at the meeting were Todd Baun, Wendy Collins, George Crumb, Paul Nott, John Graham, and Dan Glenn.
EXECUTIVE SESSION	None.
PUBLIC HEARING	Mayor Pro Tem Schiller opened the public hearing at 7:02 pm on the property tax levy Dan Glenn gave a brief description of the levy. The public hearing closed at 7:05.
PUBLIC COMMENT	<p>Helen Hamilton spoke to someone who said the County Sheriff's office is still negotiating.</p> <p>Mayor Pro Tem Schiller thanked the employees for handling the weekend storm and power outage. He also took this time to brief the Council and community on safety and what to do in case an event happened during a council meeting. He reminded everyone that if an earthquake happens, they need to duck and cover first and then when the shaking stops, they can exit to the parking lot. He said he does this when he has meetings at his job so everyone is aware of how to safely react, if an event takes place.</p> <p>Mayor Pro Tem also stated the council will move the council vacancy appointment to the next meeting instead of waiting until December.</p>
MINUTES APPROVED	None.
CITY ATTORNEY REPORT	Dan Glenn provided a written report for the Council and is available, if they have any questions.
MAYOR'S COMMENTS	None.
DIRECTOR OF PUBLIC WORKS REPORT	Todd Baun provided a written report for the Council and is available, if they have any questions.
JAIL SERVICES CONTRACT WITH CHEHALIS TRIBE	Tabled.
PROPERTY TAX LEVY ORDINANCE	<p><b>It was moved by Councilmember Ator, seconded by Councilmember Reed to Adopt Ordinance 813, relating to the establishment of the regular tax levy for the year 2015 for collection in the year 2016; making findings; and reserving rights. Roll call taken in the affirmative. Ordinance Adopted 4-0.</b></p> <p><b>It was moved by Councilmember Ator, seconded by Councilmember Peterson to authorize the Chair to sign the refund levy in its Basic Fund for collection in 2016 in the amount of \$2,617.95 to recover net refunds/cancelations. Motion Carried 3-0.</b></p>
DEVELOPMENT AGREEMENT	Tabled.
APPROVAL OF VOUCHERS	None.
EXECUTIVE SESSION	None.
MEETING ADJOURNED	<b>It was moved by Councilmember Ator, seconded by Councilmember Reed to recess the meeting at 7:47 pm. The next meeting will be Tuesday, November 3, 2015 at 7:00 pm. Motion Carried 3-0.</b>

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

**MEMORANDUM**

TO: MAYOR AND CITY COUNCIL, City of McCleary  
FROM: DANIEL O. GLENN, City Attorney  
DATE: November 12, 2015  
RE: LEGAL ACTIVITIES as of NOVEMBER 12, 2015

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. CHEHALIS TRIBAL CORRECTIONAL SERVICES CONTRACT: As you are aware from prior communications, the Tribal management put on hold further discussions about long term contracts until they complete a rate study. I sought to contact Mr. Tiam in terms of what information he may have obtained in terms of my suggestion of a short term (month to month) contract. However, he is out of the office until next Monday.

I will keep you informed.

2. RURAL ELECTRICAL DEVELOPMENT FUND COMMITTEE: My understanding is that an item on tonight's agenda is appointment of an updated committee as the result of two vacancies being present on it at this stage. (For your easy reference since the Fund itself will likely be a subject of discussion in terms of budgetary purposes, I have set the statute out at the end of the report.) As allowed by the Statute, the City's ordinance sets forth in greater detail the size and constituency of the Board. The relevant elements are as follows:

A. There are to be five members.

B. Three of the five are "public" members and two are elected officials.

(1) As to the three public members, I am not aware of any vacancy in those positions. However, just in case I am in error, the three public members are to be appointed by the Mayor

and confirmed by the Council. They must live within the area served by our electrical utility, not have a full time compensated position with the City, and be viewed as representative of the business and community groups within our service area.

(2) The public officials are the Mayor and one member of the Council. That member is chosen by the Council.

3. **APPOINTMENT TO COUNCIL POSITION:** Since Council Member Catterlin resigned, the position was technically vacant. Now the election has occurred and Ms. Orffer has been elected, although the election results are not yet certified, under RCW 42.12.070, if she is appointed this evening, the following may seem a bit odd, but who says the law sometimes is not odd.

She will serve under the appointment until the election results are certified, be sworn in to serve the rest of Jeff's term through December 31, and then be sworn in a third time prior to that and commence serving her four terms.

4. **FISCAL ISSUES:** As you are aware, we are striving to fully understand the implications and the extent of the availability of potential funding elements set out in terms of the REED fund utilization and RCW 35.23.535 and RCW 35.37.020. The latter has been the fundamental legal basis upon which any prior transfers were made. The former was brought to our attention by the SAO in the course of their Report.

As part of my research on the matter of the interpretation of .535, I found an opinion issued by the Office of the Attorney General this year on the scope of that statute. Thanks to the same day response to my query sent on Wednesday by the Representative who requested the opinion, it appears it was issued at the her request as the result an SAO finding issued to an entity within her District almost identical to those issued to the City. I have provided Ms. Collins with a copy of that AGO and understand copies will be available for you this evening.

It is an opinion which I believe is useful for the City in terms of consideration of potential action not only in relation to .535, but also to other areas. With the hope of avoiding problems at a later stage, today I tendered a request for information to the SAO's legal advisor. Given the timing issues, I do not know if she will have the opportunity to give me their thoughts by the time of this evening's meeting.

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

DG/le

**82.16.0491. Credit - Contributions to an electric utility rural economic development revolving fund.**

(1). The following definitions apply to this section:

(a). "Qualifying project" means a project designed to achieve job creation or business retention, to add or upgrade nonelectrical infrastructure, to add or upgrade health and safety facilities, to accomplish energy and water use efficiency improvements, including renewable energy development, or to add or upgrade emergency services in any designated qualifying rural area.

(b). "Qualifying rural area" means:

(i). A rural county as defined in RCW 82.14.370; or

(ii). Any geographic area in the state that receives electricity from a light and power business with twelve thousand or fewer customers.

(c). "Electric utility rural economic development revolving fund" means a fund devoted exclusively to funding qualifying projects in qualifying rural areas.

(d). "Local board" is (i) a board of directors with at least, but not limited to, three members representing local businesses and community groups who have been appointed by the sponsoring electric utility to oversee and direct the activities of the electric utility rural economic development revolving fund; or (ii) a board of directors of an existing associate development organization serving the qualifying rural area who have been designated by the sponsoring electrical utility to oversee and direct the activities of the electric utility rural economic development revolving fund.

(2). A light and power business shall be allowed a credit against taxes due under this chapter in an amount equal to fifty percent of contributions made in any fiscal year directly to an electric utility rural economic development revolving fund. The credit shall be taken in a form and manner as required by the department. The credit under this section shall not exceed twenty-five thousand dollars per fiscal year per light and power business. The credit may not exceed the tax that would otherwise be due under this chapter. Refunds shall not be granted in the place of credits. Expenditures not used to earn a credit in one fiscal year may not be used to earn a credit in subsequent years, except that this limitation does not apply to expenditures made between January 1, 2004, and March 31, 2004, which expenditures may be used to earn a credit through December 30, 2004.

(3). The right to earn tax credits under this section expires June 30, 2011.

(4). To qualify for the credit in subsection (2) of this section, the light and power business shall establish, or have a local board establish with the business's contribution, an electric utility rural economic development revolving fund which is governed by a local board whose members shall reside or work in the qualifying rural area served by the light and power business. Expenditures from the electric utility rural economic development revolving fund shall be made solely on qualifying projects, and the local board shall have authority to determine all criteria and conditions for the expenditure of funds from the electric utility rural economic development revolving fund, and for the terms and conditions of repayment.

(5). Any funds repaid to the electric utility rural economic development revolving fund by recipients shall be made available for additional qualifying projects.

(6). If at any time the electric utility rural economic development revolving fund is dissolved, any moneys claimed as a tax credit under this section shall either be granted to a qualifying project or refunded to the state within two years of termination.

(7). The total amount of credits that may be used in any fiscal year shall not exceed three hundred fifty thousand dollars in any fiscal year. The department shall allow the use of earned credits on a first-come, first-served basis. Unused earned credits may be carried over to subsequent years.

(8). The following provisions apply to expenditures under subsection (2) of this section made between January 1, 2004, and March 31, 2004:

(a). Credits earned from such expenditures are not considered in computing the statewide limitation set forth in subsection (7) of this section for the period July 1, 2004, through December 31, 2004; and

(b). For the fiscal year ending June 30, 2005, the credit allowed under this section for light and power businesses making expenditures is limited to thirty-seven thousand five hundred dollars.





# CITY OF MCCLEARY

## Investment Grade Audit (IGA) Proposal



**09/13/15**

To: Todd Baun City of McCleary  
Donna Albert Washington State Department of Enterprise Services

From: Joe Bettridge – Sunset Air Inc.

**RE:** City of McCleary – Investment Grade Audit (IGA) Proposal for the City Hall, Police Department, Public Works Shop, Fire Station, Kitchen/Food Bank, Community Center, Water Pump Station, WWTP, Library, Museum, Irrigation, and Street Lighting.

We are pleased to submit this proposal for a detailed energy and facility study to identify Energy Conservation Measures (ECM's) as well as needs based Facility Improvement Measures (FIM). ECM's will fully or partially fund themselves with energy savings, while FIM's would require capital investment to update aging or underperforming infrastructure.

In collaboration with the City of McCleary, Sunset Air has completed a preliminary facility assessment. During the preliminary facility assessment (ECMs) were identified, along with (FIMs) which meet the goals of the City of McCleary to improve facility infrastructure reliability, reduce maintenance costs, and optimize operational efficiency. A full list of the ECM and FIM measures identified in the preliminary facility assessment, along with the list of measures recommended for further study are shown in Attachment A.

In order to accurately identify the savings of each ECM/FIM a more detailed Investment Grade Audit (IGA) is required. During the proposed Audit, Sunset Air will study all recommended measures shown in Attachment A:

**IGA Description:** The proposed Investment Grade Audit is a detailed engineering effort consisting of energy usage analysis, conceptual design, energy modeling and feasibility studies. In addition a detailed financial and cash flow analysis for selected bundles of ECM's will be produced. The intended outcome of this IGA is to reduce energy costs and address the stated facility improvement goals of the City of McCleary. To that end, the study will be an interactive process between Sunset Air and the City of McCleary.

**IGA Fee:** The proposed compensation for the Investment Grade Audit described above will be \$7,500. If the project moves forward and ECM's are selected for implementation, the cost for the IGA will become part of the overall project cost.

**IGA Schedule:** We propose to initiate the IGA in the second week of October. We would complete the study by end of January 2016.



**Department of Commerce Grant Assistance:** As part of the proposed IGA fee, Sunset would assist in preparing the Dept. of Commerce grant application.

**Cost Effectiveness Criteria:** It is agreed that the cost effectiveness criteria will be such that selected (ECM's) will produce savings in energy and operations/maintenance costs to provide a simple payback of 15 years or less. If Sunset is unable to assemble a project that meets these criteria, there is no cost for the audit to the City of McCleary.

**Required Information:** To efficiently implement this engineering study, the following information is required from the City of McCleary:

- Utility usage information over the past 36 months
- Maintenance cost data for 36 months
- Facility design records for the building, mechanical & electrical systems
- Operation and maintenance manuals
- Air and water balance records
- Site access and assistance from individuals familiar with the operation of the facility and energy consuming systems within the facility

A description of the proposed engineering services is shown in Attachment B.

Sunset Air sincerely appreciates the opportunity to provide this proposal. Please contact me with any questions.

Regards,

Joseph A. Bettridge, PE/LEED AP  
Vice President ~ (Director of Engineering)

**Attachment A  
Identified Measures for Study**

City of McCleary - Audit Findings							
Building Energy Conservation Measures (ECM's) and Facility Improvement Measures (FIM's)							
ITEM #	Measure to be Considered	Capital Costs (no soft costs)	Projected Utility Rebates	Net Capital Cost Without Soft Costs	Estimated Simple Payback Range	Ranking	Recommended Inclusion in IGA (Y/N)
<b>Police Department/City Hall</b>							
1	Install VRF heat pump system for the City Hall	\$ -	\$ -	\$ -	5 - 10 years	2	Y
2	Install VRF heat pump system for the Police Station	\$ -	\$ -	\$ -	5 - 10 years	2	Y
3	Install ductless heat pump for file storage bay	\$ -	\$ -	\$ -	5 - 10 years	2	Y
4	Install double pane vinyl windows	\$ -	\$ -	\$ -	Greater than 10 years	3	Y
5	Upgrade all T12 lighting	\$ -	\$ -	\$ -	Less than 5 years	1	Y
<b>Public Works</b>							
6	Install ductless heat pump (dual head - break room, offices)	\$ -	\$ -	\$ -	5 - 10 years	2	Y
7	Install ductless heat pump (back storage room)	\$ -	\$ -	\$ -	5 - 10 years	2	Y
<b>Foreman's Office</b>							
8	Install ductless heat pump	\$ -	\$ -	\$ -	5 - 10 years	2	Y
9	Upgrade T12 lighting	\$ -	\$ -	\$ -	Less than 5 years	1	Y
<b>Fire Station</b>							
10	Install ductless heat pump for back office	\$ -	\$ -	\$ -	5 - 10 years	2	Y
11	Install garage door controls to disable the unit heater when the doors are open	\$ -	\$ -	\$ -	Less than 5 years	1	Y
12	Investigate equipment drying solution for fire fighting gear	\$ -	\$ -	\$ -	Greater than 10 years	3	Y
13	Upgrade T12 lighting	\$ -	\$ -	\$ -	Less than 5 years	1	Y
14	Install lighting occupancy sensors	\$ -	\$ -	\$ -	Less than 5 years	1	Y
<b>Light/Power</b>							
15	Install ductless heat pump	\$ -	\$ -	\$ -	5 - 10 years	2	Y
<b>Ball Fields/Kitchen/Food Bank</b>							
16	Install light stat to control heating equipment	\$ -	\$ -	\$ -	Less than 5 years	1	Y
17	Install ductless heat pump (kitchen)	\$ -	\$ -	\$ -	5 - 10 years	2	Y
18	Install ductless heat pump (food bank)	\$ -	\$ -	\$ -	5 - 10 years	2	Y
19	Upgrade interior lighting	\$ -	\$ -	\$ -	Less than 5 years	1	Y
20	Install lighting occupancy sensors	\$ -	\$ -	\$ -	Less than 5 years	1	Y
21	Upgrade exterior lighting	\$ -	\$ -	\$ -	Less than 5 years	1	Y
22	Upgrade baseball field lights to LED	\$ -	\$ -	\$ -	Greater than 10 years	3	Y
<b>Community Center</b>							
23	Install occupancy based thermostat	\$ -	\$ -	\$ -	5 - 10 years	2	Y
24	Install lighting occupancy sensors	\$ -	\$ -	\$ -	5 - 10 years	2	Y
<b>Water Pump Station</b>							
25	Install VFD's on pumps	\$ -	\$ -	\$ -	5 - 10 years	2	Y
<b>WWTP</b>							
26	Install programmable thermostats with set back capability	\$ -	\$ -	\$ -	5 - 10 years	2	Y
27	Investigate chiller controls for water cooling system	\$ -	\$ -	\$ -	5 - 10 years	2	Y
28	Investigate installation of blower VFD's	\$ -	\$ -	\$ -	5 - 10 years	2	Y

City of McCleary - Audit Findings							
Building Energy Conservation Measures (ECM's) and Facility Improvement Measures (FIM's)							
ITEM #	Measure to be Considered	Capital Costs (no soft costs)	Projected Utility Rebates	Net Capital Cost Without Soft Costs	Estimated Simple Payback Range	Ranking	Recommended Inclusion in IGA (Y/N)
<b>Library</b>							
29	Install new 7-day programmable thermostat and provided optimal programming	\$ -	\$ -	\$ -	Less than 5 years	1	Y
30	Install new r-410a split system heat pump	\$ -	\$ -	\$ -	Greater than 10 years	3	Y
<b>Museum</b>							
31	Investigate HVAC equipment and controls upgrades	\$ -	\$ -	\$ -	5 - 10 years	2	Y
32	Investigate lighting upgrades	\$ -	\$ -	\$ -	5 - 10 years	2	Y
33	Investigate lighting controls upgrades	\$ -	\$ -	\$ -	5 - 10 years	2	Y
<b>Street Lighting</b>							
34	Upgrade street lighting to LED	\$ -	\$ -	\$ -	5 - 10 years	2	Y
<b>Irrigation</b>							
35	Repair non-functional central irrigation control system utilizing weather station data	\$ -	\$ -	\$ -	5 - 10 years	2	Y
36	Tie in triangle irrigation controls to central irrigation control system	\$ -	\$ -	\$ -	5 - 10 years	2	Y
37	Tie in cemetery irrigation controls to central irrigation control system	\$ -	\$ -	\$ -	5 - 10 years	2	Y

## **Attachment B Proposed Engineering Services**

Deliverables from the proposed engineering services will include:

1. A description of the facility and systems within the facility which will receive ESCO Equipment and ESCO Services;
2. Identification of cost effective Energy Conservation Measures (ECM's) to be implemented and a description of the ECMs analyzed but disqualified under the cost effectiveness criteria;
3. Recommended Facility Improvement Measures (FIM's) for replacement of existing equipment along with recommendations for improvements to existing equipment and operating conditions;
4. A description of the services that the ESCO will perform or cause to be performed on or in the facility, including but not limited to engineering, construction management, the operations and maintenance procedures for use on ESCO Equipment, training for facility personnel, warranty service provided, and equipment maintenance provided;
5. The Maximum Allowable Project Cost, itemized in detail, which may be amended to represent actual costs;
6. The standards of comfort and service appropriate for the facility;
7. The baseline energy consumption for the facility, including the data, methodology and variables used to compute the baseline, and the baseline calendar period which shall not be less than twelve (12) months;
8. The estimated energy savings and energy cost savings that are expected to result from the installation of the ESCO Equipment and from the ESCO Service, and an explanation of the method used to make the estimate;
9. The method by which energy savings and energy cost savings will be calculated during the term of the energy services agreement;
10. A description of how project financing (if required) will be completed;
11. A description of how the energy cost savings will be guaranteed by the ESCO;
12. A description of how the ESCO proposes to be compensated;
13. The term of the energy services agreement;
14. The Termination Value for each year during the term of the Energy Services Agreement;
15. The schedule for project completion;
16. The nature and extent of the work and equipment that the ESCO anticipates it will receive from other firms under subcontract;
17. Coordination of incentive commitments from utilities and provide the required energy modeling and calculations;
18. Assistance in applying for a Department of Commerce grant.



# **Interagency Agreement**

Date: November 3, 2015

Department of Enterprise Services

Interagency Agreement No: K3778

**Interagency Agreement Between the  
State of Washington  
Department of Enterprise Services  
and the  
City of McCleary**

This Agreement, pursuant to Chapter 39.34 RCW, is made and entered into by and between the Department of Enterprise Services, Engineering & Architectural Services, hereinafter referred to as "DES", and the City of McCleary, hereinafter referred to as the "CLIENT AGENCY".

The purpose of this Agreement is to establish a vehicle for DES to provide future Energy/Utility Conservation Project Management and Monitoring Services to the CLIENT AGENCY and to authorize the development of the energy services proposal.

Now therefore, in consideration of the terms and conditions contained herein, or attached and incorporated by reference and made a part hereof, the above-named parties mutually agree as follows:

## **1. Statement of Work**

DES shall furnish the necessary personnel and services and otherwise do all things necessary for or incidental to the performance of the work set forth in Attachment "A" and Attachment "C", attached hereto and incorporated herein by reference. Unless otherwise specified, DES shall be responsible for performing all fiscal and program responsibilities as set forth in Attachment "A" and Attachment "C".

Energy/Utility Conservation projects shall be authorized by Amendment to this Agreement.

## **2. Terms and Conditions**

All rights and obligations of the parties to this Agreement shall be subject to and governed by the terms and conditions contained in the text of this Agreement.

The CLIENT AGENCY shall provide the Energy Services Company (ESCO) with any additional contract language necessary to comply with the requirements established under federal grants, the American Recovery & Reinvestment Act of 2009 (ARRA) and the Energy Efficiency and Conservation Block Grant (EECBG). The ESCO and their subcontractors are required to comply with all applicable federal regulations and reporting procedures.

## **3. Period of Performance**

Subject to its other provisions, the period of performance of this master Agreement shall commence when this Agreement is properly signed, and be completed on **December 31, 2019** unless altered or amended as provided herein.

#### **4. Consideration**

Compensation under this Agreement shall be by Amendment to this Agreement for each authorized project. Each Amendment will include a payment schedule for the specific project.

For Project Management Services provided by DES under Attachment "A" of this Agreement, the CLIENT AGENCY will pay DES a Project Management Fee for services based on the total project value per Project Management Fees Schedule set forth in Attachment "B".

If the CLIENT AGENCY decides not to proceed with an Energy/Utility Conservation project that meets CLIENT AGENCY's cost effective criteria, then the CLIENT AGENCY will be charged a Termination Fee per Attachment "B". The Termination Fee will be based on the estimated Total Project Value outlined in the Energy Audit and Energy Services Proposal prepared by the ESCO.

If monitoring and verification services are requested by the CLIENT AGENCY and provided by DES under Attachment "C" of this Agreement, the CLIENT AGENCY will pay DES \$2,000.00 annually for each year of monitoring and verification services requested.

Compensation for services provided by the ESCO shall be paid directly to the ESCO by the CLIENT AGENCY, after DES has reviewed, approved and sent the invoices to the CLIENT AGENCY for payment.

#### **5. Billing Procedure**

DES shall submit a single invoice to the CLIENT AGENCY upon substantial completion of each authorized project, unless a project specified a Special Billing Condition in the Amendment. Substantial completion of the project will include the delivery and acceptance of closeout documents and commencement of energy savings notification. Each invoice will clearly indicate that it is for the services rendered in performance under this Agreement and shall reflect this Agreement and Amendment number.

DES will invoice for any remaining services within 60 days of the termination of this Agreement.

#### **6. Payment Procedure**

The CLIENT AGENCY shall pay all invoices received from DES within 90 days of receipt of properly executed invoice vouchers. The CLIENT AGENCY shall notify DES in writing if the CLIENT AGENCY cannot pay an invoice within 90 days.



## **7. Non-Discrimination**

In the performance of this Agreement, DES shall comply with the provisions of Title VI of the Civil Rights Act of 1964 (42 USC 200d), Section 504 of the Rehabilitation Act of 1973 (29 USC 794), and Chapter 49.60 RCW, as now or hereafter amended. DES shall not discriminate on the grounds of race, color, national origin, sex, religion, marital status, age, creed, Vietnam-Era and Disabled Veterans status, or the presence of any sensory, mental, or physical disability in:

- a) Any terms or conditions of employment to include taking affirmative action necessary to accomplish the objectives of this part and
- b) Denying an individual the opportunity to participate in any program provided by this Agreement through the provision of services, or otherwise afforded others.

In the event of DES's non-compliance or refusal to comply with the above provisions, this Agreement may be rescinded, canceled, or terminated in whole or in part, and DES declared ineligible for further Agreement with the CLIENT AGENCY. DES shall, however, be given a reasonable time in which to cure this noncompliance. Any dispute may be resolved in accordance with the "Disputes" procedure set forth therein.

## **8. Records Maintenance**

The CLIENT AGENCY and DES shall each maintain books, records, documents, and other evidence that sufficiently and properly reflect all direct and indirect costs expended by either party in the performance of the services described herein. These records shall be subject to inspection, review, or audit by personnel of both parties, other personnel duly authorized by either party, the Office of the State Auditor, and federal officials so authorized by law. DES will retain all books, records, documents, and other material relevant to this agreement for six years after expiration; and the Office of the State Auditor, federal auditors, and any persons duly authorized by the parties shall have full access and the right to examine any of these materials during this period.

## **9. Contract Management**

- a. The CLIENT AGENCY Representative on this Agreement shall be:

Todd Baun, Director of Public Works  
City of McCleary  
100 South 3<sup>rd</sup> Street  
McCleary, WA 98557  
Telephone (360) 495-3667

The Representative shall be responsible for working with DES, approving billings and expenses submitted by DES, and accepting any reports from DES.

b. The DES Project Manager on this Agreement shall be:

Donna Albert, P.E.  
Department of Enterprise Services  
Engineering and Architectural Services  
PO Box 41476  
Olympia, WA 98504-1476  
Telephone (360) 489-2420

Donna Albert will be the contact person for all communications regarding the conduct of work under this Agreement.

#### **10. Hold Harmless**

Each party to this Agreement shall be responsible for its own acts and/or omissions and those of its officers, employees and agents. No party to this Agreement shall be responsible for the acts and/or omissions of entities or individuals not a party to this Agreement.

#### **11. Agreement Alterations and Amendments**

The CLIENT AGENCY and DES may mutually amend this Agreement. Such Amendments shall not be binding unless they are in writing and signed by personnel authorized to bind the CLIENT AGENCY and DES or their respective delegates.

#### **12. Termination**

Except as otherwise provided in this Agreement, either party may terminate this Agreement upon thirty (30) days written notification. If this Agreement is so terminated, the terminating party shall be liable only for performance in accordance with the terms of this Agreement for performance rendered prior to the effective date of termination.

#### **13. Disputes**

If a dispute arises under this Agreement, it shall be determined in the following manner: The CLIENT AGENCY shall appoint a member to the Dispute Board. The Director of DES shall appoint a member to the Dispute Board. The CLIENT AGENCY and DES shall jointly appoint a third member to the Dispute Board. The Dispute Board shall evaluate the dispute and make a determination of the dispute. The determination of the Dispute Board shall be final and binding on the parties hereto.

#### **14. Order of Precedence**

In the event of an inconsistency in this Agreement, unless otherwise provided herein, the inconsistency shall be resolved by giving precedence in the following order:

- a) Applicable Federal and State Statutes and Regulations
- b) Terms and Conditions
- c) Attachment "A", Project Management Scope of Work; Attachments "B", Project Management Fees; and Attachment "C", Monitoring Services Scope of Work, and
- d) Any other provisions of the Agreement incorporated by reference.

**15. All Writings Contained Herein**

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

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**AUTHORIZATION TO PROCEED**

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Agreed to and signed by:

**City of McCleary**

**Department of Enterprise Services  
Engineering & Architectural Services**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

William J. Frare, P.E.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

Assistant Director

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

The Department of Enterprise Services provides equal access for all people without regard to race, creed, color, religion, national origin, age, gender, sex, marital status, or disability. Contract information is available in alternative formats. For more information, please call Eddie Miller, Contract Specialist at (360) 407-9363.

K3778IAAem

# ATTACHMENT A

## Scope of Work Energy/Utility Conservation Projects Management Services

### Statewide Energy Performance Contracting Program Master Energy Services Agreement No. 2015-181

DES will provide the following project management services for each specific project for the CLIENT AGENCY. Each individual project shall be authorized by Amendment to this Agreement.

1. Assist the CLIENT AGENCY in the selection of an Energy Service Company (ESCO) consistent with the requirements of RCW 39.35A for local governments; or 39.35C for state agencies and school districts.
2. Assist in identifying potential energy/utility conservation measures and estimated cost savings.
3. Negotiate scope of work and fee for ESCO audit of the facility(s).
4. Assist in identifying appropriate project funding sources and assist with obtaining project funding.
5. Assist in negotiating the technical, financial and legal issues associated with the ESCO's Energy Services Proposal.
6. Review and recommend approval of ESCO energy/utility audits and Energy Services Proposals.
7. Provide assistance during the design, construction and commissioning processes.
8. Review and approve the ESCO invoice vouchers for payment.
9. Assist with final project acceptance.
10. Provide other services as required to complete a successful energy performance contract.

# ATTACHMENT B

## Fee Schedule

2015-17 Interagency Reimbursement Costs  
for Project Management Fees to Administer  
Energy/Utility Conservation Projects

<u>TOTAL PROJECT VALUE</u>	<u>PROJECT MANAGEMENT FEE</u>	<u>TERMINATION</u>
5,000,001 .....6,000,000.....	\$66,000.....	25,700
4,000,001 .....5,000,000.....	65,000.....	25,400
3,000,001 .....4,000,000.....	64,000.....	25,000
2,000,001 .....3,000,000.....	60,000.....	23,400
1,500,001 .....2,000,000.....	56,000.....	21,800
1,000,001 .....1,500,000.....	49,500.....	19,300
900,001 ..... 1,000,000.....	42,000.....	16,400
800,001 .....900,000.....	39,600.....	15,400
700,001 .....800,000.....	36,800.....	14,400
600,001 .....700,000.....	35,000.....	13,700
500,001 .....600,000.....	32,400.....	12,600
400,001 .....500,000.....	29,000.....	11,300
300,001 .....400,000.....	24,800.....	9,700
200,001 .....300,000.....	19,800.....	7,700
100,001 .....200,000.....	13,800.....	5,400
50,001 .....100,000.....	7,500.....	3,500
20,001 .....50,000.....	4,000.....	2,000
0 .....20,000 .....	2,000.....	1,000

The project management fee on projects over \$6,000,000 is 1.1% of the project cost. The maximum DES termination fee is \$25,700.

1. These fees cover project management services for energy/utility conservation projects managed by DES's Energy Program.
2. Termination fees cover the selection and project management costs associated with managing the ESCO's investment grade audit and proposal that identifies cost effective conservation measures if the CLIENT AGENCY decides not to proceed with the project through DES.
3. If the project meets the CLIENT AGENCY's cost effectiveness criteria and the CLIENT AGENCY decides not to move forward with a project, then the CLIENT AGENCY will be invoiced per Attachment B Termination or \$25,700 whichever is less. If the CLIENT AGENCY decides to proceed with the project then the Agreement will be amended per Attachment B for Project Management Fee.
4. If the audit fails to produce a project that meets the CLIENT AGENCY's established Cost Effectiveness Criteria, then there is no cost to the CLIENT AGENCY and no further obligation by the CLIENT AGENCY.

# ATTACHMENT C

## Scope of Work Energy/Utility Conservation Projects Monitoring Services

### Statewide Energy Performance Contracting Program Master Energy Services Agreement No. 2015-181

If requested DES will provide the following monitoring services for each specific project for the CLIENT AGENCY.

1. Monitor actual energy use and dollar costs, compare with the ESCO's annual Measurement and Verification (M&V) report and any ESCO guarantee, resolve differences, if needed, and approve any vouchers for payment.
2. Monitor facility operations including any changes in operating hours, changes in square footage, additional energy consuming equipment and negotiate changes in baseline energy use which may impact energy savings.
3. Provide annual letter report describing the ESCO's performance, equipment performance and operation, energy savings and additional opportunities, if any, to reduce energy costs.

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE RELATING TO GOVERNMENTAL ADMINISTRATION, ADDING A NEW CHAPTER TO TITLE 17 OF THE MUNICIPAL CODE, PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.

**R E C I T A L S :**

1. The City is organized under the provisions of RCW Title 35A, the Optional Municipal Code. As a result, it has been granted a broad scope of authority in terms of its operational authority.

2. Discussions have been ongoing in relation to the use of development agreements to provide both the City and the property owner a method to achieve proper land use and to take into consideration the need for predictability in terms of the regulations to be applied during the course of a development.

3. The City is authorized to utilize the development agreement process pursuant to the provisions of RCW 36.70B.170 and wishes to formally exercise that authority.

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

SECTION I: Authorization of Development Agreements:

ORDINANCE -A- 1  
10/29/2015  
DG/le

CITY OF McCLEARY  
100 SOUTH 3RD STREET  
McCLEARY, WASHINGTON 98557

As provided by the provisions of RCW 36.70B.170, the City may enter into a development agreement with a person, as defined in Section 1.04.010 MMC, as now existing or hereafter amended or succeeded, having ownership or control of real property within its jurisdiction. The City may enter into a development agreement for real property outside its boundaries as part of a proposed annexation or a service agreement. A development agreement approved by the City shall set forth the development standards and other provisions that shall apply to and govern and vest the development, use, and mitigation of the development of the real property for the duration specified in the agreement. A development agreement shall be consistent with applicable development regulations adopted by the City as of the time of approval of the Agreement or, if so provided by the Agreement, in effect at a later date subject to the following exceptions:

A. If applicable federal or state law, rule, or regulation mandate the utilization of other standards, those standards shall apply.

B. In recognition of the City's duties to protect public health and safety, the City reserves the authority to impose new or different regulations to the extent required by a serious threat to the public health and safety.



SECTION II. Development Agreements - Effect: Unless amended or terminated, a development agreement is enforceable during its term by a party to the agreement. A development agreement and the development standards referenced in the agreement govern during the term of the agreement, or for all or that part of the build-out period specified in the agreement.

A. A development agreement may not be subject to an amendment to a zoning ordinance, development standard, regulation, a new zoning ordinance, development standard, or regulations adopted after the effective date of the agreement.

B. Any permit or approval issued by the city after the execution of the development agreement and during the agreement's term must be consistent with the development agreement.

SECTION III. Development Agreements - Public Hearing:

A. Notwithstanding other procedural requirements of this title, the City shall only approve a development agreement by ordinance or resolution after a public hearing by the City Council or, if it deems appropriate to do so, a hearing before the Hearing Examiner.

1. Notice of the public hearing shall be made by publishing in the local paper, a minimum of six days prior to the hearing, the time, date, and location of the hearing, and a general description of the location and proposal.

2. If the hearing is held by the Hearing Examiner, the Hearing Examiner shall submit a written report to the Council containing findings, conclusions, and recommendations.

a. Upon receipt, the city council shall set a date for a public meeting to review the Hearing Examiner's report not less than fifteen or more than thirty days after receipt of the recommendation, such receipt being deemed to occur at its first regular meeting following tendering of it by the issuer.

b. Unless otherwise required by law or decided by the council, the meeting before the council shall be in the nature of a closed record hearing. The city council shall have the authority to approve, disapprove, or modify the recommendations of the Hearing Examiner as to the provisions of the development agreement under consideration.

B. If the development agreement relates to a project permit application, the provisions of Chapter 36.70C RCW shall apply to the appeal of the decision on the development agreement.

SECTION IV: Development Agreements - Recording & Binding Effect: A development agreement shall be recorded with the real property records of Grays Harbor County. During the term of the development agreement, the agreement is binding on the parties and their successors, including the City, if the City assumes jurisdiction through incorporation or annexation of the area covering the property covered by the development agreement.

SECTION V: Codification:

Sections I through IV of this Ordinance shall constitute a new chapter in Title 17 of the McCleary Municipal Code

SECTION VI: Severability:

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 VII: Effective Date:

This Ordinance shall take effect upon the fifth day following date of publication of this ordinance of a summary thereof.

SECTION VIII: Corrections by the Clerk-treasurer or Code Reviser. Upon approval of the Mayor and City Attorney, the Clerk-treasurer and the Code Reviser are authorized to make necessary corrections to this ordinance, including the correction

of clerical errors, references to other local, state, or federal laws, codes, rules, or regulations, or ordinance number and section/subsection numbering.

PASSED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2015, by the City Council of the City of McCleary, and signed in approval therewith this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

CITY OF McCLEARY:

BRENT SCHILLER, Mayor pro tem

ATTEST:

WENDY COLLINS, Clerk-Treasurer

APPROVED AS TO FORM:

DANIEL O. GLENN, City Attorney

STATE OF WASHINGTON     )  
                                      : ss.  
GRAYS HARBOR COUNTY    )

I, WENDY COLLINS, being the duly appointed Clerk-Treasurer of the City of McCleary, do certify that I caused to have published in a newspaper of general circulation in the City of McCleary a true and correct summary of Ordinance Number \_\_\_\_\_ and that said publication was done in the manner required by law. I further certify that a true and correct copy of the summary of Ordinance Number \_\_\_\_\_, as it was

published, is on file in the appropriate records of the City of McCleary.

\_\_\_\_\_  
WENDY COLLINS

SIGNED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2015, by WENDY COLLINS.

\_\_\_\_\_  
NOTARY PUBLIC IN AND FOR THE STATE OF WASHINGTON, Residing at:  
My appointment expires:

ORDINANCE -A- 7  
10/29/2015  
DG/le

CITY OF McCLEARY  
100 SOUTH 3RD STREET  
McCLEARY, WASHINGTON 98567